MONTREAL, QC--(Marketwired - May 09, 2016) - Falco Resources (TSX VENTURE: FPC)

- Top Quartile Project at All-In Sustaining Costs of US$427/oz Au, net of By-Product Credits
- All-In Cost (CAPEX plus OPEX) at US$660/oz Au
- Annual Gold Production of 236,000 Ounces for 12 Years
- After-Tax IRR of 16.0%;

Falco Resources (TSX VENTURE: FPC) ("Falco" or the "Company) is pleased to announce the results of a Preliminary Economic Assessment ("PEA") prepared in accordance with National Instrument 43-101 (NI 43-101) for the Company's 100% owned Horne 5 Gold Project ("Horne 5 Project") located in Rouyn-Noranda, QuÃ©bec, Canada. The PEA indicates that the Horne 5 Project represents a robust, high margin, twelve year underground mining project with attractive economics in the current gold price environment. The study was prepared by BBA Inc., under the direction of Mr. Luc Lessard, P. Eng., President and Chief Executive Officer of the Company, and Messrs. Robert Wares, P. Geo., Francois Vezina, P. Eng. and Christian Laroche, P. Eng., Osisko Mining Group's technical team and included contributions from the geological and engineering teams at InnovExplo Inc., Golder Associates Ltd., and WSP Canada Inc. At a gold price of US$1,250/oz and using an exchange rate of C$1.00 = US$0.75, the study shows that the Horne 5 Project would generate an after-tax net present value ("NPV") (at a 5% discount rate) of $667 million and an Internal Rate of Return ("IRR") of 16.0%. In this scenario, the mine could become the next significant gold producer in QuÃ©bec, with a production profile averaging 236,000 ounces annually over the life of mine, with an all-in sustaining cash cost of US$427 per ounce net of by-product credits and all-in cost (CAPEX plus OPEX) estimated at US$660 per ounce. Falco intends to move forward and immediately initiate a Feasibility Study on the Horne 5 Project, which is planned to be completed in the first semester of 2017. The Environmental Impact Assessment ("EIA") study, which has been initiated by WSP, is expected to be completed in the first semester of 2017.

Luc Lessard, Falco President and CEO commented: "We are very pleased with the results of the new preliminary economic assessment on the Horne 5 deposit, which shows the promise of bringing this world-class deposit back into production after a more than 40 year dormant phase, subsequent to having previously produced over 11 million ounces of gold and 2.5 billion pounds of copper. The study firmly establishes the Horne 5 Project as one of the best undeveloped gold projects by value and margin in today's gold-price environment. The Horne 5 Project benefits from being situated in one of the world's best mining jurisdictions where a high level of underground mining expertise is readily available. We believe our advantageous location and existing infrastructure has the potential to positively impact the long term viability of the Horne 5 Project." He further noted, "The study marks a significant milestone for our Company. At a US $1,250 per ounce gold-price, Horne 5 could generate more than $6.8 billion in gross revenue, deliver total life of mine, after-tax net present value of $667 million, and payback capital in approximately 4 years. Further upside to this evaluation is anticipated through optimization studies and continued successful exploration."

The PEA envisages an underground mine with a life of approximately 12 years, targeting 63.8 million tonnes of volcanic-massive sulfide material with an average diluted grade of 2.60 grams/tonne gold equivalent (g/t AuEq) or 4.8 million AuEq ounces (1.6 g/t gold, 15.5 g/t silver, 0.19% copper, 0.85% zinc). The study incorporates an underground crushing facility which would be followed by a conventional Semi-Autogenous-Ball milling-Crushing ("SABC") circuit on surface with a capacity of 15,000 tonnes per day, along with three selective flotation circuits to recover copper, zinc and pyrite concentrates. The pyrite concentrate would be further reground and leached along with the pyrite flotation tailings in respective carbon-in-pulp ("CIP") circuits. The facility would enable Falco to produce 3,051,000 ounces of gold over the life of mine ("LOM"). The study also outlines several opportunities to further enhance economics (see below) and the current resource remains open to the west and at depth. Several untested targets remain to be evaluated and Falco is confident that additional resources can be identified in the near term through continued drilling campaign (see Falco press release of April 26, 2016). The realized project would have a significant impact on the Abitibi-TÃ©miscamingue region, with the potential of generating over $6.8 billion of gross revenue and contributing 525 permanent, well remunerated jobs.

