



**Notice of Annual
Meeting of Shareholders**

Management Information Circular
October 10, 2019



October 10, 2019

Dear Fellow Shareholder:

We are pleased to invite you to attend our Annual Meeting of Shareholders to be held on November 13, 2019 at 1 Place Ville-Marie, Suite 4000 in Montréal, Québec.

During the meeting, we will provide you with an update on the advancement of the Horne 5 Project and our corporate activities. You will be asked to:

- i. Approve the election of Directors;
- ii. Approve PricewaterhouseCoopers as Auditor of the Corporation and to mandate the Board of Directors to fix their remuneration;
- iii. Approve the renewal of the long-term incentive plan for our employees and directors; and
- iv. Transact any other business that may come before the meeting.

Our circular provides you with the information that will assist in formulating your decision for your vote.

If you cannot attend in person, we urge you to exercise your vote by completing the proxy document.

Should you have any questions about our activities or the matters to be dealt at the meeting, you can reach us by sending an email at Chair@falcores.com or info@falcores.com

We appreciate your support and we look forward to continuing our efforts on your behalf to move the Horne 5 Project towards the development phase.

Yours truly,

“Bryan A. Coates”

Bryan A. Coates
Chair of the Board

TABLE OF CONTENTS

PART 1: VOTING INFORMATION	4
1.1. Who can vote?	4
1.2. How to vote?.....	4
1.3. Revoking Your Proxy	8
1.4. Electronic Delivery of Material	8
PART 2: BUSINESS OF THE MEETING.....	9
2.1 Receipt of Financial Statements.....	9
2.2 Election of Directors.....	9
2.3 Appointment of Auditor	18
2.4 Corporation’s Long-Term Incentive Plan	18
PART 3: ABOUT FALCO	19
3.1 Corporate Governance Practices.....	19
3.2 Role of the Board of Directors.....	21
PART 4: NAMED EXECUTIVE OFFICER AND DIRECTOR COMPENSATION	28
4.1 Executive Compensation	28
4.2 Oversight and Description of Director and Named Executive Compensation.....	36
4.3 Termination and Change of Control Benefits	40
4.4 Securities Authorized for Issuance Under Equity Compensation Plans	41
PART 5: OTHER INFORMATION	42
5.1 Indebtedness of Directors and Executive Officers.....	42
5.2 Interest of Informed Persons in Material Transactions	42
5.3 Management Contracts	42
5.4 Other Matters	42
5.5 Shareholder Proposals for the 2020 Annual Meeting	43
5.6 Additional Information	43
5.7 Approval of Directors	43
SCHEDULE “A” BOARD OF DIRECTORS CHARTER.....	44
SCHEDULE “B” AUDIT COMMITTEE CHARTER.....	48

**NOTICE OF ANNUAL
MEETING OF SHAREHOLDERS**

NOTICE IS HEREBY GIVEN that an Annual Meeting of the shareholders of FALCO RESOURCES LTD. (the “**Corporation**”) will be held in the boardroom of Lavery, de Billy, L.L.P., Suite 4000, 1, Place Ville Marie, Montréal, Québec, H3B 4M4, on Thursday, November 13, 2019 at 3:00 p.m. (Montréal Time), for the following purposes:

1. To receive the audited financial statements of the Corporation for the year ended June 30, 2019, together with the report of the auditor thereon;
2. To elect the directors of the Corporation for the ensuing year;
3. To appoint PricewaterhouseCoopers LLP/s.r.l./s.e.n.c.r.l., a partnership of Chartered Professional Accountants, as the Corporation’s independent auditor for the fiscal year 2020 and to authorize the directors to fix their remuneration;
4. To consider and, if deemed advisable, to pass, with or without amendments, an ordinary resolution to approve the Corporation’s existing long-term incentive plan (as more particularly described in the management information circular that accompanies this Notice of Annual Meeting (the “**Circular**”)); and
5. To transact such further or other business as may properly come before the meeting or any adjournment or adjournments thereof.

Your participation is important to us. In the event you cannot attend, we urge you to express your support by voting, using your proxy in advance of the meeting, on the various proposals that will be putting forward at our Annual Meeting, which are further described in the Circular.

You are entitled to vote at the meeting and any postponement or adjournment thereof if you owned common shares of the Corporation at the close of business on October 9, 2019. For information on how you may vote, please refer to Part 1 of this Circular.

Montréal, Québec, October 10, 2019

By Order of the Board of Directors,

“Bryan A. Coates”

Bryan A. Coates
Chair of the Board

MANAGEMENT INFORMATION CIRCULAR

This management information circular (the “**Circular**”) is provided in connection with the solicitation of proxies by the management (“**Management**”) of Falco Resources Ltd. (the “**Corporation**” or “**Falco**”) for use at the annual meeting (the “**Meeting**”) of the holders of common shares of the Corporation (the “**Common Shares**”) and the holders of the Common Shares, the “**Shareholders**”) to be held on November 13, 2019 at the time and place and for the purposes set forth in the accompanying Notice of Meeting and at any adjournment thereof. Unless otherwise noted, information in this Circular is given as at October 9, 2019 and all currency amounts are shown in Canadian dollars.

PART 1: VOTING INFORMATION

1.1. Who can vote?

Registered and beneficial Shareholders

You have the right to vote if you owned Common Shares of the Corporation on October 9, 2019. Each Common Share you own entitles you to one vote.

You are a registered Shareholder if the Common Shares are registered in your name. This means that your name appears in the Shareholders’ register maintained by our transfer agent, TSX Trust Company. You are a non-registered (or beneficial) Shareholder if your bank, trust company, securities broker or other financial institution or intermediary (your nominee) holds your Common Shares for you in a nominee account.

Common shares outstanding and principal holders of our Common Shares

On October 9, 2019, the Corporation had 207,878,736 Common Shares issued and outstanding.

To the knowledge of the directors and executive officers of the Corporation, as of October 9, 2019, the following entity beneficially owns, directly or indirectly, or exercises control or direction over, 10% or more of the issued and outstanding Common Shares of the Corporation:

Shareholder	Number of Common Shares	Percentage of Issued Capital
Osisko Gold Royalties Ltd	41,385,240	19.9%

1.2. How to vote?

You can vote in person or by proxy. Voting by proxy means you are giving someone else the authority to attend the Meeting and vote your shares for you (called your proxyholder).

Completing the proxy form

This package includes either a proxy form (for registered holders) or voting instruction form (for beneficial holders) that includes the names of Falco officers or directors who are proxyholders. When you vote by proxy, you are giving them the authority to vote your shares for you according to your instructions. If you return your proxy form or voting instruction form and do not specify how you want to vote your shares, one of these officers will vote your shares FOR the items.

You can also appoint someone else to be your proxyholder. Print his or her name in the space provided on the form, or by completing another proxy form. The person does not need to be a Shareholder. Your vote can only be counted if he or she attends the meeting and votes your shares according to your instructions. If you do not specify how you want to vote your shares, your proxyholder can vote as he or she sees fit.

Your proxyholder will vote according to your instructions on these items and on any ballot that may be called for. If there are changes or new items, your proxyholder has the discretionary authority to vote your shares on these items as he or she sees fit.

Returning your proxy form

To be effective, we must receive your completed proxy form or voting instruction no later than 3:00 p.m. (Montréal time) on November 11, 2019.

If the meeting is postponed or adjourned, we must receive your completed form of proxy by 3:00 p.m. (Montréal time), two (2) full business days before any adjourned or postponed meeting at which the proxy is to be used. Late proxies may be accepted or rejected by the Chair of the Meeting at his discretion and he is under no obligation to accept or reject a late proxy. The Chair of the Meeting may waive or extend the proxy cut-off without notice.

Exercise of discretion

With respect to matters specified in the proxy, if no voting instructions are provided, the nominees named in the accompanying form of proxy will vote the Common Shares represented by the proxy FOR the approval of such matter.

The nominee named in your proxy form will vote or withhold from voting in accordance with your instructions on any ballot that may be called for. The proxy will confer discretionary authority on the nominee with respect to matters identified in the proxy form for which a choice is not specified and any other matter that may properly come before the Meeting or any postponement or adjournment thereof, whether or not the matter is routine and whether or not the matter is contested.

As of the date of this Circular, Management is not aware of any amendment, variation or other matter that may come before the Meeting. If any amendment, variation or other matter properly comes before the Meeting, the nominee intends to vote in accordance with the nominee's best judgment.

Registered Shareholders

Registered Shareholders can vote by proxy or in person in one of the following ways:

Voting by proxy

Internet

Go to www.voteproxyonline.com and follow the instructions on screen. You will need your control number, which appears below your name and address on the proxy form.

Fax

Complete both sides of the proxy form, sign and date it and fax both sides to our transfer agent, TSX Trust Company, Attention: Proxy Department, at 416-595-9593.

Mail

Complete, sign and date the form and return it in the envelope provided, or send it to: TSX Trust Company, Attention: Proxy Department, 100 Adelaide, Suite 301, Toronto, Ontario, M5H 4H1, Canada.

By appointing someone to attend in person

This person does not need to be a Shareholder. Strike out the names that are printed on the form and print the name of the person you are appointing as your proxyholder in the space provided. Complete your voting instructions, sign and date the form. Make sure the person you are appointing is aware that he or she has been appointed and attends the meeting on your behalf. Your proxyholder should see a representative of TSX Trust Company when he or she arrives at the meeting.

Attending the meeting in person

When you arrive at the meeting, see a representative of TSX Trust Company to register your attendance. Voting in person will automatically cancel any completed proxy form you previously submitted.

Beneficial Shareholders

The information set forth in this section is of significant importance to many Shareholders, as a substantial number of Shareholders do not hold Common Shares in their own name. Shareholders who hold their Common Shares through their brokers, intermediaries, trustees or other persons, or who otherwise do not hold their Common Shares in their own name (referred to herein as “**Beneficial Shareholders**”) should note that only proxies deposited by Shareholders who appear on the records maintained by the Corporation’s registrar and transfer agent as registered holders of Common Shares will be recognized and acted upon at the Meeting. If Common Shares are listed in an account statement provided to a Beneficial Shareholder by a broker, then those Common Shares will, in all likelihood, not be registered in the Shareholder’s name. Such Common Shares will more likely be registered under the name of the Shareholder’s broker or an agent of that broker. In Canada, the vast majority of such shares are registered under the name of CDS & Co. (the registration name for Canadian Depository for Securities, which acts as nominee for many Canadian brokerage firms). In the United States, the vast majority of such Common Shares are registered under the name of Cede & Co., the registration name for The Depository Trust Company, which acts as nominee for many United States brokerage firms. Common shares held by brokers (or their agents or nominees) on behalf of a broker’s client can only be voted or withheld at the direction of the Beneficial Shareholder. Without specific instructions, brokers and their agents and nominees are prohibited from voting shares for the broker’s clients. Therefore, each Beneficial Shareholder should ensure that voting instructions are communicated to the appropriate person well in advance of the Meeting.

Existing regulatory policy requires brokers and other intermediaries to seek voting instructions from Beneficial Shareholders in advance of Shareholder meetings. The various brokers and other intermediaries have their own mailing procedures and provide their own return instructions to clients, which should be carefully followed by Beneficial Shareholders in order to ensure that their Common Shares are voted at the Meeting. The form of instrument of proxy supplied to a Beneficial Shareholder by its broker (or the agent of the broker) is substantially similar to the instrument of proxy provided directly to registered Shareholders by the Corporation. However, its purpose is limited to instructing the registered Shareholder (i.e., the broker or agent of the broker) how to vote on behalf of the Beneficial Shareholder. The vast majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions Inc. (“**Broadridge**”) in Canada. Broadridge typically prepares a machine-readable voting instruction form

("VIF"), mails those forms to Beneficial Shareholders and asks Beneficial Shareholders to return the VIFs to Broadridge, or otherwise communicate voting instructions to Broadridge (by way of the internet or telephone, for example). Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of shares to be represented at the Meeting. A Beneficial Shareholder who receives a Broadridge VIF cannot use that form to vote Common Shares directly at the Meeting. The VIFs must be returned to Broadridge (or instructions respecting the voting of Common Shares must otherwise be communicated to Broadridge) well in advance of the Meeting in order to have the Common Shares voted. If you have any questions respecting the voting of Common Shares held through a broker or other intermediary, please contact that broker or other intermediary for assistance.

The Notice of Meeting, Circular, Proxy and VIF, as applicable, are being provided to both registered Shareholders and Beneficial Shareholders. Beneficial Shareholders fall into two (2) categories - those who object to their identity being known to the issuers of securities which they own ("OBOs") and those who do not object to their identity being made known to the issuers of the securities which they own ("NOBOs"). Subject to the provisions of *Regulation 54-101 respecting Communication with Beneficial Owners of Securities of a Reporting Issuer* ("**Regulation 54-101**"), issuers may request and obtain a list of their NOBOs from intermediaries directly or via their transfer agent and may obtain and use the NOBO list for the distribution of proxy-related materials directly (not via Broadridge) to such NOBOs. If you are a NOBO and the Corporation or its agent has sent these materials directly to you, your name, address and information about your holdings of Common Shares have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding the Common Shares on your behalf. By choosing to send these materials to you directly, the Corporation (and not the intermediary holding Common Shares on your behalf) has assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions. Please return your voting instructions as specified in the VIF. As a result, if you are a NOBO, you can expect to receive a scannable VIF from TSX Trust Company. Please complete and return the VIF to TSX Trust Company in the envelope provided or by facsimile. In addition, internet voting instructions can be found on the VIF. TSX Trust Company will tabulate the results of the VIFs received from the Corporation's Beneficial Shareholders and will provide appropriate instructions at the Meeting with respect to the Common Shares represented by the VIFs they receive.

If you are an OBO, the Corporation will also pay for brokers and intermediaries to send the Notice of Meeting, Circular and VIF directly to you. Please complete and return the VIF to Broadridge in accordance with the instructions provided on such VIF.

