5.36 Million oz AuEq Indicated; 1.25 Million oz AuEq Inferred

MONTREAL, QC--(Marketwired - January 25, 2016) - Falco Resources (TSX VENTURE: FPC) ("Falco" or the "Company") is pleased to report an updated mineral resource estimate for its wholly-owned Horne 5 gold project located in Rouyn-Noranda, QuÃ©bec. Gold equivalent resources have increased significantly as a result of the update. The estimate combines the results of the 2015 surface confirmation drilling program and the historic drilling data collected by Noranda Inc. between 1924 and 1976. The majority of the Noranda drilling was conducted as radiating "fan drilling" on 15m spacing from 40 underground working levels developed throughout the deposit. New Indicated and Inferred Resources have been estimated for the Horne 5 deposit. This new mineral resource estimate contains 5 high grade zones.

Highlights

At a C$65/tonne net smelter return ("NSR") cut-off

- Horne 5 currently hosts an Indicated Resource of 5,361,000 gold equivalent ounces ("oz AuEq"), including 3,418,232 oz Au hosted in 58.3 million tonnes averaging 2.86 g/t AuEq (1.82 g/t Au; 15.60 g/t Ag; 0.20% Cu; 1.00% Zn).
- Horne 5 also currently hosts an Inferred Resource of 1,254,000 oz AuEq, including 854,534 oz Au hosted in 12.7 million tonnes averaging 3.08 g/t AuEq (2.10 g/t Au; 26.26 g/t Ag; 0.22% Cu; 0.57% Zn.
- The Indicated Resources represent 81% of the total resources. The recently completed drilling program confirmed Au, Cu and Zn grades in historical drill holes and provided the data to upgrade a large portion of the Inferred Resource into the Indicated category.
- The significant increase in Indicated Resources together with the increase in global resources provides further confidence in the quality and predictability of Horne 5 as the project moves towards preliminary economic assessment and feasibility study stages.
- An initial Preliminary Economic Assessment (PEA) using the updated Horne 5 resource has been commenced and is planned to be completed by the end of the second calendar quarter of 2016.
- Ongoing work on the PEA is focussing on refining the mining method, mining rate and production costs. Ongoing work on rock mechanics (using information from drill core collected during the confirmation drilling program) was used to determine stope dimensions. New parameters from this work in progress were used for the calculation of the cut-off grade of C$65/tonne.
- The confirmation drilling program results also confirmed silver grades from the historical metallurgical test work done by Noranda, and silver values were included in the mineral resource estimate. The historical metallurgical testing was done on 54 lots from more than 75,000m of core (representing 2,112 drill holes), coming from an area of 920m vertical and 730m horizontal in the Horne 5 deposit.

Luc Lessard, President and Chief Executive Officer, stated "We are very pleased with the significant increase in resources at our Horne 5 project. In 2015, we conducted a successful drill program and made substantial progress at the project. With the release of today's updated resource, another milestone has been reached, as we have now outlined a prospective large bulk-tonnage underground resource. Our ongoing PEA and future feasibility work will be directed towards outlining the economic criteria necessary to see the Horne 5 deposit become Canada's next significant new gold mine."

Horne 5 Resource Estimate

The Horne 5 resource estimate is based on 4,384 underground drill holes (305,788m) drilled by Noranda between 1924 and 1976 and 18 new confirmation drill holes (17,300m) drilled by the Company in 2015. The resource estimate also includes silver assays from exhaustive metallurgical test work completed by Noranda (comprising 2,112 drill holes representing 75,540m) grouped in 54 lots.

Falco's confirmation drill holes were collared from surface. They successfully confirmed previously drilled areas between 650m and 2,035m below surface. The historic Noranda holes were collared at depths ranging from 600m to 2,300m below surface across a strike length of up to 1,000m. The majority of drilling was conducted as radiating "fan drilling" on 15m spacing from 40 underground working levels developed throughout the deposit. The 15m spacing is significantly closer than standard drill spacing used in resource estimation work today providing a very high level of confidence in the data. Falco sampled at 1m intervals, Noranda dominantly sampled at 3m core lengths (which homogenizes individual higher grade results), generating the more than 87,000 assays that were used in the 2015 resource estimate.

