



HORNE 5 PROJECT

AGREEMENT IN PRINCIPLE WITH GLENCORE STRENGTHENING THE GLENCORE PARTNERSHIP

Investors Conference Call
June 28, 2021

CAUTIONARY STATEMENT

This presentation contains forward-looking statements and forward-looking information (together, “forward-looking statements”) within the meaning of applicable securities laws. These statements are based on information currently available to the Corporation and the Corporation provides no assurance that actual results will meet management’s expectations. Forward-looking statements include estimates and statements that describe the Corporation’s future plans, objectives or goals, including words to the effect that the Corporation or management expects a stated condition or result to occur. All statements, other than statements of historical facts, are forward-looking statements. Generally, forward-looking statements can be identified by the use of terminology such as “plans”, “expects”, “estimates”, “intends”, “anticipates”, “believes” or variations of such words, or statements that certain actions, events or results “may”, “could”, “would”, “might”, “will be taken”, “occur” or “be achieved” and includes, without limitation, statements regarding the projections and assumptions of the Updated Feasibility Study, including, without limitation: NPV; IRR; CAPEX; OPEX; estimated cash costs and estimated AISC; LOM; payback period; LOM; post-tax net cash flow; gross revenues; margins; exchange rates; inflation; recoveries; grades; processing rates; potential production from the Horne 5 Property as envisioned by the mine plan; economic assumptions and sensitivities and other operational and economic projections with respect to the Horne 5 Project as well as maintaining social acceptability for the Horne 5 Project and the timely obtaining, as the case may be, by Falco of all required licenses, rights of way and surface rights from third parties owner of infrastructures or rights necessary to perform the activities contemplated in this presentation on terms and conditions acceptable to the Corporation. Mineral resource and mineral reserves estimates are also forward-looking statements because use such estimates involve estimates of mineralization that may be encountered in the future if a production decision is made, as well as estimates of future costs and values.

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FALCO/GLENCORE AGREEMENT IN PRINCIPLE

- ✓ **Falco has entered into an Agreement In Principle (“AIP”) with Glencore Canada Corporation (“Glencore”) to facilitate the development and operation of its flagship Horne 5 Project.**
- ✓ **The AIP establishes the framework of the terms and conditions of the Principal Operating License including:**
 - The creation of Technical and Strategic Committees, comprised of both Glencore and Falco representatives, to collaborate in the successful and safe development and operation of the Horne 5 Project and to capitalize on the many synergies between the parties.
 - The right to appoint one (1) Glencore representative on Falco’s Board.
 - Rights of access, use and transformation rights in favour of Falco.
 - Financial assurance including guarantees, and indemnification to cover risks to Glencore’s copper smelting operations (the “Horne Smelter”).

The life of mine offtake agreements for the copper and zinc concentrates produced at the Horne 5 Project and the Updated Feasibility Study (April 2021) will also form part of the final license.



A MAJOR MILESTONE!

- ✓ **A clear and unequivocal demonstration of Glencore's support and alignment for the Horne 5 Project.**
- ✓ **The culmination of years of work including:**
 - Completion of the geotechnical assessment and proposed mitigation measures for areas of interest to both Glencore and Falco including the Horne Smelter and future Horne 5 Project infrastructure.
 - Completion of an induced seismicity assessment on the potential impact of mine development and operation generated by the Project in the vicinity and on the Horne Smelter.
 - Extensive due diligence review on the Horne 5 Project, including the 2017 Feasibility Study and 2021 Updated Feasibility Study, by Glencore technical teams.
 - Signed offtake agreements for the copper and zinc concentrate produced by Falco's operating mine.
 - Substantial completion of the Work Plan.
- ✓ **The Québec Government is a supporter of the Horne 5 Project and Falco provides frequent updates on the progress made with Glencore regarding this Project.**

KEY DEVELOPMENTS WITH GLENCORE

✓ The signing of this Agreement was made possible following:

- Signing of the life of mine offtake agreements (Oct 2020)
- Collaborative Work Plan design (Oct 2020)
- Bridge financing with Glencore (\$10M)
- Updating of the 2017 Horne 5 Feasibility Study (April 2021)
- Substantial completion of the Work Plan, including backfilling of old underground workings to secure certain crown pillars at the Horne Smelter (Completed in June 2021)

✓ Work Plan Update

- Primarily funded by Glencore
- Contained the following elements:
 - Geotechnical advancement (investigative drilling, crown pillar stability, seismicity potential, backfill assessment, etc.)
 - Water management of the Horne 5 Project
 - Identification of synergies between the Horne 5 Project and Glencore's Horne Smelter (waste rock, tailings material...)
- Substantially complete - the last remaining precursor to a definitive Principal Operating License

IMPORTANT IMPLICATIONS FOR FALCO

Provides a clear path to a Principal Operating License → Expected in Q3/2021

- ✓ **This Agreement will govern our relationship with Glencore going forward**
- ✓ **Recognition of the strong working relationship and collaboration between the parties**
- ✓ **Validation of the technical capabilities and work completed by the Falco team over the last 5 years**
- ✓ **Clear demonstration of the alignment of interests of Glencore/Falco to develop the Horne 5 Project:**
 - Copper and Zinc offtake agreements
 - 2% NSR through Glencore's investment in Basecore LP (a 50/50 JV between Glencore and OTPP)
 - Access to Falco's technical expertise in the region
 - Convertible debt agreement between the parties

KEY STRATEGIC AGREEMENTS ALREADY IN PLACE

✔ Offtake agreements with Glencore

- Life of mine Cu and Zn concentrate offtake agreements
- 40k-60k metric tonnes per year of Cu con. (16% Cu)
- 60k-90k metric tonnes per year of Zn con. (52% Zn)
- Fully integrated to Québec electrification of transportation business model