Although a Beneficial Shareholder may not be recognized directly at the Meeting for the purposes of voting Common Shares registered in the name of his broker, a Beneficial Shareholder may attend the Meeting as proxyholder for the registered Shareholder and vote the Common Shares in that capacity. Regulation 54-101 allows a Beneficial Shareholder who is a NOBO or an OBO to submit to the Corporation or an applicable intermediary any document in writing that requests that the NOBO, OBO or a nominee of the NOBO and OBO be appointed as proxyholder. If such a request is received, the Corporation or an intermediary, as applicable, must arrange, without expenses to the NOBO and OBO, to appoint such NOBO, OBO or its nominee as a proxyholder and to deposit that proxy within the time specified in this Circular, provided that the Corporation or the intermediary receives such written instructions from the NOBO or OBO at least one business day prior to the time by which proxies are to be submitted at the Meeting, with the result that such a written request must be received by 3:00 p.m. (Montréal time) on the day which is at least three business days prior to the Meeting. A Beneficial Shareholder who wishes to attend the Meeting and to vote their Common Shares as proxyholder for the registered Shareholder, should enter their own name in the blank space on the VIF or such other document in writing that requests that the NOBO, or OBO, or a nominee of the NOBO or the OBO be appointed as proxyholder and return the same to their broker (or the broker's agent) in accordance with the instructions provided by such broker.

All references to Shareholders in the Notice of Meeting, Circular and the accompanying Proxy are to registered Shareholders of the Corporation as set forth on the list of registered Shareholders of the Corporation as maintained by the registrar and transfer agent of the Corporation, TSX Trust Company, unless specifically stated otherwise.

1.3. Revoking Your Proxy

Registered Shareholders

You can revoke a vote you made by proxy in any one of three ways:

1. Complete a new proxy form that is dated later than the proxy form you want to revoke, and then mailing it to TSX Trust Company, so they receive it by 3:00 p.m. (Montréal time) on November 11, 2019;
2. Send a notice in writing from you or your attorney to our Investor Relations department by 3:00 p.m. (Montréal time) on November 11, 2019; or
3. Provide a notice in writing from you or your attorney to the Chair of the meeting at the meeting or, if it is adjourned, when the meeting resumes.

1.4. Electronic Delivery of Material

You have the option to receive certain disclosure documentation from Falco electronically, by email notification inviting you to access documentation online at www.sedar.com or in the “Investor Information” section of Falco’s website at www.falcores.com. Delivery in electronic format, rather than paper, reduces costs to the Corporation and benefits the environment.

Registered Shareholders can consent to electronic delivery by completing and returning the consent form accompanying this Circular to TSX Trust Company. Non-registered holders can consent to electronic delivery by completing and returning the appropriate form received from their intermediary. If you do not consent to receive documentation through email notification, you will continue to receive documentation by mail.

If you wish to receive (or continue to receive) quarterly financial statements and Management’s Discussion and Analysis (the “**MD&A**”) by mail during the fiscal year 2020, you must check the appropriate box on the form of proxy (if you are a registered Shareholder) or voting instruction form (if you are a non-registered Shareholder). If you do not make this request, quarterly reports will not be sent to you. Financial statements and MD&A are available on the Corporation’s website at www.falcores.com.

PART 2: BUSINESS OF THE MEETING

The Meeting will be held in order to:

1. Receive the audited financial statements of the Corporation for the year ended June 30, 2019, together with the report of the auditor thereon;
2. Elect the directors of the Corporation for the ensuing year;
3. Appoint PricewaterhouseCoopers LLP/s.r.l./s.e.n.c.r.l. (“**PricewaterhouseCoopers**”), a partnership of Chartered Professional Accountants, as the auditor of the Corporation for the fiscal year 2020, and to authorize the directors to fix the remuneration to be paid to the auditor;
4. Consider and, if deemed advisable, to pass, with or without amendments, an ordinary resolution to approve the Corporation’s existing long-term incentive plan (as more particularly described in this Circular) (the “**Long-Term Incentive Plan Resolution**”); and
5. Transact such further or other business as may properly come before the meeting or any adjournment or adjournments thereof.

2.1 Receipt of Financial Statements

The audited financial statements of the Corporation for the financial year ended June 30, 2019, and the report of the auditor thereon will be submitted at the Meeting. These audited financial statements and the MD&A were sent to all Shareholders who requested them in conjunction with this Notice of Annual Meeting of Shareholders and Circular. The Corporation’s audited financial statements and related MD&A for the year ended June 30, 2019, are available on SEDAR (www.sedar.com) as well as on the Corporation’s website (www.falcores.com).

2.2 Election of Directors

The Management is supervised by the Board of Directors (hereinafter called the “**Board of Directors**” or “**Board**”) as per the *Canada Business Corporations Act*. The members of the Board are elected annually at each annual meeting of Shareholders to hold office until the next annual meeting unless, prior thereto, he or she resigns, or the office of such director becomes vacant by death, removal, or other cause. Our articles of incorporation, as amended, provide that our Board shall consist of a minimum of one (1) and a maximum of twelve (12) directors. Accordingly, a total of six (6) nominees are being proposed as directors for election by the Shareholders at the Meeting for the current year, each to hold office until the next annual meeting of Shareholders or until such person’s successor is elected or appointed. You can vote for all of these proposed directors, vote for some of them and withhold for others, or withhold for all of them.

The following tables set out information about each director’s summary career profile, their Board Committee memberships, meeting attendance during the most recently completed financial year, principal directorships with other reporting issuers as well as other public and parapublic corporations on whose boards the nominees currently serve or have served in the past five years and the number of securities they hold, either in the form of Common Shares or stock options of the Corporation.

Unless otherwise directed, the persons named in the enclosed proxy form intend to VOTE FOR the election of each of the proposed nominees whose names are set out below. The proposal requires the approval of a majority of the votes cast at the Meeting.

Each of the nominees has provided the information as to the Common Shares of the Corporation he or she beneficially owns or over which he or she exercises control or direction, as at October 10, 2019. All nominees have served continuously as director of the Corporation since their appointment or first election in such capacity.

If any proposed nominee is unable to serve as a director or withdraws his or her name, the individuals named in your form of proxy or voting instruction form reserve the right to nominate and vote for another individual in their discretion.

We expect all of our directors to demonstrate leadership and integrity and to conduct themselves in a manner that reinforces our corporate values and culture of transparency, teamwork and individual accountability.

Above all, we expect that all directors will exercise their good judgment in a manner that keeps the interests of Shareholders at the forefront of decisions and deliberations. Each candidate must have a demonstrated track record in several of the skills and experience requirements deemed important for a balanced and effective Board.



Mr. Mario Caron is a mining executive with over 40 years of experience in the mining industry in senior executive and board positions. His experience was gained nationally and internationally in both underground and open pits operations. He served as Chief Executive Officer and director of Aldridge Mineral Inc. until July 2013. Mr. Caron previously held similar positions, Chief Executive Officer and director with Axmin Inc, a company with a gold project in Central African Republic and Tiberon Minerals Ltd., the developer of a tungsten/fluorspar mine in Vietnam. He is the chairman of Alloycorp Mining Inc., a privatized company since August 2016 with a molybdenum deposit in British Columbia.

Mr. Caron received his Bachelor of Engineering, Mining at McGill University and is a member of the Ordre des ingénieurs du Québec and the Association of Professional Engineers of Ontario.

MARIO CARON Lead Director since: November 24, 2015 Independent ⁽¹⁾ Age: 65 Toronto, Ontario, Canada	<i>BOARD AND COMMITTEE MEETING ATTENDANCE DURING 2019</i>			
		<i>Regular</i>	<i>Ad Hoc</i>	<i>Total</i>
	Board	4 of 4	3 of 3	7
	Audit Committee	4 of 4	–	4
	Compensation Committee ⁽²⁾ – <i>Chair</i>	1 of 1	–	1
	Environment and Technical Committee	2 of 2	–	2
	Finance Committee	–	–	–
	Nominating and Corporate Governance Committee	4 of 4	1 of 1	5
<i>OTHER PUBLICS BOARD DURING PAST 5 YEARS</i>		<i>SECURITIES HELD</i>		
New Millenium Iron Corp.	November 2015 – Present	<i>Type of Securities</i>	<i>Number of Securities</i>	
Quebec Precious Metals Corporation	May 2019 – Present	<i>Common Shares</i>	82,555	
Adventure Gold Inc.	August 2014 – June 2016	<i>Stock Options</i>	696,600	
Algold Resources Ltd.	November 2014 – September 2019			
Maya Gold & Silver Inc.	July 2014 – June 2015			
Alloycorp Mining Inc.	May 2014 – August 2016			
<i>OWNERSHIP GUIDELINE – TARGET DATE TO MEET</i>				
Target Attained				
<i>2018 VOTES</i>				
<i>IN FAVOUR:</i>	78.10%	<i>WITHHELD:</i>	21.90%	

NOTES:

- (1) “Independent” refers to the standards of independence established in *Regulation 52-110 respecting Audit Committees* (“**Regulation 52-110**”).
- (2) Mr. Caron was appointed Chair of the Compensation Committee following the Annual and Special Meeting of Shareholders held November 29, 2018.



Mr. Bryan A. Coates has been President of Osisko Gold Royalties Ltd (“**Osisko**”) since June 2014. From 2007 to 2014, he was the Vice President, Finance and Chief Financial Officer of Osisko Mining Corporation. Mr. Coates was responsible for all activities related to financing, financial reporting, marketing relating to the gold industry, risk management and government relations. Mr. Coates is a senior executive with more than 35 years of progressive experience within the mining industry from operations to senior leadership.

Mr. Coates holds an Honours Bachelor of Commerce from Laurentian University, is a member of the Chartered Professional Accountants of Ontario and obtained the ICD.D designation from the Institute of Corporate Directors.

Mr. Coates is one of the representative of Osisko on the Board of Directors of the Corporation under the Investor Rights Agreement.

BRYAN A. COATES
Director since: March 15, 2017

Non-Independent⁽¹⁾

Age: **61**

St-Lambert, Québec, Canada

BOARD AND COMMITTEE MEETING ATTENDANCE DURING 2019

	<i>Regular</i>	<i>Ad Hoc</i>	<i>Total</i>
Board – <i>Chair</i> ⁽²⁾	4 of 4	3 of 3	7
Finance Committee – <i>Chair</i>	–	–	–

OTHER PUBLICS BOARD DURING PAST 5 YEARS

SECURITIES HELD

		<i>Type of Securities</i>	<i>Number of Securities</i>
Alio Gold Inc.	July 2014 – June 2019		
Golden Queen Mining Consolidated Ltd. (previously known as Golden Queen Mining Co. Ltd.)	January 2013 – Present	<i>Common Shares</i>	684,330
		<i>Stock Options</i>	689,800
NioGold Mining Corp.	August 2014 – December 2015		

OWNERSHIP GUIDELINE – TARGET DATE TO MEET

Target Attained

2018 VOTES

IN FAVOUR:	77.77%	WITHHELD:	22.23%
-------------------	--------	------------------	--------

NOTES:

(1) “Independent” refers to the standards of independence established in Regulation 52-110.

(2) Mr. Coates was appointed Chair of the Board following the resignation of Mr. Sean Roosen on March 19, 2019.



Ms. Paola Farnesi is a Chartered Professional Accountant and has 29 years of progressive experience in the financial industry. She is currently Vice President and Treasurer of Domtar Corporation. Ms. Farnesi has held several other leadership positions at Domtar Corporation since February 1994, where she was responsible for financial reporting, financial planning and analysis, as well as internal audit. Prior to February 1994, Ms. Farnesi was a senior accountant at Ernst & Young from July 1989 to February 1994. She serves on the Board of Directors of the Centaur Theatre Company since 2010.

Ms. Farnesi holds a Bachelor of Commerce and a Graduate degree in Public Accountancy from McGill University and is a Chartered Professional Accountant. She obtained the ICD.D designation from the Institute of Corporate Directors.

Ms. Farnesi is a member of the Order of Québec Chartered Professional Accountants.

PAOLA FARNESI Director since: November 22, 2016 Independent ⁽¹⁾ Age: 52 Montréal, Québec, Canada	BOARD AND COMMITTEE MEETING ATTENDANCE DURING 2019			
		Regular	Ad Hoc	Total
	Board	4 of 4	3 of 3	7
	Audit Committee – <i>Chair</i>	4 of 4	–	4
	Compensation Committee	2 of 2	1 of 1	3
	Finance Committee	–	–	–
Nominating and Corporate Governance Committee ⁽²⁾	2 of 2	1 of 1	3	
OTHER PUBLICS BOARD DURING PAST 5 YEARS		SECURITIES HELD		
None		Type of Securities		Number of Securities
		<i>Common Shares</i>		97,089
		<i>Stock Options</i>		765,200
OWNERSHIP GUIDELINE – TARGET DATE TO MEET				
Target Attained				
2018 VOTES				
IN FAVOUR:		78.05%	WITHHELD:	
			21.95%	

NOTES:

(1) “Independent” refers to the standards of independence established in Regulation 52-110.

(2) Ms. Farnesi was appointed to the Nominating and Corporate Governance Committee following the Annual and Special Meeting of Shareholders held November 29, 2018.



Mr. Luc Lessard has more than 30 years of experience in the mining industry. He is the President and Chief Executive Officer of Falco and since June 2015, Senior Vice President, Technical Services of Osisko Gold Royalties Ltd. Mr. Lessard was previously Chief Operating Officer of the Canadian Malartic Partnership (owned jointly by Agnico Eagle Mines Limited and Yamana Gold Inc.), and prior to that was the Chief Operating Officer and Senior Vice President of Engineering and Construction for Osisko Mining Corporation from 2011 to 2014.

Mr. Lessard holds a Bachelor’s degree in Mining Engineering, from Université Laval and is a member of the Ordre des ingénieurs du Québec.

LUC LESSARD Director since: December 23, 2014 Non-Independent ⁽¹⁾ Age: 55 St-Bruno, Québec, Canada	<i>BOARD AND COMMITTEE MEETING ATTENDANCE DURING 2019</i>			
		<i>Regular</i>	<i>Ad Hoc</i>	<i>Total</i>
	Board	4 of 4	3 of 3	7
	Environment and Technical Committee	2 of 2	–	2

<i>OTHER PUBLICS BOARD DURING PAST 5 YEARS</i>		<i>SECURITIES HELD</i>	
		<i>Type of Securities</i>	<i>Number of Securities</i>
Alio Gold Inc.	July 2014 – May 2016	<i>Common Shares</i>	1,301,271
Highland Copper Company Inc.	November 2015 – February 2019	<i>Stock Options</i>	3,251,583
Nighthawk Gold Corp.	July 2013 – Present		
Osisko Metals Incorporated	February 2016 – Present		

OWNERSHIP GUIDELINE – TARGET DATE TO MEET

N/A

<i>2018 VOTES</i>			
	<i>IN FAVOUR:</i>	<i>WITHHELD:</i>	
	77.75%	22.25%	

NOTE:

(1) “Independent” refers to the standards of independence established in Regulation 52-110.



