

**FORM 51-102F3  
MATERIAL CHANGE REPORT**

Item 1: **Name and Address of Company**

Falco Resources Ltd. (the “**Company**” or “**Falco**”) Suite 300 – 1100 av. des Canadiens-de-Montreal Montreal, QC H3B 2S2

Item 2: **Date of Material Change**

December 20, 2024.

Item 3: **News Release**

The news release attached hereto as Schedule “A” (the “**News Release**”) announcing the material change referred to in this report was disseminated on December 20, 2024 through Globe Newswire and a copy has been filed under the Company’s profile on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).

Item 4: **Summary of Material Change**

As disclosed in the News Release, the Company has closed its previously announced “best efforts” brokered private placement (the “**Offering**”) of units (the “**Units**”). Under the Offering, the Company has issued an aggregate of 24,000,000 Units at a price of C\$0.25 per Unit for aggregate gross proceeds of C\$6,000,000.

Item 5: **Full Description of Material Change**

5.1 Full Description of Material Change

Given that Osisko Development Corp. (“**ODV**”), which is a related party of the Company within the meaning of *Regulation 61-101 respecting Protection of Minority Security Holders in Special Transactions* (“**Regulation 61-101**”), subscribed for Units pursuant to the Offering, such subscription constitutes a related party transaction within the meaning of Regulation 61-101. As a result, in addition to the information included in the News Release, the following additional disclosure is provided as required by Regulation 61-101.

**(a) a description of the transaction and its material terms:**

On December 20, 2024, the Company entered into an agency agreement with Cantor Fitzgerald Canada Corporation (the “**Agent**”) in connection with the Offering. Each Unit sold under the Offering consists of one common share in the capital of the Company (a “**Common Share**”) and one common share purchase warrant of the Company (a “**Warrant**”). Each Warrant shall entitle the holder thereof to acquire one Common Share in the capital of the Company (a “**Warrant Share**”), at a price of C\$0.35 per Warrant Share at any time on or before that date which is 60 months after the closing date of the Offering.

**(b) the purpose and business reasons for the transaction:**

The net proceeds from the sale of Units will be used for the advancement of the Horne 5 Project in Québec as well as for working capital and general corporate purposes.

**(c) the anticipated effect of the transaction on the issuer’s business and affairs:**

See paragraph (b) above.

**(d) a description of:**

- i. the interest in the transaction of every interested party and of the related parties and associated entities of the interested parties:**

See paragraph (d)(ii) below.

- ii. the anticipated effect of the transaction on the percentage of securities of the issuer, or of an affiliated entity of the issuer, beneficially owned or controlled by each person referred to in subparagraph (i) for which there would be a material change in that percentage:**

| <b>Name</b>              | <b>Number of Units</b> | <b>Value of Subscription</b> | <b>Number and Percentage of Securities held before Closing<sup>1</sup></b> | <b>Number and Percentage of Securities held after Closing<sup>2</sup></b> |
|--------------------------|------------------------|------------------------------|--|---|
| Osisko Development Corp. | 1,790,000              | \$447,500                    | 46,885,240 Common Shares<br>(16.74%)                                       | 48,675,240<br>(16.00%)  |

<sup>1</sup> Calculated on a non-diluted basis and based on 280,138,434 Common Shares issued and outstanding immediately prior to the closing of the Offering.

<sup>2</sup> Calculated on a non-diluted basis and based on 304,138,434 Common Shares issued and outstanding immediately after the closing of the Offering.

- (e) unless this information will be included in another disclosure document for the transaction, a discussion of the review and approval process adopted by the board of directors and the special committee, if any, of the issuer for the transaction, including a discussion of any materially contrary view or abstention by a director and any material disagreement between the board and the special committee:**

The disinterested members of the board of directors of the Company approved the Offering. Mr. Alexander Dann declared a conflict of interest and abstained from voting on the resolutions to approve the Offering due to his position as an officer of ODV. There were no contrary views or disagreements by any director in respect of the Offering.

- (f) a summary, in accordance with section 6.5, of the formal valuation, if any, obtained for the transaction, unless the formal valuation is included in its entirety in the material change report or will be included in its entirety in another disclosure document for the transaction:**

Not applicable. See paragraph (i) below.

- (g) disclosure, in accordance with section 6.8, of every prior valuation in respect of the issuer that relates to the subject matter of or is otherwise relevant to the transaction:**

- i. that has been made in the 24 months before the date of the material change report:**

Not applicable.

- ii. the existence of which is known, after reasonable inquiry, to the issuer or to any director or senior officer of the issuer:**

Not applicable.

**(h) the general nature and material terms of any agreement entered into by the issuer, or a related party of the issuer, with an interested party or a joint actor with an interested party, in connection with the transaction:**

In respect of its purchases under the Offering, ODV has entered into a subscription agreement for the purchase of 1,790,000 Units under the Offering. The subscription agreement contains standard terms and conditions typical of similar private placements.

