

# Falco Provides a Corporate Update and Announces the Appointment of a New Board Member

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MONTREAL, Jan. 24, 2019 - [Falco Resources Ltd.](#) (TSX.V: FPC) ("Falco" or the "Corporation") is pleased to provide a corporate update on the Horne 5 project (the "Horne 5 Project" or the "Project"), as well as to announce the appointment of a new member to the Corporation's Board of Directors.

Luc Lessard, President and CEO, comments: "Despite 2018 having been a challenging year for the mining sector, the Corporation continued to advance the development of the Horne 5 Project. We have increased the number of surface properties under ownership, completed an exploration campaign, filed environmental permitting documentation, continued our discussions with the community, entered into significant financing transactions and held preliminary discussions with a major stakeholder for various authorizations required for the Horne 5 Project."

## REVIEW OF THE PROJECT

The Corporation completed a feasibility study for the Horne 5 Project (See *press release dated October 16, 2017*). The technical team has continued to review opportunities to enhance the economics of the Project. These efforts are being directed by two members of the team that joined in January 2018 - Ronald Bougie, Vice President Engineering and Construction and Guy Belleau, Mine General Manager.

## 2018 HIGHLIGHTS

### Exploration

The Corporation completed a 25,000 metre drill program (the "Program") at a cost of \$8.5 million. The Program targeted highly prospective properties contiguous to Horne 5 Project. The compilation of all data produced during the Program will provide information to better understand the Horne area, which remains one of the best environments to discover Volcanogenic Massive Sulfide (VMS) mineralization and potentially increase the Horne 5 Project's geological resources.

### Environmental

Falco submitted its Environmental Impact Assessment study (the "EIA") to the Environmental Assessment Register of the Ministry of Environment and the Fight against Climate Change (the "MELCC") of the Government of Québec. The EIA is now publicly available and currently under review. For additional information, studies, opinions, Q&As and commentaries on the permitting process and the Corporation's EIA, refer to the documentation available on the MELCC website at [www.ree.environnement.gouv.qc.ca](http://www.ree.environnement.gouv.qc.ca).

The Corporation is committed to taking a proactive approach to its public consultation process and has been working diligently to identify stakeholders that may be impacted in the Rouyn-Noranda and Abitibi regions. In June, the Corporation held its second Horne 5 Project public presentation and information session in the City of Rouyn-Noranda with more than 150 persons in attendance and dialogue is on going.

Based on the numerous community meetings held to date, the Corporation observes strong community

support for the Horne 5 Project. Development of the Project would bring substantial economic development to the City of Rouyn-Noranda and the surrounding region over its 15-year operating life.

#### Pavilion Quemont School (the "Pavilion") Relocation

The new Pavilion's construction and relocation was completed in August at the budgeted cost of \$22.5 million and Falco attended the official opening on November 13, 2018. Falco delivered the Pavilion to the school board of Rouyn-Noranda in exchange for existing property and infrastructure assets that are in close proximity to the Horne 5 Project. Obtaining these assets will allow the Corporation to build the infrastructure required for the dewatering and operating phases of the Horne 5 Project.

The Pavilion was constructed in less than eleven months, allowing the community to access these modern facilities in time for the 2018-2019 school year. The Pavilion will also serve as a platform for the training of the new generation of mining talent for the Corporation.

#### Financing

On June 18, 2018, the Corporation announced a financing transaction with [Osisko Gold Royalties Ltd.](#) ("Osisko") pursuant to which Osisko agreed to commit up to \$180 million through a silver stream transaction (the "Stream Agreement") toward the funding of the development of the Horne 5 Project.

The Stream Agreement 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 Stream Agreement to notify Falco that it wishes to purchase the silver stream in accordance with the terms described in the Stream Agreement. Falco and Osisko have submitted to Glencore documents to allow Glencore to determine their interest in exercising the ROFR. The Corporation expects to receive its response in the first quarter of 2019.