PEA HIGHLIGHTS

*ALL AMOUNTS ARE IN CANADIAN DOLLARS UNLESS OTHERWISE INDICATED; BASE CASE IS STATED USING GOLD PRICE OF US$1,250 PER OUNCE, SILVER PRICE OF US$17 PER OUNCE, COPPER PRICE OF US$2.85 PER POUND, ZINC PRICE OF US$1.00 PER POUND AND AN EXCHANGE RATE OF C$1.00 equal to US$0.75*

- NPV of $1,131 million at a 5% discount rate and an IRR of 20.0% before taxes and mining duties
- NPV of $667 million at a 5% discount rate and an IRR of 16.0% after taxes and mining duties
- Mine life of 12 years with peak-year production of 274,000 ounces and average LOM annual production of 236,000 ounces of gold
- Net payable gold recovery of 86.8%
- 3,051,000 gold ounces production at an average diluted grade of 2.60 g/t Au LOM
- 2,903,000 ounces of payable gold LOM
- 807 million pounds of payable zinc LOM
- 194 million pounds of payable copper LOM
- 23.8 million ounces of payable silver LOM
- All-in sustaining costs* of US$427/oz net of by-product credits (including royalties) over LOM, generating an operating margin of over US$823/oz or 66%
- All-in cost (CAPEX plus OPEX) is estimated at US$660 per payable ounce
- Initial capital costs of $905.2 million (including a $60 million contingency)
- Integration of historical & existing underground mine infrastructure
- Payback period of 3.8 years pre-tax and 4.1 years post-tax

- Gross Revenue of $6.8 Billion and Operating Cash-flow of $2.6 Billion
- Commissioning in late 2020
- Full production in early 2021

**All-in Sustaining Costs are presented as defined by the World Gold Council ("WGC") less Corporate G&A*

Image 1: Processing Facility

The reader is advised that the PEA summarized in this press release is intended to provide only an initial, high-level review of the project potential and design options. The PEA mine plan and economic model include numerous assumptions and the use of Inferred resources. Inferred resources are considered to be too speculative to be used in an economic analysis except as allowed for by Canadian Securities Administrators' National Instrument 43-101 in PEA studies. There is no guarantee that Inferred resources can be converted to Indicated or Measured resources, and as such, there is no guarantee the project economics described herein will be achieved.

PEA SUMMARY (REPORTED IN C$, EXCEPT WHERE NOTED)

| | |
|---|---|
| Total Material Mined (Tonnes) | 63,751,000 |
| Average Diluted Gold Equivalent Grade (g/t AuEq) | 2.60 |
| Average Diluted Gold Grade (g/t Au) | 1.63 |
| Total Gold Contained (oz) | 3,345,000 |
| Total Gold Produced (oz) | 3,051,000 |
| Total Gold Payable (oz) | 2,903,000 |
| Total Silver Payable (oz) | 23,800,000 |
| Total Copper Payable (million lbs) | 194 |
| Total Zinc Payable (million lbs) | 807 |
| Gold Recovery & Payable (%) | 86.8% |
| Average Annual Gold Produced (gold ozs per year) | 236,000 |
| Total Initial Capital Cost (C$M) | $905.2 |
| Sustaining Capital (C$M) | $377.9 |
| Site Restoration Cost (C$M) | $51.6 |
| Unit Operating Cost (per tonne milled) | |
| - Mining | $19.67 |
| - Processing | $20.63 |
| - Tailing & Water Management | $4.27 |
| - General & Administration | $2.87 |
| Total Unit Operating Costs (per tonne milled) | $47.45 |

