

FALCO RESOURCES LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED

JUNE 30, 2026

The following management discussion and analysis (the "MD&A") of the operations and consolidated financial position of Falco Resources Ltd. ("Falco" or the "Company") for the year ended June 30, 2026, should be read in conjunction with Falco's audited consolidated financial statements as at and for the year ended June 30, 2026 (the "Financial Statements"). The Financial Statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS"). Consequently, all comparative financial information presented in the MD&A reflects the consistent application of IFRS.

Falco's management ("Management") is responsible for the preparation of the consolidated financial statements and other financial information relating to the Company included in the MD&A. The Board of Directors (the "Board") is responsible for ensuring that Management fulfills its responsibilities for financial reporting. In furtherance of the foregoing, the Board has appointed an Audit Committee composed of a majority of independent directors. The Audit Committee meets with Management to discuss results of operations and the financial condition of the Company prior to making recommendations and submitting the consolidated financial statements to the Board for its consideration and approval for issuance to shareholders. The information included in the MD&A is as of September 30, 2026, the date the Board approved the Financial Statements, following the recommendation of the Audit Committee. All monetary amounts included in this report are expressed in Canadian dollars, the Company's reporting and functional currency, unless otherwise noted. The MD&A contains forward-looking statements and should be read in conjunction with the risk factors described in the "Cautionary Statement Regarding Forward-Looking Statements" section.

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Description of the Business

Falco is in the business of exploring, evaluating and developing mineral properties in Canada. Its focus is on developing its mineral properties in the Rouyn-Noranda region of the Province of Québec for base and precious metals, primarily on its wholly owned Horne 5 polymetallic deposit (the "Horne 5 Deposit", the "Horne 5 Project" or the "Project").

Falco is listed on the TSX Venture Exchange ("TSX-V") under the symbol "FPC". The Company is one of the largest claim holders in the Province of Québec, with extensive land holdings in the Abitibi Greenstone Belt. Falco owns mining claims and contractual rights in or in relation to mining concessions in the Rouyn-Noranda mining camp (the "Mining Camp").

The Company was originally incorporated under the *Business Corporations Act* (British Columbia) on March 16, 2010. On June 12, 2015, Falco was continued under the *Canada Business Corporations Act*. The Company's registered business address is 1100, avenue des Canadiens-de-Montréal, Suite 300, Montréal, Québec, Canada. As at June 30, 2026, the Company has a convertible loan and a silver stream agreement (the "Silver Stream Agreement") with OR Royalties Inc., ("OR Royalties"). Osisko Gold Group Inc. ("OGG" and formerly, Osisko Development Corp.) owns a 16.0% interest in Falco.

Rouyn-Noranda Mining Region

The Company has a 100% interest in approximately 60,000 hectares of mining claims and contractual rights in or in relation to mining concessions in the Mining Camp which has the required infrastructure (rail, water, etc.) in place for exploration and mine development.

Rouyn-Noranda has a long history of mining and exploration. Since the Horne deposit discovery in the 1920's, the area has been host to 50 former producers, including 20 base metal mines and 30 gold mines. A number of copper-zinc volcanogenic massive sulphide ("VMS") deposits in the Mining Camp contained gold grades well in excess of those associated with typical VMS deposits, which along with several mesothermal vein type deposits have accounted for more than 19 million ounces of historic gold production from the Mining Camp as a whole.

The Company's principal property is the Horne 5 Project, which has hosted several former gold and base metal producers including the Horne Mine, which was operated by Noranda Inc. from 1927 to 1976. The Horne Mine produced approximately 11.6 million ounces of gold and 2.5 billion pounds of copper.

For further details regarding the Horne 5 Project, refer to the feasibility study entitled, "2026 Feasibility Study Update, Horne 5 Gold Project", dated effective June 11, 2026 (the "2026 Feasibility Study" or the "2026 FS"), which was prepared in accordance with National Instrument 43-101 *Respecting Standards of Disclosure for Mineral Projects* ("NI 43-101"), and is available on SEDAR+ at www.sedarplus.ca.

Highlights

From July 1, 2025, up to the date of this MD&A, the Company has completed the following key items:

- On September 24, 2025, the Company announced the appointment of Mr. Sean Roosen and Mr. John Burzynski as Special Advisors to the Board in respect of marketing, financing and project development strategies.
- On October 17, 2025, the Company closed a bought deal private placement for aggregate gross proceeds of $13.1 million (the "Placement").
- On October 30, 2025, Falco entered into binding agreements (i) with OR Royalties to extend the maturity date of a convertible loan from December 31, 2025 to December 31, 2026 (the "Convertible Loan"); and (ii) with Glencore Canada Corporation ("Glencore") to extend the maturity date of a convertible debenture from December 31, 2025 to December 31, 2026 (the "Convertible Debenture"). These agreements were concluded on December 16, 2025.
- On November 4, 2025, the Board approved the grant of 9,950,000 stock options ("Options") to key employees, officers, special advisors and directors.
- On November 5, 2025, Falco announced the commencement of an exploration initiative across its significant holdings within the Mining Camp, starting with an Airborne Gravity Gradiometry survey (the "AGG Survey").
- On December 16, 2025, the Company announced that Mr. Alexander Dann was appointed as Chair of the Board, succeeding Mr. Mario Caron, who continues to serve as lead director.
- On January 30, 2026, Falco and OR Royalties entered into an amendment to the Silver Stream Agreement.

- April 21, 2026, the Company announced the launch of a high-resolution heliborne magnetic survey (the "Helimag Program") over the western portion within the Noranda Camp (the "Western Camp").
- June 16, 2026, Falco announced that it has received official confirmation from the Minister of the Environment, the Fight Against Climate Change, Wildlife and Parks ("MEFACCWP") that the environmental assessment process for the Horne 5 Project is progressing toward its conclusion.
- June 17, 2026, the Company announced the results of the 2026 Feasibility Study. On July 27, 2026, this feasibility study was filed on SEDAR+ (www.sedarplus.ca) under Falco's issuer profile.
- July 7, 2026, Falco announced that it received $1.25 million in aggregate proceeds from the exercise of common share purchase warrants ("Warrants"), including $626,500 from the early exercise by Barkerville Gold Mines Ltd., a wholly-owned subsidiary of OGG.
- September 29, 2026, the Company announced the results of a third-party Socioeconomic Impact Study (the "Report") conducted by KPMG LLP ("KPMG") for the Project which confirms that over the Project's anticipated lifespan, its direct and indirect contribution to Gross Domestic Product ("GDP") within the Québec economy at the provincial level is currently estimated at $8.8 billion.

Agreements with Glencore and its affiliated companies

The Operating License and Indemnity Agreement ("OLIA")
On January 23, 2024, the Company entered into the OLIA with Glencore pursuant to which Glencore granted to Falco, a license to access and utilize certain of its properties in order for Falco to conduct exploration, development, construction, operation, mining, closure operations and other activities ("Project Operations"), subject to the terms of the OLIA and, where applicable, the fulfilment of certain conditions by Falco, including those summarized below.

The OLIA establishes the framework to govern the Company's development and operation of the Horne 5 Project, taking into account its overlap with and close proximity to Glencore's copper smelting operations (the "Smelter") in order to provide Glencore protection from incremental risks and losses to the Smelter and its businesses and assets occasioned by Project Operations and the presence of the Company and components of the Horne 5 Project.

The key features of the OLIA include:

- The creation of a Technical Committee comprised of two representatives of each of Falco and Glencore (the "Parties"), to determine ongoing operating parameters within which Falco can conduct operations of the Horne 5 Project so as not to interfere with the Smelter, minimize and control risks to the Smelter and where necessary adopt mitigation measures.
- The creation of a Strategic Committee comprised of two representatives of each of the Parties, to collaborate and exchange information in connection with the development and operation of the Horne 5 Project, its interaction with the Smelter and community and regulatory matters, and to capitalize on the many synergies between the Parties.
- The right of Glencore to appoint one nominee to the Board.
- The adoption of principles pursuant to which Glencore and its Smelter (i) retain priority over the operations of the Horne 5 Project as contemplated in the OLIA and (ii) must be afforded protection from incremental risks and losses occasioned by the Horne 5 Project.
- Financial assurances, guarantees and indemnification to be provided by Falco to Glencore to cover incremental risks and losses to the Smelter arising from Falco's operations and certain other matters specified in the OLIA, as further described below.
- The right of Glencore to require remediation, suspension or other risk-mitigation during the operations of the Horne 5 Project to protect the Smelter and related operations, subject to expert intervention and dispute resolution mechanisms set out in the OLIA.

On August 26, 2024, Falco announced the creation and establishment of Technical and Strategic Committees (collectively the "Committees"), as contemplated by the terms of the OLIA. The creation of the Committees confirms the Parties' recognition that the successful development, construction, operation and closure of the Horne 5 Project in a manner that ensures the safety and operational integrity of the Smelter operations, requires coordination and communication between Falco and Glencore at multiple levels. The Committees are composed of experienced professionals with extensive experience in various areas including environment, construction, development and production, and most of whom have been collaborating closely over the past years.

Assurances and Insurance Policies
The ability of Falco to commence certain conditioned activities under the OLIA, including dewatering and mining activities, is also subject to Falco providing Glencore at the relevant time, financial assurances in the form of letters of credit, performance guarantee or similar guarantees.

Financial assurances ("Financial Assurances") must be posted by Falco in the amount of $40 million for the dewatering phase, increasing to $80 million during the mining phase and decreasing to between $10 million and $20 million during the closure and remediation phases, subject to certain conditions and inflation-related adjustments after a specified number of years. Glencore will have the right to draw upon such Financial Assurances if it incurs losses subject to indemnification by Falco under the OLIA. The OLIA also requires Falco to provide Glencore specified coverage under insurance policies ("Insurance Policies") to address certain risks to Glencore and its Smelter arising from the Horne 5 Project, before the commencement of dewatering and mining activities. Based on its discussions with insurance brokers and underwriters, Falco expects that such coverage can be obtained on reasonable terms when required.

Conditions Precedent
In addition to the requirement to post Financial Assurances and obtain Insurance Policies, the ability of Falco to commence dewatering and mining activities is also subject to other conditions precedent, including:

- Falco granting Glencore a hypothec over the Project and other assets as security for its obligations pursuant to the OLIA, ranking after the existing security for the Convertible Debenture held by Glencore, Convertible Loan and silver stream held by OR Royalties and net smelter return ("NSR") held by SA Targeted Investing Corp. ("SATIC"), a wholly-owned subsidiary of Royal Gold Inc. ("Royal Gold"). Glencore also agreed to negotiate in good faith to subordinate this hypothec to security interests to be granted in future debt financings for the dewatering and construction of the Horne 5 Project;
- Falco entering into a water agreement with Glencore governing the provision by the Company of replacement process water for the Smelter prior to the dewatering of the Horne 5 Project;
- Falco making available to Glencore certain synergies through further Synergy Agreements to be entered into with Glencore, based on key terms already contemplated in the OLIA; and
- Falco obtaining all required permits and authorizations from governmental entities in connection with such conditioned activities and Glencore obtaining certain confirmations in connection with regulatory and permitting matters.

