



For Immediate Release

TSX.V - FPC

FALCO ANNOUNCES EXTENSION OF ITS SENIOR DEBTS AND RELATED WARRANTS

(December 6, 2022) Montreal, Québec - Falco Resources Ltd. (TSX.V: FPC) (“**Falco**” or the “**Corporation**”) is pleased to announce that the Corporation has entered into binding agreements (i) with Osisko Gold Royalties Ltd (“**Osisko**”) in order to extend the maturity date of the Corporation’s existing convertible secured senior loan (the “**Osisko Loan**”) from December 31, 2022 to December 31, 2024; and (ii) with Glencore Canada Corporation (“**Glencore**”) in order to extend the maturity date of the Corporation’s existing senior secured convertible debenture (the “**Glencore Debenture**”) from April 27, 2023 to December 31, 2024.

Extension of the Maturity Date of the Osisko Loan

In consideration for the extension of the maturity date of the Osisko Loan, the Osisko Loan will also be amended (collectively with the extension of the maturity date of the Osisko Loan, the “**Osisko Loan Amendments**”) (i) in order for the accrued interest on the existing Osisko Loan to be capitalized such that the principal amount of the amended Osisko Loan will be approximately \$20,484,195, (ii) to increase the interest rate of the Osisko Loan from 7% per annum to 8% per annum, and (iii) to reduce the conversion price of the Osisko Loan from \$0.55 to \$0.50 per common share of Falco (the “**Common Shares**”). In addition, the 10,664,324 warrants of the Corporation previously held by Osisko, each exercisable for one Common Share at an exercise price of \$0.69 and expiring on November 27, 2022 will be replaced with 10,664,324 warrants of the Corporation each exercisable for one Common Share at an exercise price of \$0.65 and expiring on December 31, 2024, maturing concurrently with the Osisko Loan, as amended (collectively, the “**Osisko Warrants**”).

Extension of the Maturity Date of the Glencore Debenture

In consideration for the extension of the maturity date of the Glencore Debenture, the Glencore Debenture will also be amended (collectively with the extension of the maturity date of the Glencore Debenture, the “**Glencore Debenture Amendments**”) (i) in order for the accrued interest on the existing Glencore Debenture to be capitalized such that the principal amount of the amended Glencore Debenture will be approximately \$11,770,710, (ii) to increase the interest rate of the Glencore Debenture from 8% per annum to 9% per annum and (iii) to reduce the conversion price of the Glencore Debenture from \$0.40 to \$0.36 per Common Share. In addition, the 15,061,158 warrants of the Corporation held by Glencore, each exercisable for one Common Share at an exercise price of \$0.41 and expiring on April 27, 2023 will be amended to be exercisable at an exercise price of \$0.38 and expiring on December 31, 2024, maturing concurrently with the Glencore Debenture, as amended (collectively, the “**Glencore Warrants**”).

Luc Lessard, Falco’s President and Chief Executive Officer noted: “*The concurrent extensions of the Corporation’s senior debts for a period of approximately twenty-four months, demonstrate the strong relationship and long-standing support of Osisko and Glencore for Falco and the development of the Horne 5 Project. Should these transactions become effective, the Osisko Loan and Glencore Debenture will have been extended by approximately two years, providing the Corporation with additional flexibility to pursue the development and permitting of the Horne 5*”

Project, including the admissibility of the Environmental Impact Assessment and conclusion of the Operating License and Indemnity Agreement with Glencore.”

Closing of the Osisko Loan Amendments and the Osisko Warrants are conditional upon (i) obtaining minority approval of the shareholders of the Corporation, excluding the Common Shares held by Osisko Development Corp, to be sought at the annual and special meeting of the Corporation to be held on January 23, 2023 (the “**Shareholders’ Meeting**”), (ii) approval of the TSX Venture Exchange, and (iii) concurrent closing of the Glencore Debenture Amendments and the amendment of the Glencore Warrants on the terms described herein.

Closing of the Glencore Debenture Amendments and the Glencore Warrants are conditional upon (i) approval of the TSX Venture Exchange, and (ii) concurrent closing of the Osisko Loan Amendments and the Osisko Warrants on the terms described therein. Subject to satisfaction of such conditions, closing of the Osisko Loan Amendments and the Glencore Debenture Amendments, and the related issuance and amendment of the Osisko Warrants and Glencore Warrants, are expected to occur concurrently, shortly following the Shareholders’ Meeting. Additional information will be included in the management proxy circular to be filed at www.sedar.com.