Table 1 - Horne 5 Deposit - Mineral Resource Estimate

Resource Class	Cut-off (NSR $C)	Tonnes (Mt)	AuEq (g/t)	Au (g/t)	Ag (g/t)	Cu (%)	Zn (%)	Contained AuEq (Moz)	Contained A
	> 50	82.2	2.53	1.59	14.49	0.18	0.90	6.694	4.212
	> 55	74.1	2.64	1.66	14.87	0.19	0.94	6.273	3.959
	> 60	66.0	2.74	1.74	15.26	0.19	0.97	5.823	3.691
	> 65	58.3	2.86	1.82	15.60	0.20	1.00	5.361	3.418

	> 70	51.1	2.98	1.91	15.93	0.21	1.02	4.893	3.142
Indicated	> 75	44.2	3.11	2.01	16.20	0.22	1.04	4.421	2.865
	> 80	38.0	3.25	2.12	16.46	0.23	1.06	3.962	2.592
	> 85	32.3	3.39	2.25	16.69	0.24	1.07	3.525	2.332
	> 90	27.5	3.54	2.37	16.88	0.25	1.08	3.129	2.095
	> 95	23.3	3.70	2.50	17.04	0.27	1.09	2.775	1.878
	> 100	19.7	3.86	2.64	17.25	0.28	1.09	2.452	1.679
	> 50	19.2	2.62	1.72	22.47	0.21	0.56	1.616	1.060
	> 55	16.6	2.78	1.85	23.78	0.21	0.57	1.483	0.985
	> 60	14.5	2.92	1.97	24.99	0.21	0.57	1.367	0.920
	> 65	12.7	3.08	2.10	26.26	0.22	0.57	1.254	0.855
	> 70	10.9	3.25	2.25	27.60	0.23	0.55	1.139	0.788
Inferred	> 75	9.1	3.47	2.46	28.48	0.24	0.53	1.013	0.716
	> 80	7.6	3.71	2.69	28.92	0.25	0.50	0.904	0.655
	> 85	6.4	3.94	2.91	29.77	0.26	0.47	0.814	0.601
	> 90	5.4	4.21	3.15	30.82	0.27	0.46	0.733	0.549
	> 95	4.8	4.42	3.35	31.48	0.27	0.45	0.678	0.514
	> 100	4.3	4.60	3.51	32.28	0.28	0.45	0.636	0.485

Resource Estimate Notes:

1. *The effective date of the resource estimate is January 8, 2016. The Independent and Qualified Persons for the Mineral Resource Estimate as required by National Instrument 43-101 are Carl Pelletier, B.Sc., P.Geo. and Vincent Jourdain, P.Eng., Ph.D., both employees of InnovExplo Inc.*
2. *Mineral Resources are not Mineral Reserves and have not demonstrated economic viability.*
3. *While the results are presented undiluted and in situ, the reported mineral resources are considered by the Qualified Persons to have reasonable prospects for economic extraction.*
4. *These estimates include four (4) low grade gold-bearing mineralized zones.*
5. *The principal low-grade gold-bearing mineralized zone includes five (5) high-grade gold-bearing zones, one (1) high-grade copper-bearing zone, one (1) high-grade zinc-bearing zone and two (2) high-grade silver-bearing zones.*
6. *Resources were compiled at NSR cut-offs of C$50, C$55, C$60, C$65, C$70, C$75, C$80, C$85, C$90, C$95 and C$100 per tonne. The official base case resource is reported at a C$65 per tonne NSR cut-off.*
7. *The appropriate NSR cut-off will vary depending on prevailing economic and operational parameters to be determined.*
8. *NSR estimates are based on the following assumptions: exchange rate of $C1.27/$US, metal prices of (all $US): gold $1,165/oz, silver $15.77, copper $2.53/lb, zinc $0.89/lb (One-year trailing average as of December 14, 2015). Net recoveries of 84.0% for gold, 75.3% for silver, 71.8% for zinc and 66.5% for copper. Smelting cost (including transportation) C$7.73 per tonne.*
9. *Gold equivalent calculations assume these same metal prices.*
10. *Inferred resources are separate from Indicated Resources*
11. *The quantity and grade of reported Inferred Resources in this estimate are uncertain in nature and there has not been sufficient work to define these Inferred Resources as Indicated or Measured Resources. It is uncertain if further work will result in upgrading them to an Indicated or Measured mineral resource category.*

Resource Modeling Notes:

1. *Densities within ENV_A were estimated from Noranda drill hole iron assay data and Falco density data using a 3-pass ID2 interpolation method. Limited density data was available for zones ENV_B to D and a fixed density of 2.88 t/m3 was assumed for these zones which represent the median of the available data.*
2. *Compositing was done on drill hole sections falling within the mineralized zones (composite = 3.0 metres).*
3. *The resource was estimated using Geovia GEMS 6.7. The estimate is based on 4,411 diamond drill holes (323,087 m). For silver the estimates also uses the results of an exhaustive metallurgical test comprising 2,112 diamond drill holes assayed for silver over a total length of 75,540 meters. A minimum true thickness of 7.0 m was applied, using the grade of the adjacent material when assayed, or a value of zero when not assayed.*
4. *Only the silver interpolation in the Inferred resources does not use the material when not assayed.*
5. *The estimate was based on a three dimensional block model (5x5x5 metre blocks). Within ENV_A. Wireframes of high grade zones were used as hard boundaries to constrain the interpolation of gold, silver, copper, zinc and density into the block model. Interpolation parameters were derived based on geostatistical analysis conducted on 3 metre composited drill hole data. Block grades have been estimated using Inverse Distance Squared (ID2) interpolation method and the mineral resources have been classified based on proximity to sample data and the continuity of mineralization in accordance with CIM best practices.*
6. *Capping of high grade gold values was done on raw assay data and established on a per zone basis: HG_A: 35 g/t, HG_B: 35g/t, HG_C: 25g/t, HG_D: 35g/t, HG_E: 25g/t, ENV_A: 35g/t, ENV_B: 25g/t, ENV_C: 25g/t, ENV_D: 25g/t and for high grade silver SG_HG:100g/t, HG_D: 165 g/t, ENV_A_SG_Low: 110 g/t, ENV_B: 100 g/t, ENV_C: 100 g/t, ENV_D: 100 g/t. No upper capping was applied to copper and zinc data.*
7. *Tonnage estimates were rounded to the nearest hundred tonnes. Any discrepancies in the totals are due to rounding effects. Rounding practice follows the recommendations set out in Form 43-101F1.*
8. *CIM definitions and guidelines were followed in estimating mineral resources.*
9. *InnovExplo is not aware of any known environmental, permitting, legal, title-related, taxation, socio-political, marketing or other relevant issue that could materially affect the mineral resource estimate.*

10. *The mineral resources presented herein are categorized as Indicated and Inferred based on geological and grade continuity. A maximum distance to the closest composite of 25 meters was used for indicated Resources. The average distance to the nearest composite is 8.3 meters for the Indicated resources and 35.2 meters for the Inferred resources.*
11. *Metal contained in ounces (troy) = metric tonnes x grade / 31.10348. Calculations used metric units (metres, tonnes and g/t). Metal contents are presented in ounces and pounds.*

Modelled Zones

For the purpose of the mineral resource estimate, four mineralized envelopes (ENV_A, ENV_B, ENV_C and ENV_D) were identified, defined, and modelled from 600 meters to 2,600 meters depth. The deposit is vertical with a width of 500m to 800m and a thickness varying from 7m to 120m. The principal envelope (ENV_A) consists of a disseminated to massive sulphide body hosted by a rhyolite unit. The ENV_A interpretation takes into account the gold (approximate cut-off grade of 0.5 g/t Au), copper and zinc assays, the specific gravity which correlates precisely with the presence of sulphides and the geological mapping of underground workings which locates the disseminated and massive sulphide facies. ENV_A shows zonation in gold, copper and zinc as well as a zonation in the sulphide content. ENV_B, ENV_C and ENV_D consist of low grade gold-bearing zones defined using an approximate cut-off grade of 0.5 g/t Au. ENV_B and ENV_C are concordant to ENV_A and located north of it while ENV_D is located at depth and is slightly discordant to ENV_A.

High Grade Zones

Within ENV_A, high-grade zones were defined for gold (approximate cut-off grade of 2.5 g/t Au), copper (approximate cut-off grade of 0.2% Cu) zinc (approximate cut-off grade of 0.75% Zn) and specific gravity (approximate cut-off grade of 3.5 t/m3). Wireframes of high grade zones were used as hard boundaries to constrain the interpolation of gold, silver, copper, zinc and density into the block model.

There is no established correlation between the current high grade zone nomenclature and historical Au-rich lenses as defined by Noranda, which were based on a higher gold cut-off of approximately 6.0 g/t Au.

