

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

**Item 1 Name and Address of Company**

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

**Item 2 Date of Material Change**

November 17, 2020.

**Item 3 News Release**

A news release pertaining to the material change being the subject of the present report was issued through Global Newswire and was filed with SEDAR on November 18, 2020. A copy of the news release is attached to this material change report (the “**Material Change Report**”).

**Item 4 Summary of Material Change**

On November 18, 2020, the Corporation announced that it has entered into a binding agreement with Osisko Gold Royalties Ltd (“**Osisko**”) in order to extend the maturity of the Corporation’s existing senior secured loan (the “**Senior Loan**”) from December 31, 2020 to December 31, 2022. On November 27, 2020, the Corporation announced the successful completion of such extension to the maturity of the Senior Loan.

**Item 5 Full Description of Material Change**

Under the terms of the extension of the maturity date of the Senior Loan (the “**Senior Loan Extension**”), the Senior Loan was amended to become convertible after the first anniversary of its execution date into common shares of the Corporation (the “**Common Shares**”) at a conversion price of \$0.55 per share, subject to standard anti-dilution protections. The Senior Loan will continue to bear interest at a rate of 7.0% per annum compounded quarterly. The Corporation did not receive any additional proceeds in connection with the Senior Loan Extension.

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

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

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

Immediately prior to closing of the Senior Loan Extension and the Silver Stream Amendment, Osisko had beneficial ownership of, or control and direction over, (i) 41,385,240 Common Shares, representing approximately 18.3% of the issued and outstanding Common Shares, and (ii) 6,052,222 warrants. Immediately following the closing, on a partially-diluted basis assuming the conversion in full of the Senior Loan and the exercise in full of all of Osisko’s warrants, Osisko would have beneficial ownership of, or control and direction over, 90,094,760 Common Shares, representing approximately 32.8% of the Common Shares issued and outstanding.

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

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

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

This material change report was not filed 21 days in advance of the closing of the Senior Loan Extension for the purposes of Section 5.2(2) of Regulation 61-101 on the basis that the details of the Senior Loan Extension were not settled until shortly prior to the execution of the binding agreement relating to the Senior Loan Extension and the Corporation wished to close the Senior Loan Extension on an expedited basis.

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

Not applicable.

**Item 7                    Omitted Information**

Not applicable.

**Item 8            Executive Officer**

For further information, contact:

Luc Lessard, President and Chief Executive Officer  
514-261-3336

**Item 9            Date of Report**

November 27, 2020