



**Notice of Annual
Meeting of Shareholders**

Management Information Circular
October 27, 2015

October 27, 2015

Dear Shareholder:

On behalf of the Board of Directors and Management of Falco Resources Ltd., we would like to invite you to attend the annual meeting of shareholders:

Date: Tuesday, November 24, 2015
Time: 3:00 p .m. (Eastern Standard Time)
Location: 1, Place Ville Marie, Suite 4000, Montréal, Québec, H3B 4M4

The enclosed Management Information Circular contains information about voting instructions, the business of the meeting, the nominated directors, corporate governance practices and how the Corporation compensates its executives and directors. At the meeting, we will also discuss highlights from the past year and some of our plans for the future.

Your participation in the affairs of the Corporation is important to us. Please take this opportunity to exercise your vote, either in person at the meeting or by completing and returning your proxy form.

We look forward to seeing you at the meeting.

“Sean Roosen”

Sean Roosen
Chairman of the Board

Table of Contents

PART 1: VOTING INFORMATION	4
Who can vote?.....	4
How to vote?	4
Revoking Your Proxy	8
Electronic Delivery of Material.....	8
PART 2: BUSINESS OF THE MEETING	9
1. Receipt of Financial Statements	9
2. Election of Directors	9
3. Appointment of Auditor	15
PART 3: ABOUT FALCO	16
Corporate Governance Practices.....	16
Role of the Board of Directors.....	17
Committees of the Board	19
Sustainability Charter	21
PART 4: DIRECTOR COMPENSATION	22
PART 5: EXECUTIVE COMPENSATION	25
Report of the Compensation Committee	25
Compensation Discussion and Analysis.....	26
Total Direct Compensation	28
Summary Compensation	30
Incentive Plan Awards	31
Termination and Change of Control Benefits	33
Securities Authorized For Issuance Under Equity Compensation Plans	33
Other Compensation Matters	34
PART 6: OTHER INFORMATION	34
Indebtedness of Directors and Executive Officers	34
Interest of Informed Persons in Material Transactions	34
Shareholder Rights Plan	34
Management Contracts	35
Other Matters.....	35
Shareholder Proposals for the 2016 Annual Meeting	35
Additional Information	35
Approval of Directors	35
APPENDIX A: REPORTING PACKAGE	36
APPENDIX B: AUDIT COMMITTEE MANDATE	39

NOTICE OF ANNUAL GENERAL AND SPECIAL 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, Montreal, Québec, H3B 4M4, on Tuesday, November 24, 2015, at 3:00 p.m. (Eastern Standard Time), for the following purposes:

1. To receive the audited financial statements of the Corporation for the year ended June 30, 2015, together with the report of the Auditors thereon;
2. To elect seven (7) directors of the Corporation for the ensuing year;
3. To appoint PricewaterhouseCoopers LLP, Chartered Professional Accountants, as the as the Corporation’s independent auditors for the fiscal year 2016 and to authorize the directors to fix their remuneration; and
4. 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 Management Information 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 23, 2015 (the “**record date**”). For information on how you may vote, please refer to Part 1 of this Management Information Circular.

Montreal, Québec

October 27, 2015

By Order of the Board of Directors,

“Sean Roosen”

Sean Roosen
Chairman 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 24, 2015 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 Management Information Circular (the “**Circular**”) is given as at October 23, 2015.

PART 1: VOTING INFORMATION

Who can vote?

Registered and beneficial shareholders

You have the right to vote if you owned Common Shares of the Corporation on October 23, 2015, which is known as the record date. 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, TMX Equity Transfer Services (“**TMX Equity**”). 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 23, 2015, the Corporation had 99,730,657 Common Shares issued and outstanding.

To the knowledge of the directors and executive officers of the Corporation, as of October 23, 2015, 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 Shares	Percentage of Issued Capital
Osisko Gold Royalties Ltd	11,957,255	11.99%

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. (Montreal time) on November 20, 2015.

If the meeting is postponed or adjourned, we must receive your completed form of proxy by 5:00 p.m. (Montreal 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 Chairman of the Meeting at his discretion and he is under no obligation to accept or reject a late proxy. The Chairman 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 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, TMX Equity Transfer Services, Attention: Proxy Department, at 1-416-595-9593.

Mail

Complete, sign and date the form and return it in the envelope provided, or send it to: TMX Equity, Attention: Proxy Department, 200 University Avenue, Suite 300, 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 TMX Equity when he or she arrives at the meeting.

Attending the meeting in person

When you arrive at the meeting, see a representative of TMX Equity 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 CDS Clearing and Depository Services Inc., 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 Beneficial Shareholder 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.

Pursuant to the provisions of Regulation 54-101, the Corporation is providing the Notice of Meeting, Circular and Proxy or VIF, as applicable, to both registered Shareholders of the securities and non-registered Shareholders of the securities. If you are a non-registered owner, and the Corporation or its agent has sent these materials directly to you, your name and address and information about your holdings of securities, have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding 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 non-registered owner of the securities, you can expect to receive a scannable VIF from TMX Equity. Please complete and return the VIF to TMX Equity in the envelope provided or by facsimile. In addition, telephone voting and internet voting instructions can be found on the VIF. TMX Equity will tabulate the results of the VIFs received from the Corporation’s NOBOs and will provide appropriate instructions at the Meeting with respect to the common shares represented by the VIFs they receive.

The Corporation’s OBOs can expect to be contacted by Broadridge or their brokers or their broker’s agents as set out above. The Corporation does not intend to pay for intermediaries to deliver the Notice of Meeting, Circular and VIF to OBOs and accordingly, if the OBO’s intermediary does not assume the costs of delivery of those documents in the event that the OBO wishes to receive them, the OBO may not receive the documentation.

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 to submit to the Corporation or an applicable intermediary any document in writing that requests that the NOBO or a nominee of the NOBO be appointed as proxyholder. If such a request is received, the Corporation or an intermediary, as applicable, must arrange, without expenses to the NOBO, to appoint such NOBO 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 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. (Montreal 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 a nominee of the NOBO 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, TMX Equity, unless specifically stated otherwise.

Revoking Your Proxy

Registered shareholders

You can revoke a vote you made by proxy in 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 TMX Equity, so they receive it by 3:00 p.m. (Montreal time) on November 20, 2015;
2. Send a notice in writing from you or your attorney to our Investor Relations department by 3:00 p.m. (Montreal time) on November 20, 2015; or
3. Provide a notice in writing from you or your attorney to the Chairman of the meeting at the meeting or, if it is adjourned, when the meeting resumes.

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 TMX Equity. 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 2016, 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. Some households may receive multiple copies of the Corporation's annual financial statements and MD&A in Shareholder mailings as a result of having multiple registered Shareholders residing at that address.

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, 2015, together with the report of the Auditors thereon;
2. Elect seven (7) directors of the Corporation for the ensuing year;
3. Appoint PricewaterhouseCoopers LLP, Chartered Professional Accountants, as the Auditor of the Corporation, and to authorize the directors to fix the remuneration to be paid to the Auditor; and
4. Transact such further or other business as may properly come before the meeting or any adjournment or adjournments thereof.

1. Receipt of Financial Statements

The audited financial statements of the Corporation for the financial year ended June 30, 2015 and the report of the auditors 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, 2015 are available on SEDAR (www.sedar.com) as well as on the Corporation's website (www.falcores.com).

2. Election of Directors

Management of the Corporation 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 seven (7) 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.

Since the last annual and special meeting of the Shareholders of the Corporation held on December 23, 2014, Mr. Trent Mell stepped down as President and Chief Executive Officer and as a director of the Corporation on February 17, 2015 and Mr. René Marion resigned as a director on May 27, 2015. As for Mr. Mario Caron and Mrs. Hélène Cartier, they are not currently directors of the Corporation.

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 23, 2015. All nominees have served continuously as director of the Corporation since their appointment or first election in such capacity, **with the exception of Mr. Mario Caron and Mrs. Hélène Cartier, being, as indicated above, new nominees proposed for election as directors of the Corporation.**

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.