SUMMARY ECONOMICS AT US$1,250 GOLD PER OZ

| | |
|---|---|
| Total LOM NSR Revenue (C$M) | $6,776.7 |
| Total LOM Operating Cash Flow (C$M) | $2,563.2 |
| Total LOM Pre-Tax Cash Flow (C$M) | $2,281.5 |
| Average Annual Pre-Tax Cash Flow (C$M) | $261.1 |
| LOM Income Taxes (C$M) | $841.4 |
| Total LOM After-Tax Free Cash Flow (C$M) | $1,440.2 |
| Average Annual After-Tax Free Cash Flow (C$M) | $188.1 |

| | |
|---|---|
| Discount Rate | 5% |
| Pre-Tax NPV (C$M) | $1,131 |
| Pre-Tax IRR | 20.0% |
| Pre-Tax Payback (Years) | 3.8 |
| After-Tax NPV (C$M) | $667 |
| After-Tax IRR | 16.0% |
| After-Tax Payback (Years) | 4.1 |

ALL-IN CASH COSTS INCLUDING SUSTAINING CAPEX

| | |
|---|---|
| Mining Cost (C$M) | $1,254.0 |
| Processing Cost (C$M) | $1,315.4 |
| Tailing & Water Management (C$M) | $272.5 |
| General & Administrative Cost (C$M) | $183.0 |
| Refining & Smelting (C$M) | $415.4 |
| Royalties (C$M) | $135.5 |
| By-Product Credit (C$M) | ($2,354.4 ) |
| *Cash Cost (C$/oz)* | *$421* |
| *Cash Cost (US$/oz)* | *$316* |
| Sustaining (C$M) | $377.9 |
| Closure (C$M) | $51.6 |
| TOTAL (C$M) | $1,645.1 |
| *All-in Cash + Sustaining Cost (C$/oz)** | *$569* |
| *All-in Cash + Sustaining Cost (US$/oz)** | *$427* |

** All-in Sustaining Costs are presented as defined by the World Gold Council ("WGC") less Corporate G&A*

SENSITIVITIES
*BASE CASE IN BOLD*

| *Gold Price US$/oz* | *$1,000* | *$1,100* | *$1,200* | *$1,250* | *$1,300* | *$1,400* | *$1,500* | *$1,600* |
|---|---|---|---|---|---|---|---|---|
| Pre-Tax NPV 5% C$M | $549 | $782 | $1,015 | $1,131 | $1,248 | $1,481 | $1,714 | $1,947 |
| After-Tax NPV 5% C$M | $301 | $451 | $594 | $667 | $739 | $874 | $1,012 | $1,149 |
| Pre-Tax IRR | 13.1% | 16.0% | 18.7% | 20.0% | 21.3% | 23.7% | 26.0% | 28.2% |
| After-Tax IRR | 10.3% | 12.8% | 15.0% | 16.0% | 17.1% | 18.9% | 20.7% | 22.5% |
| Pre-Tax Payback Years | 5.5 | 4.8 | 4.1 | 3.8 | 3.5 | 3.1 | 2.8 | 2.5 |
| After-Tax Payback Years | 5.7 | 5.0 | 4.4 | 4.1 | 3.8 | 3.4 | 3.0 | 2.8 |

| *FX: C$1.00: US$* | *0.90* | *0.85* | *0.80* | *0.75* | *0.70* | *0.65* | *0.60* | *$0.55* |
|---|---|---|---|---|---|---|---|---|
| Pre-Tax NPV 5% C$M | $446 | $647 | $874 | $1,131 | $1,425 | $1,763 | $2,159 | $2,626 |
| After-Tax NPV 5% C$M | $237 | $365 | $506 | $667 | $840 | $1,041 | $1,273 | $1,543 |
| Pre-Tax IRR | 11.7% | 14.3% | 17.1% | 20.0% | 23.1% | 26.5% | 30.2% | 34.3% |
| After-Tax IRR | 9.2% | 11.4% | 13.6% | 16.0% | 18.5% | 21.1% | 24.0% | 27.2% |
| Pre-Tax Payback Years | 5.9 | 5.2 | 4.5 | 3.8 | 3.2 | 2.7 | 2.3 | 1.9 |
| After-Tax Payback Years | 6.1 | 5.4 | 4.8 | 4.1 | 3.5 | 3.0 | 2.6 | 2.2 |

OPPORTUNITIES TO ENHANCE VALUE

Although Falco considers the PEA results for the base case are excellent, future trade off studies are anticipated to evaluate alternate development scenarios that would be used to reduce the initial capital requirements. Items to be reviewed include location of access development, enhancing ventilation efficiency during pre-production period, improving metallurgical recoveries and usage of reagents, modification to stope size and dewatering methods. In addition, Horne 5 Project has high potential for resource expansion; the deposits in the current resource remain open to the west and at depth, and Falco owns more than 740 square kilometres of land around the Horne 5 Project with targets that remain to be tested. An exploration budget of $7.5 million is planned for 2016.

