

**Form 51-102F3**  
**Material Change Report**

**Item 1 Name and Address of Company**

Falco Resources Ltd. (“**Falco**” or the “**Company**”)  
Suite 300 - 1100 avenue des Canadiens-de-Montréal  
Montréal, Québec  
H3B 2S2

**Item 2 Date of Material Change**

December 21, 2017

**Item 3 News Release**

A news release pertaining to the material change being the subject of the present report was issued through Marketwired and was filed with SEDAR on December 21, 2017. A copy of the news release is attached to this Material Change Report.

**Item 4 Summary of Material Change**

On December 21, 2017, the Company announced that it has closed the previously announced private placement financing of flow-through shares (“**Flow-Through Shares**”) at an issue price of C\$1.18 per Flow-Through Share to raise aggregate proceeds of approximately C\$8.5 million.

**Item 5 Full Description of Material Change**

**5.1 Full Description of Material Change Report**

On December 21, 2017, the Company announced that it has closed the previously announced private placement financing of flow-through shares (“**Flow-Through Shares**”) at an issue price of C\$1.18 per Flow-Through Share to raise aggregate proceeds of approximately C\$8.5 million (the “**Offering**”), which includes the exercise in full of the agents’ option.

The Offering was conducted by a syndicate of agents led by Canaccord Genuity Corp. and including Desjardins Securities Inc. and Raymond James Ltd. (collectively, the “**Agents**”).

The proceeds from the Offering will be used for Canadian Exploration Expenses (CEE) and will qualify as "flow-through mining expenditures" under the Income Tax Act (Canada), and also qualify for the two 10% enhancements under the Taxation Act (Quebec), which will be renounced to the subscribers with an effective date of no later than December 31, 2017 to the initial purchasers of

Flow-Through Shares in an aggregate amount not less than the proceeds raised from the issue of the Flow-Through Shares.

The proceeds of the Offering will be used by the Company to advance exploration works at the Donalda property and the surrounding Horne 5 Project properties. Certain directors and officers of Falco or of an insider of Falco have participated in the Offering and were issued Flow-Through Shares. Such participation in the Offering constitutes “related party transactions” as defined in Regulation 61-101 respecting Protection of Minority Security Holders in Special Transactions (“**61-101**”). The Offering is exempt from the formal valuation and minority shareholder approval requirements of 61-101 as neither the fair market value of the securities issued to insiders nor the consideration paid for such securities by insiders exceed 25% of the Company’s market capitalization. The Company did not file a material change report 21 days prior to closing of the Offering as the participation of insiders of the Company in the Offering had not been confirmed at that time.

The Offering was completed on a private placement basis pursuant to prospectus exemptions under applicable securities laws and is subject to final acceptance by the TSX Venture Exchange.

The Flow-Through Shares issued under the Offering will be subject to a hold period expiring four months and one day from the date hereof. The Agents received a cash commission of 6% of the proceeds raised under the Offering.

## **5.2 Disclosure for Restructuring Transactions**

Not applicable.

### **Item 6 Reliance on subsection 7.1(2) of National Instrument 51-102**

Not applicable.

### **Item 7 Omitted Information**

Not applicable.

### **Item 8 Executive Officer**

For further information, contact:

Vincent Metcalfe, Chief Financial Officer  
514.905.3162

### **Item 9 Date of Report**

December 27, 2017

## PRESS RELEASE

### FALCO RESOURCES LTD.

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### NEWS RELEASE

December 21, 2017

**Stock Symbol: FPC: TSXV**

### **FALCO ANNOUNCES CLOSING OF C\$8.5 MILLION FLOW-THROUGH FINANCING**

Falco Resources Ltd. ("Falco" or the "Company") (TSX VENTURE: FPC) is pleased to announce it has closed the previously announced private placement financing of flow-through shares ("Flow-Through Shares") at an issue price of C\$1.18 per Flow-Through Share to raise aggregate proceeds of approximately C\$8.5 million (the "Offering"), which includes the exercise in full of the agents' option.

The Offering was conducted by a syndicate of agents led by Canaccord Genuity Corp. and including Desjardins Securities Inc. and Raymond James Ltd. (collectively, the "Agents").

The proceeds from the Offering will be used for Canadian Exploration Expenses (CEE) and will qualify as "flow-through mining expenditures" under the Income Tax Act (Canada), and also qualify for the two 10% enhancements under the Taxation Act (Quebec), which will be renounced to the subscribers with an effective date of no later than December 31, 2017 to the initial purchasers of Flow-Through Shares in an aggregate amount not less than the proceeds raised from the issue of the Flow-Through Shares.

The proceeds of the Offering will be used by the Company to advance exploration works at the Donalda property and the surrounding Horne 5 Project properties.

Certain directors and officers of Falco or of an insider of Falco have participated in the Offering and were issued Flow-Through Shares. Such participation in the Offering constitutes "related party transactions" as defined in *Regulation 61-101 respecting Protection of Minority Security Holders in Special Transactions* ("61-101"). The Offering is exempt from the formal valuation and minority shareholder approval requirements of 61-101 as neither the fair market value of the securities issued to insiders nor the consideration paid for such securities by insiders exceed 25% of the Company's market capitalization. The Company did not file a material change report 21 days prior to closing of the Offering as the participation of insiders of the Company in the Offering had not been confirmed at that time.

The Offering was completed on a private placement basis pursuant to prospectus exemptions under applicable securities laws and is subject to final acceptance by the TSX Venture Exchange.

The Flow-Through Shares issued under the Offering will be subject to a hold period expiring four months and one day from the date hereof. The Agents received a cash commission of 6% of the proceeds raised under the Offering.

#### 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. 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". 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](http://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.

#### FOR FURTHER INFORMATION PLEASE CONTACT:

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Source: Falco Resources Ltd.