Mario Caron, 61
Toronto, Ontario
Canada

Director since: New Nominee

Independent⁽¹⁾

Mr. Mario Caron is a mining executive with over 35 years of experience in the mining industry including board and management expertise in operations, development, exploration, and capital markets as well as government relations with companies having projects in the Americas, Africa and South-East Asia. From November 2011 to July 2013, he served as Chief Executive Officer and Director of Aldridge Minerals Inc., a company developing a polymetallic VMS deposit in Turkey. Mr. Caron previously held similar positions, Chief Executive Officer and Director, with Axmin Inc., a company with a gold project in the Central African Republic and Tiberon Minerals Ltd., the developer of a tungsten/fluorspar mine in Vietnam. Mr. Caron is also a former Vice President Mining and Infrastructure with PricewaterhouseCoopers Securities Inc. Mr. Caron is currently a Director of Adventure Gold Inc., Algold Resources Ltd. and Alloycorp Mining Inc. Over the last five years, Mr. Caron was a Director of Aldridge Minerals Inc., Andean American Gold Corp., First Uranium Corporation, Marengo Mining Limited, Orosur Mining Inc., Maya Gold & Silver Inc. and Vaaldiam Mining Inc.

Mr. Caron received his Bachelor of Engineering, Mining at McGill University and is a member of the Quebec Order of Engineers and the Association of Professional Engineers of Ontario.

Securities Held
Shares: Nil

Member
N/A

Meeting Attendance in 2015
N/A

Other Directorships
Adventure Gold Inc.
Algold Resources Ltd.
Alloycorp Mining Inc.

Duration
August 2014 – Present
November 2014 – Present
May 2014 – Present

Note:

(1) "Independent" refers to the standards of independence established in Regulation 52-110 respecting Audit Committees ("Regulation 52-110").

Hélène Cartier, 52
St-Lambert, Québec
Canada

Director since: New Nominee

Independent⁽¹⁾

Mrs. Hélène Cartier was Vice-president, Environment and Sustainable Development at Osisko Mining Corporation from 2011 to 2013. From 2013 to 2015 Mrs. Cartier was Deputy Manager of La rue des Femmes de Montréal (Shelter for homeless women). She holds a degree in industrial engineering from École Polytechnique of Montréal and a bachelor degree in Law from Université de Montréal. She has several years of progressive experience in the mining industry.

Securities Held

Shares: Nil

Member

N/A

Meeting Attendance in 2015

N/A

Other Directorships

None

Duration

N/A

Note:

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

James Davidson, 65
Saskatoon, Saskatchewan
Canada

Director since March 23, 2010

Not Independent⁽¹⁾

Mr. James Davidson (CPA, CA) is a co-founder of the Corporation and has been Chief Financial Officer from March 23, 2010 to April 13, 2015. From April 23, 2014 to July 2, 2014, he served as the Corporation's Interim Chief Executive Officer and President and resumed his role as Chief Financial Officer on July 2, 2014. Mr. Davidson has over 40 years of experience starting with Deloitte & Touche. He is currently interim Chief Financial Officer of the Canadian Conference of Mennonite Brethren Churches and is former Vice President Finance and Chief Financial Officer of Great Western Minerals Group Ltd. and Athabasca Potash Ltd., the latter which was acquired by BHP Billiton. He has also held a number of senior management and project accounting positions with Weyerhaeuser Company in the United States and Canada.

Securities Held

Shares: 450,000

Options: 692,778

Member

Board

Audit Committee

Meeting Attendance in 2015

12 of 12

4 of 4

Other Directorships

None

Duration

N/A

Note:

(1) "Independent" refers to the standards of independence established in Regulation 52-110. Mr. Davidson ceased to act as Chief Financial Officer of the Corporation following the appointment of his successor, Mr. Vincent Metcalfe, on April 13, 2015.

Claude Ferron, 55Oakville, Ontario
Canada

Director since: December 23, 2014

Independent⁽¹⁾

Mr. Claude Ferron (P. Eng.) has over 30 years of experience in mining and mineral processing. From 2006 to 2012, he was Chief Operating Officer for Glencore Canada Corporation (formerly known as Xstrata Copper Canada Corporation), where he was responsible for mining, smelting, refining and recycling operations. During this period he was also a member of Xstrata Copper's global EXCO. From 2004 to 2006 he was President at Falconbridge's Canadian Copper & Recycling Division. Prior to this he held a number of technical and managerial roles with increasing responsibility at Noranda and Falconbridge's North American base metal mining and metallurgical operations from 1981 to 2004.

Securities Held

Shares: Nil

Options: 260,000

Member

Board

Audit Committee

Compensation Committee

Meeting Attendance in 2015⁽²⁾

4 of 4

2 of 2

2 of 2

Other Directorships

KGHM International

Duration

February 2013 – Present

Notes:*(1) "Independent" refers to the standards of independence established in Regulation 52-110.**(2) Following his election as director of the Corporation and member of the Audit and Compensation Committees, he attended all meetings.*

Paul-Henri Girard, 59Lac St-Jean, Québec
Canada

Director since May 13, 2014

Not Independent⁽¹⁾

Mr. Paul-Henri Girard (B.A.Sc., Mining Eng.) is a Mining Engineer with extensive hands-on experience planning and operating Canadian mines. Mr. Girard started his career with Minnova Inc. (formerly known as Falconbridge Copper Limited) as a mining engineer in 1980, and moved to Agnico Eagle Mines Limited ("Agnico Eagle") in 1987 as Chief Engineer of LaRonde Mine in Québec. Mr. Girard held increasingly senior positions with Agnico Eagle, eventually retiring from the position of Vice-President Canadian Operations in 2012. During his 25 years at Agnico Eagle, Mr. Girard was instrumental in the development of its flagship LaRonde mine and in the advancement of the Goldex and Lapa mines in Québec. Mr. Girard was an integral part of a successful senior management team that oversaw the growth of Agnico Eagle from 400 employees to over 4,000 employees at the time of his retirement. He is a Director of Sodémex Développement S.E.C. since May 2013. From June 23, 2014 to August 25, 2015, he served as a director of Eagle Hill Exploration Corporation.

Securities Held

Shares: 80,000

Options: 495,000

Member

Board

Audit Committee

Compensation Committee

Meeting Attendance in 2015⁽²⁾

11 of 12

2 of 2

1 of 1

Other Directorships

None

Duration

N/A

Notes:

(1) "Independent" refers to the standards of independence established in Regulation 52-110. Mr. Girard was a consultant of Falco from January 2013 to April 2015, and he received a compensation greater than \$75,000 for a period of 12 months.

(2) Following his election as director of the Corporation and member of the Audit and Compensation Committees, he attended all meetings.

Luc Lessard, 51

Montreal, Québec
Canada

Director since: December 23, 2014

Not Independent⁽¹⁾

Mr. Luc Lessard (B.Sc. Mining engineering from Université Laval) has more than 25 years' experience in the mining industry. On February 17, 2015 he was appointed President and Chief Executive Officer of Falco. Mr. Lessard was appointed Senior Vice-President of Osisko Gold Royalties Ltd in June 2015. He is also President and Director of Osisko Mining Group Inc. Mr. Lessard was Senior Vice President and Chief Operating Officer of Osisko Mining Corporation from 2011 to 2014, after serving as Vice President Engineering and Construction from September 2007 to March 2011. From January 2000 to November 2006, he was General Manager of Project and Construction for Cambior Inc., and then Vice President of Engineering and Construction for IAMGOLD Corporation following their acquisition of Cambior Inc. in November 2006, until his departure in 2007. Mr. Lessard has been a member of the Board of Directors of Nighthawk Gold Corp. since July 2013 and was appointed to the Board of Directors of Timmins Gold Corp. in July 2014.

Securities Held

Shares: 250,000
Options: 1,100,000

Member

Board

Meeting Attendance in 2015⁽²⁾

4 of 4

Other Directorships

Nighthawk Gold Corp.
Timmins Gold Corp.

Duration

July 2013 – Present
July 2014 – Present

Notes:

(1) "Independent" refers to the standards of independence established in Regulation 52-110. Following his appointment as President and Chief Executive Officer of the Corporation effective February 17, 2015, Mr. Lessard no longer meets the standards of independence.

(2) Following his election as director of the Corporation, he attended all meetings of the Board.

Sean Roosen, 52

Montreal, Québec
Canada

Director since September 11, 2014

Independent⁽¹⁾

Mr. Roosen has been the Chairman of the Board of the Corporation since September 11, 2014 and has been the Chair of the Board and Chief Executive Officer of Osisko Gold Royalties Ltd since April 2014. Prior to this, he was President and Chief Executive Officer of Osisko Mining Corporation, which he co-founded. He was a guiding force in transforming Osisko Mining Corporation from a junior exploration company to a leading intermediate gold producer. Over that period, he was responsible for developing the permitting and financing strategy to bring the \$1 billion Canadian Malartic Mine into production. Mr. Roosen has held numerous roles in the mining industry both domestically and internationally and is also a director of Astur Gold Corp., Bowmore Exploration Ltd., Condor Petroleum Inc., Dalradian Resources Inc., NioGold Mining Corp. and Oban Mining Corporation. Mr. Roosen is a graduate of the Haileybury School of Mines.