Prior to the transactions contemplated by this press release, Osisko held the Osisko Loan in the principal amount of \$17,596,136, which is convertible into 31,992,974 Common Shares and also held 10,664,324 warrants of the Corporation which expired on November 27, 2022, representing approximately 13.6% of the issued and outstanding Common Shares on a partially-diluted basis assuming the conversion in full of the Osisko Loan and the exercise in full of the 10,664,324 warrants. Immediately following the closing of the Osisko Loan Amendments and the Osisko Warrants, on a partially-diluted basis assuming the conversion in full of the Osisko Loan and the exercise in full of the Osisko Warrants, Osisko would have beneficial ownership of, or control and direction over 51,632,714 Common Shares, representing approximately 16% of the Common Shares issued and outstanding. Osisko holds approximately 44% of the issued and outstanding equity interests of Osisko Development Corp., which has beneficial ownership of, or control and direction over 46,885,240 Common Shares and 2,750,000 warrants of the Corporation, representing approximately 18.1% of the issued and outstanding Common Shares on a partially-diluted basis assuming the exercise in full of the 2,750,000 warrants.

The Osisko Loan Amendments and the issuance of the Osisko Warrants (the “**Osisko Transactions**”) are considered “related party transactions” under Regulation 61-101 respecting *Protection of Minority Security Holders in Special Transactions* (“**Regulation 61-101**”). The Osisko Transactions are exempt from the requirements to obtain a formal valuation pursuant to section 5.5(b) of Regulation 61-101. However, Falco is required to obtain the minority approval for the Osisko Transactions as none of the exemptions contained under Regulation 61-101 are currently available to the Corporation.

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

About Falco

Falco Resources Ltd. is one of the largest mineral claim holders in the Province of Québec, with extensive land holdings in the Abitibi Greenstone Belt. Falco owns approximately 70,000 hectares of land in the Noranda Mining Camp, which represents 70% of the entire camp and includes 13 former gold and base metal mine sites. Falco's principal asset is the Horne 5 Project located under the former Horne mine that was operated by Noranda from 1927 to 1976 and produced 11.6 million ounces of gold and 2.5 billion pounds of copper. Osisko Development Corp. is Falco's largest shareholder owning a 17.3% interest in the Corporation.

For further information, please contact:

Luc Lessard
President, Chief Executive Officer and Director
514-261-3336
info@falcores.com

Jeffrey White, LL.B, MBA
Director, Investor Relations
416-274-7762
rjwhite@falcores.com

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Cautionary Statement on Forward-Looking Information

This news release contains forward-looking statements and forward-looking information (together, "forward looking statements") within the meaning of applicable Canadian securities laws. Statements, other than statements of historical facts, may be forward-looking statements. Generally, forward-looking statements can be identified by the use of terminology such as "plans", "expects", "estimates", "intends", "anticipates", "believes" or variations of such words, or statements that certain actions, events or results "may", "could", "would", "might", "will be taken", "occur" or "be achieved", the negative of these terms and similar terminology although not all forward-looking statements contain these terms and phrases. Without limiting the generality of the foregoing statements, the statements relating to the Osisko Loan Amendments, the Glencore Debenture Amendments, as well as the issuance of the Osisko Warrants and the Glencore Warrants are forward-looking statements and will not be completed until approved by the TSX Venture Exchange and until appropriate shareholder approval is obtained with respect to Osisko Loan Amendments and the issuance of the Osisko Warrants. There is no assurance that the approval of the TSX Venture Exchange to such transactions will be obtained nor that shareholder approval with respect to Osisko Loan Amendments and the issuance of the Osisko Warrants will be obtained. Forward-looking statements involve risks, uncertainties and other factors that could cause actual results, performance, prospects and opportunities to differ materially from those expressed or implied by such forward-looking statements. These risks and uncertainties include, but are not limited to, the risk factors set out in Falco's annual and/or quarterly management discussion and analysis and in other of its public disclosure documents filed on SEDAR at www.sedar.com, as well as all assumptions regarding the foregoing. Undue reliance should not be placed on these statements, which only apply as of the date of this news release, and no assurance can be given that such events will occur in the disclosed time frame or at all. Except where required by applicable law, Falco disclaims any intention or obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.