Table 2 - Horne 5 Deposit - C$65/t NSR Cut-off - Mineral Resource Estimate Per Zone

Resource Class	Zone	Tonnes (Mt)	AuEq (g/t)	Au (g/t)	Ag (g/t)	Cu (%)	Zn (%)	Contained AuEq (Moz)	Contained Au (Moz)	Contained
	ENV_A	36.6	2.59	1.51	15.93	0.17	1.15	3.053	1.780	18.768
	ENV_B	0.1	2.23	2.13	--	0.06	0.02	0.010	0.010	--
	ENV_C	0.1	2.75	2.65	--	0.06	0.03	0.011	0.011	--
	ENV_D	--	--	--	--	--	--	--	--	--
Indicated	HG_A	6.6	3.12	2.15	15.71	0.12	1.09	0.664	0.458	3.345
	HG_B	10.9	3.10	2.15	15.48	0.30	0.54	1.083	0.754	5.416
	HG_C	2.2	3.79	3.17	8.95	0.24	0.28	0.263	0.220	0.621
	HG_D	1.8	5.48	3.79	21.30	0.46	1.36	0.312	0.216	1.210
	HG_E	0.4	3.30	2.60	11.82	0.32	0.13	0.047	0.037	0.167
	ENV_A	11.8	3.10	2.08	27.89	0.23	0.59	1.179	0.789	10.593
	ENV_B	--	--	--	--	--	--	--	--	--
	ENV_C	--	--	--	--	--	--	--	--	--
	ENV_D	0.9	2.70	2.36	4.09	0.12	0.19	0.075	0.066	0.114
Inferred	HG_A	--	--	--	--	--	--	--	--	--
	HG_B	--	--	--	--	--	--	--	--	--
	HG_C	--	--	--	--	--	--	--	--	--
	HG_D	--	--	--	--	--	--	--	--	--
	HG_E	--	--	--	--	--	--	--	--	--

Resource Distribution By Level

As previously disclosed in the November 6, 2015 press release, the Company conducted a preliminary assessment of the existing infrastructure at the Horne 5 project and recognized that the existing QuÃ©mont #2 shaft could be used as its main production shaft. The QuÃ©mont #2 shaft will need to be rehabilitated to current production standards, however it will not have to be widened to accommodate larger skips. The QuÃ©mont #2 shaft has a depth of 1,200m (Level 33) and will have to be dewatered. The Company estimates that 44% of the Indicated mineral resources are located between Level 17 and Level 33, which are accessible with the current shaft depth.

Table 3 - Horne 5 Deposit - C$65/t NSR Cut-off - Mineral Resource Estimate Per Level

Resource Class	Elevation Range	AuEq Proportion	Tonnes (Mt)	AuEq (g/t)	Au (g/t)	Ag (g/t)	Cu (%)	Zn (%)	Contained AuEq (M
	Lvl 17 - Lvl 33	44.30%	26.8	2.76	1.68	16.84	0.17	1.13	2.374
Indicated	Lvl 33 - Lvl 49	47.00%	27.5	2.85	1.88	15.07	0.21	0.87	2.521
	Lvl 49 - Bottom	8.70%	4.1	3.59	2.39	11.03	0.35	1.02	0.467
	Lvl 17- Lvl 33	0.10%	0.0	2.58	1.61	10.42	0.40	0.45	0.001
Inferred	Lvl 33 - Lvl 49	7.00%	1.1	2.44	1.55	5.12	0.16	1.14	0.088
	Lvl 49 - Bottom	92.90%	11.5	3.14	2.15	28.34	0.23	0.51	1.165

Density Model

A specific gravity model was based on 34,337 iron assays and 3,191 density measurements. The method for density calculation from iron assays was developed by Noranda. The high density portion of ENV_A shows an average density of 3.68 t/m^3. The low density portion ENV_A shows an average density of 3.23 t/m^3. Limited density data was available for zones ENV_B to D and a fixed density of 2.88 t/m^3 was assumed for these zones which represent the median of the available data.

Low Mining Dilution

As it advances towards the release of the initial PEA, the Company has conducted extensive work in regards to the mining methods, backfill type and consequent resource dilution. The Company expects to use transverse longhole as the primary mining method and will favor the minimization of dilution to resource recovery. The Company believes the resource dilution will be below 4%.

Qualified Person

Carl Pelletier (P.Geo. GÃ©o., B.Sc.) and Vincent Jourdain (P. Eng., Ph.D.) are the qualified persons as defined by National Instrument 43-101 - Standards of Disclosure for Mineral Projects for the mineral resource estimate Data in this release as it relates to the technical information related to the 2014 Horne 5 Project Resource Estimate and they have reviewed and verified the technical information contained herein. Messrs. Pelletier and Jourdain are consulting geologists with InnovExplo Inc. and fulfill the requirements to be "qualified person" for the purposes of NI 43-101.

Claude Bernier, Exploration Manager, (P.Geo. Eng.) is the qualified person for this release as defined by National Instrument 43-101 - Standards of Disclosure for Mineral Projects and has reviewed and verified the technical information contained herein. Mr. Bernier is an employee of Falco and is non-independent.