(collectively, the "Conditions Precedent")

A material change report dated February 1, 2024, describing the principal terms of the OLIA together with a copy of the OLIA is available on SEDAR+ at www.sedarplus.ca.

The Convertible Debenture
On October 27, 2020, the Company entered into an agreement with Glencore for a $10,000,000 Convertible Debenture. On October 13, 2021, April 27, 2022, and January 24, 2023, the Convertible Debenture was amended.

As part of the amendment on January 24, 2023, Falco agreed with Glencore to extend the maturity date of the Convertible Debenture from April 27, 2023, to December 31, 2024. In consideration for the extension of the maturity date of the Convertible Debenture, this loan was amended (i) in order for the accrued interest on the existing Convertible Debenture to be capitalized such that the principal amount of the amended Convertible Debenture totaled $11,770,710, (ii) to increase the interest rate of the Convertible Debenture from 8% per annum to 9% per annum and (iii) to reduce the conversion price of the Convertible Debenture from $0.40 to $0.36 per Common Share. In addition, the 15,061,158 Warrants held by Glencore, each exercisable for one Common Share at an exercise price of $0.41 and expiring on April 27, 2023, were amended to be exercisable at an exercise price of $0.38 and expiring on December 31, 2024 (the "Warrant Extension"), maturing concurrently with the Convertible Debenture, as amended.

On October 7, 2024, the Company agreed with Glencore to extend the maturity date of the Convertible Debenture from December 31, 2024, to December 31, 2025. In consideration for the extension of the maturity date of the Convertible Debenture, the Convertible Debenture was also amended effective December 31, 2024 (the "Amended Convertible Debenture") in order for (i) the accrued interest on the existing Convertible Debenture up to December 31, 2024 to be capitalized such that the principal amount of the amended Glencore Debenture was $13,985,960, (ii) the conversion price was increased to $0.37 per Common Share (from $0.36), and (iii) the interest rate was increased from 9% to 10% (collectively, the "Convertible Debenture Amendments"). The 15,061,158 Warrants held by Glencore remained outstanding until their expiry on December 31, 2024. In consideration for the extension of the maturity date of the Convertible Debenture, the Company issued to Glencore, on December 31, 2024, 19,424,944 Warrants (the "Glencore Warrants"), each exercisable at any time from and after January 1, 2025,

at an exercise price of (i) $0.38 per Common Share for 15,061,158 of the Glencore Warrants and (ii) $0.42 per Common Share for the remaining 4,363,786 Glencore Warrants, and expired on December 31, 2025.

On December 16, 2025, the Company and Glencore amended and extended the maturity of the existing Convertible Debenture from December 31, 2025, to December 31, 2026, effective December 31, 2025 (the "New Convertible Debenture"). In connection with the extension of the maturity date of this debenture, the Convertible Debenture was amended in order for (i) the accrued interest on the existing debenture up to the Effective Date to be capitalized such that the principal amount of the New Convertible Debenture will be $15,433,754, (ii) the conversion price to be maintained at $0.37 per Common Share, and (iii) the interest rate to be maintained at 10%. The Glencore Warrants will remain outstanding in accordance with their terms until their expiry on December 31, 2025. In consideration for the extension of the maturity date of the Convertible Debenture, the Company will issue to Glencore, on the Effective Date, 21,381,422 Warrants (the "New Glencore Warrants"), each exercisable at any time from and after January 1, 2026, at an exercise price of (i) $0.38 per Common Share for 15,061,158 of the New Glencore Warrants and (ii) $0.42 per Common Share for the remaining 6,320,264 New Glencore Warrants, with the New Glencore Warrants expiring on December 31, 2026.

The Convertible Debenture is secured by first ranking security on all assets owned by Falco. So long as Glencore owns (or is deemed to own) a minimum equity interest of 5% in the Company, it will have the right to maintain its pro-rata interest in Falco by participating in equity financings and other dilutive instruments.

Offtake Agreements
Under the terms of the concentrate offtake agreements (the "Offtake Agreements") concluded on October 27, 2020, Glencore affiliated companies will purchase from Falco the copper and zinc concentrates produced during the life of mine of the Project. Terms were negotiated on an arms' length basis.

The Silver Stream Agreement

On February 27, 2019, Falco and OR Royalties completed the Silver Stream Agreement, which was most recently amended on January 31, 2025, and January 30, 2026, whereby OR Royalties agreed to provide the Company with staged payments totaling up to $180.0 million, toward the funding of the development of the Horne 5 Project.

As of June 30, 2026, the Company has received installment payments totalling $35,000,000. The remaining installments are payable as follows:

- $45,000,000 upon the Company receiving all necessary material third-parties' approvals, licenses, rights of way, and surface rights, in addition to reception of all material permits required for the construction of a mine at the Project, a positive construction decision for the Project, and raising a minimum of $100,000,000 (adjusted for inflation from February 27, 2019) in equity, joint venture or any other non-debt financing for the construction of the mine ("Third Installment");
- $60,000,000 upon the total projected capital expenditure for the Horne 5 Project having been demonstrated to be financed ("Fourth Installment"); and
- $40,000,000 at the sole election of OR Royalties to increase the stream percentage, payable concurrently with the Third Installment ("Fifth Installment").

Under the terms of the Silver Stream Agreement, OR Royalties will purchase 90% of the payable silver from the Project, increasing to 100% of the payable silver from the Project in the event the Fifth Installment is paid. In exchange for the silver delivered under the Silver Stream Agreement, OR Royalties will pay Falco ongoing payments equal to 20% of the spot price of silver on the day of delivery, subject to a maximum payment of US$6.00 per silver ounce. The silver produced from the Project and from properties located within a 5 km area of interest will be subject to the Silver Stream Agreement.

Pursuant to the Silver Stream Agreement, the Company agreed to pay a $2.0 million capital commitment fee, payable upon OR Royalties funding the Third Installment under the Silver Stream Agreement. Falco's obligations towards OR Royalties with respect to the Silver Stream Agreement is secured by a deed of hypothec for a maximum of $600 million; such first ranking was subordinated in favour of the security granted to Glencore as part of the Convertible Debenture transaction.

The Silver Stream Agreement was last amended on January 30, 2026, to postpone certain deadlines granted to Falco to achieve milestones set as conditions precedent to OR Royalties funding the remaining instalments and certain other deadlines. On January 31, 2025, the Silver Stream Agreement had been amended to reflect the execution of the OLIA, including that the funding of the Third Instalment will be subject to Falco demonstrating that financial assurances in favour of Glencore under the OLIA can be satisfied.

Convertible Loan with OR Royalties

On February 22, 2019, Falco closed the Convertible Loan with OR Royalties for $10,000,000. On November 22, 2019, November 20, 2020, and January 24, 2023, this loan was amended.

As part of the amendment on January 24, 2023, Falco agreed with OR Royalties to extend the maturity date of the Convertible Loan from December 31, 2022, to December 31, 2024. In consideration for the extension of this maturity date, this loan was also amended (i) in order for the accrued interest on the existing Convertible Loan to be capitalized such that the principal amount of the amended Convertible Loan totaled $20,484,195, (ii) to increase the interest rate of the Convertible Loan from 7% per annum to 8% per annum, and (iii) to reduce the conversion price of the Convertible Loan from $0.55 to $0.50 per Common Share. In addition, the 10,664,324 Warrants held by OR Royalties, were replaced with 10,664,324 Warrants (the "Replacement Warrants") exercisable at an exercise price of $0.65 and expiring on December 31, 2024, maturing concurrently with the Convertible Loan, as amended.

On October 7, 2024, the Company agreed with OR Royalties to extend the maturity date of the Convertible Loan from December 31, 2024, to December 31, 2025. In consideration for the extension of the maturity date of the Convertible Loan, the Convertible Loan was also amended effective December 31, 2024 in order for (i) the accrued interest on the existing Convertible Loan to be capitalized such that the principal amount of the amended Convertible Loan at December 31, 2024 was $23,881,821, (ii) the conversion price was lowered from $0.50 to $0.45 per Common Share, and (iii) the interest rate was increased from 8% to 9%. The 10,664,324 Warrants held by OR Royalties, each exercisable for one Common Share at an exercise price of $0.65 per Common Share, expired on December 31, 2024. In consideration for the extension of the maturity date of the Convertible Loan, the Company issued on December 31, 2024, 17,690,237 Warrants (the "Existing OR Royalties Warrants"), each exercisable at any time from and after January 1, 2025, for one Common Share at an exercise price of $0.58 per Common Share and expired on December 31, 2025.

On December 16, 2025, the Company and OR Royalties amended and extended the maturity of the Convertible Loan from December 31, 2025 to December 31, 2026, with effect as of December 31, 2025 (the "Effective Date"), in order for (i) the accrued interest on the existing loan up to the Effective Date to be capitalized such that the principal amount of the amended Convertible Loan will be $26,098,521, (ii) the conversion price to be maintained at $0.45 per Common Share, and (iii) the interest rate to be maintained at 9%. The Existing OR Royalties Warrants remained outstanding in accordance with their terms until their expiry on December 31, 2025. In consideration for the extension of the maturity date of the Convertible Loan, Falco issued to OR Royalties, on the Effective Date, 19,332,237 Warrants (the "OR Warrants"), each exercisable at any time from and after January 1, 2026, for one Common Share at an exercise price of $0.58 per Common Share and expiring on December 31, 2026.

Falco's obligations towards OR Royalties with respect to the Convertible Loan is secured by a deed of hypothec for a maximum of $25,000,000 over all the assets of Falco other than the Horne 5 Project and ranks after the security granted to Glencore as part of the Convertible Debenture transaction.

Option Agreement with First Quantum Minerals Ltd. ("FQM")

In June 2021, Falco entered into an option agreement with FQM pursuant to which FQM granted the Company the sole and exclusive right (the "FQM Option") to acquire an undivided 100% interest in Norbec sites (the "Properties") located near the City of Rouyn-Noranda (the "City"). The Properties have already been impacted by historical mining activities, are located approximately 11 km from the City and would serve as the surface storage of tailings for the Horne 5 Project. The Company paid $1.0 million to FQM on August 20, 2021, in the form of (i) a cash payment of $0.5 million, and (ii) the issuance of 1,265,182 of Common Shares having an aggregate value of $0.5 million based on then prevailing trading prices.

Upon the Company's decision to exercise the Option, (i) FQM will transfer the Properties to Falco; (ii) Falco will assume historical and contingent environmental liabilities related to the Properties' former mining sites, and (iii) Falco shall make a payment to FQM in the amount of $1.5 million, payable in cash and/or Common Shares at Falco's option.

Falco and FQM ultimately extended the FQM Option's exercise period to December 31, 2026.

Should the FQM Option be exercised by the Company, FQM will retain a 2% NSR on any production from the area represented by the former mining concessions 177 and 517 forming part of the Properties.