PEA DETAILS

Contributors

The independent PEA was prepared through the collaboration of a number of industry-recognized consulting firms, including BBA Inc. ("BBA", Montreal, QC), Golder Associates Ltd. ("Golder", Montreal, QC), InnovExplo Inc. ("InnovExplo", Val d'Or, QC), and WSP Canada Inc. ("WSP", Rouyn-Noranda, QC). These firms provided resource estimates, design parameters and cost estimates for mine operations, process facilities, major equipment selection, waste and tailings storage, reclamation, permitting, operating and capital expenditures. A summary of contributors to the PEA is included in the Table below:

Consulting Firm or Entity Area of Responsibility

| | |
|---|---|
| BBA Inc. | - Electrical and IT infrastructure (supply and onsite);<br>- Metallurgical testwork analysis, processing plant design, process plant capital costs and operating cos<br>- General and Administration operating costs, and financial analysis;<br>- Overall NI 43-101 integration; |
| InnovExplo Inc. | - Geological modelling and resource definition;<br>- Underground mine design, surface infrastructure (Hoist), production scheduling, capital costs and oper |
| Golder Associates Ltd. | - Waste rock, tailings and water management,<br>- Water treatment plant design, capital and operating costs;<br>- Underground mine hydrogeology, geotechnical and rock mass characterization; |
| WSP Canada Inc. | - Environmental studies, permitting and mine closure plan;<br>- Paste backfill plant design, capital and operating costs;<br>- Surface infrastructure design and costing; |

Resource Estimate

The PEA is based on an Indicated and Inferred mineral resource estimate completed by independent Qualified Person Carl Pelletier (P.Geo. GÃ©o., B.Sc.) of InnovExplo Inc. This estimate consists of an Indicated Resource and an Inferred Resource using base case cut-off of C$65 NSR per tonne.

| Resource Category | Tonnes (Mt) | AuEq (g/t) | Au (g/t) | Ag (g/t) | Cu (%) | Zn (%) | Contained AuEq (Moz) | Contained Au (Moz) | Contained Ag (Moz) | Contained Cu (Mlbs) | Contained Zn (Mlbs) |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Indicated | 58.3 | 2.86 | 1.82 | 15.60 | 0.20 | 1.00 | 5.361 | 3.418 | 29.273 | 260.4 | 1,284.8 |
| Inferred | 12.7 | 3.08 | 2.10 | 26.26 | 0.22 | 0.57 | 1.254 | 0.855 | 10.705 | 61.7 | 158.1 |

For further details, resource estimate notes and resource modeling notes, please see Company press release of January 25, 2016 and NI 43-101 compliant resource report filed on SEDAR.

CAPITAL AND OPERATING COSTS SUMMARY

| Capital Costs (C$M) | Pre-Production | Sustaining | Total* |
|---|---|---|---|
| Mining (includes development contingency) | $247.2 | $324.1 | $571.3 |
| Mineral Processing Plant | $351.8 | -- | $351.8 |
| Site Infrastructure | $98.1 | $6.6 | $104.6 |
| Electrical and Communication | $20.6 | $1.4 | $21.9 |
| Tailings and Water Management | $19.2 | $46.0 | $65.1 |
| Indirects | $108.6 | -- | $108.6 |
| Site Restoration | -- | $51.6 | $51.6 |
| Subtotal | $845.2 | $429.4 | $1,274.6 |
| Contingency | $60.0 | -- | $60.0 |
| Total Capital Costs | $905.2 | $429.4 | $1,334.6 |
| Pre-Production Revenue** | ($61.5) | | |
| | | | |
| Capital Cost per Payable Oz Au (C$/oz) | $312 | | |
| Capital Cost per Payable Oz Au (US$/oz) | $234 | | |
| | | | |
| CAPEX per Oz (US$/oz) | $234 | | |
| OPEX per Oz (US$/oz) | $427 | | |
| All-In Cost per Oz (US$/oz) | $660 | | |