Securities Held

Shares: 675,823
Options: 418,889

Member

Board

Meeting Attendance

7 of 7

Other Directorships

Astur Gold Corp.
Bowmore Exploration Ltd.
Condor Petroleum Inc.
Dalradian Resources Inc.
NioGold Mining Corp.
Oban Mining Corporation
Osisko Gold Royalties Ltd.

Duration

August 23, 2010 – Present
June 30, 2009 – Present
March 31, 2011 – Present
July 19, 2010 – Present
August 28, 2014 – Present
August 20, 2015 – Present
April 29, 2014 – Present

Notes:

- (1) “Independent” refers to the standards of independence established in Regulation 52-110. Sean Roosen, a director and the Chairman of the Board of the Corporation, is also a shareholder and the Chair of the Board and Chief Executive Officer of Osisko Gold Royalties Ltd. While this makes him an insider of the Corporation, the Board of Directors has concluded that Mr. Roosen is independent.
- (2) Following his election as director of the Corporation, he attended all meetings of the Board.

Director Independence

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

As of the date of this Circular, two (2) of the Corporation’s five (5) directors are independent. The Board has determined that it is the best interests of the Corporation to achieve a majority independent Board members and therefore proposes the election of Mrs. Cartier and Mr. Caron.

Mr. Lessard, newly appointed President and Chief Executive Officer no longer meets the independence standards. Messrs. Davidson and Girard no longer serve as officers of the Corporation, however they are considered to have a material relationship as they have been executive officers of the Corporation within the last three (3) years. Regarding Mr. Roosen, Chair of the Board of Directors and Chief Executive Officer of Osisko Gold Royalties Ltd, which owns 11.99% of Falco’s issued and outstanding shares; thus making him an insider of the Corporation, the Board concluded that Mr. Roosen is independent. As such, Messrs. Caron, Ferron and Roosen and Mrs. Cartier 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

Except as disclosed herein, to the knowledge of the Corporation, no proposed director:

- 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.

3. Appointment of Auditor

PricewaterhouseCoopers LLP will be nominated at the Meeting for appointment as auditors of the Corporation and remuneration to be fixed by the Board of Directors. PricewaterhouseCoopers LLP replaced the Corporation's former auditor Davidson & Company LLP, who resigned on May 26, 2015. The recommendation to appoint PricewaterhouseCoopers LLP, to fill the vacancy in the position of auditors was approved by the Board of the Directors of the Corporation.

The Corporation's determination to change auditors was not a result of any "reportable event" as such term is defined in *Regulation 51-102 respecting Continuous Disclosure Obligations* ("Regulation 51-102"). The auditors' report of PricewaterhouseCoopers LLP on the financial statements of the Corporation do not contain any reservations, and there have been no reportable events.

Enclosed with this Circular is a copy of the reporting package (as defined in Regulation 51-102) that has been filed with the requisite regulatory authorities. The reporting package attached hereto as Appendix A and forms part of this Circular. The reporting package consists of (i) Notice of Change of Auditor; (ii) Letter from Davidson & Company LLP (former auditor); and (iii) Letter from PricewaterhouseCoopers LLP (successor auditor).

Management recommends that Shareholders vote IN FAVOUR of the appointment of PricewaterhouseCoopers LLP, as auditors of the Corporation for the ensuing year, until the close of the next annual general meeting of shareholders, at a remuneration to be fixed by the directors. PricewaterhouseCoopers LLP was first appointed auditors of the Corporation on May 26, 2015.

PART 3: ABOUT FALCO

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 respects the rights of Shareholders and complies with the rules of the Canadian Securities Administrators ("CSA") and the TSX Venture Exchange.

The Board has adopted board and committee mandates as well as other policies and practices. Independent directors are expected to hold in-camera meetings at each quarter-end board meeting. A copy of the Corporation's Code of Business Ethics (the "**Code of Ethics**"), as well as Board and Committee mandates, are posted on Falco's website at www.falcores.com and can be requested via email at info@falcores.com.

The Board has not adopted policies on mandatory retirement or overboarding, on the belief that age or number of board seats are not, in themselves, determinants of a director's ability to make an effective contribution to the Corporation. Overboarding thresholds will be higher, for instance, for directors who are retired from active employment.

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

Falco is committed to adhering to high standards of corporate governance. Its Code of Ethics reflects its commitment to conduct its business in accordance with all applicable laws and regulations and the highest ethical standards. The Code of Ethics has been adopted by the Board and applies to every director, officer and employee of the Corporation. In addition, directors, officers and employees must also comply with corporate policies, including Falco's Disclosure Policy, Insider Trading Policy and Sustainability Charter.

The Code of Ethics requires high standards of professional and ethical conduct in its business dealings. Falco's reputation for honesty and integrity is integral to the success of its business and no person associated with the Corporation will be permitted to achieve results through violations of laws or regulations or through unscrupulous dealings. Falco's business activities are always expected to be conducted with honesty, integrity and accountability.

The Board of Directors monitors compliance with the Code of Ethics through its Audit Committee, which oversees the Corporation's anonymous whistleblower program. Any incidences of non-compliance would be reviewed by management and reported to the Audit Committee or the Board of Directors.

Activities that may give rise to conflicts of interest are prohibited unless specifically approved by the Board or the Audit Committee. To ensure that directors exercise independent judgment, each director must disclose all actual or potential conflicts of interest or material interest and refrain from voting on matters in which such director has a conflict of interest. The director must also excuse himself or herself from any discussion on the matter.

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 Chairman 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.

Mandates

Given most recent changes within the executive management team, written position descriptions are currently under development in order to customize them in accordance with the roles and responsibilities attributed to the Chairman of the Board, Lead Director and the Chief Executive Officer.

Essentially, the responsibilities of the Chairman include providing overall leadership to enhance the effectiveness of the Board; assisting the Board, committees and the individual directors in effectively understanding and discharging their duties and responsibilities; overseeing all aspects of the Board and committee functions to ensure compliance with Falco's corporate governance practices; acting as an adviser and confidant to the Chief Executive Officer and other executive officers; and ensuring effective communications between the Board and Management. The Chairman is also required to coordinate and preside at all meetings of the Board and Shareholders.

Given that the term of Mr. Neal Gordon was not renewed for re-election at the December 23, 2014 Annual and Special meeting of Shareholders, Mr. René Marion was appointed by the Board to serve as the successor Lead Director. The responsibilities of the Lead Director include ensuring the Board's independence from Management by, among other things, fostering open and candid discussions. Mr. Marion resigned as a director and Lead Director of the Corporation last May 27, 2015.

The responsibilities of the Chief Executive Officer include (subject to the oversight of the Board) general supervision of the business of the Corporation; providing leadership and vision to the Corporation; developing and recommending significant corporate strategies and objectives for approval by the Board; developing and recommending annual operating budgets for approval by the Board; and working with the Board on talent development and succession planning. The Chief Executive Officer communicates regularly with the Board to ensure that directors are being provided with timely and relevant information necessary to discharge their duties and responsibilities.

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 appetite for risk and also a determination of what constitutes an appropriate level of risk for the Corporation.

Board Effectiveness

On an annual basis, directors review the Board's performance and effectiveness as well as the effectiveness and performance of its committees. Effectiveness is subjectively measured by comparing actual corporate results with stated objectives. The contributions of individual directors are informally monitored by other Board members, bearing to mind the particular credentials of the individual and the purpose of originally nominating the individual to the Board.

The Board believes its corporate governance practices are appropriate and effective for the Corporation, given its size and scope of activities. The Corporation's corporate governance practices allow the Corporation to operate efficiently, with checks and balances that control and monitor Management and corporate functions without excessive administration burden.

Director Orientation and Education

At present, the Corporation does not provide a formal orientation program for new directors. New directors are briefed on the Corporation's current property holdings, 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 required. 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. Board members have full access

to the Corporation's records. Reference is made to the table under the heading "1. Election of Directors" for a description of the current principal occupations of the members of the Board.

Committees of the Board

There are currently three (3) standing committees of the Board: the Nominating and Corporate Governance Committee, the Audit Committee, and the Compensation Committee. Committee members are appointed by the Board. The roles and responsibilities of each Committee are set out in its Board-approved written mandate. Each committee mandate includes a description of the role and responsibilities of the Chair of the committee, which include presiding over meetings, reporting to the Board with respect to the activities of the committee, providing leadership and monitoring committee responsibilities set out in its mandate. Committees have the authority to retain legal and other advisors as appropriate and the Chairman of the Board is invited to attend all regularly scheduled Committee meetings as a guest. A copy of the mandate for each of the committees is posted on the Corporation's website at www.falcores.com.

