Barkerville Gold acquired by Osisko Gold Royalties for a 44% premium

Barkerville Gold {TSX.V: BGM}

Has been acquired by Osisko Gold Royalties in an agreed deal.

Under the terms of the arrangement, each shareholder of Barkerville (excluding Osisko) will receive 0.0357 of a common share of Osisko for each share of Barkerville held. The exchange ratio implies consideration of 58 cents per Barkerville share.



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Mr. Sean Roosen of Osisko reports

OSISKO GOLD ROYALTIES TO ACQUIRE BARKERVILLE GOLD MINES

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Osisko Gold Royalties Ltd. has entered into a definitive agreement with Barkerville Gold Mines Ltd., pursuant to which Osisko has agreed to acquire all of the issued and outstanding common shares of Barkerville that it does not currently own, by way of a plan of arrangement under the Business Corporations Act (British Columbia). Concurrent to the arrangement, Osisko also announces the formation of the North Spirit Discovery group, the next step in the evolution of Osisko's accelerator business that Osisko pioneered over the last five years, with the goal of privatising and surfacing value in resource development projects.

Under the terms of the arrangement, each shareholder of Barkerville (excluding Osisko) will receive 0.0357 of a common share of Osisko for each share of Barkerville held. The exchange ratio implies consideration of 58 cents per Barkerville share, based on the closing price of Osisko shares on the Toronto Stock Exchange on Sept. 20, 2019, representing a 44-per-cent premium based on both companies' trailing 20-day volume-weighted average price (VWAP) as at Sept. 20, 2019. The exchange ratio implies a total equity value of approximately $338-million on a fully diluted in-the-money basis, inclusive of Barkerville shares held by Osisko.

Upon completion of the transaction, current Osisko and Barkerville shareholders will hold approximately 91 per cent and 9 per cent of Osisko shares outstanding, respectively.

Sean Roosen, chair of the board and chief executive officer of

Osisko, stated: *"The addition of the Cariboo gold project to our portfolio adds a potentially world-class asset in Canada in an impacted brownfield site with significant infrastructure in place. Osisko and Barkerville will take advantage of their combined mine building, exploration, permitting, development and construction expertise to advance the Cariboo gold project. Osisko expects to fund planned work through available liquidity, future revenue from royalties and streams, project debt as well as outside private equity and joint venture capital through the creation of the North Spirit Discovery group."*

In 2018, Osisko generated $82.2-million in operating cash flow at 89.5-per-cent cash margin and $46.1-million at 89.5-per-cent cash margin in the first six months of 2019. Osisko currently has over $800-million in financial capacity, including a $500-million available revolving credit facility.

Benefits to Barkerville shareholders:

- Immediate and significant premium of 44 per cent based on both companies' 20-day VWAPs;
- Continued exposure to the Cariboo project in a broader, more diversified company;
- Acceleration and enhancement of development of the Cariboo project by leveraging Osisko's proven technical team;
- Certainty of financing through Osisko's strong balance sheet and access to capital to advance the Cariboo project on schedule;
- Direct exposure to a high gold price environment through Osisko's strong and growing cash flows;
- Osisko shares offer substantially greater trading liquidity and an attractive dividend.

Benefits to Osisko shareholders:

- Greater exposure to a unique, high-quality advanced development project in Canada with world-class potential;
- Allows Osisko to drive the development strategy and provides greater certainty with respect to the timeline to production for the Cariboo project;
- Ability to achieve stronger shareholder returns through full ownership and control, as compared with Osisko's current equity position in a Barkerville stand-alone development scenario;
- Meaningfully accretive on a net asset value basis for Osisko;
- Further enhances Osisko's peer-leading growth profile;
- Substantially increases cash flow and net asset value contribution from Canada.

Creation of the North Spirit Discovery group

Concurrent to the arrangement, Osisko announces the creation of the North Spirit Discovery group, its new project development platform. North Spirit Discovery is the next step in the evolution of Osisko's accelerator business that Osisko pioneered over the last five years, with the goal of privatising and surfacing value in resource development projects. Through this platform, Osisko will leverage its industry-leading technical team with a proven record of creating value through resource discovery, project development and mine operation. North Spirit Discovery aims to become a leading resource development and finance company with the assistance of joint venture partners and/or private equity capital.

Particulars of the transaction

Under the terms of the arrangement agreement, holders of the common shares of Barkerville will be entitled to receive 0.0357 of a common share of Osisko in exchange for each Barkerville share held immediately prior to the effective time of the arrangement, representing an implied offer price of 58 cents per Barkerville share based on Osisko's closing price as of Sept. 20, 2019, on the Toronto Stock Exchange and a premium of 44 per cent based on both companies' trailing 20-day VWAP as at Sept. 20, 2019 (being the last trading day prior to the announcement of the arrangement).

