

CORPORATE
SUSTAINABILITY
REPORT

MAY 31, 2021



HORNE 5 PROJECT



A WORD FROM MANAGEMENT

We are proud to share with you how far we have come since launching our first sustainability report in 2017. Since then, we have continued building trusting relationships with the community and pursuing various environmental, social and governance (ESG) commitments. We have also invested ourselves in optimizing our approach by leveraging local expertise, promoting innovation and increasing collaboration with our host community. Some improvements, such as the electrification of mining equipment and usage of electricity over natural gas, have been significant. This report is part of our ongoing commitment to be transparent and inform our community.

Sustainability is intrinsic to Falco. It is what continuously influences our business plans and decision-making processes, and what is embedded in the development of the Horne 5 Project. On October 16, 2017, we announced the positive results of a Feasibility Study. The study was updated in 2021 and has reiterated the value of the Horne 5 Project.

The Horne 5 Project is located at the heart of Rouyn-Noranda, a dynamic city and cradle of mining development in Northwestern Québec with considerable mining expertise and a network of suppliers recognized for contributing to the project's development. Currently, it is being carried out by our outstanding team of passionate experts who recognize the audacity and dynamism of the Rouyn-Noranda community. The team is proud to partake in writing a new page in the history of mining development in the city and has already begun considering a closure plan for the mine, as well as plans to transition the site to be used to benefit the community in the future. The team's efforts, improvements and achievements presented in this report demonstrate Falco's social values, creativity, and pursuit of excellence.

We want to thank our team and our collaborators for working to build a mine integrated with its environment and community.

We also want to thank the community for actively participating in our consultation activities and initiatives, allowing us to develop the best possible project for the Rouyn-Noranda region.

We invite you to visit our website and watch the [Horne 5 project video](#) for additional information about the project.



"Falco's intention is not only to build a mine, but to build it with the community and for the community."

Luc Lessard, Eng.,
President, Chief Executive Officer and Director



"It makes me really proud to work on a project developing a different kind of mine. As drivers of change, we are moving the mining industry forward."

Helene Cartier, Eng., LL.B, ASC
Vice President, Environment and Sustainable Development

THE HORNE 5 PROJECT

The Horne 5 Project is an underground polymetallic gold mining project located in the heart of Rouyn-Noranda, in Northwestern Québec. Construction of the mining facilities is expected to begin in 2022, and Falco plans to begin production in 2025. The project consists of:



THE MINE

The Horne 5 deposit, considered a world-class deposit, lies directly under the former Horne mine, which Noranda operated from 1926 to 1976.



THE MINING COMPLEX

The Horne 5 Mining Complex (H5MC) will be located in the Rouyn-Noranda industrial park on a site with limited footprint. Approximately 15,000 tonnes of ore will be processed daily into gold and silver ingots and zinc and copper concentrates.



THE TAILINGS FACILITY

The tailings facility will house tailings that cannot be used in the paste backfill or stored underground.



THE PIPE NETWORK

The pipe system will carry tailings from the H5MC to the tailings facility and recirculate water in the reverse direction. This system will be double-walled to protect the environment in the event of a leak.

Innovative approach

“We want to create the mine of the future by adopting an innovative approach, and thus be an actor of change in the mining industry.” – Francois Vezina, Eng. P. Eng., MBA, Vice President, Technical Services.

In pursuit of harmoniously integrating the Horne 5 Project with its environment and community and increasing employee safety, Falco seeks to innovate its current practices by capitalizing on scientific and technological advancements. Falco plans to make the Horne 5 Project a self-sustaining mine by using mining equipment remotely operated from the surface, thereby increasing worker safety.



Complexe La Source-Polymétier: Vocational training center located in Rouyn-Noranda



Copper is an essential element for the electrification of transportation, and therefore a strategically important component of the transition to a low-carbon economy.

A Favourable Local Context

- The quality of the local workforce and suppliers is exceptional and recognized worldwide.
- Several local educational institutions offer specialized training and research program in the mining field.
- Existing services and infrastructure nearby enable the optimization of resource use, economic viability and sustainable development, such as rail and hydroelectric power.
- Land-sharing agreements with the snowmobile and all-terrain vehicle associations as well as nearby golf clubs.