✔ Bridge financing with Glencore

- \$10M convertible debt agreement - (Oct 2020)
- Proceeds to finance the Work Plan and negotiate Principal Operating License and Indemnity Agreement
- 7% coupon, 12-month maturity with right to extend by six months
- Convertible at \$0.41 (24.4M common shares of the Company) - (Convertible in Oct 2021)
- 12.2M Warrants exercisable at \$0.51

✔ Silver stream agreement with Osisko Gold Royalties Ltd (OR-TSX)

- OR to purchase of 90% of the silver produced at the Horne 5 project in exchange for \$140M in project financing
- OR retains the option to increase the percentage of the Silver Stream Transaction to 100% for an additional \$40M in project financing

ROBUST PROJECT ECONOMICS

Horne 5 Project Economic Highlights (as per April 2021 Updated Feasibility Study¹):

- The Horne 5 Project is a world-class deposit of over **6 Million gold equivalent ounces**
- Average annual gold production of **220,300 ounces** over **15 years LOM**
- **NPV_{5%} of US\$761M** and an **IRR of 18.9%** after taxes and mining duties
- **AISC² of US\$587/oz net of by-product credits**, including royalties, over LOM
- **Pre-production construction costs of US\$844M**, including US\$70.8M contingency and excluding US\$51.5M of capital outlays to December 31, 2020
- The Horne 5 Project delivers robust economics based on the *base case* commodity prices
- Gold production is scheduled by the end of 2025

¹ *Base case economics are stated using gold price \$1,600 per ounce, silver price of \$21.00 per ounce, copper price of \$3.20 per pound, zinc price of \$1.15 per pound and an exchange rate of C\$1.28 equal to US\$1.00*

² *AISC are presented as defined by the World Gold Council, less Corporate G&A*

THE FALCO ADVANTAGE

✓ Strong partners

- Glencore
- Québec Government
- Osisko Gold Royalties
- Osisko Development

✓ Large NI 43-101 reserves and resources with potential for growth

- The Horne 5 Project is a world-class deposit of over 6 Million gold equivalent ounces
- Copper/Zinc base metal contained

✓ Robust project economics with significant upside and by-product credits

✓ Tier 1 jurisdiction

✓ Highly automated modern operations

✓ Low cost green energy

✓ Local qualified mining labor expertise with strong network of mining suppliers and contractors

✓ Strong ESG program and social acceptability

✓ Experienced development team with strong track record

NEAR TERM OBJECTIVES

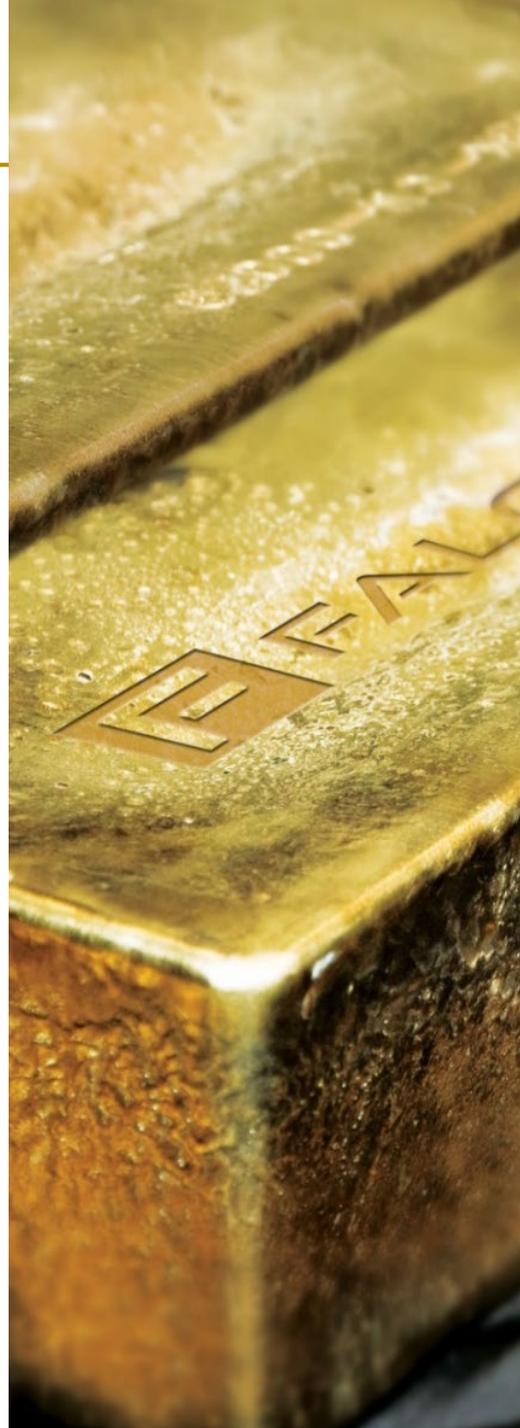


PROJECT TIMELINE

- Project permitting - H2/2022
- Commercial production - H2/2025

- ✓ Obtain Final Principal Operating License expected in Q3/2021
- ✓ Complete the revised EIA submission to the Québec Ministry of Environment by the end of 2021
- ✓ Work Plan completion
- ✓ Secure authorization from *MELCC* to initiate public hearing process (*BAPE*) in 2022
- ✓ Advance financing discussions for the Horne 5 Project development
- ✓ Initiate the construction of dewatering infrastructure (H2 2021/H1 2022)

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