Concurrent with the announcement of the Stream Agreement, the Corporation also announced the subscription by Osisko to a \$7 million debenture (the "Debenture"). The Debenture was convertible into 12,104,444 units of Falco (the "Units") upon receipt of disinterested shareholder approval. Each Unit consists of one common share and one-half of one common share purchase warrant. Each whole warrant entitles the holder to purchase one common share of Falco, subject to customary anti-dilution clauses, at a price of \$0.75 for a period of 36 months from the date the Units are issued.

The Stream Agreement and the conversion of the Debenture were both approved at the special meeting of shareholders of Falco held on November 29, 2018 and the \$7 million debenture was converted into equity. As at December 31, 2018 Osisko owns 17.8% of the outstanding common shares of Falco.

#### \$10 million Secured Loan

In September, the Corporation completed a \$10 million secured senior loan agreement (the "Secured Loan") with Osisko. The Secured Loan's maturity date was extended to February 28, 2019 and interest shall be payable on the principal amount of \$10 million at a rate per annum that is equal to 7%, compounded quarterly. The Secured Loan will be reimbursed from the first drawdown under the Stream Agreement.

#### 2019 OUTLOOK

##### Exploration

Falco's 2019 objectives regarding exploration will aim at completing the compilation of geological data in order to plan future exploration programs. Management endeavours to proceed with future exploration

programs targeted at increasing the Horne 5 Project's mineral resources and ultimately the Project's life of mine.

#### Environmental Assessment Process

Falco is continuing the environmental assessment process and technical work as required to support its development plans in order to receive the EIA's acceptability from the MELCC. The Corporation's objective is to start the public hearing process (*Bureau d'audiences publiques sur l'environnement*) on the Horne 5 Project by the end of the year.

#### Consultation Committee (the "Committee")

The Corporation will create the Committee which will be composed of representatives from the community. Falco remains committed to working with various stakeholders to finalize a plan for the Horne 5 Project that will maximize benefits for the entire community, our shareholders and other stakeholder groups. The mandate of the Committee will be to review the Project and prepare enhancements to provide better returns to all stakeholders.

#### Major Stakeholder

The Corporation continues discussions with a major stakeholder to obtain the authorizations required for the next steps in the development of the Horne 5 Project including the negotiation of an operating licence.

#### Financing

The Corporation continues to pursue various financing alternatives including, but not limited to, discussions with the Québec Government and other potential partners.

#### APPOINTMENT OF A NEW BOARD MEMBER

Falco is pleased to announce the appointment of Ms. Angelina Mehta to the Corporation's Board of Directors.

Ms. Mehta has over twenty years of experience in the fields of finance and engineering. Since September 2017, she has been acting as Senior Mining Advisor with Paradigm Capital Inc. in investment banking, as well as Vice President of Operations for North American Nickel. Over the years, Ms. Mehta also served as Investment Manager for Sentient Asset Management Canada and held various operational positions for multiple mining companies. She currently serves on the board of directors of [Stornoway Diamond Corp.](#), The Foundation of Greater Montreal, Azimut Exploration Inc. and Women in Mining Canada. Previously, she served on the board of directors of Meridian Mining SE and [Pershimco Resources Inc.](#) Ms. Mehta holds a bachelor's degree in mining engineering and an MBA from McGill University, as well as a Master of Law degree from the Osgoode Hall Law School of York University.

Mr. Sean Roosen, Chair of the Board of Directors of Falco, stated: "We are very pleased to have Ms. Mehta join our Board of Directors. She brings industry knowledge, technical expertise and tremendous experience which will allow her to contribute to Falco's success."

#### 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 202,524,945 shares issued and outstanding.

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*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", "will occur", "be achieved" or other similar expressions. Forward-looking statements, including statements concerning the obtaining of all approvals to close the Stream Agreement in a timely manner, maintaining community support for the Project, the timely development of the Project, increasing the Project's mineral resources through future exploration programs, the timely creation of the Committee, the timely obtaining of all operating licences on conditions acceptable to the Corporation and the obtaining of further financing for the Project, 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](http://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 Secured Loan, the Stream Agreement and Debenture financings, 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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