THE 17 UN SUSTAINABLE DEVELOPMENT GOALS



For Falco, this is the way forward for sustainable development for all!

COMMITTED TO THE COMMUNITY

Falco has actively collaborated with the Rouyn-Noranda community to consider the stakeholders' opinions and issues as well as measure and limit the negative impacts of the project on the community. In addition to listening to and developing a project in collaboration with the Rouyn-Noranda community, Falco seeks to become an active and involved member of the community.

Falco has consulted with the Rouyn-Noranda community through information sessions and

town hall meetings and held private meetings with community members, Indigenous communities, City of Rouyn-Noranda stakeholders, NGOs and others to present the project, its impacts and the mitigation measures that will be implemented.

In 2019, Falco established an advisory committee comprising experts from various community sectors to help improve the Horne 5 Project and strengthen its mitigation measures from a sustainability perspective.

Falco organized the following activities focused on specific themes, including:

- Community consultation on the tailings facility.
- Community consultation on drinking water protection.
- Discussions to maintain good neighbourhood relationships with the snowmobile and all-terrain associations, as well as with the nearby golf club to understand issues and challenges.
- Community consultation on noise, dust, and vibration controls measures.



Over 70 consultation meetings were conducted between 2017 and 2020.



PRIORITY ISSUES

The consultation activities carried out between 2017 and 2020 enabled Falco to identify issues and concerns around 18 themes. Since then, Falco has taken action, implemented measures and made commitments to address each of these issues and concerns.

Among the 18 themes, five priority social issues were identified:



Protection of the community's drinking water source



Availability of labour and training



Availability of housing in Rouyn-Noranda

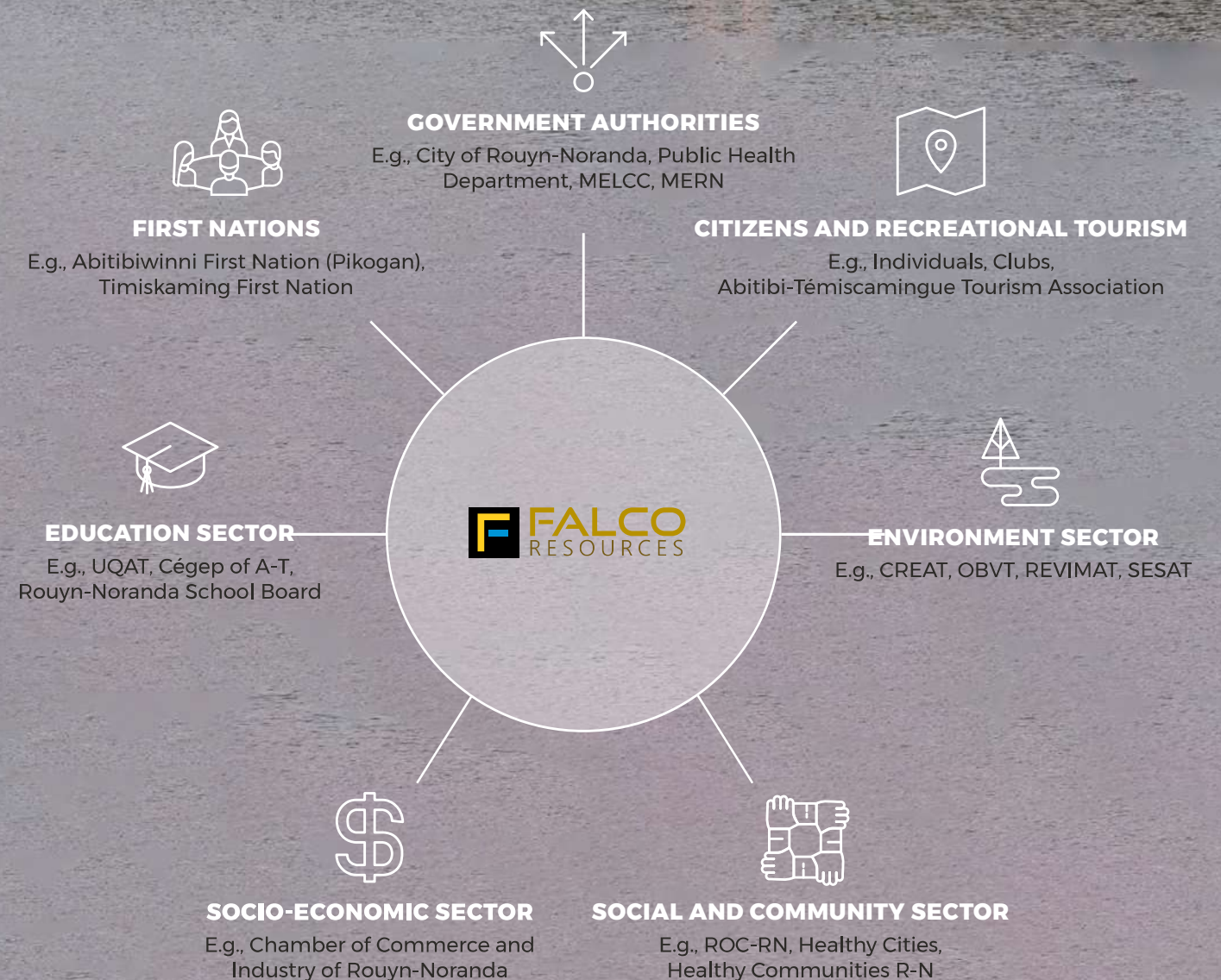


Availability of services to the community
(CPE, schools, proximity services)



Integration of newcomers to the region

Stakeholder Mapping



INVESTMENTS

+25M\$

Falco's investment in the Rouyn-Noranda community

+800

jobs created during the construction of the Horne 5 Project

+500

jobs created during the operation of the Horne 5 Project

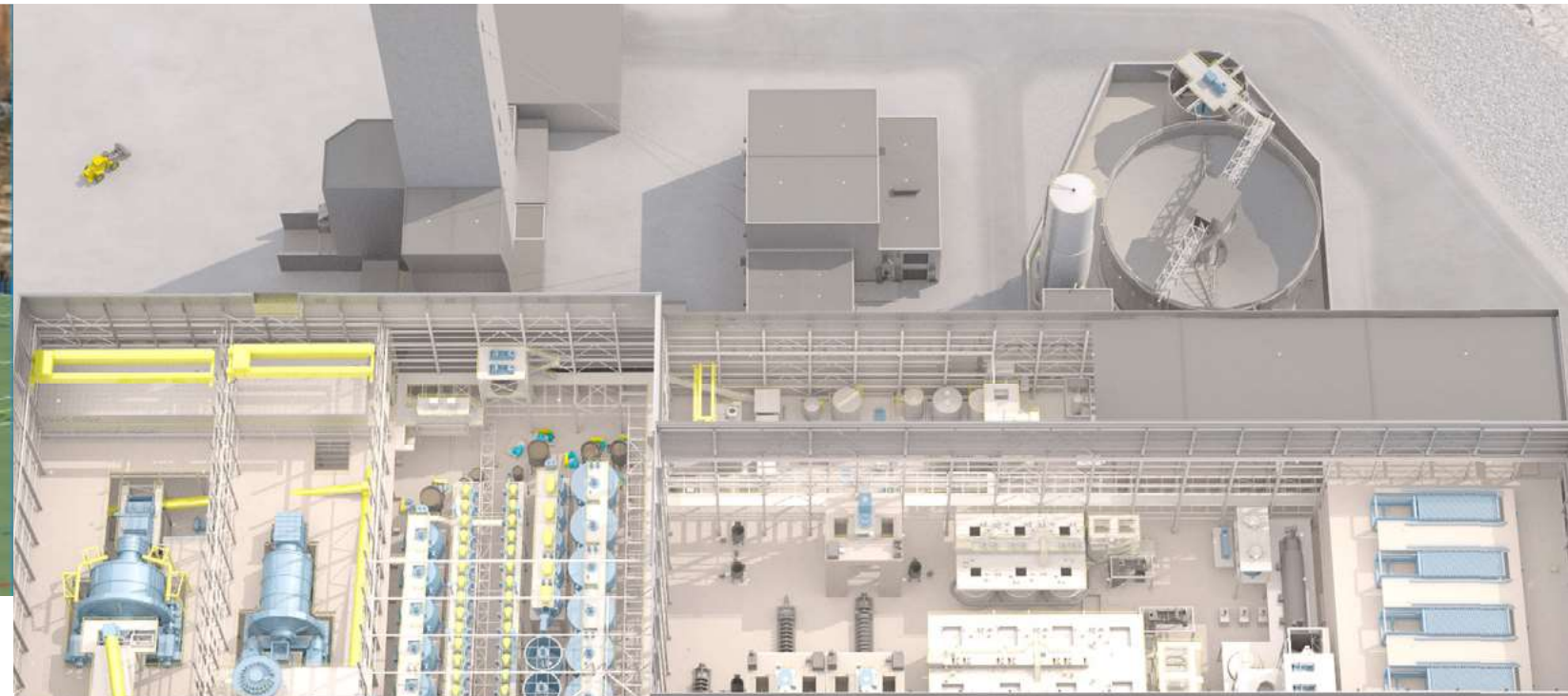
Falco has provided two soccer fields set to open in the summer of 2021 to the Rouyn-Noranda community