* Totals may differ due to rounding.
** The Company anticipates having pre-production revenues during development.

| Operating Costs | C$/t Milled |
|---|---|
| - Mining | $19.67 |
| - Processing | $20.63 |
| - Tailing & Water Management | $4.27 |
| - General & Administration | $2.87 |
| Total Operating Costs | $47.45 |

MINING

The underground deposit is located at a depth of approximately 600 metres to 2,300 metres below surface. The existing Quemont

#2 shaft which extends to a depth of 1,200 metres would be rehabilitated. The shaft would provide for the hoisting of mineralized material and waste, services personnel and materials, and the supply of ventilation to the underground workings. Further, Falco foresees rehabilitating several of the old Horne shafts for ventilation purposes and using old underground excavations for tailings disposal. The mine design has taken into consideration the Quemont #2 shaft and ventilation raises to provide fresh air for early works.

The mine has been designed to have low operating costs through the use of large modern equipment, gravity transport of mineralized material and waste through raises, shaft hoisting, minimal mineralized material and waste re-handling, high productivity bulk mining methods and unconsolidated waste rock backfill, where possible. The mine is designed to employ state of the art in terms of technology. Highly automated and using remote control equipment, the mine would be able to operate 21-tonne loaders to transport muck to the ore pass systems. The underground crushing facility would be fed by two ore pass systems. The crushed mineralized material would then be transported via a 600m conveyor to the shaft loading point where it would be hoisted to the surface using 43.5-tonne skips on a continuous basis. The new configuration of the Quemont shaft would also have a dual floor service cage of 2.4 metres by 4.0 metres and a dual floor personnel mine cage. Paste backfill would be used to fill the extracted stopes and strengthen stability of the adjacent stopes and avoid or minimize 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%.

PROCESSING

A Semi-Autogenous-Ball milling-Crushing ("SABC") facility on surface with a capacity of 15,000 tonnes per day would be used to process the Horne 5 Project mineralized material. The facility would also include a flotation & thickening section divided in three circuits dedicated to recovering copper, zinc and pyrite concentrates. The copper and zinc circuits would have their concentrate filtered to reduce humidity to 9%. Both concentrates would be stored in silos to await shipment. The pyrite concentrate will require a finer grind to achieve improved gold recovery by cyanide leaching, resulting in the requirement to regrind from the primary grind size of 65 micron to the targeted $P_{80}$ of 12 microns. The resulting reground pyrite concentrate would then be leached along with the pyrite flotation tailings in separate CIP circuits. Thickeners would be used to maximize water and cyanide recovery and the SO2/air cyanide destruction method would be applied to reduce the cyanide content of the two leach streams. Pyrite tailings from flotation would be used as paste backfill in the new workings and the leached pyrite concentrate would largely be returned underground and disposed in existing historical openings. Water liberated in the underground workings from the consolidated tailings would be recovered, recycled and pumped back to the process plant.

Gold, zinc, copper and silver metal would be recovered. The process plant would produce two concentrates and dorÃ© bars. The copper concentrate would have an estimated 18% copper content as well as payable gold and silver, and the zinc concentrate would have an estimated 50% zinc content as well as payable silver. The payable gold recovery is estimated to average 86.8% over the LOM and estimated payable metallurgical recoveries average 74.0% for copper, 67.3% for zinc and 74.9% for silver. Copper and zinc concentrates have been analyzed and are considered to be free of deleterious elements and are expected to be readily marketable to both smelters and traders.

The process plant facility would include a wet laboratory, mill offices, a mill dry, and a maintenance shop.