The arrangement will require the approval of Barkerville shareholders at a special meeting expected to take place in November, 2019. In order to become effective, the arrangement must be approved at the Barkerville meeting by (i) at least 66-2/3rds per cent of the votes cast by Barkerville shareholders, and (ii) a simple majority of the minority held in accordance with Multilateral Instrument 61-101 – Protection of Minority Shareholders in Special Transactions. Directors and officers of Barkerville and certain Barkerville shareholders holding approximately 17.9 per cent of the issued and outstanding Barkerville shares have entered into voting and support agreements with Osisko in support of the arrangement. The board of directors of Barkerville, on the recommendation of its independent special committee, has unanimously approved the arrangement and will recommend that Barkerville shareholders vote for the arrangement.

The arrangement agreement includes representations, warranties and covenants typical of a transaction of this nature, including with respect to non-solicitation, a right to match and a fiduciary out. In addition, Barkerville has agreed to pay a termination fee of $9.8-million to Osisko upon the occurrence of certain events. The arrangement agreement, which describes the full particulars of the arrangement, will be made available on SEDAR under the issuer profile of

Barkerville.

Osisko holds approximately 32.6 per cent of the outstanding Barkerville shares, accordingly, the arrangement will be a non-arm's-length transaction for the purposes of the policies of the TSX Venture Exchange and a business combination under Multilateral Instrument 61-101.

Osisko has also agreed to provide Barkerville with a $7-million unsecured bridge loan to allow Barkerville to continue to advance the exploration and development of the Cariboo gold project. The bridge loan will have an interest rate of 10 per cent per annum and a term to maturity of six months. The bridge loan may be increased to $13-million, subject to approval of both Osisko and Barkerville.

It is anticipated that the arrangement will be completed in November, 2019. Further information regarding the arrangement will be contained in a management information circular that Barkerville will prepare, file and mail to the Barkerville security holders in connection with the Barkerville meeting. All security holders are urged to read the information circular once available as it will contain additional important information concerning the arrangement.

Board of director's recommendation and voting support

The arrangement has been unanimously approved by the board of directors of both Barkerville and Osisko. Mr. Roosen noted his conflict as a director of both Osisko and Barkerville and recused himself from the negotiations leading up to this announcement. The arrangement was negotiated on behalf of Osisko by a special committee of independent directors of

Osisko.

The arrangement was negotiated on behalf of Barkerville by a special committee of independent directors of Barkerville. In reaching its conclusions, the board of directors received the unanimous recommendation of the Barkerville special committee and two fairness opinions with respect to the consideration to be received by Barkerville shareholders.

Advisers and counsel

National Bank Financial is acting as exclusive financial adviser to Osisko. Bennett Jones LLP is acting as legal counsel to Osisko and the Osisko special committee.

Maxit Capital LP is acting as financial adviser to Barkerville. Fasken Martineau DuMoulin LLP is acting as special legal counsel to Barkerville and the Barkerville special committee. The Barkerville special committee also retained PI Financial Corp. to prepare a fairness opinion. Maxit Capital LP and PI Financial Corp. each provided a fairness opinion to Barkerville's special committee and board of directors, to the effect that, as of the date of such opinions, the consideration to be received by holders of Barkerville common shares (excluding Osisko), is fair, from a financial point of view, to such holders, in each case, subject to the respective limitations, qualifications and assumptions set forth in such opinions. The written fairness opinions from Maxit Capital LP and PI Financial Corp. will be set out in the Barkerville management information circular.

Conference call details

Osisko will host a conference call on Monday, Sept. 23, 2019, at 8:30 a.m. Eastern Daylight Time to discuss the transaction announced in this press release.

Those interested in participating in the conference call should dial in at 1-877-223-4471 (North American toll-free), or 1-647-788-4922 (international). An operator will direct participants to the call.

The conference call replay will be available from 11:30 a.m. EDT on Sept. 23, 2019, until 11:59 p.m. EDT on Sept. 30, 2019, with the following dial-in numbers: 1-800-585-8367 (North American toll-free) or 1-416-621-4642, access code 9988832.

About Barkerville Gold Mines Ltd.

Barkerville Gold Mines is focused on developing its extensive mineral rights package, located in the historical Cariboo mining district of central British Columbia. Barkerville Gold Mines' Cariboo gold project mineral tenures cover 1,950 square kilometres, along a strike length of 67 kilometres, which includes several past-producing placer and hard rock mines, making it one of the most well-endowed land packages in British Columbia. Since the management change in mid-2015, the company has unlocked the fundamental structural controls of gold mineralisation.

About Osisko Gold Royalties Ltd.

Osisko Gold Royalties is an intermediate precious-metal royalty company that holds a North American-focused portfolio of over 135 royalties, streams and precious-metal offtakes. Osisko's portfolio is anchored by its 5-per-cent net smelter return royalty on the Canadian Malartic mine, which is the largest gold mine in Canada. Osisko also owns a portfolio of

publicly held resource companies, including a 32.6-per-cent interest in Barkerville Gold Mines Ltd., a 16.4-per-cent interest in Osisko Mining Inc. and a 19.9-per-cent interest in Falco Resources Ltd.

We seek Safe Harbour.