In collaboration with the municipality, Falco has contributed to the relocation and construction of the eco-center



Falco has also supported the expansion of the La Source-Polymétier complex to optimize services and stimulate learning



PROTECT THE ENVIRONMENT

Falco's stakeholder consultations have allowed for the identification of key environmental concerns. Falco continues to remain committed to addressing the following list of concerns in the development of the Horne 5 Project:

- Water protection
- Reduction of water consumption
- Tailings management
- Air quality protection
- Noise and vibration protection
- Protection of biodiversity
- Reduction of greenhouse gas emissions



Falco continues to reduce the planned water consumption for the Horne 5 Project. The design now targets a water recirculation and reuse rate of over 95%, compared to 90% in 2017.



Air Quality Protection



Falco recognizes the importance of air quality to the health of the Horne 5 host community. Several ongoing and innovative measures will be implemented, such as the implementation of an air-treatment system with a filtration efficiency of over 98% for particulate air emissions resulting from the mine activities.

Noise and vibration protection



Falco recognizes the importance of the quality of the sound and vibration climate for the community.

Falco is committed to:

- Installing main mine fans more than 300 metres below ground level
- Designing blasts to limit the velocity to 5 mm/s (the provincial standard is 12.7 mm/s)
- Carrying out blasting activities during commuting periods

Water Protection



Falco understands the importance of protecting Lake Dufault, the source of drinking water for the municipality of Rouyn-Noranda. To ensure its protection, several measures will be put in place, including:

- Double-walled pipes to transport tailings and recirculate water, preventing spillage in the event of a rupture.
- Installation of 16 state-of-the-art instrumented leakage containment tanks along the pipeline route to detect leaks and prevent spillage.
- Installation of modern and efficient water treatment plans that enable high water quality standards.

Water Consumption Reduction



Falco will implement various strategies and technologies to limit the use of fresh water and maximize water recirculation and reuse:

- Collecting Ponds will be installed at the mine site to capture rainwater, which will be used in the process.
- Once the tailings facility is in place, precipitation and tailings water will be collected and recirculated into the process.



Tailings Management

During the operation of the Horne 5 Project, we plan to strategically manage tailings to minimize their impact on the environment. Falco is committed to the following actions:

- Falco will prioritize returning tailings underground to limit their accumulation on the surface. A majority will be used in the paste backfill, which will provide stability required to execute the mining plan.
- The excess tailings will be transported to the partially reclaimed tailings facility at the former Norbec Mine. Falco is committed to rehabilitating the site once the Horne 5 Project is completed.
- Falco evaluated various pipe routes to transport the H5MC tailings to the tailings facility. The proposed route optimizes the use of existing rights-of-way and linear infrastructure, thereby avoiding further disturbance to the natural environment.
- The tailings facility is designed to take advantage of the existing topography to increase the safety and stability of the facility.

