

Falco Announces Extension of Maturity Date of Senior Note and Senior Loan

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MONTREAL, Dec. 20, 2018 - [Falco Resources Ltd.](#) (TSX.V: FPC) ("Falco" or the "Corporation") is pleased to announce that, the Corporation and [Osisko Gold Royalties Ltd.](#) ("Osisko") agreed to amend the \$10 million senior note (the "Senior Note") entered into by the Corporation on May 30, 2016, as amended on November 29, 2017, February 14, 2018 and May 31, 2018, and the \$10 million secured senior loan entered into by the Corporation on September 10, 2018 (the "Senior Loan"; and, collectively with the Senior Note, the "Loans"), by extending the maturity of the both Loans to February 28, 2019.

The principal amount of the Senior Note and any accrued interest will be reimbursed through the deposit to be made by Osisko upon closing of the Silver Stream Transaction (described below). No interest shall accrue on the principal amount as from June 1st, 2018 unless Osisko and Falco fail to enter into the Silver Stream Transaction by February 28, 2019, in which case, interests shall accrue retroactively from and after June 1st, 2018. In the event that Osisko makes a demand for payment of the Senior Note on or before the maturity date and Falco and Osisko have not yet entered into the Silver Stream Transaction, Osisko will have the option to request the Senior Note to be paid in cash together with the accrued and unpaid interests or to be granted a 1% net smelter return royalty on the Horne 5 Project with accrued interests to be paid in cash.

Under the terms of the Senior Loan, the principal amount shall be repaid on the earliest of the closing date of the Silver Stream Transaction (described below) and February 28, 2019.

Silver Stream Transaction with Osisko

On June 18, 2018, the Corporation announced a financing transaction with Osisko pursuant to which Osisko has agreed to commit up to \$180 million through a silver stream (the "Silver Stream Transaction") toward the funding of the development of the Horne 5 Project.

The Silver Stream Transaction is subject to a right of first refusal (the "ROFR") in favor of Glencore Canada Corporation ("Glencore"). Pursuant to the ROFR, Glencore shall have a period of 60 days following the receipt of a notice accompanied by a copy of the Silver Stream Transaction documentation to notify Falco that it wishes to purchase the silver stream in accordance with the terms described in the Silver Stream Transaction documentation.

Falco and Osisko have provided Glencore with certain documents pending the completion of definitive documentation.

About Falco

[Falco Resources Ltd.](#) is one of the largest mineral claim holders in the Province of Québec, with extensive land holdings in the Abitibi Greenstone Belt. Falco owns about 67,000 hectares of land in the Rouyn-Noranda mining camp, which represents approximately 70% of the entire camp and includes 13 former gold and base metal mine sites. Falco's principal asset is the Horne 5 Project located in the former Horne mine that was operated by Noranda from 1927 to 1976 and produced 11.6 million ounces of gold and 2.5 billion pounds of copper. [Osisko Gold Royalties Ltd.](#) is the largest shareholder of the Corporation and currently owns 17.8% of the issued and outstanding shares of the Corporation. The Corporation has 202,134,945 shares issued and outstanding.

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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. All statements, other than statements of historical facts, are forward-looking statements, and subject to risks and uncertainties. Generally, forward-looking statements can be identified by the use of terminology such as "plans", "seeks", "expects", "estimates", "intends", "anticipates", "believes", "could", "might", "likely" or variations of such words, or statements that certain actions, events or results "may", "will", "could", "would", "might", "will be taken", "occur", "be achieved" or other similar expressions. Forward-looking statements, including statements concerning timely closing of the Silver Stream Transaction, the Corporation's use of proceeds from the Loans and the Silver Stream Transaction, and the exercise by Glencore, as the case may be, of its ROFR, 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. Forward-looking statements are subject to business and economic factors and uncertainties, and other factors that could cause actual results to differ materially from these forward-looking statements, including the obtaining of all required authorizations from third parties on terms acceptable to the Corporation and in a timely manner and those risks set out in Falco's public documents, including in each management discussion and analysis, filed on SEDAR at www.sedar.com. Furthermore, should one or more of the risks, uncertainties or other factors materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in forward-looking statements or information. These risks, uncertainties and other factors include, among others, political, economic, environmental and permitting risks, regulatory restrictions, mining operational and development risks, litigation risks, regulatory restrictions, environmental and permitting restrictions and liabilities, internal and external approval risks, changes in the use of proceeds relating to the financing deriving from the Loan or the Silver Stream Transaction, currency fluctuations, global economic climate, dilution, share price volatility, competition, loss of key employees, additional funding requirements, and defective title to mineral claims or property. 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 time 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.

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