Ms. Angelina Mehta has over 20 years in the fields of finance and engineering and currently working as Director, Investment Banking (Mining) at Laurentian Bank Securities Inc. She was Senior Mining Advisor with Paradigm Capital Inc. in Investment Banking, as well as Vice President of Operations for North American Nickel. Over the years, she served as Investment Manager for Sentient Asset Management Canada and held various operational positions for multiple mining companies, including Rio Tinto’s subsidiary, Iron Ore Company of Canada.

Ms. Mehta holds a bachelor’s degree in mining engineering and a Master of Business Administration degree at McGill University, as well as a Master of Law degree from the Osgoode Hall Law School of York University.

ANGELINA MEHTA Director since: January 23, 2019 Independent ⁽¹⁾ Age: 44 Montréal, Québec, Canada	BOARD AND COMMITTEE MEETING ATTENDANCE DURING 2019			
		Regular	Ad Hoc	Total
	Board ⁽²⁾	2 of 2	1 of 1	3
	Audit Committee ⁽²⁾	1 of 1	–	1
	Finance Committee ⁽²⁾	–	–	–
	Nominating and Corporate Governance Committee ⁽²⁾ – <i>Chair</i>	1 of 1	–	–
OTHER PUBLICS BOARD DURING PAST 5 YEARS		SECURITIES HELD		
		Type of Securities	Number of Securities	
Stornoway Diamond Corporation	January 2019 – Present	<i>Common Shares</i>	–	
Azimet Exploration Inc.	February 2018 – Present	<i>Stock Options</i>	810,000	
Pershimco Resources Inc.	February 2015 – December 2016			
Meridian Mining S.A.	November 2016 – August 2017			
OWNERSHIP GUIDELINE – TARGET DATE TO MEET				
Target to be Attained by January 23, 2022				
2018 VOTES				
N/A				

NOTES:

- (1) “Independent” refers to the standards of independence established in Regulation 52-110.
- (2) Ms. Mehta was appointed member of the Board on January 23, 2019. On February 13, 2019, she was appointed member of the Audit and Finance Committees as well as Chair of the Nominating and Corporate Governance Committee.



Ms. Chantal Sorel is a corporate director. She has over 30 years experience in general management with full profit & loss responsibility, project financing, project management, operations, strategic development, business development, mergers and acquisitions, in the industries of mining and metallurgy, power, infrastructure, industrial facilities, rail and transit. Until recently, she was Executive Vice President of SNC-Lavalin and President of SNC-Lavalin Capital Inc., where she was responsible for off balance sheet project investments and asset management. She has deep understanding and knowledge of the Canadian market as well as global markets.

Ms. Sorel holds a Degree in architecture from Université de Montréal and a master's degree in Project Management from Université du Québec à Montréal. She also has a Project Management Professional certification from the Project Management Institute and completed the Director Education Program jointly offered by the Institute of Corporate Directors, the McGill Executive Institute and the Rotman School of Management at the University of Toronto.

CHANTAL SOREL Director since: May 24, 2017 Independent ⁽¹⁾ Age: 54 Montréal, Québec, Canada	<i>BOARD AND COMMITTEE MEETING ATTENDANCE DURING 2019</i>			
		<i>Regular</i>	<i>Ad Hoc</i>	<i>Total</i>
	Board	3 of 4	2 of 3	5
	Audit Committee ⁽²⁾	2 of 3	–	2
	Compensation Committee ⁽³⁾	1 of 1	–	1
	Environment and Technical Committee ⁽³⁾ – <i>Chair</i>	1 of 1	–	1
	Finance Committee	–	–	–
Nominating and Corporate Governance Committee ⁽⁴⁾	2 of 2	2 of 2	4	
<i>OTHER PUBLICS BOARD DURING PAST 5 YEARS</i>		<i>SECURITIES HELD</i>		
None		<i>Type of Securities</i>	<i>Number of Securities</i>	
		<i>Common Shares</i>	110,000	
		<i>Stock Options</i>	685,700	
<i>OWNERSHIP GUIDELINE – TARGET DATE TO MEET</i>				
Target Attained				
<i>2018 VOTES</i>				
<i>IN FAVOUR:</i>	78.03%	<i>WITHHELD:</i>	21.97%	

NOTES:

- (1) “Independent” refers to the standards of independence established in Regulation 52-110.
- (2) Ms. Sorel ceased to act as a member of the Audit Committee on February 13, 2019.
- (3) Ms. Sorel was appointed Chair of the Environment and Technical Committee and member of the Compensation Committee following the Annual and Special meeting of Shareholders held on November 29, 2018.
- (4) Ms. Sorel ceased to act as Chair of the Nominating and Corporate Governance Committee following the Annual and Special meeting of Shareholders held on November 29, 2018 and ceased to act as a member on February 13, 2019.

Director Independence

A director is not independent if such director has a direct or indirect relationship that the Board believes could reasonably be expected to interfere with the ability to exercise independent judgment.

As of the date of this Circular, four (4) of the Corporation's six (6) nominee directors are independent.

Mr. Lessard, President and Chief Executive Officer of the Corporation does not meet the independence standards as an executive officer of the Corporation. Mr. Coates, Chair of the Board of the Corporation is also President of Osisko, which became a control person of the Corporation following the completion of a silver stream agreement in February 2019. Further to this transaction, the Board concluded that Mr. Coates no longer meets the independence standards. As at the date hereof, Mr. Caron, Ms. Farnesi, Ms. Mehta and Ms. Sorel meet the independence standards pursuant to provisions of Regulation 52-110 and Regulation 58-101 respecting Disclosure of Corporate Governance Practices ("**Regulation 58-101**").

The Corporation does not have an executive committee of its Board of Directors.

The information pertaining to the Corporation's cease trade orders and bankruptcies, or penalties or sanctions, not being within the knowledge of the Corporation, has been furnished by the proposed directors.

Corporate Cease Trade Orders

To the knowledge of the Corporation, no proposed director is, as at the date of this Circular, or has been, within 10 years before the date of this Circular, a director, chief executive officer or chief financial officer of any company (including the Corporation) that:

- (a) was subject to a cease trade order, an order similar to a cease trade order, or an order that denied the relevant company access to any exemption under applicable securities legislation, and which in all cases was in effect for a period of more than 30 consecutive days (an "**Order**"), which Order was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer of such company; or
- (b) was subject to an Order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer of such company.

Bankruptcies, or Penalties or Sanctions

To the knowledge of the Corporation, no proposed director, other than Ms. Angelina Mehta, who currently serves on the board of directors of Stornoway Diamond Corporation, a company having been granted on September 9, 2019 an initial order by the Superior Court of Québec for protection under the *Companies' Creditors Arrangement Act* in order to restructure its business and financial affairs:

- (a) is, as at the date of this Circular, or has been within ten (10) years before the date of this Circular, a director or executive officer of any company (including the Corporation) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets;

- (b) has, within ten (10) years before the date of this Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or become subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold his assets;
- (c) has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (d) has been subject to any penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

2.3 Appointment of Auditor

PricewaterhouseCoopers, a partnership of Chartered Professional Accountants, will be nominated at the Meeting for appointment as auditor of the Corporation and remuneration to be fixed by the Board of Directors.

Accordingly, the Board of Directors and Management are recommending that Shareholders vote FOR of the appointment of PricewaterhouseCoopers, as auditor of the Corporation for the ensuing year, until the close of the next annual meeting of Shareholders, at a remuneration to be fixed by the directors. Unless contrary instructions are indicated on the proxy form or the voting instruction card, the persons designated in the accompanying form of proxy or voting instructions card intend to vote FOR the appointment of PricewaterhouseCoopers. The proposal requires the approval of a majority of the votes cast at the Meeting.

2.4 Corporation's Long-Term Incentive Plan

At the Meeting, Shareholders will be asked to consider and if deemed advisable, to pass, with or without amendments, an ordinary resolution to approve the Corporation's Long-Term Incentive Plan (the "LTIP").

On November 21, 2014, the Board of Directors decided on a new LTIP for directors, officers, employees and consultants, which was thereafter ratified by the Shareholders on December 23, 2014 and approved by the TSX Venture Exchange (the "TSXV").

On December 30, 2015, the Corporation announced that it had cancelled the rolling stock provision and had adopted a fixed stock option provision under its LTIP, as approved by the TSXV. Under such new provision, the aggregate number of Common Shares issuable under the LTIP at any one time could not exceed 9.99%, namely representing 9,963,083 of the issued and outstanding Common Shares of the Corporation as of December 29, 2015.

On October 20, 2016, the Board of Directors decided to reinstate the 10% rolling stock provision given the evolution of the Corporation and the need to retain key employees and attract talented candidates which was ratified by the Shareholders at the Corporation's annual and special meeting held on November 22, 2016 and approved by the TSXV.

Pursuant to the policies of the TSXV, a "rolling" evergreen plan is required to be re-approved by Shareholders on an annual basis at the Corporation's annual meeting.

For additional particulars on the terms and conditions of the Corporation's LTIP, please refer to the heading "**Executive Compensation** - Stock Option Plans and Other Incentive Plans" in this Circular.

As of October 9, 2019, 13,055,832 options are outstanding under the LTIP, and 7,732,041 additional options may be granted (based on the current issued capital of 207,878,736 Common Shares). Notice of options granted under the LTIP must be given to the TSXV on a monthly basis. Any amendments to the LTIP must also be approved by the TSXV and, if necessary, by the Shareholders, prior to becoming effective. Existing incentive stock options are not affected by the vote at the Meeting with respect to the LTIP. Accordingly, Shareholders will be asked to pass an ordinary resolution, in substantially the following form, to re-approve the LTIP:

"BE IT RESOLVED, AS AN ORDINARY RESOLUTION, THAT:

1. the LTIP, as described in this Circular, be and is hereby ratified and approved; and
2. any director or officer of the Corporation be and the same is hereby authorized and directed for and in the name of and on behalf of the Corporation to execute or cause to be executed, whether under corporate seal of the Corporation or otherwise, and to deliver or cause to be delivered all such documents, and to do or cause to be done all such acts and things, including to make any changes to the LTIP if required by the TSXV, as in the opinion of such director or officer may be necessary or desirable in order to carry out the terms of this resolution, such determination to be conclusively evidenced by the execution and delivery of such documents or the doing of any such act or thing."

Accordingly, the Board of Directors and Management are recommending that Shareholders vote FOR the approval of the Long-Term Incentive Plan Resolution. Unless contrary instructions are indicated on the proxy form or the voting instruction card, the persons designated in the accompanying form of proxy or voting instructions card intend to vote FOR the Long-Term Incentive Plan Resolution. The proposal requires the approval of a majority of the votes cast at the Meeting.

A copy of the Corporation's LTIP may be obtained upon request addressed to the Vice President, Legal Affairs and Corporate Secretary of the Corporation at 1100, Avenue des Canadiens-de-Montreal, Suite 300, Montréal, Québec, H3B 2S2 (facsimile: (514) 940-0669).

PART 3: ABOUT FALCO

3.1 Corporate Governance Practices

Falco believes in the importance of a strong Board of Directors and sound corporate governance policies and practices to direct and manage our business affairs. Good corporate governance is essential to retaining the trust of our Shareholders, attracting the right people to the organization and maintaining our social license in the communities where we work and operate. Falco also believes that good governance enhances its performance.

The Corporation's governance framework is evolving as the Corporation continues to grow. Its governance policies also respect the rights of Shareholders and comply with the rules of the Canadian Securities Administrators ("CSA") and the TSXV.

The Board has adopted board and committee charters as well as other appropriate policies and practices. Independent directors are expected to hold in-camera meetings at each quarter-end board and committee

meeting. A copy of the Corporation's Code of Ethics, as well as Board and Committee charters, are posted on Falco's website at www.falcores.com and can be requested via email at info@falcores.com.

The following discussion outlines some of Falco's current corporate governance practices, particularly with respect to the matters addressed by *Policy Statement 58-201 to Corporate Governance Guidelines* (the "Canadian Guidelines") and Regulation 58-101 adopted by the CSA.

Code of Ethics

The Board has adopted a Code of Ethics applicable to all of its directors, officers and employees, including the Chair of the Board, the President and Chief Executive Officer, the Chief Financial Officer and other persons performing financial reporting functions.

The Code of Ethics communicates to directors, officers and employees standards for business conduct in the use of Falco time, resources and assets, and identifies and clarifies proper conduct in areas of potential conflict of interest. Each director, officer and employee is provided with a copy of the Code of Ethics and is asked to sign an acknowledgement that the standards and principles of the Code of Ethics will be maintained at all times on Falco business. The Code of Ethics is designed to deter wrongdoing and promote: (a) honest and ethical conduct; (b) compliance with laws, rules and regulations; (c) prompt internal reporting of Code of Ethics violations; and (d) accountability for adherence to the Code of Ethics. Violations from standards established in the Code of Ethics, and specifically under internal accounting controls, are reported to the Chief Financial Officer or Vice President, Legal Affairs and Corporate Secretary and can be reported anonymously. The Chief Financial Officer or Vice President, Legal Affairs and Corporate Secretary will report to the Audit Committee, which will report to the Board any reported alleged violations at least quarterly, or more frequently depending on the specifics of the reported alleged violation.

The President and Chief Executive Officer and the Nominating and Corporate Governance Committee are responsible for promoting a corporate culture, which supports the highest of ethical standards, encourages personal integrity and assumes social responsibility.

The Corporation will adopt, from time to time, policies and guidelines relating to ethics that apply to all directors, officers and employees of the Corporation. The Corporation's Code of Ethics will be reviewed on an annual basis as well as adherence thereto.

The Code of Ethics is distributed to and signed by each of the Corporation's employees when they are hired. Directors, officers and designated employees are required, on an annual basis, to declare their commitment to abide by the Corporation's Code of Ethics. Management of the Corporation reports annually to the Nominating and Corporate Governance Committee all non-compliance statements so disclosed by directors, officers and designated employees.

The Corporation's Code of Ethics provides that directors, officers and employees must avoid conflicts of interests, both real and perceived. In practice, should a director have a material interest or be otherwise in conflict of interest with respect to a transaction or agreement considered by the Board, he/she must disclose his/her conflict of interest and withdraw from any discussions, assessment or decision related to the particular transaction or agreement.

In the event any transactions or agreements are contemplated in respect of which a director or executive officer has a material interest, the matter must be initially reviewed by the Audit Committee and is then submitted to the Board of Directors. The Board may implement any measures that it finds necessary in order to ensure the exercise of independent judgment. In the event a director has a material interest in any transaction or agreement, such director will abstain from voting in that regard.