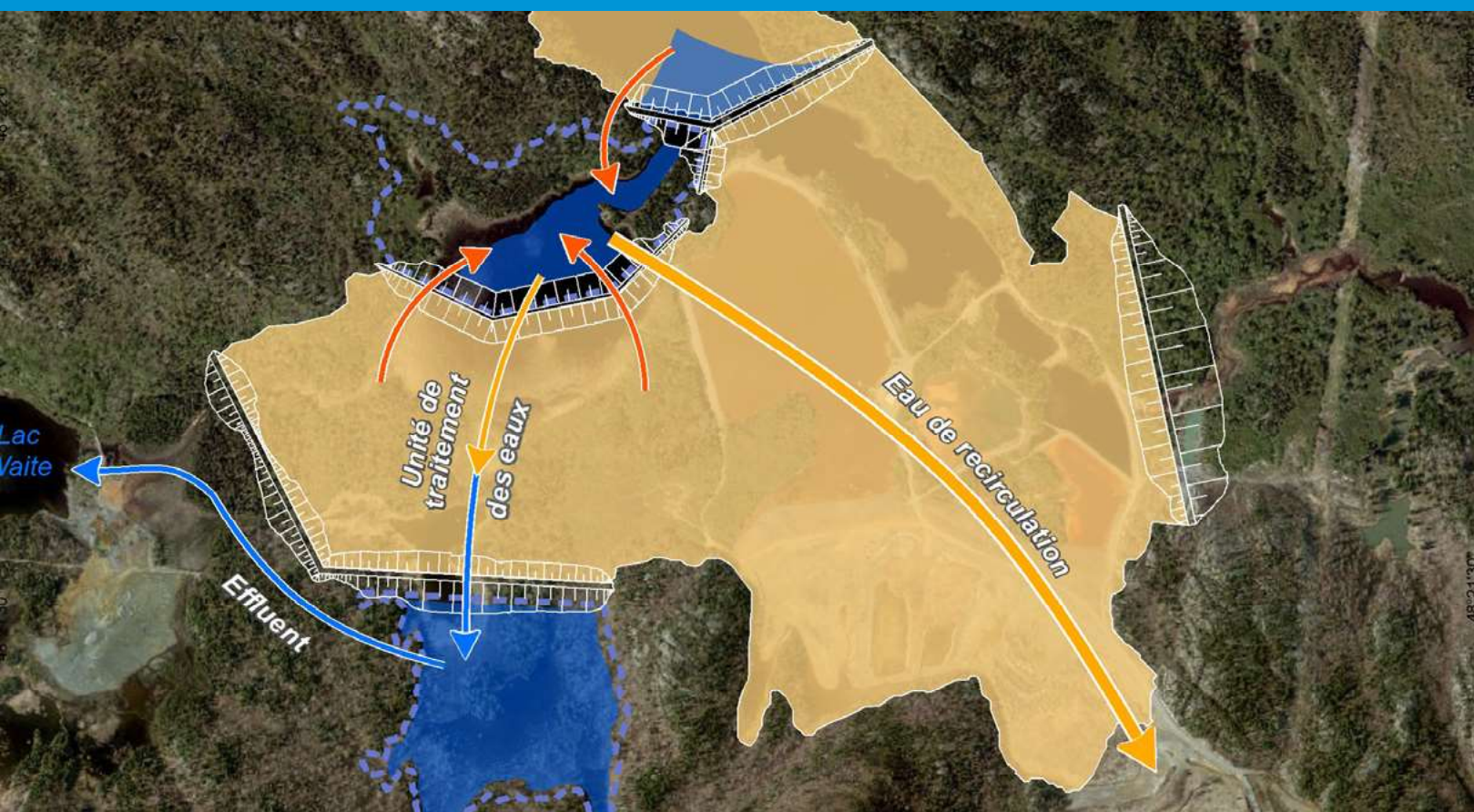
Of the

90%

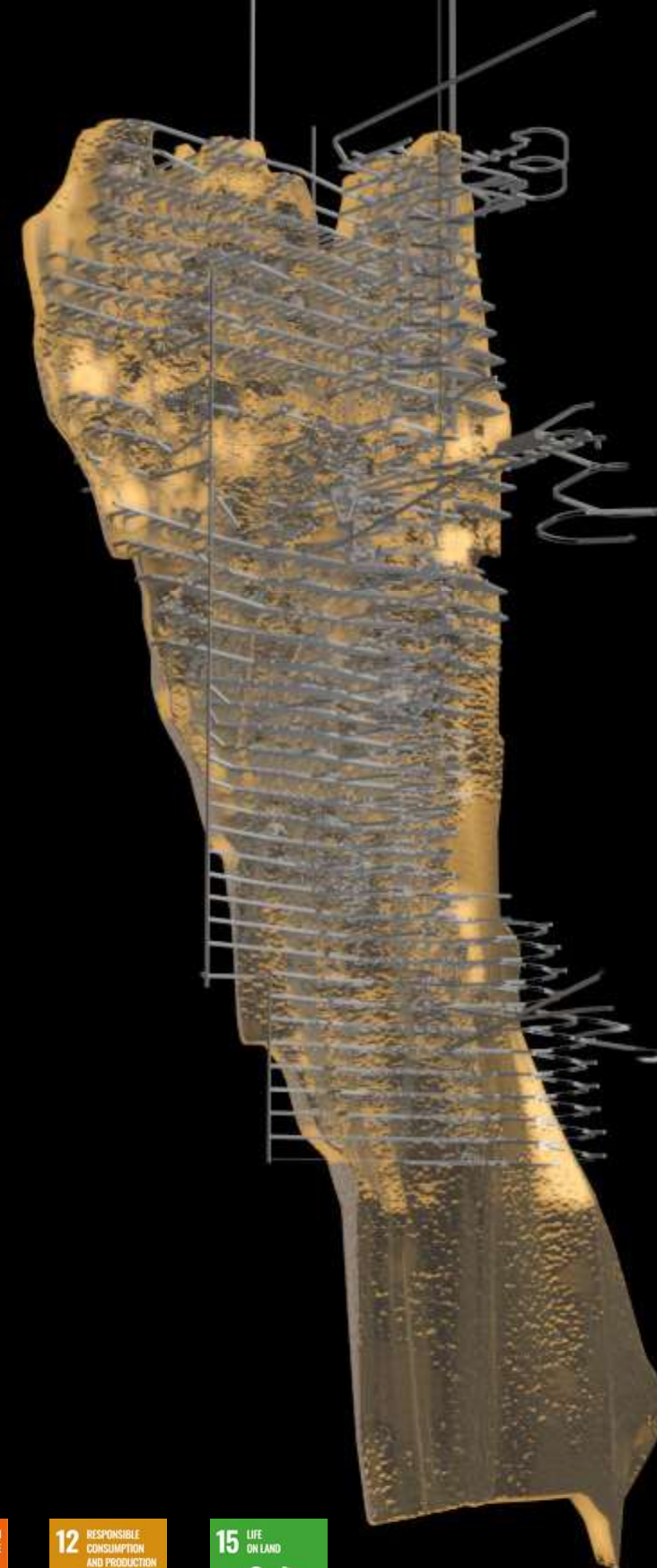
of tailings returned to the ground

+50%

will be used in paste backfill



Cross-section of the Horne 5 deposit



Eastern whip-poor-will



Bats



Biodiversity Protection

Following the results of numerous natural environment studies, Falco is committed to the following actions:

- Limit the impact on wildlife by adjusting the timing of activities, especially to protect fish habitat, eastern whip-poor-will (a threatened species) and bats (some of which are classified as endangered).
- Cover tailings transport pipes with granular material to allow the passage of small wildlife.
- Collaborate with regional stakeholders to identify the most promising, innovative and appropriate habitat loss compensation projects for the region.

Greenhouse Gas (GHG) Emissions Reduction

Falco is committed to promoting construction and operational activities that minimize greenhouse gas (GHG) emissions, including:

- Electrification of the vehicle fleet and mining equipment.
- Use of electricity to heat facilities instead of natural gas.
- Copper and zinc sold locally (reduced transport distances).
- Favour rail transport over truck transport.