Gold Market

On June 30, 2026, the gold price closed at US$4,026/oz compared to US$4,367/oz on December 31, 2025. The historical gold price (US$/oz of gold) is as follows:

Period (Calendar)	High	Low	Average	Close
	US$	US$	US$	US$
2026 (to June 30th)	5,405	4,001	4,692	4,026
2025	4,449	2,633	3,431	4,367
2024	2,778	1,985	2,386	2,610
2023	2,078	1,811	1,941	2,078
2022	2,039	1,629	1,800	1,814

The Horne 5 Project

On July 27, 2026, Falco filed the 2026 Feasibility Study, which reiterated that the Horne 5 Project represents a robust, high margin, fifteen-year underground mining project with attractive economics. The 2026 Feasibility Study was prepared by BBA Inc. ("BBA"), under the direction of Management, and included contributions from the geological and engineering teams at BBA, WSP Canada Inc. ("WSP"), ASDR Canada inc. ("ASDR"), Norda Stelo Inc. ("Norda Stelo") and Ingénierie RIVVAL Inc. ("RIVVAL").

The 2026 FS was initiated to reflect the improved commodity prices, the Silver Stream Agreement with OR Royalties and the Offtake Agreements with Glencore affiliated companies. In addition, the capital and operating costs were reviewed to reflect recent market conditions for labour, supplies and services.

Highlights of the 2026 Feasibility Study
The base case economics are stated using a gold price of US$3,600/oz, a silver price of US$50.00/oz, copper price of US$4.80/lb, zinc price of US$1.35/lb and an exchange rate of $1.34 equal to US$1.00. The highlights include the estimates presented in the section below (dollar amounts are presented on a pre-tax basis, except where otherwise indicated).

TABLE 1: COMPARISON OF 2021 FS AND 2026 FS ECONOMIC RESULTS

Category	Unit	2021 FS(1)	2026 FS
Inventory	tonnes	80,896,876	80,896,876
Contained Gold	oz	3,740,871	3,740,871
Payable Gold LOM	oz	3,304,453	3,304,455
Payable Silver LOM	oz	27,289,020	27,289,040
Produced Zinc LOM	Million lbs	1,189.8	1,189.8
Produced Copper LOM	Million lbs	247.3	247.3
Average Diluted Gold Equivalent Grade(2)	g/t Au Eq	2.24	1.99
Average Diluted Gold Grade	g/t	1.44	1.44
Cash Cost	US$/oz Au	406	528
AISC*	US$/oz Au	586	782
Operating Cost	$/tonne processed	43.1	61.7
Total LOM NSR Revenue (net of Silver Stream)	$M	8,721.8	19,002.7
Total LOM Pre-Tax Cash Flow	$M	3,319.2	10,825.4
Average Annual Pre-Tax Cash Flow	$M	297.9	866.8
LOM Income Taxes & Mining Duties	$M	1,258.1	4,440.2
Total LOM After-Tax Cash Flow	$M	2,061.1	6,385.2
Average Annual After-Tax Cash Flow	$M	202.8	542.5

Pre-Tax $NPV_{5\%}$	$M	1,637.4	5,825.3
After-Tax $NPV_{5\%}$	$M	974.2	3,347.8
Pre-Tax IRR	%	23.0%	36.0%
After-Tax IRR	%	18.9%	28.2%
Operating Costs	$M	3,487.8	4,994.3
Transport, Refining & Smelting	$M	672.9	669.9
Royalties	$M	184.9	407.8
By-Product Credit	$M	(2,627.2)	(3,731.9)
Pre-Production CAPEX	$M	1,080.6	1,753.8
Sustaining CAPEX	$M	674.0	979.0
Closure (net of salvage value)	$M	88.4	145.5
Gold Price	US$/oz	1,600	3,600
Exchange Rate (US$:$)	$/US$	1.28	1.34
After-Tax Payback	Years	4.8	3.3

(1) The NI 43-101 report dated effective March 18, 2021, and entitled *"Feasibility Study Horne 5 Gold Project*" ("2021 FS").
(2) Certain abbreviations are used, including: net present value ("NPV"); NPV at a 5% discount rate ("$NPV_{5\%}$"); internal rate of return ("IRR"); metric tonne ("t"); troy ounce ("oz"); grams per tonne ("g/t"); gold ("Au"); gold equivalent ("AuEq"); silver ("Ag"); copper ("Cu"); zinc ("Zn"); LOM; tonnes per day ("tpd"); net smelter return ("NSR").
(3) Gold equivalent (AuEq) grade was estimated using Mineral Reserve grades and metal prices, and do not reflect the impact of metallurgical recoveries, smelter payability terms, offsite costs, or silver stream obligations.

**AISC are presented as defined by the World Gold Council less Corporate general & administrative ("G&A") costs.*

TABLE 2: SENSITIVITIES *(2026 FEASIBILITY STUDY BASE CASE IN BOLD)*

Gold Price US$/oz	2,000	2,400	2,800	3,200	**3,600**	4,000	4,400	4,800	5,200
Pre-Tax $NPV_{5\%}$ $M	1,731	2,754	3,778	4,802	**5,825**	6,849	7,873	8,896	9,920
After-Tax $NPV_{5\%}$ $M	945	1,561	2,166	2,759	**3,348**	3,931	4,514	5,096	5,674
Pre-Tax IRR	16.4%	21.9%	26.9%	31.6%	**36.0%**	40.1%	44.1%	47.9%	51.6%
After-Tax IRR	12.9%	17.3%	21.3%	24.9%	**28.2%**	31.3%	34.3%	37.1%	39.8%
Pre-Tax Payback Years	5.8	4.5	3.7	3.2	**2.8**	2.5	2.3	2.1	2.0
After-Tax Payback Years	6.2	5.0	4.2	3.7	**3.3**	3.0	2.8	2.6	2.4

Copper Price US$/lb	3.20	3.60	4.00	4.40	**4.80**	5.20	5.60	6.00	6.40
Pre-Tax $NPV_{5\%}$ $M	5,549	5,618	5,687	5,756	**5,825**	5,894	5,964	6,033	6,102
After-Tax $NPV_{5\%}$ $M	3,189	3,229	3,269	3,308	**3,348**	3,387	3,427	3,466	3,506
Pre-Tax IRR	34.9%	35.1%	35.4%	35.7%	**36.0%**	36.2%	36.5%	36.8%	37.0%
After-Tax IRR	27.4%	27.6%	27.8%	28.0%	**28.2%**	28.4%	28.6%	28.8%	29.0%
Pre-Tax Payback Years	2.9	2.9	2.9	2.9	**2.8**	2.8	2.8	2.8	2.7
After-Tax Payback Years	3.4	3.4	3.3	3.3	**3.3**	3.3	3.3	3.2	3.2

Zinc Price US$/lb	0.75	0.90	1.05	1.20	**1.35**	1.50	1.65	1.80	1.95
Pre-Tax $NPV_{5\%}$ $M	5,342	5,463	5,583	5,704	**5,825**	5,946	6,067	6,188	6,309
After-Tax $NPV_{5\%}$ $M	3,069	3,139	3,209	3,278	**3,348**	3,417	3,486	3,555	3,624
Pre-Tax IRR	33.7%	34.2%	34.8%	35.4%	**36.0%**	36.5%	37.1%	37.7%	38.2%
After-Tax IRR	26.5%	26.9%	27.3%	27.8%	**28.2%**	28.6%	29.0%	29.4%	29.9%
Pre-Tax Payback Years	3.0	3.0	2.9	2.9	**2.8**	2.8	2.7	2.7	2.7
After-Tax Payback Years	3.5	3.4	3.4	3.3	**3.3**	3.3	3.2	3.2	3.1

FX: $1.00: US$	0.88	0.84	0.81	0.78	**0.75**	0.72	0.69	0.67	0.65
Pre-Tax $NPV_{5\%}$ $M	4,173	4,586	4,999	5,412	**5,825**	6,238	6,651	7,065	7,478
After-Tax $NPV_{5\%}$ $M	2,414	2,649	2,882	3,116	**3,348**	3,578	3,809	4,039	4,269
Pre-Tax IRR	28.7%	30.6%	32.4%	34.2%	**36.0%**	37.7%	39.4%	41.0%	42.6%
After-Tax IRR	22.8%	24.2%	25.6%	26.9%	**28.2%**	29.5%	30.7%	31.9%	33.1%
Pre-Tax Payback Years	3.5	3.3	3.1	3.0	**2.8**	2.7	2.6	2.5	2.4
After-Tax Payback Years	3.9	3.7	3.6	3.4	**3.3**	3.2	3.1	3.0	2.9

Mineral Resource Estimate

The Mineral Resources presented in the 2026 FS are based upon an updated mineral resource estimate (the "Current MRE") effective as of June 2, 2026, prepared by Martin Perron, P. Eng., of Norda Stelo, using available information. The main objective was to update the previous NI 43-101 Mineral Resource Estimate (the "November 2016 MRE") for the Horne 5 Deposit, which was prepared by InnovExplo Inc. and included in the Project's 2017 Feasibility Study and the 2021 FS. The Mineral Resources presented in the 2026 FS was used to develop the Mineral Reserves presented below.

The Current MRE is primarily based on changes made to the NSR parameters, supported by new assumptions concerning metal prices and net recoveries and the creation of potentially mineable shape to constrain the MRE. No changes to the interpretation were deemed necessary. The Mineral Resource model for the Current MRE is based largely upon the model generated for the November 2016 MRE and the Project's 2017 Feasibility Study.

The Current MRE is prepared following CIM standards and guidelines for reporting Mineral Resources and Reserves. The selected NSR cut-off of $75/t and the mineable shape constrain used allowed the Mineral Resource to be outlined for a potential underground mining scenario. While the results are presented undiluted and in situ, the reported Mineral Resources are considered by the qualified persons under NI 43-101 ("QP"), to satisfy the reasonable prospects for eventual economic extraction.

The results of the Current MRE are presented in the table below. Norda Stelo estimates that the Horne 5 Deposit contains, based on an NSR cut-off of $75/t, Measured Mineral Resources of 13.0M tonnes at $203.47/t NSR value, Indicated Mineral Resources of 109.4M tonnes at $204.98/t NSR value, and Inferred Mineral Resources of 30.1M tonnes at $191.98/t NSR value.

TABLE 3: MINERAL RESOURCES TABLE [(1)]

Resource Category	Tonnes (Mt)	NSR ($/t)	AuEq (g/t)	Au (g/t)	Ag (g/t)	Cu (%)	Zn (%)	Cont-ained AuEq (Moz)	Cont-ained Au (Moz)	Cont-ained Ag (Moz)	Cont-ained Cu (Mlbs)	Cont-ained Zn (Mlbs)
Measured	13.049	203.47	1.80	1.30	14.64	0.15	0.65	0.754	0.547	6.143	44.175	186.654
Indicated	109.403	204.98	1.81	1.33	13.27	0.15	0.70	6.383	4.669	46.678	363.522	1,693.832
Measured + Indicated	**122.452**	**204.82**	**1.81**	**1.32**	**13.42**	**0.15**	**0.70**	**7.137**	**5.216**	**52.822**	**407.697**	**1,880.486**
Inferred	**30.071**	**191.98**	**1.74**	**1.23**	**17.17**	**0.17**	**0.55**	**1.681**	**1.189**	**16.601**	**110.218**	**363.640**

(1) Please refer to the Mineral Resources Estimate Notes below.