Nominating and Corporate Governance Committee

The purpose of the Nominating and Corporate Governance Committee is to assist the Board in establishing and monitoring Falco's policies and practices relating to corporate governance and director nominations, identifying individuals qualified to become members of the Board and, in consultation with the Chairman of the Board, evaluating the performance of the Board and its Committees on an annual basis.

The Nominating and Corporate Governance Committee regularly reviews Falco's corporate governance practices and policies and, where appropriate, makes recommendations to the Board for changes thereto.

The Nominating and Corporate Governance Committee is responsible for proposing new nominees to the Board and its committees. In considering nominees to the Board, the Committee considers the size, composition and operation of the Board and reviews the independence, skills, qualifications and experience of candidates prior to making a recommendation to the Board.

The duties of the Nominating and Corporate Governance Committee were discharged by the Board of Directors for the 2015 financial year. The members of the Nominating and Corporate Governance Committee are Messrs. Claude Ferron (Chair), James Davidson and Paul-Henri Girard.

Compensation Committee

The primary purpose of the Compensation Committee is to enable the Corporation to recruit, retain and motivate employees and ensure conformity between compensation and other corporate objectives and review and recommend for Board consideration, all compensation packages, both present and future, for the Corporation's management and directors.

The Compensation Committee's responsibilities include developing an executive compensation strategy, reviewing the performance of the Corporation's senior executives, and making recommendations to the Board relating to executive compensation. The Committee reviews performance against personal and corporate objectives as part of a year-end evaluation of the performance of the Chief Executive Officer and other officers.

Grants pursuant to the Long-Term Incentive Plan may be recommended by the Compensation Committee but only the Board is authorized to approve awards and the Board may not re-price options and other awards.

The Compensation Committee met two (2) times during the most recently completed financial year. The members of the Compensation Committee are Messrs. Claude Ferron (Chair), James Davidson and Paul-Henri Girard.

Audit Committee

The purpose of the Audit Committee is to assist the Board in its oversight of the integrity of Falco's financial reporting process and the quality, transparency and integrity of its financial statements and other related public disclosures; the Corporation's internal controls over financial reporting; compliance with legal and regulatory requirements relevant to Falco's financial statements; the external auditors' qualifications and independence; and the performance of the internal audit function and the external auditors.

More particularly, the Committee oversees the Corporation's practices with respect to preparation and disclosure of financial related information, including through its oversight of the integrity of the quarterly and annual financial statements and management's discussion and analysis; compliance with accounting and finance-related legal requirements; the audit of the consolidated financial statements; the appointment and performance review of the independent auditors; the accounting and financial reporting practices and procedures including disclosure controls and procedures; the system of internal controls including internal controls over financial reporting and management of financial business risks that could materially affect Falco.

A copy of the Audit Committee's mandate is included as Appendix B to this Circular.

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.

The Audit Committee met four (4) times during the most recently completed financial year. The members of the Audit Committee are Messrs. James Davidson (Chair), Claude Ferron and Paul-Henri Girard.

Regulation 52-110 provides that a member of an audit committee is "independent" if the member has no direct or indirect material relationship with the Corporation, which could, in the view of the Board, reasonably interfere with the exercise of the member's independent judgment. Claude Ferron is "independent" within the meaning of Regulation 52-110.

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.

Mr. Davidson has been a chartered accountant since December 1980, and is an active member of the Canadian Institute of Chartered Accountants (Saskatchewan). He has a B.Comm. (1975) degree from the University of Saskatchewan in Saskatoon. His professional career spans 40 years, including his current role as Interim Chief Financial Officer of the Canadian Conference of Mennonite Brethren Churches. Prior to this, he was Vice-President Finance and Chief Financial Officer of Great Western Minerals Group Ltd. in Saskatoon, Saskatchewan 2010 to 2013 and was Chief Financial Officer of Athabasca Potash Inc. in Saskatoon, Saskatchewan from 2008 until 2010 and Site and Divisional Controllership positions with Weyerhaeuser Company (Pulp & Paper Sector) primarily in the United States.

Mr. Claude Ferron Claude Ferron has over 30 years of experience in mining and mineral processing. From 2006 to 2012, he was COO for Xstrata Copper Canada (now part of Glencore Canada Corporation), with responsibility for mining, smelting, refining and recycling operations. Mr. Ferron began his career as a metallurgist at the Horne operations and later assumed a number of technical and managerial roles with increasing responsibility at Noranda, Falconbridge and Xstrata.

Mr. Paul-Henri Girard was most recently Vice-President of Canadian Operations for Agnico Eagle Mines Limited. During his 25 years at Agnico, Mr. Girard was instrumental in the development of its flagship LaRonde mine and in the advancement of the Goldex and Lapa mines in Quebec. Mr. Girard was an integral part of a successful senior management team that oversaw the growth of Agnico from 400 employees to over 4,000 at the time of his retirement.

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 exemption in Section 2.4 of Regulation 52-110 (*De Minimis Non-audit Services*), or an exemption from Regulation 52-110, in whole or in part, granted under Part 8 of NI 52-110.

Pre-Approval Policies and Procedures

See Appendix B – Audit Committee Mandate for specific policies and procedures for the engagement of non-audit services.

External Auditor Service Fees (By Category)

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

Fees in Canadian dollars	2015⁽⁴⁾	2014⁽⁴⁾
Audit fees ⁽¹⁾	\$30,600	\$28,500
Audit-related fees ⁽²⁾	\$Nil	\$5,250
Tax fees ⁽³⁾	\$20,400	\$15,500
All other fees	\$Nil	\$Nil
Total	\$51,000	\$49,250

Notes:

- (1) The aggregate fees billed for audit services, including fees relating to the review of quarterly financial statements, statutory audits of the Corporation.
- (2) The aggregate fees billed for assurance and related services that are reasonably related to the performance of the audit or review of the Corporation's financial statements and are not disclosed in the "Audit Fees" row.
- (3) The aggregate fees billed for tax compliance, tax advice and tax planning services.
- (4) For the years ended June 30, 2014 and June 30, 2015, 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.

Sustainability Charter

Falco is committed to sustainable development and protecting people, the environment and communities. This commitment means that the Corporation strives to act consistently in all of its activities in relation to health and safety, the environment, community relations and social development.

The purpose of the Sustainability Charter is to provide a consistent approach to sustainability management across all of Falco’s activities. The Charter establishes the overarching vision for sustainable management within Falco and is supported by three core policies:

1. Health and Safety Policy
2. Environmental Policy
3. Corporate Social Responsibility Policy

Every employee, contractor, supplier and business partner has a responsibility to comply with the Corporation’s Sustainability Charter.

PART 4: DIRECTOR COMPENSATION

The following table discloses the particulars of the compensation provided to the non-executive directors of the Corporation for the financial year ended June 30, 2015:

Non-Executive Director Compensation (Year Ended June 30, 2015)

Name	Annual Fees – Cash (\$)	Share-Based Awards (\$)	Option-Based Awards ⁽¹⁾ (\$)	All Other Compensation (\$)	Total Compensation (\$)
Claude Ferron	7,500	Nil	67,288	Nil	74,788
Paul-Henri Girard ⁽²⁾	24,250	Nil	67,288	Nil	91,538
Luc Lessard ⁽³⁾	3,762	Nil	67,288	Nil	71,050
René Marion ⁽⁴⁾	7,500	Nil	67,288	Nil	74,788
Gordon Neal ⁽⁵⁾	13,752	Nil	Nil	Nil	13,752
Sean Roosen	16,687	Nil	108,408	Nil	125,095
Darin Wagner ⁽⁶⁾	4,381	Nil	Nil	Nil	4,381
James Davidson ⁽⁷⁾	6,250	Nil	Nil	Nil	6,250

Notes:

(1) Fair value of incentive stock option grants calculated using the Black-Scholes model based on the following assumptions for the fiscal year ended June 30, 2015:

Options Granted	Risk-Free Interest Rate	Expected Life	Expected Volatility	Expected Dividends
December 23, 2014	1.11%	3 years	100%	–

(2) Mr. Girard has been a director since his appointment on May 13, 2014.

(3) This compensation was paid to Mr. Lessard during his term as a non-executive director, namely from December 23, 2014 to February 17, 2015.

(4) This compensation was paid to Mr. Marion during his term as a non-executive director from December 23, 2014 to May 26, 2015. All unvested options granted to Mr. Marion were cancelled upon his resignation.

(5) This compensation was paid to Mr. Neal during his term as a non-executive director from July 1st to December 23, 2014. All unvested options granted to Mr. Neal were cancelled.