Double-walled pipes for tailings transport and water recirculation

ACTING FOR HEALTHY CORPORATE GOVERNANCE

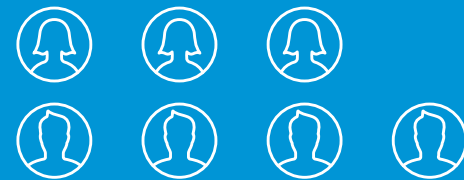
Policies

Falco has a diligent organizational structure that ensures healthy corporate governance. Falco expects its corporate governance framework and practices to evolve in tandem with its growth. The organizational structure is supported by several policies with clear directions and concrete objectives, including:

- Code of Ethics
- Internal Whistleblowing Policy
- Securities Trading Policy
- Policy Regarding Tenure on the Board of Directors
- Policy Regarding the Diversity in Corporate Talent
- Policy Regarding the Diversity of the Board of Directors
- Corporate Social Responsibility Policy
- Health and Safety Policy
- Environmental Policy

Diversity

Falco is taking several steps to ensure greater diversity within the organization. These include automation and remote control of mining equipment, policy targets and strategies and prioritization of Indigenous community services.



Falco is proud to share that 43% of its Board of Directors are women as of December 31, 2020.

No reportable injuries for more than 27,000 hours worked in 2020



No environmental violation notices



COVID-19

From January to May 2021:

- 26,000 hours worked
- Limited travel between regions
- 65 COVID-19 tests taken
- 0 COVID-19 positive results recorded

Health and Safety

With health and safety being a top priority, Falco has adopted a Health and Safety Policy centered around a zero-accident objective, with the following items:

- Reduce the risk exposure of employees and prevent accidents through several action.
- Robustly prepare for potential emergencies and accidents.
- Promote the health and safety culture by communicating Falco's requirements to sub-contractors and by verifying operational and project compliance using the requirements.
- Commit to the continuous improvement process that includes an annual internal review of commitments and objectives, supplemented by a periodic external review.

