

FORM 62-103F1
EARLY WARNING REPORT

This report updates information disclosed in a previous early warning report filed by the Acquiror (as defined herein) on January 6, 2025 (the “**Previous Early Warning Report**”).

Item 1 – Security and Reporting Issuer

1.1 State the designation of securities to which this report relates and the name and address of the head office of the issuer of the securities.

Securities: Warrants (“**New Warrants**”), each New Warrant is comprised of one common share of the Issuer (as defined herein).

Issuer: Falco Resources Ltd. (the “**Issuer**”).

Address of the head office of the Issuer:

1100 avenue des Canadiens-de-Montréal
Suite 300
Montréal, Québec
H3B 2S2

1.2 State the name of the market in which the transaction or other occurrence that triggered the requirement to file this report took place.

The transaction that triggered the requirement to file this report is in connection with the closing on December 31, 2025 of the Financing Amendments (as defined below) recently approved by the majority of the disinterested shareholders of the Issuer with respect to amending the Issuer’s existing convertible secured senior loan with the Acquiror (as defined below) and the issuance of 19,332,237 New Warrants (as defined below) of the Issuer to the Acquiror.

Item 2 – Identify of the Acquiror

2.1 State the name and address of the acquiror.

OR Royalties Inc. (the “**Acquiror**”)
1100 avenue des Canadiens-de-Montréal
Suite 300
Montréal, Québec
H3B 2S2

2.2 State the date of the transaction or other occurrence that triggered the requirement to file this report and briefly describe the transaction or other occurrence.

On February 22, 2019, the Issuer closed a secured senior loan agreement with the Acquiror (the “**Secured Loan**”) for a principal amount of \$10,000,000. On November 22, 2019, the Secured Loan was amended, increasing the principal amount by \$5,900,000 to \$15,900,000 and the maturity date was extended from December 31, 2019 to December 31, 2020. Under

the terms of the Secured Loan, interest was payable at a rate per annum that was equal to 7%, compounded quarterly and accrued interest was payable upon repayment of the principal amount.

On November 17, 2020, the Issuer entered into a binding agreement with the Acquiror in order to extend the maturity date of the Secured Loan from December 31, 2020 to December 31, 2022 (the “**First Maturity Extension**”). Together with capitalized interest, the principal amount outstanding under the Secured Loan as of November 17, 2020 was \$17,596,136. In consideration for the First Maturity Extension, the Secured Loan was also amended to become convertible (the “**Convertible Loan**”) after the first anniversary of the closing date into common shares of the Issuer (“**Common Shares**”) at a conversion price of \$0.55 per Common Share. The Convertible Loan currently bears interest at a rate of 7% per annum, compounded quarterly. The Issuer’s obligations towards the Acquiror with respect to the Convertible Loan is secured by a deed of hypothec over all of the assets of the Issuer other than the Horne 5 Project and ranks after the security granted to Glencore Canada Corporation as part of a distinct convertible debenture transaction.

In consideration for the First Maturity Extension, the Issuer issued to the Acquiror 10,664,324 common share purchase warrants of the Issuer (the “**Initial Warrants**”). Each Initial Warrant was exercisable for one Common Share at an exercise price of \$0.69 up to 24 months from the date of issuance of the Initial Warrants. The Initial Warrants expired on November 27, 2022. The Initial Warrants provide for a cashless exercise feature.

On December 6, 2022, the Issuer entered into a binding agreement with the Acquiror in order to amend the Convertible Loan and extend its maturity date from December 31, 2022 to December 31, 2024 (the “**Second Maturity Extension**”). Together with capitalized interest, the principal amount outstanding under the Convertible Loan as of December 6, 2022 was \$20,484,195. In consideration for the Second Maturity Extension, the conversion price of the Convertible Loan was amended to \$0.50 per Common Share and the interest rate to 8% per annum, compounded quarterly. The Issuer also replaced the Initial Warrants with 10,664,324 new common share purchase warrants of the Issuer (the “**Replacement Warrants**”), each exercisable for one Common Share at an exercise price of \$0.65 and expiring on December 31, 2024.

On October 7, 2024, the Issuer entered into binding term sheet with the Acquiror in order to amend the Convertible Loan and extend its maturity date from December 31, 2024 to December 31, 2025 (the “**Third Maturity Extension**”). Together with capitalized accrued and unpaid interest up to December 31, 2024 such that the principal amount of the Convertible Loan would be increased to \$23,881,821 (from the existing principal amount of \$20,484,195). In consideration for the Third Maturity Extension, the conversion price of the Convertible Loan was amended to \$0.45 per Common Share (from \$0.50 per Common Share) and an interest rate of the Convertible Loan to 9% per annum (from 8% per annum). The Issuer also replaced the Replacement Warrants with 17,690,237 new common share purchase warrants of the Issuer (the “**Second Replacement Warrants**”), each exercisable for one Common Share at an exercise price of \$0.58 and expiring on December 31, 2025.