Mineral Resource Estimate notes:

1) The independent and qualified person for the Mineral Resource Estimate, as defined by NI 43-101, is Martin Perron, P. Eng., of Norda Stelo, and the effective date of the estimate is June 2, 2026.
2) The Mineral Resources are inclusive of Mineral Reserves.
3) These Mineral Resources are not Mineral Reserves as they do not have demonstrated economic viability.
4) The Mineral Resource Estimate follows 2014 CIM Standards and Definitions and 2019 CIM definitions and guidelines for Mineral Resources.
5) The Mineral Resource was estimated using Geovia GEMS 6.8. A minimum true thickness of 7.0 m was applied, using the grade

of the adjacent material when assayed, or a value of zero when not assayed. Only the silver interpolation in the Inferred resources does not use the material when not assayed.

6) High-grade capping was done on raw assay data prior to compositing (3.0 m) and established on a per zone basis for gold (25 to 35 g/t) and silver (40 to 165 g/t). No capping was applied to Cu and Zn data.
7) The resources were evaluated from drill holes using an ID2 interpolation method in a block model (block size = 5 x 5 x 5 m).
8) The NSR cut-off grade of $75/t is based on mining costs of $16.90/t, milling costs of $28.13/t and G&A of $29.97/t.
9) The NSR estimated value of the resources are based on: Exchange rate of $1.35/1.00 US$; Metal prices for gold 3,300 US$/oz, silver 40.00 US$/oz, copper 4.60 US$/lb, zinc 1.25 US$/lb; Net recoveries are variable in function of grade of each commodity. Smelting cost (including transportation) of $7.82/t.
10) ''Deswik Stope Optimizer'' module (DSO) in Deswik software was used to create potentially mineable shapes.
11) Density values used were interpolated using an ID2 method for the ENV_A and HG_A to HG_F, averaging 3.41 g/cm3 for 91% of the Project. For the remaining area, the density values were fixed at 2.88 g/cm3 for ENV_B to ENV_E and at 2.67 g/cm3 for ENV_F.
12) The resource categories were assigned using clipping boundaries. Measured category was established for blocks interpolated during the first two passes within 15 m closest distance from historical channel samples within the same mineralized zone. Indicated category was established for blocks interpolated during the first two passes within 25 m closest distance from a composite.
13) Results are presented in situ. Ounce (troy) = metric tons x grade / 31.10348, and 22.05 for g/t to pounds. Calculations used metric units (metres, tonnes, g/t). The number of tonnes was rounded to the nearest thousand. Any discrepancies in the totals are due to rounding effects. Rounding followed the recommendations as per NI 43-101. Au Equivalent grade is calculated based on the value of all metals as stated in Point 9 reported to the value of an ounce of Gold.
14) The author is not aware of any known environmental, permitting, legal, title-related, taxation, socio-political or marketing issues, or any other relevant issues not reported in this technical report that could materially affect the mineral resource estimate.

Mineral Reserve estimate

The Mineral Reserve estimate for the Horne 5 Project (effective as of June 2, 2026) was prepared by Geneviève Auger, P.Eng., an employee of Norda Stelo. The Mineral Reserve estimate stated herein is prepared following the CIM Standards on Mineral Resources and Mineral Reserves and is suitable for public reporting. As such, the mineral reserves are based on measured and indicated mineral resources, and do not include any inferred mineral resources. Measured and indicated mineral resources are inclusive of proven and probable reserves.

The 2026 Feasibility Study, LOM and the Mineral Reserve estimate were developed from the Current MRE. As of the date of this release, the QP, has not identified any risks, legal, political, or environmental, that would materially affect potential development of the Mineral Reserves other than the third-party approval discussed below.

There are no changes to the mining mineral reserves in the 2026 FS as compared to the Project's 2017 Feasibility Study and 2021 FS, except for an update of the metal prices. The reserve is constrained to align with the parameters used in the project approval process. The metal prices used in the mineral reserves are gold US$3,600/oz, copper US$4.80/lb, zinc US$1.35/lb, silver US$50.00/oz and at an exchange rate of $1.34: US$1.00. Therefore, cut of grade was re-evaluated to $119/t NSR value.

TABLE 4: STATEMENT OF MINERAL RESERVES

Category	Tonnes (Mt)	NSR ($/t)	Au (g/t)	Ag (g/t)	Cu (%)	Zn (%)
Proven	8.4	223.0	1.41	15.8	0.17	0.75
Probable	72.5	246.0	1.44	14.0	0.17	0.78
P&P	80.9	245.7	1.44	14.1	0.17	0.77

1) The QP for the Mineral Reserve estimate is Geneviève Auger, P. Eng. from Norda Stelo.
2) Mineral Reserves have an effective date of June 2, 2026.
3) The metal prices used to support the Mineral Reserve Estimate are: US$4.80/lb Cu, US$1.35/lb Zn, US$3,600/oz Au and US$50.00/oz Ag, using an exchange rate of $1.34: US$1.00 with a cut-off NSR value of $119/t.
4) Mineral Reserve tonnage and mined metal have been rounded to reflect the accuracy of the estimate and numbers may not add due to rounding.
5) Mineral Reserves presented include both internal and external dilution along with mining recovery. The external dilution is estimated to be 2.3%. The mining recovery factor was set at 95% to account for mineralized material left in the margins of the deposit in each block.

TABLE 5: CAPITAL COSTS SUMMARY

	2021 FS			2026 FS		
Capital Costs ($M)	**Pre-Production**	**Sust-aining**	**Total[(1)]**	**Pre-Production**	**Sust-aining**	**Total[(1)]**
Mining	279.9	365.3	645.3	432.3	480.4	912.7
Mineral Processing Plant	400.6	14.8	415.4	635.9	24.5	660.4
Electrical and Communication	19.1	2.5	21.6	31.9	3.4	35.3
Project Infrastructure	98.1	4.5	102.6	167.4	5.4	172.8
Tailings and Water Management	64.1	286.9	351.1	101.4	295.4	396.8
Indirect Costs	78.4	-	78.4	138.5	80.9	219.4
Owner's Costs	49.6	-	49.6	73.8	-	73.8
Site restoration (net of salvage value)		88.4	88.4	-	145.5	145.5
Subtotal	**989.9**	**762.4**	**1,752.3**	**1,581.3**	**1,035.6**	**2,616.8**
Contingency	90.7	-	90.7	172.5	89.0	261.5
Total Capital Costs	**1,080.6**	**762.4**	**1,843.0**	**1,753.8**	**1,124.6**	**2,878.3**
CAPEX/oz (US$/oz)	255			396		
AISC/oz (US$/oz)	586			782		
All-In Cost/oz (US$/oz)	**842**			**1,178**		

(1) Totals may differ due to rounding.

TABLE 6: OPERATING COSTS SUMMARY

The LOM operating costs are summarized as follows:

	2021 FS	2026 FS
Operating Costs	**$M**	**$M**
Mining	994.1	1,410.9
Processing	1,776.8	2,403.4
Tailings & Water Management	480.4	826.1
G & A	236.5	353.9
Total Operating Costs	***3,487.8***	***4,994.3***

Independent qualified persons

The 2026 Feasibility Study was prepared for Falco under the direction of BBA, by leading independent industry consultants, all of whom are QPs under NI 43-101. The 2026 Feasibility Study supersedes the 2021 FS, which should no longer be relied upon. Independent QPs from BBA, ASDR, WSP, Norda Stelo and RIVVAL who have prepared or supervised the preparation of technical information relating to the 2026 FS include:

- Colin Hardie, (BBA) – Study Integration, Mineral Processing and Metallurgical Testing, Process Plant design, Process Plant capital and operating cost estimate, Electrical and IT infrastructure design and costing (supply and distribution), Market Studies and Contracts, Environmental Studies, Permitting and Social or Community Impact (excluding ore waste rock and water management strategy), Mine Site Closure Costs, Economic Analysis;
- Martin Perron (Norda Stelo) – Mineral Resource Estimate;
- Geneviève Auger (Norda Stelo) – Mineral Reserve Estimate, Underground Mine Design and capital and operating costs (excluding Shaft Transport Systems and Rehabilitation, Underground Material Handling and Underground Distribution Systems);
- Michel Boivin (Norda Stelo) – Site Surface Infrastructure capital costs;
- Eric Bergeron (WSP) – Pre-Production Water Treatment Plant capital and operating costs;

- Sylvain Brunelle (WSP) – Shaft Transport Systems (including mine surface infrastructure, shaft rehabilitation and construction), and Underground Material Handling capital costs;
- André Harvey (WSP) – Barricade/Bulkhead costs and Rock Mechanics;
- Isabelle Larouche (WSP) – Paste Backfill Plant capital and operating costs;
- Carl Pednault (WSP) – Geotechnical studies, tailings and water management capital and operating costs, TMF site and pipelines closure costs;
- Pierre Primeau, (WSP) – Underground Distribution Systems capital costs, Pipelines capital and operating costs;
- Kim Ouellet (ASDR) – TMF Water Treatment Plant capital and operating costs; and
- Yves Vallières (RIVVAL) – Railway Infrastructure capital costs.

All other scientific and technical information in this news release was also reviewed and approved by Luc Lessard, P. Eng., President and Chief Executive Officer of Falco, who serves as a QP under the definition of NI 43-101.

Mining

The underground deposit is located at a depth of approximately 600 metres to 2,300 metres below surface. The existing Quemont #2 shaft, which extends to a depth of approximately 1,200 metres, would need to be rehabilitated. The shaft would provide for the hoisting of mineralized material and waste, services personnel and materials, and the supply of ventilation to the underground workings in the development stage.

The mine has been designed to achieve low operating costs through the use of large-scale, modern mining equipment, gravity-assisted transport of mineralized material through raises, shaft hoisting, minimal mineralized material and waste re-handling, and high productivity bulk mining methods. The operation will incorporate state-of-the-art technologies, including advanced automation and tele-operation equipment. These systems are expected to enable the efficient operation of 25-tonne LHD (Load-Haul-Dump) for transporting ore to the ore pass systems. The underground crushing facility would be fed by two ore pass systems. The crushed mineralized material would then be transported via two 250-metre conveyors and transferred to a 600-metre conveyor leading to the shaft loading point, where it would be hoisted to the surface using 43.5-tonne skips on a continuous basis. For servicing the mine, the shaft would have a double-deck service cage and a double-deck auxiliary cage. Paste backfill would be used to fill the extracted stopes and strengthen stability of the adjacent stopes and avoid or minimize dilution.

The Company intends to use transverse long hole stoping as the primary mining method, with mine designs prioritizing the minimization of dilution over Mineral Resource recovery. The Company expects that the mineral resource dilution will be below 3%.

Processing

The process plant is designed to process approximately 15,800 tonnes of mineralized material per day through a conventional Semi-Autogenous Grinding (SAG) and ball milling circuit. The grinding circuit will produce a primary grind size of approximately P_{80} 55 microns, providing feed to the downstream flotation circuits.

The process plant will recover copper, zinc, gold, and silver through a combination of flotation and leaching technologies. Following grinding, flotation circuits will produce three concentrates: a copper concentrate, a zinc concentrate, and a pyrite concentrate. The copper and zinc concentrates will be filtered and prepared for shipment by truck and rail.