In addition, the Board has established under the Corporation's Internal Whistleblowing Policy, a process for the receipt and treatment of all complaints concerning accounting, internal accounting controls, auditing or any other wrongdoing, including in connection with the Corporation's Code of Ethics submitted by any employee, including procedures for the confidential anonymous submissions by employees of concerns regarding said matters. To help in this process, the Corporation established an Ethics Line, which is a phone and internet-based reporting system (1-855-940-2004 or ethics@falcores.com).

There have been no reports filed that pertain to any conduct of a director or executive officer that constitutes a departure from the Code of Ethics.

Through the above-noted methods, the Board encourages and promotes a culture of ethical business conduct. In addition, the directors, officers and employees of the Corporation are expected to act and to hold their office within the best interests of the Corporation. The Corporation expects that all directors shall act in compliance of all laws and regulations applicable to their office as director of the Corporation.

A copy of the Code of Ethics is available on the Corporation's website at www.falcores.com.

3.2 Role of the Board of Directors

The primary responsibility of the Board is to supervise the management of the business and affairs of the Corporation. In discharging its fiduciary duties, Board members are expected to use their experience and expertise to guide Management and ensure good governance practices are adhered to. The Board oversees the Corporation's systems of corporate governance and financial reporting and controls to ensure that the Corporation reports adequate and reliable financial and other information to Shareholders and engages in ethical and legal conduct.

The Corporation expects each member of its Board to act honestly and in good faith and to exercise business judgment that is in the best interests of the Corporation and its stakeholders. The Chair does not have a second or casting vote in the case of equality of votes in any matter brought before the Board.

In addition to possessing the requisite skill and experience required to carry out their functions, directors must demonstrate a track record of honesty, integrity, ethical behaviour, fairness and responsibility and a commitment to representing the long-term interests of Falco's stakeholders. They must also be able to devote the time required to discharge their duties and responsibilities effectively.

In addition to the foregoing, each director is expected to:

- Develop an understanding of Falco's strategy, business environment, the market in which the Corporation operates and its financial position and performance;
- Be willing to share expertise and experience with Management and fellow directors, and to use a respectful, collegial approach in challenging the views of others;
- Diligently prepare for each Board and committee meeting by reviewing all of the meeting materials in advance of the meeting date;
- Actively and constructively participate in each meeting and seek clarification when necessary to fully understand the issues being considered;
- Leverage experience and wisdom in making sound strategic and operational business decisions; and
- Demonstrate business acumen and a mindset for risk oversight.

A copy of the Charter of the Board of Directors is attached in this Circular as Schedule "A".

Committees of the Board

The Board has established five standing committees, namely: the Audit Committee, the Compensation Committee, the Environment and Technical Committee, the Finance Committee and the Nominating and Corporate Governance Committee. Following is a description of the authority, responsibilities, duties and function of such committees.

Audit Committee

The Audit Committee meets regularly in order to assist the Board of Directors in fulfilling its oversight responsibilities with respect to the following: (i) the Corporation's accounting and financial reporting principles and policies and internal audit controls and procedures; (ii) the integrity and transparency of the Corporation's financial statements and the independent audit thereof; (iii) in selecting, evaluating and, where deemed appropriate, replacing the external auditors; (iv) in evaluating the independence of the external auditors; (v) the Corporation's risk identification, assessment and management program; and (vi) the Corporation's compliance with legal and regulatory requirements in respect of the above.

The function of the Audit Committee is to provide independent and objective oversight. Management of the Corporation is responsible for the preparation, presentation and integrity of the Corporation's financial statements. Management is responsible for maintaining appropriate accounting and financial reporting principles and policies and internal controls and procedures that provide for compliance with accounting standards and applicable laws and regulations. The external auditors are responsible for planning and carrying out a proper audit of the Corporation's annual financial statements and other procedures. In fulfilling their responsibilities thereunder, it is recognized that members of the Audit Committee are not full-time employees of the Corporation and are not, and do not represent themselves to be, accountants or auditors by profession or experts in the fields of accounting or auditing including in respect of auditor independence. As such, it is not the duty or responsibility of the Audit Committee or its members to conduct "field work" or other types of auditing or accounting reviews or procedures or to set auditor independence standards, and each member of the Audit Committee shall be entitled to rely on (i) the integrity of those persons and organizations within and external to the Corporation from which it receives information, (ii) the accuracy of the financial and other information provided to the Audit Committee by such persons or organizations absent actual knowledge to the contrary (which shall be promptly reported to the Board of Directors) and (iii) representations made by Management as to non-audit services provided by the auditors to the Corporation.

The Audit Committee met four (4) times during the most recently completed financial year. Since February 13, 2019, the Audit Committee is composed of the following three (3) independent directors:

- Ms. Paola Farnesi (Chair)
- Mr. Mario Caron
- Ms. Angelina Mehta

All members of the Audit Committee are "financially literate" and/or "financial experts", within the meaning of applicable regulations. In considering criteria for determination of financial literacy, the Board assesses the ability to understand financial statements of the Corporation. In determining accounting or related financial expertise, the Board considers familiarity with accounting issues pertinent to Falco, past employment experience in finance or accounting, requisite professional certification in accounting, and any other comparable experience or background which results in the individuals' financial sophistication.

A copy of the Charter of the Audit Committee is attached in this Circular as Schedule "B".

Relevant Education and Experience

The following sets out the Audit Committee members' education and experience that is relevant to the performance of his responsibilities as an audit committee member.

Paola Farnesi: Ms. Farnesi is a Chartered Professional Accountant and has 29 years of progressive experience in the financial industry. She is currently Vice President and Treasurer of Domtar Corporation. Ms. Farnesi has held several other leadership positions at Domtar Corporation since February 1994, where she was responsible for financial reporting, financial planning and analysis, as well as internal audit. Prior to February 1994, Ms. Farnesi was a senior accountant at Ernst & Young from July 1989 to February 1994. Ms. Farnesi holds a Bachelor of Commerce and a Graduate degree in Public Accountancy from McGill University and is a Chartered Professional Accountant. She obtained the ICD.D designation from the Institute of Corporate Directors. Ms. Farnesi is a member of the Order of Québec Chartered Professional Accountants.

Mario Caron: Mr. Caron has over 40 years of experience in the mining industry and held chief executive officer and senior executive and board positions in mining companies. His experience was gained nationally and internationally in both underground and open pit operations. Mr. Caron holds a Bachelor of Engineering, Mining at McGill University and is a member of the Ordre des ingénieurs du Québec and the Association of Professional Engineers of Ontario.

Angelina Mehta: Ms. Mehta has over 20 years in the fields of finance and engineering, currently working as Director, Investment Banking (Mining) at Laurentian Bank Securities Inc. She was Senior Mining Advisor with Paradigm Capital Inc. in Investment Banking, as well as Vice President of Operations for North American Nickel. Over the years, she served as Investment Manager for Sentient Asset Management Canada and held various operational positions for multiple mining companies, including Rio Tinto's subsidiary, Iron Ore Company of Canada. She also worked in financial roles with BMO in Toronto, and Lafarge and CN Railway in Montreal. Ms. Mehta holds a bachelor's degree in mining engineering and a Business Administration degree from McGill University, as well as a Master of Law degree from the Osgoode Hall Law School of York University.

Audit Committee Oversight

At no time since the commencement of the Corporation's most recent completed financial year was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the Board.

Reliance on Certain Exemptions

At no time since the commencement of the Corporation's most recently completed financial year has the Corporation relied on the exemptions in Sections 2.4 and 6.1.1 of Regulation 52-110 or an exemption from Regulation 52-110, in whole or in part, granted under Part 8 of Regulation 52-110.

Pre-Approval Policies and Procedures

The Audit Committee has not adopted any specific policies and procedures for the engagement of non-audit services. However, any non-audit service shall be submitted to the Chair of the Audit Committee for approval.

External Auditor Service Fees (By Category)

The aggregate fees billed by the Corporation's external auditor in each of the last two (2) fiscal years are as follows:

	2019 ⁽¹⁾	2018 ⁽¹⁾
Audit fees ⁽²⁾	\$110,250	\$139,650
Audit-related fees	Nil	Nil
Tax fees ⁽³⁾	\$10,332	\$2,100
All other fees	Nil	Nil
Total	\$120,582	\$141,750

NOTES:

- (1) For the years ended June 30, 2019 and June 30, 2018, none of the Corporation's audit-related fees, tax fees or all other fees described in the table above made use of the *de minimis* exception to pre-approval provisions contained in Section 2.4 of Regulation 52-110.
- (2) This represents the aggregate fees billed for audit services, including fees relating to the review of quarterly financial statements and statutory audits of the Corporation.
- (3) This represents the aggregate fees billed for tax compliance, tax advice and tax planning services.

Compensation Committee

The Compensation Committee is responsible for approving compensation objectives and the specific compensation programs for policies and practices of the Corporation on matters of remuneration, succession planning, compensation recruitment, development, retention and performance evaluations, which policies are developed and implemented in conformity with the Corporation's objectives with the view to attracting and retaining the best qualified members of Management and employees. The Compensation Committee is responsible for recommending, monitoring and reviewing compensation programs for senior executives.

The Compensation Committee met three (3) times during the most recently completed financial year. Since November 29, 2018, the Compensation Committee is composed of the following three (3) independent directors:

- Mr. Mario Caron (Chair)
- Ms. Paola Farnesi
- Ms. Chantal Sorel

Environment and Technical Committee

The Environment and Technical Committee is a committee of the Board of Directors of the Corporation to which the Board delegates its responsibility to oversee various aspects of the activities of the Corporation in respect of the work environment (occupational health and safety), the human environment (corporate social responsibility matters) and the physical environment (environmental matters) and any technical matters that may arise.

The Environment and Technical Committee has the general mandate (i) to consider and evaluate all aspects of the Corporation's occupational health and safety, corporate social responsibility and environmental matters; (ii) to recommend to the Board the steps to be taken in connection with these three (3) areas of activity; and (iii) to oversee the implementation and administration of corporate policies and guidelines adopted by regulatory authorities and the Board with respect to occupation health and safety, corporate social responsibility and environmental matters.

The Environment and Technical Committee has met two (2) times during the most recently completed financial year. Since November 29, 2018, the Environment and Technical Committee is composed of the following three (3) directors:

- Ms. Chantal Sorel (Chair) (Independent)
- Mr. Mario Caron (Lead Director) (Independent)
- Mr. Luc Lessard (Non-Independent)

Nominating and Corporate Governance Committee

The Nominating and Corporate Governance Committee is responsible for the monitoring of the Corporation's corporate governance and nomination matters.

The Nominating and Corporate Governance Committee has the general mandate to (i) consider and assess all issues that may affect the Corporation in the areas of corporate governance and nomination generally; (ii) recommend actions or measures to the Board to be taken in connection with these two (2) areas; and (iii) monitor the implementation and administration of such actions or measures, or of corporate policies and guidelines adopted by regulatory authorities or the Board with respect to said two (2) areas.

Corporate governance practices determine the process and structure used to manage and run the internal and commercial business of the Corporation with a view to preserving its financial and operational integrity, complying with all applicable rules in general and increasing its value to Shareholders.

As regards corporate governance matters, the Nominating and Corporate Governance Committee is responsible for establishing practices which must be followed and should be in line with corporate governance rules and guidelines in effect from time to time as adopted by relevant authorities. The Nominating and Corporate Governance Committee is also responsible for recommending to the Board new candidates for directors and to assist the Board in the assessment of the performance of senior officers, of the Board and its committees and of individual directors.

The Nominating and Corporate Governance Committee met five (5) times during the most recently completed financial year. Since February 13, 2019, the Nominating and Corporate Governance Committee is composed of the following three (3) independent directors:

- Ms. Angelina Mehta (Chair)
- Mr. Mario Caron
- Ms. Paola Farnesi

Finance Committee

The Finance Committee was formed in February 2017. The mandate of the Finance Committee is to assist the Board in fulfilling its oversight responsibilities with respect to the Corporation's financing strategies, capital structure, corporate structure, and financial risk management practices, including the utilization of financial instruments, and make recommendations to the Board relating to financing the development and construction of the Horne 5 Project and corporate working capital.

The Finance Committee did not hold any meetings during the most recently completed financial year as financing discussions were held at Board meetings. Since February 13, 2019, the Finance Committee is composed of the following four (4) directors:

- Mr. Bryan A. Coates (Chair) (Non-Independent)
- Ms. Paola Farnesi (Independent)
- Ms. Angelina Mehta (Independent)
- Ms. Chantal Sorel (Independent)

Risk Oversight

The Board oversees an enterprise-wide approach to risk management designed to support the achievement of organizational objectives, including strategic objectives, to improve long-term organizational performance and enhance Shareholder value. A fundamental part of risk management is not only understanding the risks a company faces and what steps Management is taking to manage those risks, but also understanding what level of risk is appropriate for the Corporation. The involvement of the full Board in setting the Corporation's business strategy is a key part of its assessment of the Board's tolerance to risk and also a determination of what constitutes an appropriate level of risk for the Corporation.

Board Effectiveness Assessment

Following the implementation of a formal procedure for assessing the performance of the Board and its Committee members in June 2016, a detailed questionnaire is distributed annually to each member of the Board in order to enable individual directors to provide feedback on the effectiveness of the Board and its standing Committees as well as the contribution of each member. The assessment is conducted on an anonymous basis through a web platform, which generates and produces a report of the assessment results. Thereafter, the Chair of the Nominating and Corporate Governance Committee discusses the results and any issues arising from the performance assessments with the members of the Nominating and Corporate Governance Committee in the presence of the Lead Director. The Chair of the Nominating and Corporate Governance Committee also reports to the full Board on the Board's performance assessment.

The Nominating and Corporate Governance Committee assesses the operation of the Board and its standing Committees, the adequacy of information given to directors, communication between the Board and Management, the Board size and overall skills. The Nominating and Corporate Governance Committee also recommends changes to the Board in order to enhance its performance based on the survey feedback.

Board's Skills Matrix

The Nominating and Corporate Governance Committee, together with the Board Chair, is responsible for determining the needs of the Board in the Long-Term and identifying new candidates to stand as nominees for election or appointment as directors.

The Board ensures that the skill set developed by directors, through their business expertise and experience, meets the needs of the Board.