PROJECT INFRASTRUCTURE AND INDIRECTS

The Horne 5 Project, located within the industrial park and former mine infrastructure (Quemont and Horne Mines) of the city of Rouyn-Noranda, QuÃ©bec, a mining community of over 41,500 people, benefits from great infrastructure. As important as the physical infrastructure in the Rouyn-Noranda region, is the high level of underground mining expertise readily available in the region. The Company believes its advantageous location has the potential to positively impact the long term viability and attractiveness of employment at the Horne 5 Project, given that employees and contractors could work in the community they live in, a rare opportunity in the mining industry.

The Horne 5 Project is located 1.1 km from route 101 and 4.0 km of the Trans-Canada Highway, with all services readily available at site. The Horne 5 Project is also located less than 700 meters from the operating Horne custom copper smelter which uses both copper concentrates and precious metal-bearing recyclable materials as its feedstock to produce a 99.1% copper anode. Development of the future mine would be done on the former Quemont mine site already owned by Falco. Acquisition of land adjacent to the currently proposed mine site would likely be necessary for some of the new infrastructure. Electric power would be supplied to the site at a voltage level of 120 kV originating from the nearby Hydro-QuÃ©bec's Rouyn-Noranda substation, approximately 1 km away. At the site, the outdoor substation would lower the incoming voltage to 25 kV using two main transformers of 120-25 kV, 60/80/100 MVA each, for a combined firm power of 100 MVA. Electrical power infrastructure costs were estimated at $20.5 million.

The Horne 5 Project envisions the following key infrastructure items to support the mine to be constructed: site access road, on-site parking area, process plant and paste backfill plant, maintenance shop and warehouse, mine dry and office building, administration building, headframe and shaft house, hoist room, 120kV sub-station and railway spur lines.

Indirect costs such as owner's costs; engineering, procurement & construction management; construction temporary facilities;

freight for process & major electrical equipment; pre-operational verifications; commissioning support; vendor representatives; capital spares, one year operating spares; commissioning spares; first fills; and construction temporary power are estimated at $108.6 million. An additional $60 million has been budgeted as contingency for specific direct and indirect costs.

ENVIRONMENT AND SITE RESTORATION

Environmental baseline studies have been initiated to support the permitting process and permit applications will be initiated to support the project timeline.

The Horne 5 Project will require a provincial and federal decree. The project is subject to provincial impact assessment study as forecasted production is over the 2,000 tonnes per day threshold outlined in the applicable regulation. The project will also be subject to a federal impact assessment study.

The Company has already received a certificate of authorization (CoA) under Sections 22 and 31.75 of the Environmental Quality Act issued by the Ministry of Sustainable Development, Environment and the Fight against Climate Change on March 1st 2016 for the dewatering of the two first levels (100 metres below surface) of the Quemont 2 shaft.

Site restoration costs were estimated at $51.6 million. The site restoration cost estimate for the Horne 5 Project is based essentially on the dismantling of the mine buildings, but also accounts for the restoration of the potentially acid-generating waste rock pile, the temporary surface tailings storage facility and the retention ponds. The Company intends to dismantle all buildings that would have served its mining operations. Given the proximity of the site to the city and the existence of very little infrastructures of this type in Rouyn-Noranda, these buildings could be reused or modified for other uses. This cost estimate includes the cost of site restoration, as well as post-closure monitoring. In accordance with the regulations, the Company intends to post a bond as a guarantee against the site restoration cost.

STAKEHOLDER ENGAGEMENT

The Company is committed to taking a proactive approach to its public consultation process and has been working diligently to identify as many stakeholders as possible in the Rouyn-Noranda and Abitibi region. Over the past 18 months more than 24 private and public community meetings have been held with various stakeholders.

Based on our numerous community meetings held throughout the region, there is strong community support for the Horne 5 Project. Development of the mine would bring substantial economic development to the city of Rouyn-Noranda and the surrounding region. A construction workforce of 800 people would be created at the peak of an eighteen months construction period and the mine would provide direct employment for approximately 525 people over its 12-year operating life.

The Company remains committed to working with the citizens of Rouyn-Noranda to build a plan for the Horne 5 Project that would maximize benefits for the community, the Company's shareholders and other stakeholder groups.