To enhance gold and silver extraction, the pyrite concentrate will undergo additional fine grinding to a target regrind size of P_{80} 12 microns, followed by cyanide leaching and carbon-in-pulp (CIP) recovery. A separate leaching and CIP circuit will also treat the pyrite flotation tailings to recover additional gold and silver. Gold and silver recovered through these circuits will be refined into doré bars for sale.

The process plant has been designed to maximize water recycling and reagent recovery, including cyanide destruction systems to minimize environmental impacts. Fine and coarse pyrite tailings generated by the process will be used as paste backfill in underground mine workings where possible, reducing surface tailings storage requirements. Any excess tailings not required for backfill will be deposited in the tailings management facility. Water recovered from underground backfill operations and tailings management activities will be recycled back to the process plant, supporting efficient water management and reducing freshwater requirements.

Over the LOM, average payable recoveries are estimated at 88.3% for gold, 75.7% for copper, 72.8% for zinc, and 74.2% for silver. The Project is expected to produce a copper concentrate grading approximately 16% copper and a zinc concentrate grading approximately 52% zinc, both containing payable gold and silver credits. Metallurgical testing has confirmed that the concentrates are free of significant deleterious elements, supporting their marketability to smelter customers.

Surface infrastructure

The Horne 5 Project is located within the industrial park and former mining infrastructure footprint (including the Quemont and Horne mines) of the City, a well-established mining community of over 42,000 residents. The Project benefits from extensive existing infrastructure, as well as a deep regional pool of underground mining expertise. Equally important, Falco believes that the Project's strategic location enhances its long-term operational viability and strengthens its attractiveness as an employer, as it offers employees and contractors the opportunity to work within the same community in which they reside, a significant advantage within the mining industry.

The Horne 5 Project is located approximately 1.1 km from Route 101 and 4.0 km from the Trans-Canada Highway, with all essential services readily accessible on site. The Horne 5 Project is also situated less than 700 meters from Glencore's copper smelter. Future mine development is planned within the former Quemont mine site, for which Falco has acquired the surface rights. Electric power is expected to be supplied at 120 kV, originating from the nearby Hydro-Québec, Rouyn-Noranda substation.

Since 2017, Falco had been party to a pre-project evaluation agreement with Hydro-Québec. However, in August 2023, Falco was informed by Hydro-Québec that this agreement would be abandoned. Pursuant to an *Act mainly to cap the indexation rate for Hydro-Québec domestic distribution rate prices and to further regulate the obligation to distribute electricity* (the "Act regulating the distribution of electricity"), an authorization must now be obtained from the Minister of Economy, Innovation and Energy ("MEIE") for connection projects of greater than 5,000 kW. On August 28, 2023, the Company submitted a request for hydroelectricity supply to Hydro-Québec in accordance with such Act regulating the distribution of electricity. In September 2025, Hydro-Québec responded that sustainable energy being in high demand, the current energy situation does not allow it to respond positively to all connection projects, including the Horne 5 Project. Since this request, the Company's estimated electricity supply schedule for the start of commercial production has been extended by at least two years. Falco will submit an updated request to Hydro-Québec in the coming months.

The Horne 5 Project envisions the following key infrastructure items to support the mine to be constructed: site access road, on-site parking area, process plant, including site offices, dry and paste backfill plant, headframe and shaft house, hoist building, 120kV sub-station and railway spur lines and storage area.

The access to and use by Falco of surface rights and infrastructure not owned by it, is subject to compliance with the terms of the OLIA. For more details please refer to "Risk Factors – *Tenures and Access" heading.*

Environmental Permitting Process

Environmental baseline studies were initiated in 2016 and have continued to support the permitting process and the project timeline. The Horne 5 Project is subject to a provincial environmental impact assessment ("EIA") and review procedure under the *Environment Quality Act*, including public hearings and the issuance of a decree (the "Decree") by the provincial government. On December 6, 2017, Falco was advised by the Canadian Environmental Assessment Agency (Government of Canada) that the Horne 5 Project is not a designated activity under the *Regulations Designating Physical Activities* pursuant to the *Canadian Environmental Assessment Act*. Therefore, the Horne 5 Project is not subject to the federal environmental assessment. However, other federal authorizations will need to be obtained.

The EIA of the Project was filed with the MEFACCWP in January 2018, was confirmed admissible in March 2024, allowing the public information and consultation process led by the Québec Environmental Public Hearings Board (Bureau d'audiences publiques sur l'environnement or "BAPE") to begin. Public hearings conducted by the BAPE were held in the City in the August-October 2024 period. Following these consultations, the BAPE's report was published in January 2025 providing its recommendations to support the government's decision on whether to authorize the Project.

As part of its ongoing discussions with the MEFACCWP, Falco has obtained on June 16, 2026, written confirmation that the government's analysis was progressing and that the information provided as of such date has led to specific solutions for the identified environmental issues.

Since the publication of the BAPE's report, the MEFACCWP has continued its environmental review of the Project which is expected to be completed by the end of 2026.

Similarly, the Québec Premier's office has stated that it was fully committed to the economic development of the regions and wanted Québec to become a leader in the production and processing of critical and strategic minerals.

A government decision regarding the authorization of the Project and issuance of the Decree is expected after the completed review by the MEFACCWP.

Projected Next Steps:

- Submit additional EIA technical studies and respond to questions from the MEFACCWP to support the final review of the EIA and issuance of (i) the Decree authorizing the Horne 5 Project, and (ii) the required ministerial and municipal authorizations.
- Initiate detailed engineering of the Project.
- Submit dewatering permit applications to the relevant authorities to enable the commencement of pre-production dewatering and satisfy the conditions precedent under the OLIA in relation thereto.
- Secure additional surface rights in the vicinity of the Horne 5 Project through continued community infrastructure and relocation initiatives.
- Advance and secure project financing.

The Company notes that the timing and completion of the activities outlined above are subject to a number of factors that are not entirely within Falco's control. These include, among other things, the ability to obtain financing on acceptable terms and to secure the required governmental, regulatory, municipal, and third-party approvals, permits, licences, rights-of-way, and surface rights within anticipated timelines. See the *"Cautionary Statement Regarding Forward-Looking Statements"* section of this MD&A.

For more information, please refer to the following MEFACCWP link: https://www.ree.environnement.gouv.qc.ca/index.asp

Mine Tailings and Waste Management

During the initial years of production, tailings not utilized for the production of paste backfill for the Horne 5 workings will be stored in old underground openings. Over the LOM, the remaining tailings will be deposited at surface in a tailings management facility ("TMF"). The Company has identified a former TMF site located approximately 11 km from the City, an area previously impacted by historical mining activities, to serve for the surface storage of tailings for the Horne 5 Project. Discussions regarding acquisition of the site are ongoing. Tailings will be transported from the mining complex to the surface TMF by double wall conduits. Waste rock not required for underground mining activities will be transported by truck and deposited at the TMF.

Closure and Rehabilitation

A closure and rehabilitation plan for the Mine and TMF sites has been developed in accordance with the Mining Act (Québec). Site restoration costs have been updated and are estimated at $201.8 million, offset by $56.3 million in equipment salvage value, resulting in a restoration cost of $145.5 million. The estimate is based on the dismantling of mine infrastructure, including buildings and pipelines, as well as the rehabilitation of the TMF. It also includes provisions for post-closure monitoring. In accordance with the applicable regulations, the Company intends to post a bond as a guarantee against the site restoration obligations.

Air Quality

Air quality in Rouyn-Noranda has been the subject of public and government attention. Considering the concentration of arsenic, cadmium and other metals in the air in Rouyn-Noranda and the result of a study by Québec's public health institute (INSPQ), the provincial authorities declared the status quo unacceptable and asked for a significant decrease through a specific action plan. Glencore (as operator of the Smelter) presented its action plan on August 18, 2022 ("Action Plan") that would significantly reduce contaminants by 2027. Public consultations on the Action Plan between the government, Glencore and the surrounding community were held in Rouyn-Noranda from September 6 to October 20, 2022.

The Horne Smelter Ministerial Authorization was issued to Glencore on March 16, 2023. New requirements were formulated by the MEFACCWP, including for air emissions, noise and waste waters.

The renewal process of the Horne Smelter Ministerial Authorization delayed and impacted the Horne 5 Project's Environmental Permitting Process as well as the negotiation of the OLIA which was concluded on January 23, 2024. In addition, Section 197 of the CAR prohibits a project from being authorized if it is likely to add contaminants to the air that are already present in a concentration higher than the standards in force. Currently, arsenic and other metals are present in the ambient air of the City beyond the concentration allowed by the standards in force. With the requirements formulated by the MEFACCWP in the renewed Horne Smelter Ministerial Authorization, air quality should reach regulatory standards by 2028 except for arsenic, which will remain above standards. In July 2026, the Québec Government extended the deadline by two years for reducing ambient air arsenic emissions at the Smelter to 15 nanograms per cubic meter until 2029/2030 and maintains it at that level until at least 2033.

Based on the results of the air emissions modeling, Falco is of the view that the contribution of the Horne 5 Project to air emissions will be negligible and therefore complies with the CAR. This is emphasized by Falco's Air Emission Reduction Plan that would ensure a negative mass balance of its air emissions, capturing more contaminants than its estimated contribution. The MEFACCWP initially indicated to Falco that it has concerns with respect to compliance of this approach with Section 197 of the CAR. This is expected to be addressed in the MEFACCWP's recommendation to the Government for the purpose of the anticipated issuance of the Decree.

Sustainability and Stakeholder Engagement

Falco's approach to sustainability and social impact is anchored by environmental, social and governance ("ESG") principles. Proactive in strengthening its social license to operate in the City, the Company believes that robust ESG performance is essential to generating long-term value. This includes contributing positively to local and regional economies while fostering the social development of the community. These efforts support improved working and living conditions, and promotes health, safety and employment opportunities, while also enhancing shareholder value. Through its people, mission, culture and strategy, Falco is positioned to become a strong ESG performer.

Falco remains committed to a proactive public consultation process and has engaging extensively with a broad range of stakeholders in the Rouyn-Noranda and Abitibi regions. Based on numerous community meetings held throughout the region, the Company has observed strong local support for the Project. Its development is expected to generate significant economic benefits for the City and the surrounding region. Over an estimated 15-year LOM, the operation is expected to provide direct employment for approximately 500 people.

An independent survey of the population of the City and Abitibi-Témiscamingue conducted by Léger in February 2025 regarding the understanding and social acceptability of the Horne 5 Project shows that Falco enjoys strong majority support in the City where 72% of respondents are in favour of the Project and in Abitibi-Témiscamingue, where support reaches 74%. These results demonstrate the population's significant support for the Project, particularly given its economic spin-offs and positive impact on employment.

In 2019, Falco established an advisory committee (the "Advisory Committee") to facilitate stakeholder engagement and support the development of the Horne 5 Project. The Advisory Committee was renewed in January 2025 to include representatives from the neighborhoods adjacent to the Project. It serves as an important forum for dialogue, providing stakeholders with an opportunity to contribute to the Project's continuous improvement while ensuring consideration of the social, economic and environmental priorities specific to the Rouyn-Noranda region.