(6) This compensation was paid to Mr. Wagner during his term as a non-executive director from July 1st to August 25, 2014. All unvested options granted to Mr. Wagner were cancelled.

(7) This compensation was paid to Mr. Davidson during his term as a non-executive director from April 13 to June 30, 2015.

Narrative Discussion

The Corporation recognizes the contribution that its directors make to the Corporation and seeks to compensate them accordingly. The Compensation Committee is responsible for making recommendations as to director compensation for the Board's consideration and ultimate approval.

During the fiscal year ended June 30, 2015 the Directors' Compensation Policy mostly consisted of the following components:

Annual Retainer	
Chairman of the Board Retainer	\$24,000
Directors (non-executive/non-Chairman)	\$18,000
Chair Retainer - Audit and Compensation Committees	\$3,000
Chair Retainer – Nominating & Corporate Governance and Sustainability Committees	\$2,000
Lead Director Retainer	\$2,000
Committee Member Retainer (non-Chair)	\$1,000
Attendance Fees (per meeting)	
Board Meeting fees (non-executive)	\$500
Stock Options	
Chairman of the Board	\$57,000
Directors (non-executive/non-Chairman)	\$45,000

Following a review by the Board of Directors of the Director Compensation Policy, the following new plan took effect on April 1st, 2015.

Non-Executive Directors	
Cash Retainer	\$20,000
Stock Options (Value at grant)	\$60,000
Total Base Annual Director Fees	\$80,000
Base Fee + New Director Grant	\$130,000
Non-Executive Chairman	
Cash Retainer	\$35,000
Stock Options (Value at grant)	\$90,000
Total Base Annual Chairman Fees	\$125,000
Base Fee + New Director Grant	\$210,000
Incentives and Committee Cash Retainers	
New Director Incentive Grant (Value at grant)	\$50,000
New Chairman Incentive Grant (Value at grant)	\$85,000
New Lead Director Incentive Grant (Value at grant)	\$60,000
Lead Director Cash Retainer	\$5,000
Audit Chair Cash Retainer	\$3,000
Other Committee Chairs Cash Retainer	\$2,000
Committee Member Cash Retainer (excluding Chair)	\$1,000

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.

Named Executive Officers 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 Named Executive Officers in their capacity as executive officers.

Incentive Plan Awards

Outstanding Share-Based Awards and Option-Based Awards

The following table sets forth all awards outstanding for each of the non-executive directors of the Corporation as of June 30, 2015:

Name	Option-Based Awards			Share-Based Awards			
	Number of Securities Underlying Unexercised Options (#)	Exercise Price (\$)	Expiry Date	Value of Unexercised in-the-money Options ⁽¹⁾ (\$)	Number of Share-Based Awards – Unvested (#)	Market Value of Share-Based Awards – Unvested (\$)	Market Value of Share-Based Awards – Vested (\$)
Claude Ferron ⁽²⁾	260,000	0.45	2017-12-23	Nil	Nil	Nil	Nil
Paul-Henri Girard ⁽³⁾	300,000	0.45	2019-05-13	Nil	Nil	Nil	Nil
	195,000	0.45	2017-12-23	Nil	Nil	Nil	Nil
René Marion ⁽⁴⁾	260,000	0.45	2017-12-23	Nil	Nil	Nil	Nil
Sean Roosen	418,889	0.45	2017-12-23	Nil	Nil	Nil	Nil
Luc Lessard ⁽⁵⁾	260,000	0.45	2017-12-23	Nil	Nil	Nil	Nil

Notes:

- (1) The “value of unexercised in-the-money options” is calculated based on the difference between the closing price of \$0.395 for the Common Shares on the Exchange on June 30, 2015 and the exercise price of the options, multiplied by the number of unexercised options.
- (2) Mr. Claude Ferron was elected director of the Corporation on December 23, 2014.
- (3) Mr. Paul-Henri Girard was appointed director of the Corporation on May 13, 2014.
- (4) Mr. René Marion was elected director of the Corporation on December 23, 2014 and resigned on May 27, 2015. All unvested options granted to Mr. Marion were cancelled upon his resignation.
- (5) Mr. Luc Lessard was elected director of the Corporation on December 23, 2014 and on February 17, 2015 was appointed President and Chief Executive Officer.

Incentive Plan Awards - Value Vested or Earned During the Year

The following table sets forth the value of all incentive plan awards vested or earned by each non-executive director of the Corporation during the financial year ended June 30, 2015:

Name	Option Based Awards – Value Vested During the Year⁽¹⁾	Share Based Awards – Value Vested During the Year	Non-Equity Incentive Plan Compensation – Value Earned During the Year
Claude Ferron ⁽²⁾	Nil	Nil	Nil
Paul-Henri Girard ⁽³⁾	Nil	Nil	Nil
René Marion ⁽⁴⁾	Nil	Nil	Nil
Sean Roosen ⁽⁵⁾	Nil	Nil	Nil
Luc Lessard ⁽⁶⁾	Nil	Nil	Nil

Notes:

- (1) The “value vested during the year” is calculated based on the positive difference between the closing price for the Common Shares on the Exchange as of the date of vesting and the exercise price of the options, multiplied by the number of vested options. All options vest as to one third on each of the first, second and third anniversary of the date of the grant and the exercise price of such options was equal to the closing price of the Corporation’s shares as of the date of grant.
- (2) Mr. Claude Ferron was elected director of the Corporation on December 23, 2014.
- (3) Mr. Paul-Henri Girard was appointed director on May 13, 2014.
- (4) Mr. René Marion was elected director of the Corporation on December 23, 2014 and resigned on May 27, 2015.
- (5) Mr. Sean Roosen was appointed director on September 11, 2014.
- (6) Mr. Luc Lessard was elected director of the Corporation on December 23, 2014 and on February 17, 2015 he was appointed President and Chief Executive Officer.

PART 5: EXECUTIVE COMPENSATION

Report of the Compensation Committee

We are pleased to give you important background information and context to the executive compensation discussion and analysis that follows and the decisions made about executive compensation for 2015.

Our 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.

During 2015, the Corporation achieved significant milestones and the Board believes that the Corporation is well positioned to deliver on its strategic objectives in the year ahead. Here are some highlights of management’s 2015 accomplishments:

- ✓ In July 2014 the Corporation changed its name to Falco Resources Ltd.;
- ✓ On August 25, 2014, the Corporation completed the acceleration of certain callable common share purchase warrants for gross proceeds of \$1,026,000; the proceeds were applied to a land option agreement with the City of Rouyn-Noranda where Falco has signed a 5-year option agreement to acquire surface rights to land immediately north of the Horne 5 deposit and adjacent to the Horne smelter;
- ✓ On September 11, 2014, Mr. Sean Roosen was appointed as director and Chairman of the Board of Directors of the Corporation;
- ✓ On October 22, 2014, the Corporation completed a brokered private placement of flow-through shares and common shares for aggregate gross proceeds of \$10,000,032;
- ✓ At the annual and special meeting of Shareholders held on December 23, 2014, three (3) new independent directors were elected;
- ✓ On February 10, 2015, the Corporation inaugurated the drill program on the Horne 5 Deposit, which is intended to confirm historical drill data, upgrade the size and confidence level of the mineral resource estimate and provide material for metallurgical testing. Metallurgical testing will be conducted to establish recoveries for Au, Ag, Cu and Zn;

- ✓ On February 17, 2015, Mr. Luc Lessard was appointed President and Chief Executive Officer after Mr. Mell stepped down from the position. Mr. Mell was provided severance and accrued bonus provision of \$845,000 as required under the terms of his employment contract;
- ✓ On April 14, 2015, Mr. Vincent Metcalfe was appointed Chief Financial Officer, successor to Mr. James Davidson who concurrently resigned as Chief Financial Officer of Falco;
- ✓ On May 27, 2015, Mr. René Marion resigned as director of the Corporation;
- ✓ The Corporation was also continued under the provisions of the *Canada Business Corporations Act* in June 2015;

Our Approach to Compensation

The current compensation plan adopts a balanced approach between shorter-term results and longer-term strategic objectives and is designed with the following considerations in mind:

- Linking compensation to the Corporation’s performance;
- Emphasizing variable compensation that is contingent upon achievement of key business objectives;
- Compensating executives at a level and in a manner that ensures Falco is capable of attracting, motivating and retaining superior talent; and
- Aligning the interests of executive officers with the short- and long-term interests of Shareholders.

