

Falco Announces Extension of Maturity of its Senior Loan

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MONTREAL, Nov. 18, 2020 - [Falco Resources Ltd.](#) (TSX.V: FPC) (the "Falco") or the Corporation is pleased to announce that it has entered into a binding agreement with [Osisko Gold Royalties Ltd.](#) (the "Osisko") in order to extend the maturity of the Corporation's existing senior secured loan (the "Senior Loan") from December 31, 2020 to December 31, 2022. Together with capitalized interest, the principal amount outstanding under the Senior Loan as of November 17, 2020 is \$17,596,136.

Senior Loan Amendment

In consideration for the extension of the maturity date of the Senior Loan (the "Senior Loan Extension"), the Senior Loan will also be amended to become convertible after the first anniversary of the closing date into common shares of the Corporation (the "Common Shares") at a conversion price of \$0.55 per share, subject to standard anti-dilution protections. The Corporation will not receive any additional proceeds in connection with the Senior Loan Extension.

The Senior Loan will continue to bear interest at a rate of 7.0% per annum compounded quarterly and will continue to be secured by a hypothec on certain assets of Falco which ranks after the hypothec securing the convertible debenture issued by the Corporation to Glencore Canada Corporation on October 27, 2020.

In consideration for the Senior Loan Extension, the Corporation will also issue to Osisko 10,664,324 warrants of the Corporation (the "Warrants"), each exercisable for one Common Share at an exercise price of \$0.69 up to 24 months from the date of issuance of the warrants. The terms of the Warrants provide for a cashless exercise feature.

The underlying Common Shares issuable upon conversion of the Senior Loan will be subject to a hold period of four months from the closing date of the Senior Loan Extension in accordance with applicable Canadian securities laws. The Warrants (and the underlying Common Shares) will be subject to a hold period of four months from the date of issuance of the Warrants, in accordance with applicable Canadian securities laws.

The Senior Loan Extension and the issuance of the Warrants are subject to the approval of the TSX Venture Exchange. The Senior Loan Extension is scheduled to close on or about November 25, 2020.

Silver Stream Amendment

Osisko and Falco have also agreed to amend the silver stream agreement entered into on February 27, 2019, as amended on January 31, 2020, in order to postpone by one year certain deadlines granted to Falco to achieve milestones set as conditions precedent to Osisko funding the stream deposit and certain other deadlines (the "Silver Stream Amendment").

Related Party Transactions

Immediately prior to closing of the Senior Loan Extension and the Silver Stream Amendment, Osisko had beneficial ownership of, or control and direction over, (i) 41,385,240 Common Shares, representing approximately 18.30% of the issued and outstanding Common Shares, and (ii) 6,052,222 warrants. Immediately following the closing, on a partially-diluted basis assuming the conversion in full of the Senior Loan and the exercise in full of all of Osisko's warrants, Osisko would have beneficial ownership of, or control and direction over, 90,094,760 Common Shares, representing approximately 32.78% of the

Common Shares issued and outstanding.

The Senior Loan Extension is a related party transaction under Regulation 61-101 respecting Protection of Minority Security Holders in Special Transactions (Regulation 61-101). It is exempt from the requirements to obtain a formal valuation pursuant to section 5.5(b) of Regulation 61-101, as the Common Shares are not listed on any of the stock exchange or markets specified therein. The Senior Loan Extension is also exempt from the requirement to obtain minority approval pursuant to 5.7(a) of Regulation 61-101 as the value of the transaction represents less than 25% of the market capitalization of the Corporation.

The Silver Stream Amendment could be a related party transaction under Regulation 61-101. It is exempt from the requirements to obtain a formal valuation pursuant to section 5.5(b) of Regulation 61-101, as the Common Shares are not listed on any of the stock exchange or markets specified therein. The Silver Stream Amendment is also exempt from the requirement to obtain minority approval pursuant to 5.7(1)f) of Regulation 61-101, as it (i) is on reasonable commercial terms that are not less advantageous to the Corporation than if the Silver Stream Amendment was obtained from an arm's length party, and (ii) is not convertible, directly or indirectly, into equity or voting securities of the Corporation.

The independent directors of the Corporation have approved the Senior Loan Extension and the Silver Stream Amendment, and the board members who are nominees or officers of Osisko abstained from voting on the resolutions to approve such transactions.

About Falco

Falco is one of the largest mineral claim holders in the Province of Qu?bec, with extensive land holdings in the Abitibi Greenstone Belt. Falco owns approximately 70,000 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 asset is the Horne 5 Project located in the former Horne mine that was operated by Noranda (now Glencore Canada Corporation) from 1927 to 1976 and produced 11.6 million ounces of gold and 2.5 billion pounds of copper. Osisko is the largest shareholder of the Corporation and currently owns 18.3% of the issued and outstanding shares of the Corporation. Osisko has announced that it intends to transfer its share ownership to its new subsidiary Osisko Development Corp. while retaining its silver stream interests.

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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. These statements are based on information currently available to the Corporation and the Corporation provides no assurance that actual results will meet management's expectations. Forward-looking statements include estimates and statements that describe the Corporation's future plans, objectives or goals, including words to the effect that the Corporation or management expects a stated condition or result to occur. 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, the completion of the amendments to the Senior Loan and the Silver Stream Agreement, the issuance of the Warrants and the receipt of approval of the TSX Venture Exchange. 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.

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