Falco remains committed to working closely with the Advisory Committee to maintain and strengthen its engagement with the community. Key topics for on-going discussion include the effects of the influx of new workers on community services, workforce development, housing and community well-being and environmental issues and mitigation measures. The Advisory Committee will continue to enhance the participatory process, with particular emphasis on improving communication and public consultation practices. These efforts are intended to support transparency, strengthen community trust, and foster meaningful stakeholder participation throughout the Project's development.

On September 29, 2026, the Report issued by KPMG confirms that over the Project's anticipated LOM, its direct and indirect contribution to GDP within the Québec economy at the provincial level is currently estimated at $8.8 billion. KPMG's analysis considers approximately $12.1 billion of Project expenditures over 15 years, including pre-production investments, recurring operating costs, and site maintenance and reclamation expenses.

Economic Impact of the Horne 5 Project

Pre-Production & Construction Phase (4 Years)

- Provincial Impact (Québec): $914.4 million in GDP ($228.6 million per year), 4,318 jobs in person-years and $59.4 million in provincial tax revenue.
- Regional Impact (Abitibi-Témiscamingue): $644.6 million in GDP ($161.1 million per year), 2,075 jobs in person-years, and $3.5 million in local tax revenue.
- $32.7 million in federal tax revenue.

Operational and Closure Phases (15 Years)

- Provincial Impact: $7.9 billion in GDP ($524.5 million per year), 18,485 jobs in person-years, and $3.5 billion in provincial tax revenue ($233.6 million per year).
- Regional Impact: $6.5 billion in GDP ($435.8 million per year),11,808 jobs in person-years, and $37.5 million in local tax revenue.
- $1.4 billion in federal tax revenue ($95.6 million per year).

Overall, 82% of the direct and indirect added value generated by the Project is expected to accrue to the Abitibi-Témiscamingue region, which is expected to retain 61% of the jobs supported by the Project.

Additional Highlights from KPMG's Report

- Workforce Development: The Horne 5 Project will support workforce training and skills development, with a focus on trades and technical roles.
- Local Community: Significant employment and business opportunities, in addition to infrastructure improvements.
- Environmental Sustainability: Falco is committed to minimizing the Project's environmental footprint using modern technologies, responsible water and tailings management, and the reuse of existing mining infrastructure wherever practicable.
- Supply Chain and Export Potential: The Project will strengthen provincial supply chain for critical minerals.
- Government Alignment: The Project supports Québec and Canada's strategic priorities for critical minerals and responsible resource development, while contributing to domestic mineral supply and long-term economic growth.

Dewatering Phase – Geotechnical Work Investigation

The dewatering of the old underground workings (former Horne and Quemont mines) constitutes the initial phase of the development of the Horne 5 Project and involves geotechnical and hydrogeological analysis to mitigate risk associated with the dewatering stage. As part of the risk assessment for the dewatering phase, Falco collaborated with Glencore on geotechnical programs and other studies to gather information, analyse the risks associated with the development of the Project and put in place mitigation measures to minimize these risks where appropriate.

The Company's collaboration with Glencore progressed on various investigation and mitigation measures to bring the Horne 5 Project to the dewatering phase. Specifically, Falco completed the geotechnical assessment and mitigation measures agreed upon for the Quemont North Area (closest to the future Horne 5 Project infrastructure) and completed an induced seismicity assessment on the potential impact generated by the Project and completed the geotechnical risk assessment of the Horne 5 Project's development and operation on the Smelter.

Falco and Glencore conducted a work plan to address concerns and mitigate potential risks to Glencore's Smelter (the "Work Plan"). Key components of the Work Plan were established by Glencore after a due diligence review of the Horne 5 Project by the Parties' technical teams, and included geotechnical advancement (drilling investigation, crown pillar stability, seismicity potential, backfill characterization, etc.), water management and synergies between the Project and the Smelter.

Falco and Glencore will continue to collaborate to finalize outstanding matters for the Horne 5 Project and proceed with dewatering, construction and operation of the Project, subject to the conditions set out in the OLIA. Falco and Glencore have approved an instrumentation program for the monitoring of key geotechnical and environmental parameters in the dewatering phase of the Horne 5 Project.

The activities contemplated above are subject at all times to matters and timelines that are not within the exclusive control of Falco. These factors include the ability to obtain, on terms acceptable to Falco, financing, governmental and other third parties' approvals, licenses, rights of way and surface rights.

Hoisting System

On March 24, 2017, the Company entered into an agreement for the engineering, procurement, supply, performance services and installation of the hoisting systems for the Horne 5 Project (the "Hoisting Agreement"). The hoisting systems will include a production hoist, an auxiliary hoist and a service hoist. The production friction hoist will have a 6.5 metre diameter and will allow a skip payload of 39,400 kg. The service hoist will have a 5.5 metre diameter and will be equipped with a double deck cage for 2 x 50-person capacity or 15,000 kg payload. The auxiliary hoist will have a 3.1 metre diameter and will be equipped with a double deck cage for 2 x 5-person capacity or 1,250 kg payload. The Hoisting Agreement is estimated at approximately $28.9 million and can be terminated at any time, subject to the payment of the approved and executed work performed by the supplier at the termination date. As at June 30, 2026, $8.2 million was incurred and paid pursuant to the Hoisting Agreement.

Key auxiliary and service hoisting system components have been received. Construction, materials and detailed engineering of the hoist building, which will host the auxiliary and service hoisting systems, commenced in December 2017. The hoist building's construction will enable Falco to start the mine dewatering and Quemont #2 shaft rehabilitation efforts efficiently and safely and costs as at June 30, 2026, total $8.0 million.

Surface Rights Agreements

In September 2014, the Company entered into an option agreement with the City to acquire the surface rights to land 500 metres north of the Horne 5 Deposit. This option agreement was valid to April 30, 2026, providing the Company the option to purchase additional land within an area surrounding this property. The Company is currently in discussions with the City to amend this option agreement.

Dewatering Equipment

Certain long-lead equipment for the water treatment facility and pumping system (the "WT Equipment") was ordered, with costs incurred totaling $6.8 million as at June 30, 2026. The WT Equipment was received and will have a capacity of 600 cubic metres per hour.

Detailed Engineering

Falco advanced the detailed engineering and procurement of equipment shop drawings in relation to the Horne 5 Project, with a total incurred cost of $6.7 million as at June 30, 2026. The focus to date has been the geotechnical investigation, the water treatment facility, the electrical substation and hoisting facilities.

Horne 5 Project Costs

From from July 1, 2016 through to June 30, 2026, the Company incurred a cumulative total of $177.3 million related to the Project. The breakdown of these costs are as follows:

	As at	
	June 30, 2026	**June 30, 2025**
	$	**$**
Mining equipment	18,317,509	18,317,509
Land and buildings	23,047,552	23,047,552
Construction in progress	64,953,473	62,269,901
Capitalized borrowing costs	64,485,604	48,760,536
Capitalized exploration and evaluation assets	6,496,194	6,496,194
Other equipment	22,025	45,827
Total	**177,322,356**	**158,937,519**

Mining equipment

Mining equipment includes costs incurred on the Hoisting Agreement, and on the WT Equipment, as discussed above under the *"Hoisting System Construction" and "Dewatering Program"* headings.

Land and buildings

Land and buildings include costs incurred on property relocation initiatives, land purchase agreements, and the hoist building's construction as discussed above under the *"Surface Rights Agreements" and "Hoisting System Construction"* headings.

Construction in progress

These costs include Falco's preparation of the EIA and permitting related documentation, our advancement of the Project's detailed engineering efforts as discussed above under the heading *"Detailed Engineering"*, in addition to the cost of managing the Project's pre-construction activities, including the Work Plan with Glencore.

Royalties

As per the purchase agreement dated March 28, 2011 (the "Purchase Agreement"), assigned to the Company in September 2012, certain of the rights of Glencore under the Purchase Agreement are secured by a deed of hypothec in favour of Glencore for a maximum amount of $100 million. At October 20, 2025, SA Targeted Investing Corp ("SATIC"), a subsidiary of Royal Gold Inc., owns all rights, title and interest in a 2% net smelter return ("NSR") royalty on the Horne 5 Project (the "Horne 5 NSR Royalty"). Falco's obligations towards SATIC with respect to the royalty interest are secured by a deed of hypothec for a maximum of $45 million.

Furthermore, the Horne 5 Project is located adjacent to Glencore's operations and the Company is contractually bound to seek authorizations from time to time from Glencore to perform certain activities, which may affect or impact their operations.

Outlook

In order to advance the Horne 5 Project and proceed with the dewatering, construction and operation of the Horne 5 Project, the Company must, among other things, obtain all required regulatory approvals and satisfy all conditions contained in the OLIA in addition to Falco securing financing which may be completed in a number of ways, including, but not limited to, the issuance of debt or equity instruments and/or monetizing certain non-current assets of the Company. If the funds are not available on terms satisfactory to the Company, some planned activities may be postponed and the Company may be required to re-evaluate its plans and allocate its total resources in the Company's best interest which could result in a substantial reduction of the scope of existing and planned operations.

<u>The Horne 5 Project</u>

Management believes that the execution of the OLIA with Glencore, receipt of the Admissibility, completion of the formal BAPE process, in addition to the completion of the Work Plan and execution of the Offtake Agreements with Glencore were significant steps forward for the Company. In addition to obtaining financing for the Project, Falco will focus on the following key project execution activities:

1. Submit additional EIA technical studies and respond to questions from the MEFACCWP to support the final review of the EIA and issuance of (i) the Decree authorizing the Project, and (ii) the required ministerial and municipal authorizations.
2. Initiate detailed engineering of the Project.
3. Submit dewatering permit applications to the relevant authorities to enable the commencement of pre-production dewatering activities and satisfy the conditions precedent under the OLIA in relation thereto.
4. Initiating the surface infrastructure construction program, a pre-requisite to the initiation of dewatering and shaft rehabilitation.
5. Securing additional surface rights near the Horne 5 Project by continuing certain community infrastructure and relocation activities.

The Company notes that the timing and completion of the activities outlined above are subject to a number of factors that are not entirely within Falco's control. These include, among other things, the ability to obtain financing on acceptable terms and to secure the required governmental, regulatory, municipal, and third-party approvals, permits, licences, rights-of-way, and surface rights within anticipated timelines. See the "*Cautionary Statement Regarding Forward-Looking Statements*" section of this MD&A.