PROJECTED TIMELINE*

1. A Feasibility Study and Environmental Impact Assessment are scheduled for completion in the first semester of 2017.
2. Permitting activities would be initiated following the completion of the Feasibility Study and EIA to support a 2019 construction start.
3. Commissioning in late 2020.
4. Target full production in early 2021.

* Contingent on a positive feasibility study and obtaining the required financing and permitting approvals

BACK-IN RIGHT & ROYALTIES

As per the terms and condition of the purchase agreement dated March 28, 2011 assigned to the Company in September 2012, the seller under the March 28, 2011 agreement (the "Seller") retains the right to back-in to a 65% interest on any base metal deposit containing more than 350,000 tonnes copper equivalent metal with respect to which the in-situ value of non-base metals is less than three times the in-situ value of all base metals (the "Threshold Resource"). Such right may be exercised by the Seller, further to filing of a NI 43-101 compliant Threshold Resource by the Company, subject to the following conditions:

- paying Falco three times the project-specific exploration expenditures;
- paying Falco three times the Rouyn regional base metal exploration expenditures up to a maximum of $20 million, which is related to the Threshold Resource;
- pay 65% of the development expenditures;
- completing a NI 43-101 compliant feasibility study, within a specified period and at no cost to Falco;

Upon exercise of the back-in right and in addition to keeping a 35% interest and benefitting from a 6-month period to finance its share of expenditures subsequent to a production decision, the Company would form a joint venture where unanimous consent shall be required for critical mining decisions.

The Seller also retains a 2% NSR on all metals produced from the Horne 5 Project. The Seller also has rights of first refusal with respect to purchase or toll process all or any portion of the concentrates and other mineral products from the Horne 5 Project.

Falco currently considers that its recent updated mineral resource estimate is a Threshold Resource.

INDEPENDENT QUALIFIED PERSONS ("QPs")

The Horne 5 Project Preliminary Economic Assessment was prepared for Falco under the direction of BBA Inc. by leading independent industry consultants, all Qualified Persons (QP) under National Instrument 43-101. The QPs have reviewed and approved the content of this news release. Independent QPs from BBA, InnovExplo, Golder and WSP who have prepared or supervised the preparation of the technical information relating to the Preliminary Economic Assessment include:

- Colin Hardie, Pierre Lacombe (BBA Inc.);
- Carl Pelletier, Francois Girard (InnovExplo Inc.);
- Mayana Kissiova (Golder Associates Ltd.);
- Marie Claude Dion St. Pierre, Annie Lavoie, Issam Hessani (WSP Canada Inc.)

The company's disclosure of technical or scientific information in this press release has been reviewed and approved by Luc Lessard, P. Eng., President and CEO of Falco Resources Ltd., who serves as a Qualified Person under the definition of National Instrument 43-101.

CONFERENCE CALL DETAILS

Furthermore, Falco will be hosting a conference call to discuss the results on Monday, May 9th at 13:00 Eastern time with the Falco Executive and Technical team.

Participants may join the call by dialing:

*Toll Free Dial-In Number: (877) 291-4570*

*International Dial-In Number: (647) 788-4919*

A recorded playback of the call will be available two hours after the call's completion until May 23rd, 2016 by dialing (416) 621-4642 or (800) 585-8367 and entering the conference ID# 8919537.

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 updated 43-101 mineral resource estimate for the Horne 5 deposit delineated 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) and 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.) -- see January 25th, 2016 press release for details. Osisko Gold Royalties is the largest shareholder of the Company and currently owns 16.2% of the outstanding shares of the Company.

*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, confirmation of the PEA results (including costs estimates, metal recoveries and expected production) and future upside through additional studies, timeline for achievement of feasibility study and EIA study, positive results of ongoing exploration work at the Horne 5 Project and regionally, realization of anticipated benefits for the Abitibi-TÃ©miscamingue region, timeline for further stage of development and related work at the Horne 5 Project, results of alternate development scenarios to be reviewed by the Company, maintaining social acceptability for the Horne 5 Project, the possibility of the exercise of the back-in right by the Seller. 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, the reasonability economic assumptions at the basis of the PEA, the risk related to the exercise of the back-in right by the Seller 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.*

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