On October 30, 2025, the Issuer entered into binding term sheet with the Acquiror in order to amend the Convertible Loan and extend its maturity date from December 31, 2025 to December 31, 2026 (the “**Fourth Maturity Extension**”). Together with accrued and unpaid interest up to December 31, 2025 capitalized to the principal amount, such that the

principal amount of the Convertible Loan would be increased to \$26,098,521 (from the existing principal amount of \$23,881,821). The conversion price of the Convertible Loan and interest rate remained respectively at \$0.45 per Common Share and at 9% per annum. The Issuer also replaced the Second Replacement Warrants with 19,332,237 New Warrants of the Issuer, each exercisable for one Common Share at an exercise price of \$0.58 and expiring on December 31, 2026. The Fourth Maturity Extension and the New Warrants are collectively referred to as the “**Financing Amendments**”.

The amendments contemplated by the binding term sheet were subject to the Issuer’s disinterested shareholders majority approval, which was obtained on December 15, 2025.

2.3 State the names of any joint actors.

Not applicable.

Item 3 – Interest in Securities of the Reporting Issuer

3.1 State the designation and number or principal amount of securities acquired or disposed of that triggered the requirement to file the report and the change in the acquiror’s securityholding percentage in the class of securities.

Immediately prior to the closing of the Financing Amendments, the Acquiror held, directly and indirectly, the Convertible Loan in the principal amount of \$23,881,821, which is convertible into 53,070,713 Common Shares and also held 17,690,237 Second Replacement Warrants of the Issuer which expired on December 31, 2025, representing approximately 17% of the issued and outstanding Common Shares on a partially-diluted basis assuming the conversion in full of the Convertible Loan and the exercise in full of the 17,690,237 Replacement Warrants¹.

Immediately following the closing of the Financing Amendments, on a partially-diluted basis assuming the conversion in full of the Convertible Loan in the principal amount of \$26,098,521, which is convertible into 57,996,713 Common Shares (as provided for in the Financing Amendments) and the exercise in full of the New Warrants, the Acquiror would have beneficial ownership of, or control and direction over 77,328,950 Common Shares, representing approximately 18% of the Common Shares issued and outstanding.

3.2 State whether the acquiror acquired or disposed ownership of, or acquired or ceased to have control over, the securities that triggered the requirement to file this report.

The Acquiror acquired 19,332,237 New Warrants. See Item 2.2 above.

3.3 If the transaction involved a securities lending arrangement, state that fact.

Not applicable.

3.4 State the designation and number or principal amount of securities and the acquiror’s securityholding percentage in the class of securities, immediately before and after the

¹ At the time of the Previous Early Warning Report, such Common Shares issuable upon the conversion of the Convertible Loan and the exercise of the Replacement Warrants represented 23% of the issued and outstanding Common Shares on a partially-diluted basis.

transaction or other occurrence that triggered the requirement to file this report.

See Item 3.1 above.

3.5 *State the designation and number or principal amount of securities and the acquiror's securityholding percentage in the class of securities referred to in Item 3.4 over which*

(a) *the acquiror, either alone or together with any joint actors, has ownership and control;*

See Item 3.1 above.

(b) *the acquiror, either alone or together with any joint actors, has ownership but control is held by persons or companies other than the acquiror or any joint actor, and*

Not applicable.

(c) *the acquiror, either alone or together with any joint actors, has exclusive or shared control but does not have ownership.*

Not applicable.

3.6 *If the acquiror or any of its joint actors has an interest in, or right or obligation associated with, a related financial instrument involving a security of the class of securities in respect of which disclosure is required under this item, describe the material terms of the related financial instrument and its impact on the acquiror's securityholdings.*

Not applicable.

3.7 *If the acquiror or any of its joint actors is a party to a securities lending arrangement involving a security of the class of securities in respect of which disclosure is required under this item, describe the material terms of the arrangement including the duration of the arrangement, the number or principal amount of securities involved and any right to recall the securities or identical securities that have been transferred or lent under the arrangement.*

Not applicable.