Exploration activities

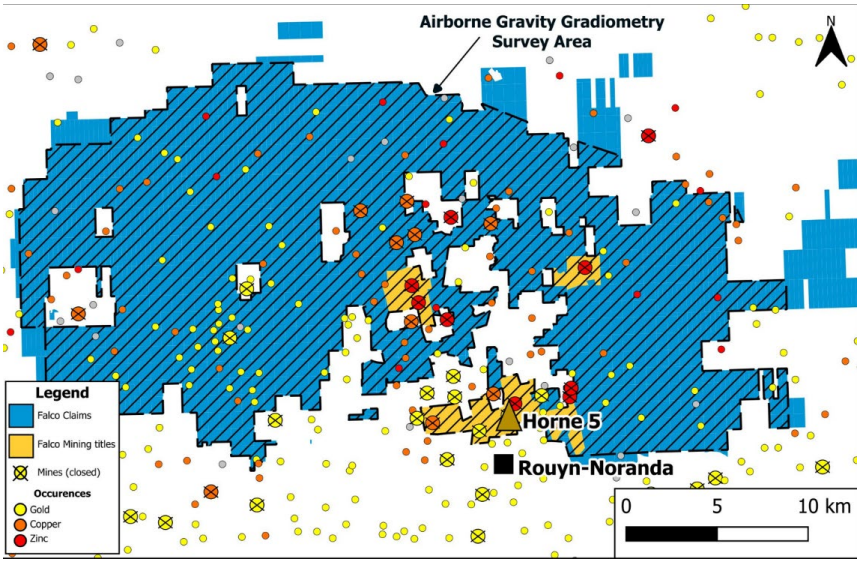
On November 5, 2025, Falco announced the commencement of an exploration initiative across its properties within the Mining Camp, starting with an AGG Survey in November 2025. With this modern exploration technology, Falco believes that the AGG Survey offers an unprecedented opportunity to generate new discoveries in the Mining Camp. The scale of this camp and the prevalence of favorable geological formations to VMS mineralization was historically overwhelming for previous operators. Combining this new exploration approach with Falco's extensive compilation of historical data, there is potential to identify more VMS type deposits in the periphery of the Horne 5 Project Complex.

The AGG Survey was operated by Xcalibur MPH (Canada) Ltd. using their Falcon system with a high-density grid of 100-meter line spacing providing exceptional resolution for detailed mapping. The Survey was flown over 280 square kilometers across the majority of the Company's land package (see Figure 1 below).

AGG surveys measure the change in density between the lighter host rock and denser sulfide mineralization. This sharp density contrast should be well identified by the AGG Survey. Importantly, most of the rhyolitic units remain untested due to the scale of the property. Combined with the high-density contrast and expected shallow depths of mineralization, the AGG Survey will provide an opportunity to identify new VMS type targets in the Mining Camp.

Results from the Survey are currently being analyzed and will complement the mining camp-scale digital compilation and geological reinterpretation of historical data. The integration of high-precision topographic data from the government-managed LIDAR survey will help define the structural controls associated with the distribution of high-grade mineralization. Consequently, Falco will define priority exploration targets in brownfield sites, with potential drilling to be determined based on the merit of the identified targets.

Figure 1: Survey area over Falco's land package

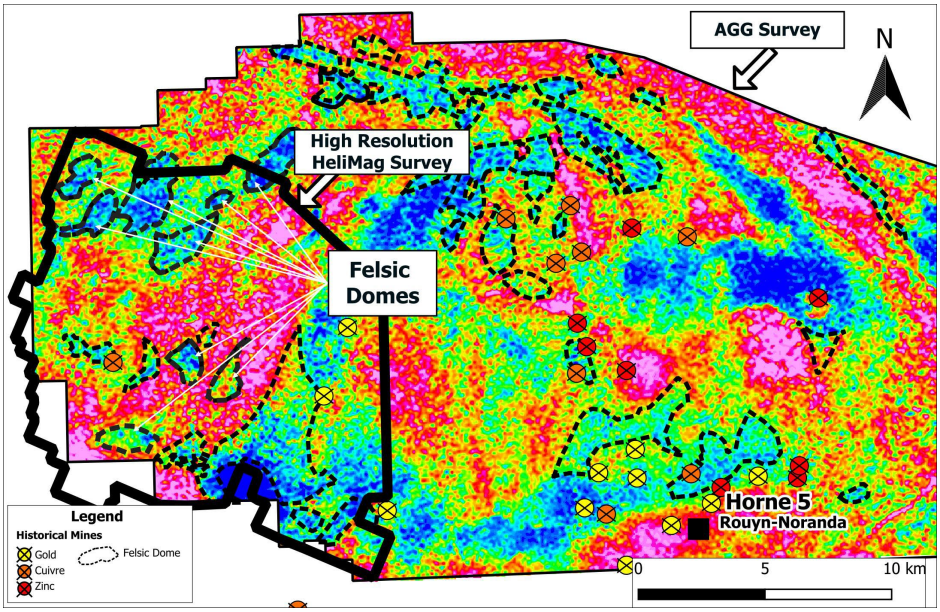


On April 21, 2026, Falco announced the expansion of its exploration initiatives through the launch of the Helimag Program. The AGG Survey identified several felsic domes in the Western Camp, consistent with the geophysical signatures observed in the Central Camp (within the Mining Camp), known for high-grade VMS deposits.

The Helimag Program was carried out by Geo Data Solutions GDS Inc. This program covers approximately 180 km² (see Figure 2). The parameters of this program include flight lines spaced 50 meters apart. Upon completion of the Helimag Program, the Company will undertake an integrated analysis incorporating geological, geochemical, and

additional ground-based geophysical data. This work is expected to support the design of a potential drill program, which could be initiated in the first quarter of 2027.

Figure 2: Airborne Gravity Gradiometry with interpretation of felsic domes



Selected Annual Financial Information

A summary of selected annual financial information for the years ended June 30, 2026, 2025 and 2024, is outlined below:

	2026	2025	2024
	$	$	$
Cash and cash equivalents	9,151,633	1,520,822	3,683,817
Working capital	(36,570,690)	(38,084,207)	(34,290,480)
Total assets	188,963,853	162,997,788	151,732,690
Total non-current financial liabilities	77,326,810	68,593,132	62,389,580
Investments in property, plant and equipment	2,673,736	3,508,733	2,547,565
Total revenue	-	-	-
Net loss for the year	5,265,063	2,395,070	3,410,411
Basic and diluted loss per share	0.02	0.01	0.01
Dividends per share	-	-	-

From June 30, 2024 to June 30, 2026, the level of cash and the movement in working capital is a direct result of financings completed during the periods, offset by investments in PPE and operating expenses, including exploration and evaluation expenditures.

For all periods, the net loss for the year is primarily comprised of operating expenses, such as consulting and compensation costs (including share-based compensation), professional fees, travel and other office administrative costs, exploration and evaluation expenditures and deferred income tax expense (or recovery). In addition, for the years ended June 30, 2026, 2025 and 2024, the Company provided services to third parties that allowed the recovery of costs totaling $0.2 million, $0.3 million and $0.5 million, respectively.

In 2026, 2025 and 2024, costs incurred by the Company were partially offset by changes in fair values on derivative warrant liabilities.

Results of Operations

Falco incurred a net loss of $5.3 million for the year ended June 30, 2026 ("Fiscal 2026"), compared to a net loss of $2.4 million for the year ended June 30, 2025 ("Fiscal 2025").

The operating loss for Fiscal 2026 increased by $1.4 million, totaling $5.4 million for this period. The increase relates primarily to higher exploration and evaluation expenditures ($1.2 million) and higher share-based compensation costs ($0.6 million), slightly offset by lower consulting and compensation costs ($0.7 million) incurred during this period.

For Fiscal 2026, operating losses were partially offset by the Company providing services to third parties that allowed for the recovery of $0.2 million in costs ($0.3 million recovered in Fiscal 2025).

In addition, Falco realized $0.2 million in interest income in Fiscal 2026 ($0.1 million in Fiscal 2025), with the increase resulting from higher liquidities held as compared to Fiscal 2025.

As discussed previously, the Company issued Warrants that provide for a cashless exercise feature. As these contracts call for the possible issuance of a variable number of shares, they are classified as derivative liabilities and measured at fair value at each period end. For Fiscal 2026, the Company recognized an unrealized loss of $ nil on these derivative warrant liabilities ($2.1 million unrealized gain for Fiscal 2025).

Financing activities

Financing activities for Fiscal-2026:

October 2025 private placement
On October 17, 2025, the Company closed the Placement, pursuant to which Falco issued an aggregate of 41,005,000 units (the "Placement Units") at a price of $0.32 per Placement Unit, for aggregate gross proceeds of $13.1 million. Each Placement Unit consists of one Common Share and one-half of one Warrant. Each Warrant is exercisable to acquire one Common Share at a price of $0.46 at any time on or before April 17, 2027. In connection with the closing of the Placement, cash fees of $1.1 million were incurred. Related parties of Falco, including OGG and certain directors and officers of Falco, subscribed for an aggregate of 7,455,000 Units.

Warrants and Option exercises
During Fiscal-2026, 6,396,912 Warrants and 805,000 Options were exercised for aggregate gross proceeds of $2.7 million. Related parties of Falco, including OGG and certain directors and officers of Falco, exercised an aggregate of 2,002,956 Warrants.

Financing activities for Fiscal-2025:

December 2024 private placement
On December 20, 2024, the Company closed a brokered private placement (the "December Offering"). Pursuant to the December Offering, Falco issued an aggregate of 24,000,000 Units at a price of $0.25 per Unit, for aggregate gross proceeds of $6.0 million.

Each Unit consists of one Common Share and one Warrant. Each Warrant is exercisable to acquire one Common Share at a price of $0.35 at any time on or before that date which is 60 months after the closing date of the December Offering.

In connection with the closing of the December Offering, the Company incurred share issue costs of $0.7 million, including $0.6 million in cash and the issuance of 1,152,000 Warrants (each, a "Broker Warrant"). Each Broker Warrant entitles the agent to purchase one Common Share of the Company at an exercise price of $0.25 per Broker Warrant at any time for a term of 24 months following the date of issuance. Related parties of Falco, including OGG and certain directors and officers of Falco, subscribed for an aggregate of 1,790,000 Units.

Liquidity and Capital Resources

As at June 30, 2026, the Company had a negative working capital of $36.6 million (negative working capital of $38.1 million as at June 30, 2025) and cash and cash equivalents amounted to $9.2 million ($1.5 million as at June 30, 2025).

As Falco is in the development stage for the Horne 5 Project, it has not recorded any revenues from operations, has no source of operating cash flow, except for the Silver Stream Agreement, and no assurance that additional funding will be available to it for further development of the Project. The working capital as at June 30, 2026, will not be sufficient to meet the Company's obligations, commitments and budgeted expenditures through June 30, 2027. In addition, expected budgeted expenditures may be impacted by a rise in inflation. The Company is consistently evaluating various financing opportunities to pursue the development of the Horne 5 Project.

The Company's ability to continue future operations beyond June 30, 2027, and fund its planned development activities at the Horne 5 Deposit is dependent on Management's ability to secure third parties' approvals and additional financing in the future. This may be completed in several ways, including, but not limited to, achieving the next milestones of the Silver Stream Agreement, the issuance of debt or equity instruments, a joint venture agreement at the asset level and/or monetizing certain non-current assets of the Company. Management will pursue such additional sources of financing when required, and while Management has been successful in securing financing in the past, there can be no assurance it will be able to do so in the future or that these sources of funding or initiatives will be available for the Company or that they will be available on terms which are acceptable to the Company. If the funds are not available on terms satisfactory to the Company, some planned activities may be postponed, and the Company will be required to re-evaluate its plans and allocate its total resources in such a manner as the Board and Management deem to be in the Company's best interest. This may result in a substantial reduction of the scope of existing and planned operations.