To strengthen the alignment between pay and performance, a significant percentage of the senior executive officers’ compensation is variable in nature, in the form of cash bonuses and stock options. As provided in the Long-Term Incentive Plan, approved by the Shareholders on December 23, 2014, variable compensation could include RSUs, PSUs or DSUs in the future. This would provide further flexibility in the design of executive compensation programs, including vesting criterion contingent on future performance. However, no RSUs, PSUs or DSUs were awarded to date.

Our compensation philosophy is to target the median total direct compensation of similar sized companies. For purposes of benchmarking, the Board has relied on the *2013 Bedford Remuneration Report for Board and Executive Roles* and input from professional recruiters.

Thank you for your ongoing trust and support. As always, we welcome your comments or questions, which you can submit via email to info@falcores.com.

Respectfully submitted by the Compensation Committee on behalf of the Board of Directors.

Compensation Discussion and Analysis

The Compensation Discussion and Analysis describes the Corporation’s compensation policies and practices for its NEOs (as defined below).

Named Executive Officers

In 2015, Falco’s Named Executive Officers (“NEOs”) were Mr. Trent Mell, the President and Chief Executive Officer from July 2nd, 2014 to February 17, 2015 (“**Former CEO**”), Mr. Luc Lessard, the successor President and Chief Executive Officer, effective February 17, 2015 (“**Successor CEO**”), Mr. James Davidson, Chief Financial Officer from July 2nd, 2015 to April 13, 2015 (“**Former CFO**”) and Mr. Vincent Metcalfe, the successor Chief Financial Officer, effective April 13, 2015 (“**Successor CFO**”). There were no other NEOs determined in 2015 with respect to Regulation 51-102.

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 and Sustainability Charter;
- 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 cannot 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.

Comparator Group

It is the Corporation's intention to provide competitive total compensation packages to executive officers to ensure senior Management is appropriately retained and engaged. Competitive peer or comparator group data is used as general guidance to establish NEO compensation targets. At this time, the Corporation has not delineated a definitive list of comparator companies but instead relies on aggregated data prepared by third parties. This practice is expected to evolve in the year in progress.

Total Compensation Components

The Compensation Committee believes that the objective of NEO compensation practices should be to target a ratio of total direct compensation (as hereinafter defined) of similar sized companies. For purposes of benchmarking, the Board has relied on the *2013 Bedford Remuneration Report for Board and Executive Roles* and input from professional recruiters. Total Direct Compensation is the total of base salary (or consulting fees), annual incentive bonus (STI) and the value of equity-linked long term incentive compensation (LTI).

Element	Description	Objective
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

Reviewing Performance

The 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.

The Compensation Committee use their judgement to assess the performance of NEOs relative to the strategic plan, annual business plan and budget. The Compensation Committee has not established a formal set of benchmarks or performance criteria to be met by NEOs.

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.

Hedging

The NEOs and directors are not permitted to purchase financial instruments, including for greater certainty, prepaid variable forward contracts, equity swaps, collars or units of exchange funds that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by the NEO or director.

Total Direct Compensation

The Corporation's executive officer 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 Chief Executive Officer recommends base salary adjustments to the Compensation Committee for the NEOs, other than himself, and other officers. The Committee determines the base salary adjustment for the Chief Executive Officer taking into consideration the performance of the 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.

Long-Term Incentives

In November 2014, the Board decided on a new long term incentive plan ("**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 LTIP consists of Deferred share units ("**DSUs**"), restricted share units ("**RSUs**"), Performance share units ("**PSUs**") and stock options which provide the Board with additional long term incentive mechanisms to align the interests of the directors, officers, employees or consultants of the Corporation with shareholder interests. The LTIP also provides for, among other things, a double-trigger accelerated vesting of awards in the event of a change in control, thereby aligning the Corporation's practices with current corporate governance best practices respecting a change in control. To date no DSUs, RSUs or PSUs have been awarded.

A copy of the LTIP can be requested from the Chief Financial Officer.

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 comparator group and align with the Corporation's compensation philosophy to target the market median.

In determining the number of stock 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 TSX Venture Exchange.

During the year ended June 30, 2015, the Board approved grants totaling 1,611,667 stock options for the Named Executive Officers:

Name	2015 Stock Options
Trent Mell, Former CEO ⁽¹⁾	418,889
Luc Lessard, Successor CEO ⁽²⁾	840,000
James Davidson, Former CFO ⁽³⁾	187,778
Vincent Metcalfe, Successor CFO ⁽³⁾	165,000

Notes:

- (1) Mr. Trent Mell who was appointed President and Chief Executive Officer of the Corporation on July 2nd, 2014, stepped down as President and Chief Executive Officer on February 17, 2015.
- (2) Mr. Luc Lessard was appointed President and Chief Executive Officer of the Corporation on February 17, 2015.
- (3) Mr. James Davidson ceased to act as a Chief Financial Officer upon the appointment of Mr. Vincent Metcalfe announced on April 13, 2015.

Current Senior Leadership Team

Luc Lessard – President and Chief Executive Officer

The Corporation entered into an employment agreement with an indefinite term with Mr. Luc Lessard to confirm the terms and conditions of his employment as President and Chief Executive Officer of the Corporation. The terms of the employment agreement provides for Mr. Luc Lessard to receive an annual base salary of \$260,000 and the granting of 840,000 stock options. Stock options have a 5-year term and will vest as to one third on each of the first, second and third anniversary of the date of the grant. Mr. Lessard is also entitled to a target bonus of 50% of base salary and a maximum bonus potential of 100% of base salary, contingent upon achieving corporate and/or personal objectives to be agreed upon with the Board.

Vincent Metcalfe, Chief Financial Officer

The Corporation entered into an employment letter with an indefinite term with Mr. Metcalfe to confirm the terms and conditions of his employment as Chief Financial Officer of the Corporation. The terms of the employment letter provides for Mr. Vincent Metcalfe to receive an annual base salary of \$112,500 and stock option grants to be annually awarded at a maximum potential of 40% of the base salary. Mr. Metcalfe was awarded upon his appointment 165,000 stock options at a 5-year term which will vest as to one third on each of the first, second and third anniversary of the date of the grant. Mr. Metcalfe is also entitled to a target bonus of up to 50% of the base salary, contingent upon achieving corporate and/or personal objectives to be agreed upon with the Board.

Summary Compensation

The following table sets out, for the three (3) most recently completed financial years, the compensation paid to or earned by each of the NEOs.

Summary Compensation Table

Name and Principal Position	Year	Salary (\$)	Share-Based Awards (\$)	Option-Based Awards ⁽¹⁾ (\$)	Non-Equity Incentive Plan Compensation		All Other Compensation (\$)	Total Compensation (\$)
					Annual Incentive Plan ⁽²⁾ (\$)	Long-Term Incentive Plan (\$)		
Trent Mell ⁽³⁾ Former CEO	2015	164,821	Nil	121,562	65,000	Nil	780,000 ⁽³⁾	1,131,383
	2014	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2013	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Luc Lessard ⁽⁴⁾ Successor CEO	2015	146,436	Nil	370,098	Nil	Nil	Nil	516,534
	2014	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2013	Nil	Nil	Nil	Nil	Nil	Nil	Nil
James Davidson ⁽⁵⁾ Former CFO	2015	61,806	Nil	54,485	60,659	Nil	129,983 ⁽⁵⁾	306,933
	2014	Nil	Nil	30,309	Nil	Nil	24,000	54,309
	2013	Nil	Nil	19,308	Nil	Nil	8,625	27,933
Vincent Metcalfe ⁽⁶⁾ Successor CFO	2015	42,188	Nil	51,069	Nil	Nil	Nil	93,257
	2014	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2013	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Notes:

- (1) Fair value of incentive stock option grants calculated using the Black-Scholes model based on the following assumptions:
(a) for the fiscal year ended June 30, 2015:

Options Granted	Risk-Free Interest Rate	Expected Life	Expected Volatility	Expected Dividends
December 23, 2014 (Directors)	1.11%	3 years	100%	-
December 23, 2014 (Officers)	1.44%	4 years	100%	-
March 4, 2015	0.91%	4 years	100%	-
June 2, 2015	0.81%	4 years	100%	-

- (b) for the fiscal year ended June 30, 2014:

Options Granted	Risk-Free Interest Rate	Expected Life	Expected Volatility	Expected Dividends
November 19, 2013	1.56%	5 years	100%	-
May 13, 2014	1.40%	5 years	100%	-

- (2) Short-term incentive cash bonus.
(3) Mr. Trent Mell served as the Corporation's Chief Executive Officer and President from July 2nd, 2015 to February 17, 2015. Pursuant to the terms of his employment contract, he was provided severance and accrued bonus provision of \$845,000.
(4) Mr. Luc Lessard was appointed as the Corporation's Chief Executive Officer and President, effective February 17, 2015.
(5) James Davidson served as the Corporation's Chief Financial Officer from July 2nd, 2014 to April 13, 2015. Pursuant to the terms of his consulting contract, he was provided severance of \$129,983.
(6) Vincent Metcalfe was appointed Chief Financial Officer of the Corporation, effective April 13, 2015.