The scientific and technical information regarding the dilution evaluation and engineering set out in this news release has been approved by Francois Vezina, Director - Mining Development of Osisko Mining Group. Mr. Vezina is a Eng. with the *Ordre des ingÃ©nieurs du QuÃ©bec* and P.Eng. with the Professional Engineers of Ontario, and is a "qualified person" as defined by NI 43-101.

The scientific and technical information regarding the Cut-off evaluation set out in this news release has been approved by Francois Girard, Director - InnovExplo Inc. Mr. Girard is a Eng. with the *Ordre des ingÃ©nieurs du QuÃ©bec*, and is a "qualified person" as defined by NI 43-101.

QA/QC

Falco has implemented a strict quality-control program to comply with best practices in the sampling and analysis of drill core. As part of its QA/QC program, Falco inserts certified external mineralized standards. In the mineralized zones, each shipment is comprised of 27 samples. Every shipment is composed of 23 samples, a standard, a blank, a pulp duplicate and a reject duplicate placed randomly every 15th sample to test the laboratory analysis methods and precision for each shipment of samples. Blanks and standards are inserted within the normal sample number sequence. Assay results and certificates of analysis are interpreted and reported on a regular basis. If anomalies are detected, the laboratory is advised and the entire batch of samples is re-assayed. In non-mineralized zones, every shipment is composed of 27 samples, which includes a standard and a blank. In non-mineralized zones, if anomalies are detected, the laboratory is advised, but the batch of samples is not necessarily re-assayed.

About Falco

Falco Resources Ltd. is one of the largest mineral claim holders in the Province of QuÃ©bec, with extensive land holdings in the Abitibi Greenstone Belt. Falco owns 74,000 hectares of land in the Rouyn-Noranda mining camp, which represents 70% of the

entire camp and includes 13 former gold and base metal mine sites. Falco's principal property is the Horne Mine, which was operated by Noranda from 1927 to 1976 and produced 11.6 million ounces of gold and 2.5 billion pounds of copper. A maiden 43-101 mineral resource estimate for the Horne 5 deposit delineated an initial inferred resource of 2.8 million oz AuEq at 3.41 g/t AuEq (25.3 million tonnes grading 2.64 g/t Au, 0.23% Cu and 0.7% Zn, for 2.2 million oz Au -- see March 4, 2014 press release for details).

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this press release.

Cautionary Note Regarding Forward-Looking Statements

This news release contains forward-looking statements and forward-looking information (together, "forward-looking statements") within the meaning of applicable securities laws and the United States Private Securities Litigation Reform Act of 1995. All statements, other than statements of historical facts, are forward-looking statements. Generally, forward-looking statements can be identified by the use of terminology such as "plans", "expects', "estimates", "intends", "anticipates", "believes" or variations of such words, or statements that certain actions, events or results "may", "could", "would", "might", "will be taken", "occur" or "be achieved" and includes, without limitation, completion of a Preliminary Econimic Assessment by the end of the second quarter of 2016, the scope of future feasibility work and the final determination of the mining method to be used. Forward-looking statements involve risks, uncertainties and other factors that could cause actual results, performance, prospects and opportunities to differ materially from those expressed or implied by such forward-looking statements. Factors that could cause actual results to differ materially from these forward-looking statements include the reliability of the historical data referenced in this press release and those risks set out in Falco's public documents, including in each management discussion and analysis, filed on SEDAR at www.sedar.com. Although Falco believes that the assumptions and factors used in preparing the forward-looking statements are reasonable, undue reliance should not be placed on these statements, which only apply as of the date of this news release, and no assurance can be given that such events will occur in the disclosed times frames or at all. Except where required by applicable law, Falco disclaims any intention or obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

Cautionary Note Concerning Mineral Resources

*This press release uses the term "inferred" resources and "indicated resources", we advise investors that while this term is recognized and required by Canadian regulations, the United States Securities and Exchange Commission does not recognize it. "Inferred" resources and "indicated resources" have a great amount of uncertainty as to their existence and as to their economic and legal feasibility. It cannot be assumed that all or any part of an inferred resource will ever be upgraded to a higher category. Under Canadian rules, estimates of inferred mineral resources may not form the basis of feasibility or other economic studies. United States investors are cautioned not to assume that all or any part of measured or indicated mineral resources will ever be converted into mineral reserves. United States investors are also cautioned not to assume that all or any part of an inferred mineral resource exists, or is economically or legally mineable.*9

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