The Nominating and Corporate Governance Committee reviews annually the credentials of the members of the Board. The following table exemplifies the current skills that each nominee possesses:

Directors	SKILLS									
	Months of Directorship	Financial ⁽¹⁾	M&A ⁽²⁾	Industry Knowledge ⁽³⁾	Technical /Mining ⁽⁴⁾	Government Relations ⁽⁵⁾	Governance ⁽⁶⁾	Human Resources ⁽⁷⁾	Sustainability ⁽⁸⁾	Management ⁽⁹⁾
Mario Caron	46	✓	✓	✓	✓		✓	✓	✓	✓
Bryan A. Coates	30	✓	✓	✓		✓	✓	✓	✓	✓
Paola Farnesi	34	✓	✓	✓			✓	✓		✓
Luc Lessard	57			✓	✓	✓		✓	✓	✓
Angelina Mehta	8	✓	✓	✓	✓		✓	✓	✓	✓
Chantal Sorel	28	✓		✓			✓	✓	✓	✓

NOTES:

- (1) **Financial:** Ability to understand: (i) financial statements; (ii) financial controls and measures; (iii) capital markets; and (iv) financing options.
- (2) **Mergers and Acquisitions:** Understanding of: (i) capital markets in friendly and unfriendly transactions; (ii) complexity of integration post-business continuation; and (iii) general legal requirements in mergers and acquisitions ("M&A").
- (3) **Industry Knowledge:** Understanding of the mining industry globally and the associated risks (including price and currency volatility, future growth, global supply, capital access, social license to operate and productivity).
- (4) **Technical/Mining:** Understanding of: (i) exploration activities; (ii) mine operations, including risks/challenges/opportunities (mining, milling); (iii) ability to have knowledge of construction/development/planning/scheduling/monitoring of construction/contract administration/forecasting; and (iv) understanding of marketing of metals.
- (5) **Government Relations:** Understanding of: (i) legislative and decision-making process of governments; and (ii) experience in dealing with governments (policy making, lobbying, etc.).
- (6) **Governance:** Understanding of (i) the requirements/process for oversight of Management; (ii) ethical conduct and responsibilities; (iii) various stakeholder requirements; (iv) commitment of directorship; and (v) evolving trends with respect to governance of public companies.
- (7) **Human Resources:** Ability to: (i) review management structure for large organization; (ii) develop/assess/monitor remuneration packages (salary, benefits, long-term and short-term incentives); and (iii) understand how to motivate people.
- (8) **Sustainability:** Understanding of (i) environmental risks in the mining industry; (ii) government regulations with respect to environmental, health & safety; and (iii) understanding of and experience in community relations and stakeholder involvement.
- (9) **Management:** Ability to (i) plan, operate and control various activities of a business; (ii) experience as a senior officer; (iii) lead growth.

Director Orientation and Education

In May 2017, the Corporation implemented a formal program for orientation of new directors and to provide easy access to documentation for current directors. The orientation program includes a new director's handbook and the opportunity to visit an operating mine and the Horne 5 site. This reference guide provides information related to:

- i. Board and Committee Charters;
- ii. Corporate Policies and Procedures;
- iii. Description of Role and Responsibilities of the Chair of the Board, the Lead Director, Committee Chair and President and Chief Executive Officer;
- iv. Information on the Board and Committees Composition;
- v. Compensation structure;
- vi. Board assessment results;
- vii. Budget and financing information; and
- viii. Various publications on governance matters, risk management, compensation issues, capital markets, gold and precious metals market information are also provided on an ongoing basis.

Throughout the year, Management provided to the Board of Directors monthly progress reports on Horne 5 Project. The Board and Committee members also receive formal presentations by Management and external advisors, and are provided documentation from various advisors and consultants on various topics in relation to the mining industry. In addition, new directors are briefed on the Corporation's current property holdings and assets, ongoing exploration programs, overall strategic plans, short, medium and long-term corporate objectives, financials status, general business risks and mitigation strategies, site visits and existing company policies.

The skills and knowledge of the Board as a whole is such that no formal continuing education process is currently deemed necessary. The Board is comprised of individuals with varying backgrounds, who have, both collectively and individually, extensive experience in running and managing public companies, particularly in the natural resource sector. Board members are encouraged to communicate with Management, auditors and technical consultants to keep themselves current with industry trends and developments and changes in legislation, with Management's assistance.

Harassment Policy

In 2019, the Board of Directors adopted, following recommendations of the Compensation Committee, a policy on the prevention of psychological or sexual harassment in the workplace and the handling of complaints (the "**Harassment Policy**"). The Corporation does not tolerate nor accept any form of psychological or sexual harassment. The Harassment Policy is intended to prevent and put an end to any situation of psychological or sexual harassment in its business, including any form of discriminatory harassment. The Harassment Policy also provides for intervention measures applicable to harassment complaints filed or situations of harassment reported to the Corporation. All communications are forwarded directly to the Chair of the Compensation Committee, the Vice President, Environment and Sustainable Development and the Mine General Manager.

Through the above-noted methods, the Board encourages and promotes a culture of ethical business conduct. In addition, the directors, officers and employees of the Corporation are expected to act and to hold their office within the best interests of the Corporation. The Corporation expects that all directors shall act in compliance of all laws and regulations applicable to their office as director of the Corporation.

Securities Ownership

A securities ownership guideline (the "**Guideline**") for all non-executive directors was adopted by the Board of Directors, upon recommendation of the Compensation Committee, on November 10, 2017, in order to further align the long-term interests of the Corporation's Shareholders and that of its directors. The Guideline provides direction to non-executive directors of the Corporation as to the level and amounts of ownership considered satisfactory in meeting the ownership requirements. Accordingly, non-executive directors are required to hold Common Shares of the Corporation in an amount equivalent to one time their annual cash retainer. The applicable method of calculation for the purpose of determining the value of the Common Shares held, is based on the higher of (i) cost of the acquisition or (ii) market value at time of determination. Each non-executive director shall have three years to comply with the Guideline starting from the date of approval or from the date of election or appointment whichever comes last.

PART 4: NAMED EXECUTIVE OFFICER AND DIRECTOR COMPENSATION

4.1 Executive Compensation

The information contained below is provided as required under Form 51-102F6V for Venture Issuers, as such term is defined in *Regulation 51-102 respecting Continuous Disclosure Obligations*.

Director and Named Executive Officer Compensation

For purposes of this Circular, Named Executive Officer ("**NEOs**") of the Corporation means, at any time during the most recently completed financial year:

- (i) The Corporation’s chief executive officer (“CEO”);
- (ii) The Corporation’s chief financial officer (“CFO”);
- (iii) The most highly compensated executive officer other than the CEO and CFO at the end of the most recently completed financial year whose total compensation was more than \$150,000 for that financial year; and
- (iv) Each individual who would be a named executive officer under paragraph (iii) but for the fact that the individual was not an executive officer of the Corporation, and was not acting in a similar capacity, at the end of the most recently completed financial year.

During the Corporation’s fiscal year ended June 30, 2019, the following individuals were NEOs of the Corporation:

- Luc Lessard, President and Chief Executive Officer;
- Vincent Metcalfe, former Chief Financial Officer;
- Anthony Glavac, Chief Financial Officer (Interim) and Vice President, Corporate Controller; and
- H el ene Cartier, Vice President, Environment and Sustainable Development.

Compensation Advisory Fees

The following table illustrates in detail the components of the advisory fees incurred by the Corporation for compensation consultants for the fiscal years ended June 30, 2019 and 2018:

	Fees incurred in 2019 (\$)	Fees incurred in 2018 (\$)
Hugessen Consulting Inc.		
Compensation consulting services	Nil	26,493

NAMED EXECUTIVE OFFICER AND DIRECTOR COMPENSATION, EXCLUDING COMPENSATION SECURITIES

The following table details all compensation paid to the Corporation’s NEOs and directors for the fiscal years ended June 30, 2018, and June 30, 2019:

Table of Compensation Excluding Compensation Securities							
Name and Position	Year	Salary, Consulting Fee, Retainer or Commission (\$)	Bonus (\$)	Committee or Meeting Fees (\$)	Value of Perquisites (\$)	Value of all Other Compensation (\$)	Total Compensation (\$)
Luc Lessard ⁽¹⁾ President, CEO and Director	2018	332,543	182,153	Nil	Nil	Nil	514,696
	2019	400,000	112,254	Nil	Nil	Nil	512,254
Vincent Metcalfe ⁽²⁾ Former CFO	2018	174,329	93,885	Nil	Nil	Nil	268,214
	2019	30,000	Nil	Nil	Nil	Nil	30,000

Table of Compensation Excluding Compensation Securities							
Name and Position	Year	Salary, Consulting Fee, Retainer or Commission (\$)	Bonus (\$)	Committee or Meeting Fees (\$)	Value of Perquisites (\$)	Value of all Other Compensation (\$)	Total Compensation (\$)
Anthony Glavac ⁽³⁾ CFO (Interim) and Vice President, Corporate Controller	2018	155,833	38,400	Nil	Nil	Nil	194,233
	2019	85,000	15,100	Nil	Nil	Nil	100,100
Hélène Cartier Vice President, Environment and Sustainable Development	2018	200,000	92,700	Nil	Nil	Nil	292,700
	2019	193,872	33,000	Nil	Nil	Nil	226,872
Mario Caron ⁽⁴⁾ Lead Director	2018	33,210	Nil	Nil	Nil	Nil	33,210
	2019	40,210	Nil	Nil	Nil	Nil	40,210
Bryan A. Coates ⁽⁵⁾ Chair of the Board	2018	22,000	Nil	Nil	Nil	Nil	22,000
	2019	25,750	Nil	Nil	Nil	Nil	25,750
Paola Farnesi ⁽⁴⁾ Director	2018	27,896	Nil	Nil	Nil	Nil	27,896
	2019	35,300	Nil	Nil	Nil	Nil	35,300
Angelina Mehta Director ⁽⁶⁾	2018	Nil	Nil	Nil	Nil	Nil	Nil
	2019	9,130	Nil	Nil	Nil	Nil	9,130
Chantal Sorel ⁽⁴⁾ Director	2018	24,000	Nil	Nil	Nil	Nil	24,000
	2019	24,420	Nil	Nil	Nil	Nil	24,420

NOTES:

- (1) As per the terms and conditions of the Management and Technical Services Agreement entered into between the Corporation and Osisko, Mr Lessard's compensation is originally paid by Osisko and thereafter invoiced to Falco on a monthly basis.
- (2) Mr. Metcalfe resigned as CFO of the Corporation on October 9, 2018.
- (3) On October 9, 2018, Mr. Anthony Glavac was appointed CFO on an interim basis. In addition, Mr. Glavac became Chief Financial Officer of Osisko Metals Incorporated ("Osisko Metals") on August 17, 2018 and based on a management and technical services agreement with Osisko Metals, a monthly fee of \$10,000 in respect of Mr. Glavac's services as Chief Financial Officer is paid to the Corporation.
- (4) As part of the silver stream transaction with Osisko, the members of the Special Committee that was formed to review and consider the transaction, received a retainer fee of \$5,000 in October 2018.
- (5) Mr. Bryan A. Coates was appointed Chair of the Board of Directors following the resignation of Mr. Sean Roosen on March 19, 2019.
- (6) Ms. Angelina Mehta was appointed to the Board of Directors on January 23, 2019; therefore, the retainer fee payments took effect upon her appointment.

STOCK OPTIONS AND OTHER COMPENSATION SECURITIES

The following table lays out all compensation securities granted or issued to the Corporation's NEOs and directors by the Corporation or one of its subsidiaries during the fiscal year ended June 30, 2019, for services provided or to be provided, directly or indirectly, to the Corporation or any of its subsidiaries:

Compensation Securities							
Name and Position	Type of Compensation Security	Number of Compensation Securities, number of Underlying Securities and Percentage of Class ⁽¹⁾⁽²⁾⁽³⁾	Date of Issue or Grant (m-d-y)	Issue Conversion or Exercise Price (\$)	Closing Price of Security or Underlying Security on Date of Grant (\$)	Closing Price of Security or Underlying Security at Year End (\$)	Expiry Date (m-d-y)
Luc Lessard President, CEO and Director	Options	1,250,000	06-27-2019	0.30	0.26	0.275	06-27-2024
Vincent Metcalfe ⁽⁴⁾ , former CFO	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Anthony Glavac, CFO (Interim) and Vice President, Corporate Controller	Options	266,000	06-27-2019	0.30	0.26	0.275	06-27-2024
Hélène Cartier Vice President, Environment and Sustainable Development	Options	625,000	06-27-2019	0.30	0.26	0.275	06-27-2024
Mario Caron Lead Director	Options	500,000	06-27-2019	0.30	0.26	0.275	06-27-2024
Bryan A. Coates ⁽⁵⁾ Chair of the Board	Options	500,000	06-27-2019	0.30	0.26	0.275	06-27-2024
Paola Farnesi Director	Options	500,000	06-27-2019	0.30	0.26	0.275	06-27-2024
Angelina Mehta Director	Options	810,000	06-27-2019	0.30	0.26	0.275	06-27-2024
Chantal Sorel Director	Options	500,000	06-27-2019	0.30	0.26	0.275	06-27-2024

NOTES:

- (1) None of the compensation securities have been re-priced, cancelled and replaced, had its term extended, or otherwise been materially modified, in the most recently completed financial year.
- (2) Vesting terms of the Options for NEOs and directors vest as to one third on each of the first, second and third anniversary of the date of grant and expire within five years from the date of grant. As of the date of this Circular, none of the Options granted during the most recently completed financial year have vested and such Options represent approximately 1% of the Corporation's issued and outstanding Common Shares.
- (3) As at June 30, 2019, the following persons held the following number of Options to acquire as much Common Shares: Luc Lessard: 3,251,583 Options; Anthony Glavac: 438,000 Options, Hélène Cartier: 1,118,885 Options, Mario Caron: 696,600 Options, Bryan A. Coates: 689,800 Options; Paola Farnesi: 765,200 Options; Angelina Mehta: 810,000 Options; and Chantal Sorel: 685,700 Options.
- (4) Mr. Metcalfe resigned as CFO on October 9, 2018.
- (5) The Chair of the Board requested that the number of options granted to him be reduced from 750,000 to 500,000.