Incentive Plan Awards

Outstanding Share-Based Awards and Option-Based Awards

The following table sets forth all compensation securities granted or issued to each Named Executive Officer by the Corporation as of June 30, 2015:

Name	Option-Based Awards			Share-Based Awards			
	Number of Securities Underlying Unexercised Options (#)	Exercise Price (\$)	Expiry Date	Value of Unexercised in-the-money Options ⁽¹⁾ (\$)	Number of Share-Based Awards – Unvested (#)	Market Value of Share-Based Awards – Unvested (\$)	Market Value of Share-Based Awards – Vested (\$)
Trent Mell ⁽²⁾ Former CEO	1,100,000 418,000	\$0.57 \$0.45	July 2, 2019 ⁽²⁾ Dec. 23,	Nil Nil	Nil	Nil	Nil
Luc Lessard ⁽³⁾ Successor	260,000 840,000	\$0.45 \$0.64	Dec. 23, 2017 Mar. 4, 2020	Nil Nil	Nil	Nil	Nil
James Davidson ⁽⁴⁾ Former CFO	230,000 175,000 100,000 187,778	\$0.30 \$0.40 \$0.45 \$0.45	Sept. 24, 2017 Nov. 19, 2018 May 13, 2019 Dec. 23, 2019	\$23,000 Nil Nil Nil	Nil	Nil	Nil
Vincent Metcalfe ⁽⁵⁾ Successor CFO	165,000	\$0.45	June 2, 2020	Nil	Nil	Nil	Nil

Notes:

- (1) The “value of unexercised in-the-money options” is calculated based on the difference between the closing price of \$0.395 for the Common Shares on the Exchange on June 30, 2015 and the exercise price of the options, multiplied by the number of unexercised options.
- (2) Mr. Trent Mell served as the Corporation’s President and Chief Executive Officer from July 2, 2014 to February 17, 2015. Following the termination of Mr. Mell, the expiry date was accelerated to February 17, 2016.
- (3) Mr. Luc Lessard was appointed President and Chief Executive Officer on February 17, 2015.
- (4) James Davidson served as the Corporation’s Chief Financial Officer from July 2, 2014 to April 13, 2015.
- (5) Vincent Metcalfe was appointed Chief Financial Officer on April 13, 2015.

Value Vested or Earned During the Year

The following table sets forth the value of all incentive plan awards vested or earned for each Named Executive Officer during the financial year ended June 30, 2015.

Name & Principal Positions	Option Based Awards – Value Vested During the Year ⁽¹⁾	Share Based Awards – Value Vested During the Year ⁽²⁾	Non-Equity Incentive Plan Compensation – Value Earned During the Year
Trent Mell ⁽²⁾ Former CEO	Nil	N/A	N/A
Luc Lessard ⁽³⁾ Successor CEO	Nil	N/A	N/A
James Davidson ⁽⁴⁾ Former CFO	Nil	N/A	N/A
Vincent Metcalfe ⁽⁵⁾ Successor CFO	Nil	N/A	N/A

Notes:

- (1) The “value vested during the year” is calculated based on the positive difference between the closing price for the Common Shares on the Exchange as of the date of vesting and the exercise price of the options, multiplied by the number of vested options. All options granted to the NEOs vest as to one third on each of the first, second and third anniversary date of grant and the exercise price of such options was equal to the closing price of the Corporation’s shares as of the date of grant.
- (2) Mr. Trent Mell served as the Corporation’s President and Chief Executive Officer from July 2nd, 2014 to February 17, 2015.
- (3) Mr. Luc Lessard was appointed President and Chief Executive Officer effective February 17, 2015.
- (4) Mr. James Davidson served as the Corporation’s Chief Financial Officer from July 2nd, 2014 to April 13, 2015.
- (5) Mr. Vincent Metcalfe was appointed Chief Financial Officer of the Corporation on April 13, 2015.

Pension Benefits

The Corporation does not have a pension plan that provides for payments or benefits to the NEOs at, following, or in connection with retirement.

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 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 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; **(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.

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 Stock Option Plan as at June 30, 2015:

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 security holders	7,125,557	\$0.47	2,385,009
Equity compensation plans not approved by security holders	N/A	N/A	N/A
Total	7,125,557	\$0.47	2,385,009

Note:

⁽¹⁾ Based on the total number of shares authorized for issuance under the Corporation's Stock Option Plan, less the number of stock options outstanding as at June 30, 2015.

Other Compensation Matters

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, 2,706,223 Common Shares representing approximately 2.85% of the issued and outstanding Common Shares. In addition, Osisko Gold Royalties Ltd owns 11,957,255 Common Shares representing approximately 12.57% of the issued and outstanding Common Shares. Mr. Sean Roosen, a director of the Corporation is an officer, director and shareholder of Osisko Gold Royalties Ltd and Mr. Luc Lessard, Chief Executive Officer, President and Director of the Corporation is also an officer of Osisko Gold Royalties Ltd.

PART 6: OTHER INFORMATION

Indebtedness of Directors and Executive Officers

As of October 23, 2015, no director, officer or employee of the Corporation or any of their respective associates, has been indebted, or is presently indebted, to the Corporation or any of its subsidiaries.

Interest of Informed Persons in Material Transactions

To the knowledge of Management of the Corporation, no director or executive officer of the Corporation, no person who beneficially owns, controls or directs, directly or indirectly, Common Shares carrying 10% or more of the voting rights attached to all outstanding Common Shares (each of the foregoing being an "**Informed Person**"), no director or executive officer of an entity that is itself an Informed Person or a subsidiary of the Corporation, no proposed director of the Corporation, and no associate or affiliate of the foregoing has any material interest, direct or indirect, in any transaction since the beginning of the Corporation's last completed financial year or in any proposed transaction which, in either case, has materially affected or would materially affect the Corporation or any of its subsidiaries.

Shareholder Rights Plan

The Corporation originally adopted a shareholder rights plan agreement with Equity Financial Trust Company (the "**Original Shareholder Rights Plan**") which was ratified by the Shareholders on December 5, 2013. On July 14, 2014, the Corporation adopted and entered into a new shareholder rights plan agreement with Equity Financial Trust Company (the "**New Shareholder Rights Plan**") which was

approved by the TSX Venture Exchange and was subject to ratification by the Shareholders. On November 26, 2014, the Board of Directors decided to withdraw the New Shareholder Rights Plan and consequently, the Original Shareholder Rights Plan is still in effect and will expire on the day immediately following the Corporation's annual meeting of Shareholders in 2016.

Management Contracts

Other than management service arrangements made at arm's length between the Corporation, Osisko Gold Royalties Ltd and Osisko Mining Group Inc., (a subsidiary of Osisko Gold Royalties Ltd), with respect to technical, corporate, administrative and clerical and office services, 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. No written agreement between the Corporation, Osisko Gold Royalties Ltd and Osisko Mining Group Inc. has been prepared as of the date of this Circular.

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.

Shareholder Proposals for the 2016 Annual Meeting

The final date for submitting Shareholder proposals to the Corporation for the next Annual Meeting of the Shareholders is July 29, 2016.

Additional Information

Additional information regarding the Corporation and its business activities is available on SEDAR at www.sedar.com. The Corporation's audited financial statements and management discussion and analysis (MD&A) for the financial year ended June 30, 2015, a copy of which may be obtained upon request from Vincent Metcalfe, Chief Financial Officer, 1100, Avenue des Canadiens-de-Montréal, Suite 300, Montréal, Québec, H3B 2S2 or by e-mail to info@falcores.com.

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 Toronto, Ontario, the 27th day of October, 2015.

ON BEHALF OF THE BOARD
OF FALCO RESOURCES LTD.