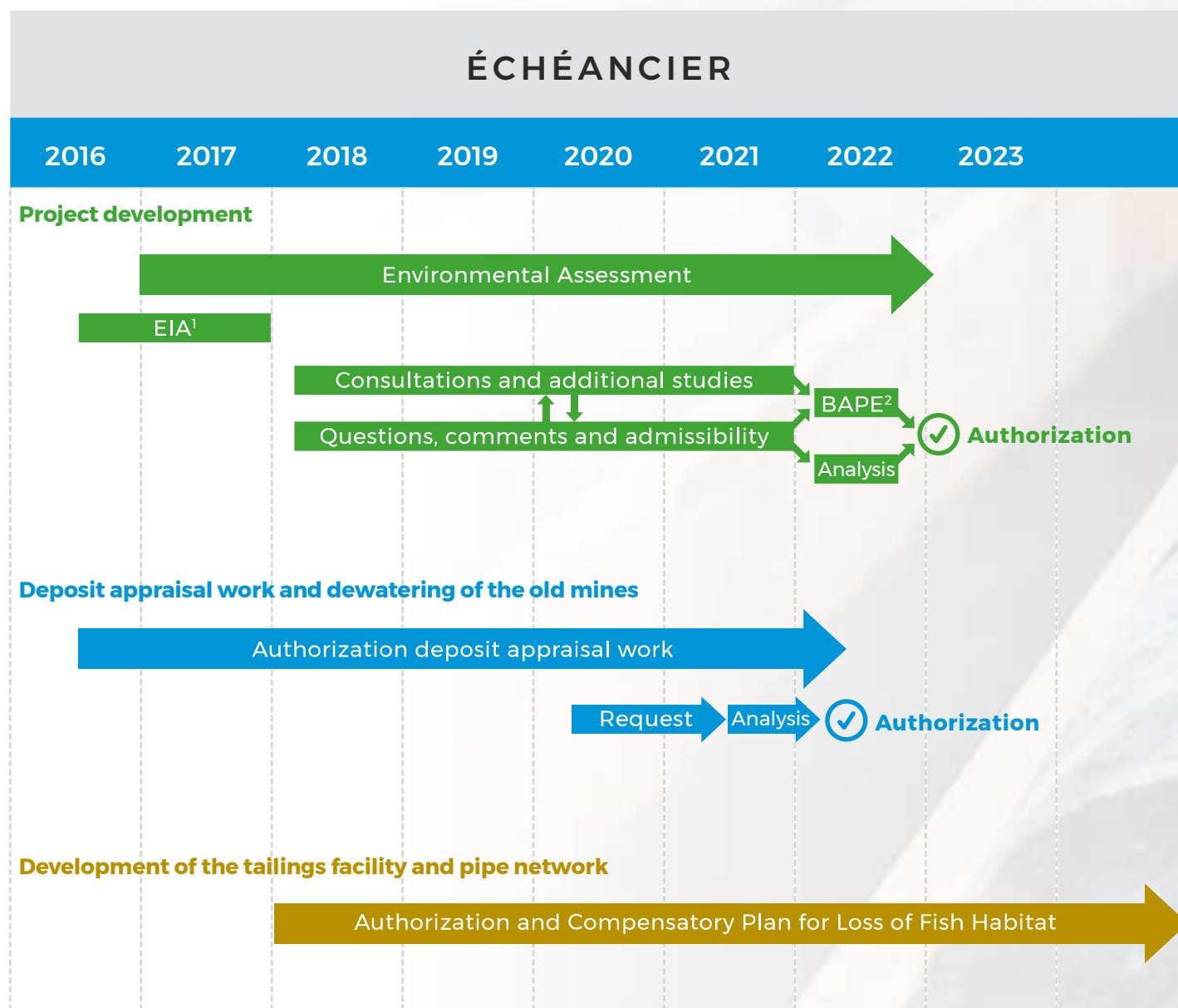
Complaint Management

Falco has implemented a complaint management system modelled after the Canadian Mining Association "Towards Sustainable Mining" program. As part of the work on the soccer fields, door hangers were distributed to inform citizens and provide them with Falco's contact information.



AUTHORIZATION PROCESS FOR THE HORNE 5 PROJECT


Falco continues to pursue licensing for the Horne 5 project.





¹ Environmental impact assessment
² Bureau d'audiences publiques sur l'environnement


LOOKING TO THE FUTURE


Our team is forward-looking and actively planning the next steps for the project by focusing on specific challenges and concerns. Here is an overview of the main themes that we will address in the coming years:


 We recognize the role of the circular economy in optimizing resource usage. With this in mind, we have already begun integrating this approach in our project planning and design, in particular in our work relating to water and wastewater management. We want to continue to deploy the circular economy in collaboration with our stakeholders to optimize resource use and value creation in the Rouyn-Noranda community.

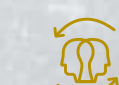
 Falco recognizes the importance of Indigenous communities, in particular the Abitibiwinini First Nation in Abitibi-Témiscamingue. Falco seeks to collaborate and participate in the community's socio-economic development to help support a more equitable distribution of wealth within the territory and to learn and apply the shared ancestral ecological knowledge of the Abitibiwinini First Nation in the development of the Horne 5 Project.

 As our mining complex is integrated into an existing industrial park in the heart of the city, it is important to promote a harmonious cohabitation with the environment that welcomes us. We want to continue our efforts to develop a collaborative relationship with our immediate neighbours as well as with the entire Rouyn-Noranda community. It is also important for us to continue keeping the population informed and to promote positive and constructive exchanges.

 Our team has already begun identifying and integrating the best solutions to minimize the carbon footprint of our future operations from the planning and design stages of the Horne 5 Project. We will maintain this approach and continue to look for best practices and innovative technologies to further reduce our GHG emissions.

 Through our public consultation activities, we have become aware of several social issues that exist in the Rouyn-Noranda community, particularly regarding housing, workforce and community services. In accordance with our values, we want to actively participate in the development of solutions for these issues, though they are not directly related to our work.

 We will identify the physical and transition risks associated with climate change so that we can implement appropriate mitigation measures to improve our resilience. At the same time, we will build our materiality matrix, which will allow us to establish our primary economic, societal and environmental issues based on the expectations of our stakeholders.

 In keeping with our social values, we wish to plan the transition of the mine closure and create a legacy for the benefit of the Rouyn-Noranda community.



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The report was written and prepared
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