The following table lays out all compensation securities that were exercised by the Corporation's NEOs and directors during the fiscal year ended June 30, 2019:

Exercise of Compensation Securities by Directors and NEOs							
Name and Position	Type of Compensation Security	Number of Underlying Securities Exercised	Exercise Price per Security (\$)	Date of Exercise (m-d-y)	Closing Price per Security on Date of Exercise (\$)	Difference between Exercise Price and Closing Price on Date of Exercise (\$)	Total Value on Exercise Date (\$)
Mario Caron	Options	40,000	0.26	10-03-2018	0.375	0.115	4,600.00
		10,000	0.26	10-05-2018	0.390	0.130	1,300.00
		20,000	0.26	10-09-2018	0.410	0.150	3,000.00
		500	0.26	10-12-2018	0.385	0.125	62.50
		24,500	0.26	10-15-2018	0.365	0.105	2,572.50
		25,000	0.26	10-17-2018	0.345	0.085	2,125.00
		280,648	0.26	11-16-2018	0.295	0.035	9,822.68
Hélène Cartier	Options	25,000	0.26	10-17-2018	0.345	0.085	2,125.00
		158,873	0.26	11-16-2018	0.295	0.035	5,560.55
		100,000	0.25	12-11-2018	0.330	0.080	8,000.00
		40,000	0.25	12-12-2018	0.315	0.065	2,600.00

STOCK OPTION PLANS AND OTHER INCENTIVE PLANS

On November 21, 2014 (the “**Effective Date**”), the Board adopted a new long-term incentive plan (the “**LTIP**”) for directors, officers, employees and consultants, which was thereafter ratified by the Shareholders on December 23, 2014, and approved by the TSXV. The LTIP was subsequently amended in November 2016 and in November 2017.

In accordance with the LTIP, the securities issuable are:

- Deferred share units (“**DSUs**”) and restricted share units (“**RSUs**”), which can be settled in cash or in Common Shares;
- Performance share units (“**PSUs**”), which can be settled in cash or in Common Shares; and
- Stock options (“**Options**”), which are settled in Common Shares.

The purpose of the DSUs, RSUs, PSUs and Options is to assist the Corporation in attracting and retaining individuals with experience and ability, to allow certain employees of the Corporation designated at the Compensation Committee's discretion, to participate in the long-term success of the Corporation and to promote a greater alignment of interests between the grantees designated under the LTIP and those of Shareholders.

Under the LTIP, the aggregate number of Common Shares to be reserved and set aside for issue upon the exercise or redemption and settlement for all awards granted under the LTIP, shall not exceed 10% of the issued and outstanding Common Shares, outstanding at the time of the granting of the award (on a non-diluted basis), of which up to a maximum of 2,500,000 Common Shares may be set aside for issue upon the exercise or redemption and settlement of DSUs, PSUs and RSUs. In respect of PSUs, the maximum number of Common Shares issuable under the grant shall be included in the calculation for such purposes.

Deferred Share Units

A DSU is a notional security that entitles the recipient to receive cash or shares upon resignation from the Board (in the case of directors) or at the end of employment. The terms applicable to DSUs under the LTIP (including whether dividend equivalents will be credited to a participant's DSU account) are determined by the Board at the time of the grant.

Typically, DSUs have been granted (i) as a component of a director's annual retainer, or (ii) as a component of an officer's annual incentive grant. The deferral feature strengthens alignment with the long-term interests of Shareholders.

As dividends are declared, additional DSUs may be credited to DSU holders in an amount equal to the greatest whole number which may be obtained by dividing (i) the value of such dividend or distribution on the record date established therefore by (ii) the Market Price (as defined in the LTIP) of one share on such record date. DSUs are fully vested upon grant.

Restricted Share Units

An RSU is a notional security that entitles the recipient to receive cash or shares at the end of a vesting period. The terms applicable to RSUs under the LTIP (including the vesting schedule and whether dividend equivalents will be credited to a participant's RSU account) are determined by the Board at the time of the grant.

RSUs vest upon lapse of the applicable restricted period. For employees, vesting generally occurs in three equal instalments on the first three anniversaries of the grant date. For directors, one third of the award may be immediately vesting, with the balance vesting equally over the first two anniversaries of the grant date.

As dividends are declared, additional RSUs may be credited to RSU holders in an amount equal to the greatest whole number which may be obtained by dividing (i) the value of such dividend or distribution on the record date established therefore by (ii) the Market Price (as defined in the LTIP) of one share on such record date.

Performance Share Units

A PSU is a notional security but, unlike other equity based incentives, vesting is contingent upon achieving certain performance criteria, thus ensuring greater alignment with the long-term interests of Shareholders. The terms applicable to PSUs under the LTIP (including the performance cycle, performance criteria for vesting and whether dividend equivalents will be credited to a participant's PSU account) are determined by the Board at the time of the grant.

PSUs do not vest, and cannot be paid out (settled), until the completion of the performance cycle. For Canadian holders, the performance cycle shall in no case end later than December 31 of the calendar year that is three years after the grant date.

No RSUs, PSUs or DSUs have been awarded during the most recently completed financial year and none are outstanding as at the end of the most recently completed financial year.

Stock Options

Option Terms and Exercise Price	The number of Common Shares subject to each Option grant, exercise price, vesting, expiry date and other terms and conditions are determined by the Board. The exercise price shall in no event be lower than the Market Price (as defined in the TSXV Corporate Finance Manual) of the Common Shares at the date of grant, less any allowable discounts.		
Term	Options shall be for a fixed term and exercisable as determined by the Board, provided that no Option shall have a term exceeding ten years.		
Vesting	All Options granted pursuant to the LTIP will be subject to such vesting requirements as may be imposed by the Board, with all Options issued to consultants performing investor relations activities vesting in stages over at least 12 months with no more than 1/4 of the Options vesting in any three month period.		
Exercise of Option	The participant may exercise Options by payment of the exercise price per Common Share subject to each Option.		
Circumstances Involving Cessation of Entitlement to Participate	Reasons for Termination	Vesting	Expiry of Options
	<i>Death</i>	Unvested Options automatically vest as of the date of death	Options expire on the earlier of the scheduled expiry date of the Option and one year following the date of death
	<i>Disability</i>	Options continue to vest in accordance with the terms of the Option	Options expire on the scheduled expiry date of the Option, unless the participant ceases to qualify as an Eligible person under the Plan, in which case the option shall expire on the earlier of the scheduled expiry date and up to one year following the date cessation
	<i>Retirement</i>	Options continue to vest in accordance with the terms of the Option	Options expire on the earlier of the scheduled expiry date of the option and up to one year following the date of retirement
	<i>Resignation</i>	Unvested Options as of the date of resignation automatically terminate and shall be forfeited	Options expire on the earlier of the scheduled expiry date of the Option and three months following the date of resignation Options granted to persons engaged primarily to provide investor relations activities expire on the scheduled expiry date of the Option and 30 days following the date of resignation

	<p>Termination without Cause/ Constructive Dismissal (No Change in Control)</p>	<p>Unvested Options granted prior to the Effective Date automatically vest as of the termination date</p> <p>Unvested Options granted from and after the Effective Date continue to vest in accordance with the terms of the Option</p>	<p>Options expire on the earlier of scheduled expiry date of the Option and one year following the termination date</p>
	<p>Change in Control</p>	<p>Options granted prior to the Effective Date shall vest and become immediately exercisable, subject to any required approvals of the TSXV</p> <p>Options from and after the Effective Date do not vest and become immediately exercisable upon a change in control, unless:</p> <ul style="list-style-type: none"> • the successor fails to continue or assume the obligations under the LTIP or fails to provide for a substitute award, or • if the Option is continued, assumed or substituted, the participant is terminated without cause (or constructively dismissed) within two (2) years following the change in control, subject to any required approvals of the TSXV 	<p>Options expire on the scheduled expiry date of the Option</p>
	<p>Termination with Cause</p>	<p>Options granted prior to the Effective Date that are unvested as of the termination date automatically terminate and shall be forfeited</p> <p>Options granted from and after the Effective Date, whether vested or unvested as of the termination date, automatically terminate and shall be forfeited</p>	<p>Vested Options granted prior to the Effective Date shall expire on the earlier of the scheduled expiry date of the option and three months following the termination date</p> <p>Options granted from and after the Effective Date, whether vested or unvested as of the termination date, automatically terminate and shall be forfeited</p>

A copy of the Corporation's LTIP may be obtained upon request addressed to the Vice President, Legal Affairs and Corporate Secretary of the Corporation at 1100, des Canadiens-de-Montréal Avenue, Suite 300, Montréal, Québec, H3B 2S2 (facsimile: 514-940-0669).

The Compensation Committee and the Board believe that equity-based compensation plans are the most effective way to align the interests of Management with those of Shareholders. Long-term incentives must also be competitive with the Peer Group and align with the Corporation's compensation philosophy to target the market median.

In determining the number of Options to be granted to the executive officers and directors, the Board or the Compensation Committee, as the case may be, takes into account the number of stock options, if any, previously granted to each executive officer and director and the exercise price of any outstanding options to ensure that such grants are in accordance with the policies of the TSXV.

4.2 Oversight and Description of Director and Named Executive Compensation

Executive Officers

The Corporation's executive compensation philosophy is based on pay for performance and prudent risk management to motivate the senior leadership to execute corporate strategy in a manner that delivers strong results for Shareholders.

Objectives of the Executive Compensation Program

The Corporation's executive compensation practices underpin a number of objectives:

- Attract, motivate and retain highly qualified and experienced executives;
- Recognize and reward contributions to the success of the Corporation as measured by the accomplishment of performance objectives;
- Ensure that a significant proportion of compensation is directly linked to the success of the Corporation while not encouraging excessive or inappropriate risk-taking;
- Promote adherence to the high standards and values reflected in the Corporation's Code of Ethics;
- Ensure retention by setting total direct compensation targets at a level that is competitive with the markets in which the Corporation competes; and
- Protect long-term Shareholder interests by ensuring NEOs and other interests are aligned with those of Shareholders.

Fundamentally, the Corporation's compensation practices are intended to promote value-creation actions for the benefit of Shareholders, and to reward individual and team efforts for meeting short-term and long-term objectives.

Executive Compensation Strategy

NEOs do not control a number of significant factors that impact financial results, including commodity prices, foreign exchange rates, and regulatory uncertainty. Compensation program design thus considers factors over which the executive officers can exercise control, such as meeting budget targets established by the Board of Directors at the beginning of each year, controlling costs, mitigating risks, taking successful advantage of business opportunities and enhancing the competitive and business prospects of the Corporation.

Total Compensation Components

The Compensation Committee believes that the objective of NEO compensation practices should be to align the Total Direct Compensation (as hereinafter defined) with that of similar sized companies. Total Direct Compensation is the total of base salary (or consulting fees), annual incentive bonus and the value of equity-linked long-term incentive compensation.

Elements	Description	Objectives
Base Salary	Base salary is determined through an analysis of a comparator group. It reflects the capability of the individual as demonstrated over an extended period of time.	Attraction, retention and motivation; Annual salary adjustments as appropriate.
Annual Incentive Bonus	Annual cash incentive bonus is a portion of variable compensation that is designed to reward executives on an annual basis for achievement of corporate and business objectives, relative to corporate and individual performance.	Pay for performance; Align with business strategy; Attraction, retention and motivation.
Long-Term Incentives	Equity compensation is a portion of variable compensation that is designed to align executive and Shareholder interests, focus executives on long-term value creation, and also support the retention of key executives.	Align to Shareholder interests; Pay for performance; Attraction, retention and motivation.
Benefits	Executives who are employees participate in standard corporate medical, extended health and dental insurance.	Attraction and retention.

Total Direct Compensation

The Corporation's executive officer's total compensation is composed of three major components: base salary, short-term incentives and long-term incentives.

Base Salary

Base salaries (or consulting fees) of the Corporation's executive officers are determined through an analysis of salaries paid by companies in a comparator group, as well as individual performance measured against the achievement of business objectives. Base salaries are normally reviewed at the beginning of each calendar year. The President and Chief Executive Officer recommends base salary adjustments to the Compensation Committee for the NEOs, other than himself, and other officers. The Compensation Committee determines the base salary adjustment for the President and Chief Executive Officer taking into consideration the performance of the President and Chief Executive Officer, market conditions and the Corporation's ability to pay.

Short-Term Incentives

The short-term incentive program is a variable element of compensation and consists of an annual cash bonus. Annual bonuses may be awarded at the sole discretion of the Board, based on recommendations of the Compensation Committee, for individual achievements, contributions or efforts that the Compensation Committee has determined can reasonably be expected to have a positive impact on Shareholder value.

The short-term incentive program for the NEOs is based on their performance as a team against corporate objectives approved by the Board of Directors and bonuses are paid in full following award approved by the Board of Directors, at its full discretion, based on recommendation of the Compensation Committee. The annual incentive compensation for each of the NEOs has been established at 35% of their respective target, which is 50% of base salary. The 2018 Corporate Objectives were approved by the Board of Directors, upon recommendation of the Compensation Committee. Furthermore, the Compensation Committee monitored the progress made in reaching such objectives. As part of its duties and responsibilities and in conjunction with year-end assessment, the Compensation Committee reviewed the realization of the Corporation's objectives and thereafter met with Management for discussion and consideration of each element contained in the 2018 Corporate Objectives. Based on its review, the Compensation Committee provided a recommendation to the Board and, accordingly, the Board approved the following assessment of the 2018 Corporate Objectives set forth below:

2018 CORPORATE OBJECTIVES			
Performance Commitment	Description	Allocation %	Achievement %
Health and Safety	<ul style="list-style-type: none"> ▪ Health and Safety statistics exceeding the levels of the mining industry for the exploration campaign. ▪ Health and Safety statistics exceeding the levels of the construction industry for the pre-construction phase of the Horne 5 Project. 	7.5	7.5
Environment and Community	<ul style="list-style-type: none"> ▪ Continue relationship with project stakeholders. ▪ Follow environmental best practices relating to exploration drilling and project development. ▪ Create Monitoring Committee by mid-2018. 	5.0	2.5
Exploration	<ul style="list-style-type: none"> ▪ Complete 40,000 meters of statutory and exploration drilling. ▪ Add 1M Au Eq. ounces of resources in the inferred category. 	7.5	0.0
Horne 5 Project Pre-Construction	<ul style="list-style-type: none"> ▪ Complete 50% of project detailed engineering. ▪ Complete construction of dewatering infrastructure required for the dewatering program. ▪ Complete School Relocation Program and initiate physical relocation of the quarry enterprise. 	25.0	10.0
Third Party Development	<ul style="list-style-type: none"> ▪ Secure Agreement with third party. ▪ Initiate dewatering phase. 	15.0	0.0
Environmental Studies	<ul style="list-style-type: none"> ▪ Release the environmental impact assessment by mid-2018 ▪ Position the Corporation for launch of public audiences – Bureau d'audiences publiques sur l'environnement by the end of 2018. <i>* Obtain social acceptability through consultation sessions with stakeholders.</i> <i>* Prepare public documentation.</i> 	15.0	10.0
Investor Relations/ Finance	<ul style="list-style-type: none"> ▪ Execute the 2018 budget, as presented. ▪ Raise approximately \$150 million. ▪ Continue to develop relationship with banking institutions and key shareholders. 	25.00	5.0
TOTAL:		100.0	35.0

Reviewing Performance

The President and Chief Executive Officer and senior Management, in consultation with the Board, are responsible for developing the Corporation's overall strategic plan. On the basis of the strategic plan, annual business plans and budgets are prepared, which are reviewed and approved by the Board.