3.8 *If the acquiror or any of its joint actors is a party to an agreement, arrangement or understanding that has the effect of altering, directly or indirectly, the acquiror's economic exposure to the security of the class of securities to which this report relates, describe the material terms of the agreement, arrangement or understanding.*

Not applicable.

Item 4 – Consideration Paid

4.1 *State the value, in Canadian dollars, of any consideration paid or received per security and in total.*

The accrued and unpaid interest up December 31, 2025 of the principal amount of the Convertible Loan was capitalized so that the principal amount now totals \$26,098,521 (from the existing principal amount of \$23,881,821) and 19,332,237 New Warrants of the Issuer were issued having an exercise price of \$0.58 per Common Share.

4.2 *In the case of a transaction or other occurrence that did not take place on a stock exchange or other market that represents a published market for the securities, including an issuance from treasury, disclose the nature and value, in Canadian dollars, of the consideration paid or received by the acquiror.*

The accrued and unpaid interest up December 31, 2025 of the principal amount of the Convertible Loan was capitalized so that the principal amount now totals \$26,098,521 (from the existing principal amount of \$23,881,821) and 19,332,237 New Warrants of the Issuer were issued having an exercise price of \$0.58 per Common Share.

4.3 *If the securities were acquired or disposed of other than by purchase or sale, describe the method of acquisition or disposition.*

Not applicable.

Item 5 – Purpose of the Transaction

State the purpose or purposes of the acquiror and any joint actors for the acquisition or disposition of securities of the reporting issuer. Describe any plans or future intentions which the acquiror and any joint actors may have which relate to or would result in any of the following:

- (a) the acquisition of additional securities of the reporting issuer, or the disposition of securities of the reporting issuer;
- (b) a corporate transaction, such as a merger, reorganization or liquidation, involving the reporting issuer or any of its subsidiaries;
- (c) a sale or transfer of a material amount of the assets of the reporting issuer or any of its subsidiaries;
- (d) a change in the board of directors or management of the reporting issuer, including any plans or intentions to change the number or term of directors or to fill any existing vacancy on the board;
- (e) a material change in the present capitalization or dividend policy of the reporting issuer;
- (f) a material change in the reporting issuer's business or corporate structure;

- (g) a change in the reporting issuer's charter, bylaws or similar instruments or another action which might impede the acquisition of control of the reporting issuer by any person or company;
- (h) a class of securities of the reporting issuer being delisted from, or ceasing to be authorized to be quoted on, a marketplace;
- (i) the issuer ceasing to be a reporting issuer in any jurisdiction of Canada;
- (j) a solicitation of proxies from securityholders;
- (k) an action similar to any of those enumerated above.

The Acquiror acquired the securities described herein for investment purposes and in accordance with applicable securities laws, the Acquiror may, from time to time and at any time, acquire additional Shares and/or other equity, debt or other securities or instruments (collectively, "Securities") of the Issuer in the open market or otherwise, and reserves the right to dispose of any or all of its Securities in the open market or otherwise at any time and from time to time, and to engage in similar transactions with respect to the Securities, the whole depending on market conditions, the business and prospects of the Issuer and other relevant factors.

Item 6 – Agreements, Arrangements, Commitments or Understandings With Respect to Securities of the Reporting Issuer

Describe the material terms of any agreements, arrangements, commitments or understandings between the acquiror and a joint actor and among those persons and any person with respect to securities of the class of securities to which this report relates, including but not limited to the transfer or the voting of any of the securities, finder's fees, joint ventures, loan or option arrangements, guarantees of profits, division of profits or loss, or the giving or withholding of proxies. Include such information for any of the securities that are pledged or otherwise subject to a contingency, the occurrence of which would give another person voting power or investment power over such securities, except that disclosure of standard default and similar provisions contained in loan agreements need not be included.

Not applicable.

Item 7 – Change in Material Fact

If applicable, describe any change in a material fact set out in a previous report filed by the acquiror under the early warning requirements or Part 4 in respect of the reporting issuer's securities.

Not applicable.

Item 8 – Exemption

If the acquiror relies on an exemption from requirements in securities legislation applicable to formal bids for the transaction, state the exemption being relied on and describe the facts supporting that reliance.

Not applicable.

Item 9 – Certification

Certificate

I, as the Acquiror, certify, or I, as the agent filing this report on behalf of the Acquiror, certify to the best of my knowledge, information and belief, that the statements made in this report are true and complete in every respect.

DATED this 15th day of January 2026.

OR ROYALTIES INC.

(s) André Le Bel

André Le Bel
Vice President, Legal Affairs and Corporate Secretary