"Luc Lessard"
Luc Lessard
President, Chief Executive Officer
and Director

APPENDIX A: REPORTING PACKAGE



NOTICE OF CHANGE OF AUDITORS

TO: Alberta Securities Commission
British Columbia Securities Commission
PriceWaterhouseCoopers LLP ("PWC")
Davidson & Company LLP ("Davidson")

Falco Resources Ltd. (the "**Corporation**") gives the following notice in accordance with Section 4.11 of National Instrument 51-102 *Continuous Disclosure Obligations* ("**NI 51-102**"):

1. At the request of the Corporation, Davidson has resigned as auditors of the Corporation for the current fiscal year, ending June 30, 2015;
2. Following such resignation, the Corporation appointed PWC as the successor auditors of the Corporation for the current fiscal year, ending June 30, 2015;
3. The replacement of Davidson as auditors of the Corporation and the nomination of PWC have been approved by the Audit Committee and by the Board of Directors of the Corporation on May 26, 2015;
4. Davidson's auditor's report on the Corporation's financial statements for the year ended June 30, 2014 did not contain any reservation; Davidson did not audit nor review any financial statements of the Corporation after June 30, 2014;
5. There have been no reportable events as such term is defined in NI 51-102 for its two most recently completed fiscal years and ending on the date of resignation; and
6. The content of the notice of change of auditors has been reviewed and approved by the Board of Directors of the Corporation.

DATED as of the 9th day of June, 2015.

Falco Resources Ltd.

"*Vincent Metcalfe*"

Per: _____
Vincent Metcalfe,
Chief Financial Officer

June 10, 2015

Alberta Securities Commission

British Columbia Securities Commission

Dear Sirs / Mesdames:

Re: Falco Resources Ltd. (the "Company")
Notice Pursuant to NI 51 – 102 of Change of Auditor

In accordance with National Instrument 51-102, we have read the Company's Change of Auditor Notice dated June 9, 2015 and agree with the information contained therein, based upon our knowledge of the information at this date.

Should you require clarification or further information, please do not hesitate to contact the writer.

Yours very truly,

"DAVIDSON & COMPANY LLP"

DAVIDSON & COMPANY LLP
Chartered Accountants

cc: TSX Venture Exchange



1200 - 609 Granville Street, P.O. Box 10372, Pacific Centre, Vancouver, B.C., Canada V7Y 1G6
Telephone (604) 687-0947 Fax (604) 687-6172



June 12, 2015

To: Alberta Securities Commission
British Columbia Securities Commission

We have read the statements made by Falco Resources Ltd in the attached copy of change of auditor notice dated June 9, 2015, which we understand will be filed pursuant to Section 4.11 of National Instrument 51-102, Continuous Disclosure Obligation ("NI 51-102").

We agree with the statements in the change of auditor notice dated June 9, 2015, except that we have no basis to agree or disagree with the following statements: "There have been no reportable events as such term is defined in NI 51-102".

Yours very truly,

PricewaterhouseCoopers LLP

Partnership of Chartered Professional Accountants

PricewaterhouseCoopers LLP/s.r.l./s.e.n.c.r.l.
1250 René-Lévesque Boulevard West, Suite 2800, Montréal, Québec, Canada H3B 2G4
T: +1 514 205 5000, F: +1 514 876 1502, www.pwc.com/ca

*PwC refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.

APPENDIX B: AUDIT COMMITTEE MANDATE

PURPOSE

The Audit Committee (the “**Committee**”) is a committee of the Board of Directors (the “**Board**”) charged with oversight of financial reporting as well as related disclosure, internal controls, regulatory compliance and risk management functions.

COMPOSITION

The members of the Committee shall be appointed annually by the Board on the recommendation of the Nominating and Corporate Governance Committee. The Chair shall be elected by the members of the Committee. The Committee shall consist of a minimum of three directors of the Company, the majority of which must be independent directors. Independence is defined by applicable Canadian laws and regulations as well as the rules of relevant stock exchanges (the “**Applicable Laws**”). At a minimum, each Committee member shall have no direct or indirect relationship with the Company that could, in the opinion of the Board, reasonably interfere with the exercise of a Committee member’s independent judgment (except as otherwise permitted by Applicable Laws).

QUALIFICATIONS & EXPERIENCE

Each member of the Committee must be financially literate, meaning that the director has the ability to read and understand a set of financial statements that present the breadth and level of complexity of accounting issues that can reasonably be expected to be raised by the Company’s financial statements.

At least one member of the Committee shall be a ‘financial expert’ within the meaning of Applicable Laws. The financial expert should have the following competencies:

- An understanding of financial statements and accounting principles used by the Company to prepare its financial statements;
- The ability to assess the general application of such accounting principles in connection with the accounting for estimates, accruals and reserves;
- Experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity comparable to the Company’s financial statements, or experience actively supervising one or more persons engaged in such activities;
- An understanding of internal controls and procedures for financial reporting; and
- An understanding of audit committee functions.

RISK OVERSIGHT

In addition to the specific responsibilities enumerated below, the Committee shall be responsible for reviewing financial risks of the business and overseeing the implementation and evaluation of appropriate risk management practices. This will involve inquiring with management regarding how financial risks are managed and seeking opinions from management and the independent auditor regarding the adequacy of risk mitigation strategies.

COMMITTEE RESPONSIBILITIES

In addition to such other duties as may be delegated by the Board, the Committee shall:

1. *Financial Statements:* Review the Company's interim and annual financial statements, MD&A and related press releases and recommend Board approval of such documents.
2. *Variances:* Obtain explanations from management for significant variances between comparative reporting periods and question management and the independent auditor regarding any significant financial reporting issues raised during the fiscal period and the method of resolution.
3. *Internal Controls:* Inquire as to the adequacy of the Company's system of internal controls and review periodic reports from management regarding internal controls, which should include an assessment of risk with respect to financial reporting.
4. *Auditor:* Recommend Board approval for the appointment of the Company's independent auditor. Oversee the work of the independent auditor; ensure that the independent auditor reports directly to the Committee; and ensure that any disagreements between management and the independent auditor regarding financial reporting are resolved.
5. *Non-audit Services:* Approve all audit and non-audit services to be provided to the Company and its subsidiaries by the independent auditor. The Chair of the Committee may pre-approve such services on behalf of the Committee provided that such approvals are presented at the Committee meeting following such pre-approval. In order to obtain pre-approval, management should detail the work to be performed by the independent auditor and obtain the assurance from the independent auditor that the proposed work will not impair their independence.

Certain *de minimis* non-audit services will satisfy the pre-approval requirement provided:

- the aggregate amount of all these non-audit services that were not pre-approved is reasonably expected to constitute no more than 5% of the total audit fees paid by the Company and its subsidiaries to the independent auditor during the fiscal year in which the services are provided;
 - the Company or its subsidiaries, did not recognize the services as non-audit services at the time of the engagement; and
 - the services are promptly brought to the attention of the Committee and approved prior to the completion of the annual audit.
6. *Whistleblower:* Oversee a Company whistleblower program that provides an opportunity for confidential and anonymous submissions of concerns regarding questionable accounting or auditing matters and other potential violations of the Company's Code of Conduct.
 7. *Internal Audit:* Review and approve the annual internal audit plan as presented by the internal audit function to ensure that it is appropriate, risk-based and addresses all prioritized auditable entities. Review progress towards completion of the annual plan and performance of the head of the internal audit function.
 8. *Hiring:* Review and approve the Company's policies regarding the hiring of current and past partners and employees of the Company's present or former independent auditor.
 9. *Reporting:* Report to the Board on a quarterly basis on the proceedings of Committee meetings.

10. *Mandate:* Annually review the Committee's mandate and assess the Committee's functioning and performance relative to the requirements set out within this mandate.

CHAIRMAN RESPONSIBILITIES

The Chairman of the Committee shall:

1. Convene and preside over Committee meetings and ensure they are conducted in an efficient, effective and focused manner.
2. Assist management with the preparation of an agenda and ensure that meeting materials are prepared and disseminated in a timely manner.
3. Ensure that the Committee has sufficient time and information to make informed decisions.
4. Provide leadership to the Committee and management with respect to matters covered by this mandate.

AUTHORITY

The Committee has authority to:

1. Appoint, compensate, and oversee the work of any registered public accounting firm retained by the Company.
2. Conduct or authorize investigations into any matters within its scope of responsibility, including with respect to whistleblower submissions.
3. Retain, at the Company's expense, independent legal, accounting or other advisors to assist the Committee in carrying out its duties or to assist in the conduct of an investigation.
4. Meet with management, the independent auditor and other advisors, as necessary.
5. Obtain full access to the books, records, facilities and personnel of the Company and its subsidiaries.
6. Call a meeting of the Board to consider any matter of concern to the Committee.

MEETINGS

The Committee shall meet as often as it deems necessary, but not less frequently than quarterly. A quorum for the transaction of business at all meetings shall be a majority of members. Decisions shall be made by an affirmative vote of the majority of members in attendance and the Committee Chair shall not have a deciding or casting vote.

An in-camera session of independent directors shall take place at least quarterly. The Committee may also request to meet separately with management, internal auditors, independent auditors or other advisors. Meeting minutes shall be recorded and maintained, as directed by the Chair of the Committee.