Risk management is a consideration of the Board when implementing its compensation program. The Board and the Compensation Committee does not believe that the compensation program results in unnecessary or inappropriate risk taking including risks that are likely to have a material adverse effect on the Corporation.

Directors' Compensation

Annual retainers for the Board and its Committees are paid on a quarterly basis to non-executive directors only.

During the fiscal year ended June 30, 2019, the Directors' Compensation Policy consisted of the following components:

Annual Retainers – Board	
Chair of the Board	\$35,000
Lead Director	\$30,000
Non-Executive Director	\$20,000
Annual Retainers – Committees/Members and Chairs	
Chair of the Audit Committee	\$7,500
Chair of all other Committees	\$2,000
Non-Executive Member of a Committee	\$1,000
Incentives (Options) – Initial and Annual (\$ Value)	
Annual Grant to Chair of the Board	\$120,000
Annual Grant to Lead Director	\$80,000
Annual Grant to a Non-Executive Director	\$80,000
Initial one-time Grant to Chair of the Board	\$85,000
Initial one-time Grant to Lead Director	\$60,000
Initial one-time Grant to a Non-Executive Director	\$50,000

Directors are entitled to participate in security-based compensation arrangements or other plans adopted by the Corporation from time to time with the approval of the Board.

NEOs who also act as directors of the Corporation do not receive any additional compensation for services rendered in such capacity, other than as paid by the Corporation to such NEOs in their capacity as executive officers.

Proportion of Common Shares Held by Directors and Executive Officers

Collectively, as of the date hereof, the directors and executive officers of the Corporation, as a group, own directly or indirectly, [2,441,745] Common Shares representing approximately [1.2%] of the issued and outstanding Common Shares. In addition, Osisko owns or exercises control over 41,385,240 Common Shares representing approximately 19.9% of the issued and outstanding Common Shares. Mr. Bryan A. Coates, Chair of the Board of the Corporation, is an officer and shareholder of Osisko and Mr. Luc Lessard, President, Chief Executive Officer and director of the Corporation is also an officer and shareholder of Osisko.

Pension Benefits

The Corporation does not have a pension plan that provides for payments or benefits to the NEOs, nor to the directors.

4.3 Termination and Change of Control Benefits

Mr. Luc Lessard has an employment agreement as the Corporation's President and Chief Executive Officer that outlines base salary and other elements of total compensation which was put into place upon his appointment. The Corporation is entitled to terminate its employment agreement with Mr. Lessard at any time for cause which would entitle Mr. Lessard to receive his base salary and the Corporation would also continue his benefits up to and including the date of termination. The Corporation would reimburse Mr. Lessard for any business expenses reasonably incurred by the latter up to and including the termination date in accordance with the Corporation's normal expenses policy.

In the event of a termination by the Corporation without cause, Mr. Lessard shall be entitled to: (i) his base salary accrued and unpaid up to and including the date of termination; (ii) a lump sum payment equal to one (1) year base salary and (iii) a one (1) year bonus, provided that where the executive has been employed for two (2) years or more, the bonus for purposes of such shall be the average of the bonus paid by the Corporation to the executive for each of the two (2) calendar years immediately preceding the termination date. If employed less than two (2) years, the bonus for such purposes shall be 50% of the executive's base salary; (iv) continuation in the benefits plan until the date that is eight (8) weeks from the termination date; (v) any stock options or other equity compensation awards which have been awarded shall vest and be exercisable in accordance with the applicable plan; and (vi) the Corporation will pay the executive an amount equal to all accrued but unused vacation time determined as of the termination date. The amount of such payment will be determined based upon the executive's base salary on the termination date.

Should the executive's employment with the Corporation be terminated within 12 months following a change of control, Mr. Lessard shall be entitled to: (i) his base salary accrued and unpaid up to and including the date of termination; (ii) a lump sum payment equal to one (1) year base salary; (iii) a one (1) year bonus, provided that where the executive has been employed for two (2) years or more, the bonus for purposes of such shall be the average of the bonus paid by the Corporation to the executive for each of the two (2) calendar years immediately preceding the termination date. If employed less than two (2) years, the bonus for such purposes shall be the maximum bonus; (iv) continuation in the benefits plan until the date that is eight (8) weeks from the termination date; (v) any stock options or other equity compensation awards which have been awarded shall vest and be exercisable in accordance with the applicable plan; and (vi) the Corporation will pay the executive an amount equal to all accrued but unused vacation time determined as of the termination date. The amount of such payment will be determined based upon the executive's base salary on the termination date.

The employment agreement described above also provides for non-compete and non-solicitation restrictions upon termination of employment.

Mr. Anthony Glavac and Ms. Hélène Cartier each have an employment agreement as executive officers of the Corporation that outlines base salary and other elements of total compensation, which was put into place upon their appointment. The Corporation is entitled to terminate the respective employment agreements with Mr. Glavac and Ms. Cartier, at any time for cause, which would entitle Mr. Glavac and Ms. Cartier to receive their base salary and the Corporation would also continue the benefits up to and including the date of termination. The Corporation would reimburse Mr. Glavac and Ms. Cartier for any business expenses reasonably incurred by them up to and including the termination date in accordance with the Corporation's normal expenses policy.

In the event of a termination by the Corporation without cause, Mr. Glavac and Ms. Cartier shall be entitled to: (i) the base salary accrued and unpaid up to and including the date of termination; (ii) a lump sum payment equal to one (1) year base salary; and (iii) a one (1) year bonus, provided that the executive has been employed for two (2) years or more, the bonus for purposes of such shall be the average of the bonus paid by the Corporation to the executive for each of the two (2) calendar years immediately preceding the termination date. If employed less than two (2) years, the bonus for such purposes shall be 50% of the executive's base salary; (i) continuation in the benefits plan until the date that is eight (8) weeks from the termination date; (ii) any stock options or other equity compensation awards which have been awarded shall vest and be exercisable in accordance with the applicable plan; and (iii) the Corporation will pay the executive an amount equal to all accrued but unused vacation time determined as of the termination date. The amount of such payment will be determined based upon the executive's base salary on the termination date.

Should the executive's employment with the Corporation be terminated within 12 months following a change of control, Mr. Glavac and Ms. Cartier shall be entitled to: (i) the base salary accrued and unpaid up to and including the date of termination; (ii) a lump sum payment equal to one (1) year base salary; and (iii) a one (1) year bonus, provided that where the executive has been employed for two (2) years or more, the bonus for purposes of such shall be the average of the bonus paid by the Corporation to the executive for each of the two (2) calendar years immediately preceding the termination date. If employed less than two (2) years, the bonus for such purposes shall be the maximum bonus; (i) continuation in the benefits plan until the date that is eight (8) weeks from the termination date; (ii) any stock options or other equity compensation awards which have been awarded shall vest and be exercisable in accordance with the applicable plan; and (iii) the Corporation will pay the executive an amount equal to all accrued but unused vacation time determined as of the termination date. The amount of such payment will be determined based upon the executive's base salary on the termination date.

4.4 Securities Authorized for Issuance Under Equity Compensation Plans

The following table provides information regarding the number of Common Shares to be issued upon the exercise of outstanding options and the weighted-average exercise price of the outstanding options in connection with the LTIP as at June 30, 2019:

Plan Category	Number of Common Shares to be issued upon exercise of outstanding options	Weighted-average exercise price of outstanding options	Number of Common Shares remaining available for future issuance under equity compensation plans⁽¹⁾
Equity compensation plans approved by securityholders	13,881,357	\$0.52	6,906,516
Equity compensation plans not approved by securityholders	N/A	N/A	N/A
Total	13,881,357	\$0.52	6,906,516

NOTE:

- (1) Based on the total number of Common Shares authorized for issuance under the Corporation's LTIP, less the number of stock options outstanding as at June 30, 2019.

PART 5: OTHER INFORMATION

5.1 Indebtedness of Directors and Executive Officers

As of October 9, 2019, no director, officer, employee, proposed nominee for election as a director of the Corporation or any of their respective associates, nor any former executive officer, director and employee of the Corporation, has been indebted, or is presently indebted, to the Corporation or any of its subsidiaries, or to another entity if the indebtedness is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation or any of its subsidiaries. During the year ended June 30, 2019, the Corporation did not grant any loan to such persons.

5.2 Interest of Informed Persons in Material Transactions

Since the commencement of Falco's most recently completed fiscal year and, with the exception of Osisko who, other than: (i) the stream agreement dated February 27, 2019 between the Corporation and Osisko; and (ii) the 2016, 2018 and 2019 loans provided by Osisko, no director or executive officer of Falco, no director or executive officer of an entity that is itself an Informed Person or a subsidiary of the Corporation or Shareholder who beneficially owns, or controls or directs, directly or indirectly, more than 10% of the outstanding Common Shares, or any known associates or affiliates of such persons, has or has had any material interest, direct or indirect, in any transaction or in any proposed transaction that has materially affected or is reasonably expected to materially affect the Corporation.

5.3 Management Contracts

A Management and Technical Service Agreement is in effect since January 1st, 2016 between the Corporation and Osisko with respect to technical, corporate, administrative and clerical and office, and other additional services that may be requested. The management functions of the Corporation are not performed to any substantial degree by any person or company other than the directors and executive officers of the Corporation.

5.4 Other Matters

Management knows of no amendment, variation or other matter to come before the Meeting other than the matters referred to in the Notice of Meeting. However, if any other matter properly comes before the Meeting, the accompanying proxy will be voted on such matter in accordance with the best judgment of the person or persons voting the proxy.

Other than as specifically discussed under Part 2 – *Business of the Meeting* of this Circular, no director, executive officer or proposed nominees for election as a director of the Corporation, past, present or nominated hereunder, or any associate or affiliate of such persons, or any person on behalf of whom this solicitation is made, has any interest, direct or indirect, by way of beneficial ownership of shares or otherwise, in any matter to be acted upon at the Meeting, except that such persons may be directly involved in the normal business of the Meeting or the general affairs of the Corporation.

5.5 Shareholder Proposals for the 2020 Annual Meeting

The final date for submitting Shareholder proposals to the Corporation for the next Annual Meeting of the Shareholders is July 13, 2020.

5.6 Additional Information

Additional information regarding the Corporation and its business activities is available on SEDAR at www.sedar.com. A copy of the Corporation's audited financial statements and management discussion and analysis (MD&A) for the financial year ended June 30, 2019, may be obtained upon request from Anthony Glavac, interim Chief Financial Officer, 1100, Avenue des Canadiens-de-Montréal, Suite 300, Montréal, Québec, H3B 2S2 or by e-mail to info@falcores.com.

5.7 Approval of Directors

The Board of Directors of the Corporation has approved the contents of the Circular and its sending to the Shareholders.

DATED at Montréal, Québec, the 10th day of October, 2019.

ON BEHALF OF THE BOARD
OF FALCO RESOURCES LTD.

“Luc Lessard”
Luc Lessard
President, Chief Executive Officer
and Director

**SCHEDULE “A”
BOARD OF DIRECTORS CHARTER**

I. OVERALL ROLE AND RESPONSIBILITY

The Board of Directors (the “**Board**”) of Falco Resources Ltd. (the “**Corporation**”) is elected by the Corporation’s shareholders to supervise the management of the business and affairs of the Corporation.

The Board monitors the manner in which the Corporation conducts its business as well as the senior management responsible for the day-to-day operations of the Corporation. It sets the Corporation’s policies, assesses their implementation by management and reviews the results.

The prime stewardship responsibility of the Board is to ensure the viability of the Corporation and to ensure that it is managed in the best interest of its shareholders as a whole while taking into account the interests of other stakeholders.

The Board’s main expectations of the Corporation’s management are to protect the Corporation’s interests and ensure the long-term growth of shareholder value.

II. MEMBERSHIP AND QUORUM

The Board shall be composed of a minimum of 3 and a maximum of 12 members. The Board shall also be constituted with a majority of individuals who qualify as independent directors, as per the standards of independence established in the Regulation 58-101 *respecting Disclosure of Corporate Governance Practices*.

The quorum at any meeting of the Board is a majority of directors in office.

III. STRUCTURE AND OPERATIONS

Proceedings and meetings of the Board are governed by the provisions of By-law No. 1 of the Corporation relating to the regulation of the meetings and proceedings of the Board insofar as they are applicable and not inconsistent with this Charter and the other provisions adopted by the Board in regards to committee composition and organization.