**(i) disclosure of the formal valuation and minority approval exemptions, if any, on which the issuer is relying under sections 5.5 and 5.7, respectively, and the facts supporting reliance on the exemptions:**

Under subsections 5.5(a) and 5.7(1)(a) of Regulation 61-101, the Company is exempted from the requirements under Regulation 61-101 to perform a formal valuation and obtain minority shareholder approval in connection with the issuance of Units to the related party pursuant to the Offering as neither the fair market value of the subject matter of, nor the fair market value of the consideration for, such issuance of Units exceeds 25% of the Company's market capitalization.

This Material Change Report was not filed 21 days in advance of the closing of the related party transaction as the related party transaction forms part of the Offering, and the Offering proceeded by way of a "best efforts" private placement offered by the Agent that closed on December 20, 2024.

Item 6: **Reliance on Subsection 7.1(2) of Regulation 51-102**

Not applicable.

Item 7: **Omitted Information**

Not applicable.

Item 8: **Executive Officer**

For further information, please contact Luc Lessard, President and Chief Executive Officer of the Company, at 1-514-261-3336.

Item 9: **Date of Report**

December 30, 2024.

**Schedule "A"  
News Release**

See attached.



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For Immediate Release

TSX.V - FPC

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## FALCO ANNOUNCES CLOSING OF BROKERED PRIVATE PLACEMENT

NOT FOR DISTRIBUTION TO UNITED STATES NEWS WIRE SERVICES OR FOR DISSEMINATION IN THE UNITED STATES

**MONTREAL, December 20, 2024** – Falco Resources Ltd. (TSX-V:FPC) ("**Falco**" or the "**Corporation**") is pleased to announce the closing of its previously announced "best efforts" brokered private placement (the "**Offering**") with Cantor Fitzgerald Canada Corporation, acting as sole agent and sole bookrunner (the "**Agent**"). Pursuant to the Offering, Falco has issued an aggregate of 24,000,000 units of the Corporation (the "**Units**") at a price of C\$0.25 per Unit, for aggregate gross proceeds of C\$6,000,000.

Each Unit consists of one common share (each, a "**Common Share**") of the Corporation and one common share purchase warrant (each, a "**Warrant**"). Each Warrant is exercisable to acquire one Common Share at a price of C\$0.35 at any time on or before that date which is 60 months after the closing date of the Offering.

The Corporation intends to use the net proceeds from the sale of Units for the advancement of the Horne 5 Project and for working capital and general corporate purposes.

In connection with the closing of the Offering, the Corporation paid the Agent a cash commission totaling C\$324,000 and has issued the Agent 1,152,000 non-transferrable compensation warrants (each, a "**Broker Warrant**"). Each Broker Warrant entitles the Agent to purchase one Common Share of the Corporation at an exercise price of C\$0.25 per Broker Warrant at any time for a term of 24 months following the date of issuance.

All Common Shares and Warrants issued pursuant to the Offering are subject to a hold period of four months plus one day from the date of issuance of such securities under applicable securities laws in Canada.

A related party of the Corporation subscribed for 1,790,000 Units under the Offering. A transaction with a related party of the Corporation constitutes a "related party transaction" within the meaning of Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**"). The Corporation is relying on exemptions from the formal valuation requirements of MI 61-101 pursuant to section 5.5(a) and the minority shareholder approval requirements of MI 61-101 pursuant to section 5.7(1)(a) in respect of such related party participation as the fair market value of the transaction, insofar as it involves interested parties, does not exceed 25% of the Corporation's market capitalization. The Corporation did not file a material change report 21 days prior to closing of the Offering, as the related party's participation had not been confirmed at that time and the Company wished to close the transaction as soon as practicable for sound business reasons.

This press release shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the securities in the United States or in any other jurisdiction in which such offer, solicitation or sale would be unlawful. The securities have not been registered under the U.S. Securities Act of 1933, as amended, and may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements thereunder.

### 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 67,000 hectares of land in the Noranda

Mining Camp, which represents 67% 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 16% interest in the Corporation.

**For further information, please contact:**

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

Anthony Glavac  
Chief Financial Officer  
514 604-9310

*Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this press release.*

**Cautionary 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, which may include, but is not limited to, statements with respect to anticipated business plans or strategies. Statements, other than statements of historical facts, may be forward-looking statements. Often, but not always, forward-looking statements can be identified by words such as "plans", "expects", "seeks", "may", "should", "could", "will", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", "believes", or variations including negative variations thereof of such words and phrases that refer to certain actions, events or results that may, could, would, might or will occur or be taken or achieved. Without limiting the generality of the foregoing statements, the proposed use of the proceeds of the Offering is a forward-looking statement. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual plans, results, performance or achievements of Falco to differ materially from any future plans, results, performance or achievements expressed or implied by the forward-looking statements. These risk 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.sedarplus.ca](http://www.sedarplus.ca), as well as all assumptions regarding the foregoing. Although Falco believes that the assumptions and factors used in preparing the forward-looking statements are reasonable, undue reliance should not be placed on these statements, which only apply as of the date of this news release, and no assurance can be given that such events will occur in the disclosed time frames or at all. Except where required by applicable law, Falco disclaims any intention or obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.*