IV. DUTIES AND RESPONSIBILITIES OF THE BOARD

In addition to statutory responsibilities, the Board, either directly or through one of its committees, assumes responsibility for:

- (a) **satisfying itself**, to the extent feasible, as to the integrity of the Chief Executive Officer (“CEO”), the President and other senior officers, and that the CEO and other senior officers maintain a culture of integrity throughout the Corporation;
- (b) **ensuring** that the Corporation is operated so as to preserve its financial integrity and in accordance with policies approved by the Board;

- (c) **ensuring**, through the Nominating and Corporate Governance Committee, that appropriate structures and procedures are in place so that the Board and its committees can function independently of management and in accordance with sound corporate governance practices;
- (d) **reviewing and approving** key policy statements developed by management on various issues such as ethics, regulatory compliance and communications with shareholders, other stakeholders and the general public;
- (e) **adopting** a strategic planning process and thereafter reviewing and, where appropriate, **approving**, annually, a strategic plan and a budget which takes into account, among other things, the opportunities and risks of the business (all of which are developed at first by management), and **monitoring** the Corporation's performance with reference to the adopted budget and strategic plan;
- (f) **appointing** the President and CEO, **setting forth** the position description, as well as **planning** for the succession of the President and CEO with the recommendation of the Nominating and Corporate Governance Committee and the Compensation Committee respectively;
- (g) **evaluating** the performance and **reviewing** the compensation of the President and CEO with the Compensation Committee, and **ensuring** that such compensation is competitive and measured according to appropriate benchmarks which reward contribution to shareholder value;
- (h) **appointing, training, evaluating and monitoring** officers as well as planning for their succession with the recommendations of the Nominating and Corporate Governance Committee; **determining** management compensation with the recommendations of the Nominating and Corporate Governance Committee and the Compensation Committee, respectively and **ensuring** that such compensation is competitive and measured according to appropriate industry benchmarks;
- (i) **overseeing**, through the Audit Committee, the quality and integrity of the Corporation's accounting and financial reporting systems, and disclosure controls and procedures;
- (j) **ensuring**, through the Audit Committee, the integrity of the Corporation's internal controls and management information systems;
- (k) **overseeing**, through the Audit Committee, the process for evaluating the adequacy of internal control structures and procedures of financial reporting;
- (l) **advising** management on critical and sensitive issues;
- (m) **ensuring** that the Board's expectations of management are understood, that all appropriate matters come before the Board in a timely and effective manner and that the Board is kept informed of shareholder feedback;
- (n) **conducting** annually, through the Nominating and Corporate Governance Committee, a review of Board practices and the Board's and committees' performance (including director's individual contributions), to ascertain that the Board, its committees and the directors are capable of carrying out and do carry out their roles effectively;

- (o) **ensuring** with the Compensation Committee, the adequacy and form of the compensation of non-executive directors taking into account the responsibilities and risks involved in being an effective director;
- (p) **determining**, with the Nominating and Corporate Governance Committee, in light of the opportunities and risks facing the Corporation, what competencies, skills and personal qualities the Board should seek in recruiting new Board members, and the appropriate size of the Board to facilitate effective decision-making;
- (q) **determining**, annually, with the Nominating and Corporate Governance Committee, the independence of each member of the Board as such term is defined by applicable laws and regulations including, rules and guidelines of stock exchanges to which the Corporation is subject;
- (r) **setting forth**, with the recommendation of the Nominating and Corporate Governance Committee, the position description for the Chair of the Board and the Chair of the committees of the Board;
- (s) **determining** annually, with the Audit Committee, if each member of the Audit Committee is “financially literate” as such terms are defined under applicable laws and regulations including rules and guidelines of stock exchanges to which the Corporation is subject;
- (t) **selecting**, upon the recommendation of the Nominating and Corporate Governance Committee, nominees for election as directors;
- (u) **selecting** the Chair of the Board;
- (v) **selecting** the Lead Director of the Board and ensure the director appointed as Lead Director is and remains independent;
- (w) **ensuring**, through the Nominating and Corporate Governance Committee, that new directors have a good understanding of their role and responsibilities and of the contribution expected of them (including as regards attendance at, and preparation for, meetings), and that they are provided with adequate education and orientation as regards the Corporation, its business and activities;
- (x) **approving** unbudgeted capital expenditures, or significant divestiture, as well as acquisitions where environmental or other liabilities exist and which could result in significant exposure to the Corporation;
- (y) **discussing and developing** the Corporation’s approach to corporate governance issues in general, with the involvement of the Nominating and Corporate Governance Committee;
- (z) **reviewing and approving**, with the involvement of the Disclosure Committee, the content of the principal communications by the Corporation to its shareholders and the public, including, as applicable, quarterly and annual financial statements and management’s discussion and analysis, annual information form, information circulars, prospectuses and other similar documents which may be issued and distributed;
- (aa) **ensuring** ethical behavior and compliance with laws;

- (bb) **monitoring**, directly or through one of its committees, compliance with the Code of Ethics;
and
- (cc) **consider** the means by which stakeholders can communicate with the members of the Board
(including independent directors).

Directors are expected to make reasonable efforts to attend all Board meetings and to review materials distributed to them in advance of Board meetings.

V. CHARTER

The Nominating and Corporate Governance Committee shall periodically review this Charter and recommend appropriate changes to the Board.

**SCHEDULE “B”
AUDIT COMMITTEE CHARTER**

I. PURPOSES OF THE AUDIT COMMITTEE

The purposes of the Audit Committee are to assist the Board of Directors:

1. in its oversight of the Corporation’s accounting and financial reporting principles and policies and internal audit controls and procedures;
2. in its oversight of the integrity, transparency and quality of the Corporation’s financial statements and the independent audit thereof;
3. in selecting, evaluating and, where deemed appropriate, replacing the external auditors;
4. in evaluating the qualification, independence and performance of the external auditors;
5. in its oversight of the Corporation’s risk identification, assessment and management program; and
6. in the Corporation’s compliance with legal and regulatory requirements in respect of the above.

The function of the Audit Committee is to provide independent and objective oversight. The Corporation’s management team is responsible for the preparation, presentation and integrity of the Corporation’s financial statements. Management is responsible for maintaining appropriate accounting and financial reporting principles and policies and internal controls and procedures that provide for compliance with accounting standards and applicable laws and regulations. The external auditors are responsible for planning and carrying out a proper audit of the Corporation’s annual financial statements and other procedures. In fulfilling their responsibilities hereunder, it is recognized that members of the Audit Committee are not full-time employees of the Corporation and are not, and do not represent themselves to be, accountants or auditors by profession or experts in the fields of accounting or auditing including in respect of auditor independence. As such, it is not the duty or responsibility of the Audit Committee or its members to conduct “field work” or other types of auditing or accounting reviews or procedures or to set auditor independence standards, and each member of the Audit Committee shall be entitled to rely on (i) the integrity of those persons and organizations within and external to the Corporation from which it receives information, (ii) the accuracy of the financial and other information provided to the Audit Committee by such persons or organizations absent actual knowledge to the contrary (which shall be promptly reported to the Board of Directors) and (iii) representations made by management as to non-audit services provided by the auditors to the Corporation.

The external auditors are ultimately accountable to the Board of Directors and the Audit Committee as representatives of shareholders. The Audit Committee is directly responsible (subject to the Board of Directors’ approval) for the appointment, compensation, retention (including termination), scope and oversight of the work of the external auditors engaged by the Corporation (including for the purpose of preparing or issuing an audit report or performing other audit, review or attestation services or other work of the Corporation), and is also directly responsible for the resolution of any disagreements between management and any such firm regarding financial reporting.

The external auditors shall submit annually, to the Corporation and the Audit Committee:

- as representatives of the shareholders of the Corporation, a formal written statement delineating all relationships between the external auditors and the Corporation (“Statement as to Independence”); and
- A formal written statement of the fees billed in compliance with the disclosure requirements of Form 52-110F1 of National Instrument 52-110.

II. COMPOSITION OF THE AUDIT COMMITTEE

The Audit Committee shall be comprised of two or more independent directors as defined under applicable legislation and stock exchange rules and guidelines and are appointed (and may be replaced) by the Board of Directors. Determination as to whether a particular director satisfies the requirements for membership on the Audit Committee shall be made by the Board of Directors.

All members of the Committee shall be financially literate (able to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation’s financial statements), and at least one member of the Committee shall have accounting or related financial expertise or sophistication as such qualifications are interpreted by the Board of Directors in light of applicable laws and stock exchange rules. The later criteria may be satisfied by past employment experience in finance or accounting, requisite professional certification in accounting, or any other comparable experience or background which results in the individual’s financial sophistication, including being or having been a chief executive officer, chief financial officer or other senior officer of an entity with financial oversight responsibilities.

III. MEMBERSHIP, MEETINGS AND QUORUM

The Audit Committee shall meet at least four times annually or more frequently if circumstances dictate, to discuss with management the annual audited financial statements and quarterly financial statements, and all other related matters. The Audit Committee may request any officer or employee of the Corporation or the Corporation’s external counsel or external auditors to attend a meeting of the Audit Committee or to meet with any members of, or consultants to, the Audit Committee.

Proceedings and meetings of the Audit Committee are governed by the provisions of By-Law No. 1 relating to the regulation of the meetings and proceedings of the Board of Directors as they are applicable and not inconsistent with this Charter and the other provisions adopted by the Board of Directors in regards to committee composition and organization.

The quorum at any meeting of the Committee is a majority of members in office. All members of the Audit Committee should strive to be at all meetings.

IV. DUTIES AND POWERS OF THE AUDIT COMMITTEE

To carry out its purposes, the Audit Committee shall have unrestricted access to information and shall have the following duties and powers:

1. with respect to the external auditor,
 - (i) to review and assess, annually, the performance of the external auditors, and recommend to the Board of Directors the nomination of the external auditors for appointment by the shareholders, or if required, the revocation of appointment of the external auditors;
 - (ii) to review and approve the fees charged by the external auditors for audit services;
 - (iii) to review and pre-approve all services other than audit services, to be provided by the Corporation's external auditors to the Corporation or to its subsidiaries, and associated fees and to ensure that such services will not have an impact on the auditor's independence. The Audit Committee may delegate such authority to one or more of its members, which member(s) shall report thereon to the committee;
 - (iv) to ensure that the external auditors prepare and deliver annually a Statement as to Independence (it being understood that the external auditors are responsible for the accuracy and completeness of such statement), to discuss with the external auditors any relationships or services disclosed in the Statement as to Independence that may impact the objectivity and independence of the Corporation's external auditors and to recommend that the Board of Directors take appropriate action in response to the Statement as to Independence to satisfy itself of the external auditors' independence; and
 - (v) to instruct the external auditors that the external auditors are ultimately accountable to the Audit Committee and the Board of Directors, as representatives of the shareholders;
2. with respect to financial reporting principles and policies and internal controls,
 - (i) to advise management that they are expected to provide to the Audit Committee a timely analysis of significant financial reporting issues and practices;
 - (ii) to ensure that the external auditors prepare and deliver as applicable a detailed report covering 1) critical accounting policies and practices to be used; 2) material alternative treatments of financial information within generally accepted accounting principles that have been discussed with management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the external auditors; 3) other material written communications between the external auditors and management such as any management letter or schedule of unadjusted differences; and 4) such other aspects as may be required by the Audit Committee or legal or regulatory requirements;
 - (iii) to consider any reports or communications (and management's responses thereto) submitted to the Audit Committee by the external auditors, including reports and communications related to:
 - deficiencies noted following the audit of the design and operation of internal controls;
 - consideration of fraud in the audit of the financial statements;
 - detection of illegal acts;

- the external auditors' responsibilities under generally accepted auditing standards;
- significant accounting policies;
- management judgements and accounting estimates;
- adjustments arising from the audit;
- the responsibility of the external auditors for other information in documents containing audited financial statements;
- disagreements with management;
- consultation by management with other accountants;
- major issues discussed with management prior to retention of the external auditors;
- difficulties encountered with management in performing the audit;
- the external auditor's judgements about the quality of the entity's accounting principles; and
- reviews of interim financial information conducted by the external auditors.

(iv) to meet with management and external auditors:

- to discuss the scope of the annual audit and to review and approve the audit plan;
- to discuss the audited financial statements, including the accompanying management's discussion and analysis;
- to discuss the unaudited interim quarterly financial statements, including the accompanying management's discussion and analysis;
- to discuss the appropriateness and quality of the Corporation's accounting principles as applied in its financial reporting;
- to discuss any significant matters arising from any audit or report or communication referred to in item 2 (iii) above, whether raised by management or the external auditors, relating to the Corporation's financial statements;
- to resolve disagreements between management and the external auditors regarding financial reporting;
- to review the form of opinion the external auditors propose to render to the Board of Directors and shareholders;
- to discuss significant changes to the Corporation's auditing and accounting principles, policies, controls, procedures and practices proposed or contemplated by the external auditors or management, and the financial impact thereof;
- to review any non-routine correspondence with regulators or governmental agencies and any employee complaints or published reports that raise material issues regarding the Corporation's financial statements or accounting policies;
- to review, evaluate and monitor (as applicable) the Corporation's risk management program including the revenue protection program. This function should include:
 - risk assessment;

- quantification of exposure;
 - risk mitigation measures; and
 - risk reporting;
- to review the adequacy of the resources of the finance and accounting group, along with its development and succession plans;
 - to monitor and review communications received in accordance with the Corporation's Internal Whistleblowing Policy;
 - following completion of the annual audit and quarterly reviews, review separately with each of management and the independent auditor any significant changes to planned procedures, any difficulties encountered during the course of the audit and reviews, including any restrictions on the scope of the work or access to required information and the cooperation that the independent auditor received during the course of the audit and review;
- (v) to discuss with the Chief Financial Officer any matters related to the financial affairs of the Corporation;
 - (vi) to discuss with the Corporation's management any significant legal matters that may have a material effect on the financial statements, the Corporation's compliance policies, including material notices to or inquiries received from governmental agencies; and
 - (vii) to review, and discuss with the Corporation's President and Chief Executive Officer and Chief Financial Officer the procedure with respect to the certification of the Corporation's financial statements pursuant to National Instrument 52-109 *Certification of Disclosure in Issuer's Annual and Interim Filings* and any other applicable law or stock exchange rule.
3. with respect to reporting and recommendations,
- (i) to prepare/review any report or other financial disclosures to be included in the Corporation's annual information form;
 - (ii) to review and recommend to the Board of Directors for approval, the interim and audited annual financial statements of the Corporation, management's discussion and analysis of the financial conditions and results of operations (MD&A) and the press releases (as applicable) related to those financial statements;
 - (iii) to review and recommend to the Board of Directors for approval, the annual report, management's assessment on internal controls (as applicable) and any other like annual disclosure filings to be made by the Corporation under the requirements of securities laws or stock exchange rules applicable to the Corporation;
 - (iv) to review and reassess the adequacy of the procedures in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements, other than the public disclosure referred to in paragraph 3(ii) above;
 - (v) to review this Charter at least annually and recommend any changes to the Board of Directors; and
 - (vi) to report its activities to the Board of Directors on a regular basis and to make such recommendations with respect to the above and other matters as the Audit Committee may deem necessary or appropriate.
4. to review, discuss with management, and approve all related party transactions;

5. to create an agenda for the ensuing year;
6. to review quarterly the expenses of the President and Chief Executive Officer;
7. to establish and reassess the adequacy of the procedures for the receipt, retention and treatment of any complaint received by the Corporation regarding accounting, internal accounting controls or auditing matters, including procedures for the confidential anonymous submissions by employees of concerns regarding questionable accounting or auditing matters in accordance with applicable laws and regulations; and
8. to set clear hiring policies regarding partners, employees and former partners and employees of the present and, as the case may be, former external auditor of the Corporation.

V. RESOURCES AND AUTHORITY OF THE AUDIT COMMITTEE

The Audit Committee shall have the resources and authority appropriate to discharge its responsibilities, as it shall determine, including the authority to engage external auditors for special audits, reviews and other procedures and to retain special counsel and other experts or consultants.