Cash Flows

Cash flows used in operating activities during Fiscal 2026 totaled $4.4 million ($3.9 million during Fiscal 2025). In Fiscal 2026, this is primarily due to the net loss for the period that totaled $5.3 million ($2.4 million in Fiscal 2025). The impact of non-cash working capital items such as accounts receivable, prepaid expenses and other assets, accounts payable and accrued liabilities was a decrease of $0.2 million in Fiscal 2026 (decreased cash by $0.3 million in Fiscal 2025), due to timing differences in the collection of sales tax receivables and the payments to suppliers.

Cash flows used in investing activities for Fiscal 2026 amounted to $2.7 million ($3.5 million in Fiscal 2025) and related to investments in property, plant and equipment.

Cash flows from financing activities for Fiscal 2026 totaled $14.7 million, primarily relating to the closing of the financing in October 2025 and exercises of Warrants and Options during the period ($5.2 million raised in Fiscal 2025).

Quarterly Information

A summary of selected quarterly financial information for the last eight quarters is outlined below:

(as at or for the three months ended)	June 30, 2026	March 31, 2026	December 31, 2025	September 30, 2025
	$	$	$	$
Cash and cash equivalents	9,151,633	9,151,808	9,531,404	897,263
Working capital	(36,570,690)	(31,777,600)	(31,849,272)	(41,142,721)
Total assets	188,963,853	181,871,498	177,962,354	165,856,218
Investments in property, plant and equipment	974,046	731,344	626,009	342,337
Total revenue	-	-	-	-
Net profit (loss) for the period	(3,755,752)	1,253,607	(1,806,664)	(956,254)
Basic and diluted net profit (loss) per Common Share[(i)]	(0.01)	0.00	(0.00)	(0.00)

(as at or for the three months ended)	June 30, 2025	March 31, 2025	December 31, 2024	September 30, 2024
	$	$	$	$
Cash and cash equivalents	1,520,822	2,789,038	4,444,428	1,868,024
Working capital	(38,084,207)	(35,496,948)	(34,138,001)	(37,686,911)
Total assets	162,997,788	160,922,703	159,100,176	153,597,288
Investments in property, plant and equipment	362,640	762,259	1,349,381	1,034,453
Total revenue	-	-	-	-
Net profit (loss) for the period	(1,319,451)	609,466	(413,029)	(1,272,056)
Basic and diluted net profit (loss) per Common Share[(i)]	(0.00)	0.00	(0.00)	(0.00)

(i) Net loss per Common Share is based on each reporting period's weighted average number of Common Shares outstanding, which may differ on a quarter-to-quarter basis. As such, the sum of the quarterly net loss per Common Share amounts may not equal year-to-date net loss per Common Share.

The changes in the Company's cash and working capital are directly impacted by the level of investments made in exploration and evaluation activities and Falco's continued investments in the Horne 5 Project as discussed above under the "*Horne 5 Project Costs*" heading, in addition to financings completed during the periods. During most quarters, the net losses for the periods are comparable. Variations in specific quarters relate primarily to one-off events, such as unrealized gains/losses on the cashless Warrants outstanding.

Related Party Transactions

Key management includes directors (executive and non-executive) and certain officers of the Company. The compensation paid or payable to key management for employee services is presented below for the years ended June 30, 2026 and 2025:

	2026	2025
	$	$
Salaries and short-term employees benefits	**1,297,508**	1,476,270
Share-based compensation	**791,997**	352,146
	2,089,505	1,828,416

On November 4, 2025, the Board granted Options to key employees, officers, advisors and directors to purchase up to an aggregate of 9,950,000 Common Shares. The Options are subject to a three-year vesting period, five-year term and are exercisable at an exercise price of $0.33 per Common Share.

On January 20, 2026, the Board approved a grant of Options to a consultant to purchase up to an aggregate of 400,000 Common Shares. The Options are subject to a twelve-month vesting period and have a five-year term and are exercisable at an exercise price of $0.495 per Common Share.

Capital Management

The capital structure of the Company as at June 30, 2026, consists of equity attributable to common shareholders comprising issued capital and equity reserves.

The Company manages and adjusts its capital structure based on available funds to support the acquisition, exploration and evaluation of mineral properties. The Board does not establish quantitative return on capital criteria for management but rather relies on the expertise of the Company's management to sustain future development of the business. The Company is not subject to any externally imposed capital requirements.

The properties in which the Company currently has interests are in the development and exploration and evaluation stage; as such, the Company is dependent on external financing to fund its activities. In order to carry out planned development and exploration and evaluation activities, and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as required. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels they have sufficient geological and economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There have been no significant changes in the capital management objectives, policies and proceedings as at June 30, 2026.

Flow-through shares

In June 2024, the Company received $1.3 million following the issuance of FT Shares for which the Company renounced tax deductions as at December 31, 2024. This obligation was completed prior to December 31, 2025.

Off-balance Sheet Items

As of September 30, 2026, the Company has no off-balance sheet arrangements.

Outstanding Common Share Data

As of September 30, 2026, the Company has 355,257,805 issued and outstanding Common Shares, 15,070,000 Options outstanding and 81,086,909 Warrants outstanding. The Convertible Debenture is convertible into 41,712,848 Common Shares and the Convertible Loan is convertible into 57,996,713 Common Shares.

Risk Factors

An investment in the Company's Common Shares is subject to a number of risks and uncertainties. An investor should carefully consider the risks described in the MD&A and the other information filed with the Canadian securities regulators (www.sedarplus.ca), before investing in the Company's Common Shares. If any of the described risks occur, or if others occur, the Company's business, operating results and financial condition could be seriously harmed and investors may lose a significant proportion of their investment.

The following risk factors may not be a definitive list of all risk factors associated with an investment in Falco or in connection with the business and operations of Falco.

Title to property and license to operate pursuant to the OLIA

Pursuant to the terms of the OLIA, Glencore granted to Falco, a license to utilize a portion of its lands, which Falco will use to develop and operate the Horne 5 Project.

The ability of Falco to commence certain conditioned activities under the OLIA, including dewatering and mining activities of the Horne 5 Project, is subject to Falco providing Glencore at the relevant time (i) Financial Assurances under Insurance Policies to address certain risks to Glencore and its Smelter arising from the Horne 5 Project, before the commencement of dewatering and mining activities, the whole as further described under "*Agreements with Glencore and its Affiliated Entities – Financial Assurance and Insurance Policies*" heading.

The failure to obtain and maintain the required Financial Assurance and Insurance Policies could have a material adverse effect on the development and continuation of the Horne 5 Project.

The ability of Falco to commence certain conditioned activities under the OLIA, including dewatering and mining activities is also subject to Falco fulfilling the Conditions Precedent further described under "*Agreements with Glencore and its Affiliated Entities – Conditions Precedent*" heading. If Falco is unable to satisfy any of such Conditions Precedent, Falco may be unable to conduct dewatering and mining activities, or obtain financing towards such activities, which would have a material adverse effect on the development of the Horne 5 Project.

Tenure and Access Rights

The right of Falco to access certain portions of the properties of Glencore pursuant to the OLIA remains subject to Falco entering into additional agreements with Glencore or otherwise obtaining written authorizations from Glencore in order to, among other things, delineate such portions of properties to the satisfaction of Glencore.

The failure to obtain tenure and access rights could have a material adverse effect on the development and financing of the Horne 5 Project.

Furthermore, Falco will also have to obtain a number of rights of way or other surface rights from third parties in order to construct and lay in the ground the pipeline that will carry the tailings to a TMF located approximately 11 km from the City of Rouyn-Noranda. Falco is also required to obtain definitive rights to the TMF site which are currently held by a third party. There can be no assurance that any such right of way or surface right or rights to the TMF rights will be granted, or if granted will be on terms acceptable to Falco. Any delay in obtaining such rights may also negatively impact the project schedule.

Other terms and conditions included in the OLIA

Indemnity and Release in favour of Glencore pursuant to the OLIA

The OLIA provides that the Company shall indemnify and release Glencore for certain potential claims and liabilities arising out of matters specified in the OLIA including, without limitation, the development of the Horne 5 Project, the dewatering program and related water management matters, geotechnical issues, the operations of Falco and its site infrastructure, and certain zones of proposed operations with respect to which Falco will assume historical liabilities. Such indemnities in favour of Glencore, if triggered, may result in Falco incurring significant losses and other obligations in favour of Glencore which Falco may be unable to satisfy, which would have a material adverse effect on the development or operations of Falco. In addition, the releases contained in the OLIA could prevent Falco from claiming certain losses from Glencore in the context of the development, operation or closure of the Horne 5 Project, which could have a material adverse effect on the affairs and operations of Falco.

Please refer to the material change report dated February 1, 2024 for more details on the Indemnity and Release in favour of Glencore pursuant to the OLIA.

Technical Committee Approvals, Right of Glencore to make Orders

The OLIA provides for the establishment of a Technical Committee with the mandate to establish operating parameters or limits (the "Operating Parameters") within which Falco can conduct operations of the Project so as not to interfere with the operations of the Smelter, pose risks to the Smelter or increase risks to the Smelter, and determine whether mitigation measures are required, and approve the scoping and design of such mitigation measures.

In addition, the OLIA provides that Glencore has the power, in certain specified circumstances, to issue Orders in order to protect the Smelter.

Operating Parameters imposed at the level of the Technical Committee, or the issuance of an Order by Glencore could negatively impact Falco's dewatering or mining operations, resulting in such operations being less profitable or not profitable compared to expectations in the latest feasibility study for the Horne 5 Project, which could have a material adverse effect on Falco's ability to obtain financing or on Falco's results of operations.

Termination of the OLIA

The occurrence of any of the events of default under the OLIA which is not cured or certain other termination triggers in the OLIA relating to delays in the commencement of dewatering or mining activities beyond the specified deadlines contained in the OLIA, could have a material adverse effect on Falco, including the risk that the OLIA may be terminated which would prevent Falco from developing or operating the Project and would have a material adverse effect on Falco.

A material change report dated February 1, 2024 describing the principal terms of the OLIA together with a copy the OLIA are available on SEDAR+ at www.sedarplus.ca.

Falco's ability to finance its operations

The Company's ability to continue its business operations is dependent on Management's ability to secure additional financing. Currently, Falco does not have any producing projects and no sources of revenue and any project it develops will require significant capital expenditures. As a result, the Company is required to seek additional sources of debt and equity financing on a continuous basis. While the Company has been successful in raising financing in the past, its ability to raise additional financing may be affected by numerous factors beyond its control including adverse market conditions, commodity price changes and economic downturn. There is no assurance that Falco will be able to raise the funds required to continue its operations or that such financing will be sufficient to meet the Company's objective or obtained on terms favourable to it. The development of the Horne 5 Project remains subject

to, among other things, Falco securing adequate financing on conditions acceptable to it and the failure to obtain the necessary financing would have a material adverse effect on Falco's development and operations.

Permits, licenses and approvals

The operations of Falco require licenses and permits from various governmental authorities. Such licenses and permits are subject to changes in regulations and in various operating circumstances. As discussed above under the "*Environmental Permitting Process*" heading, the increase in public and government attention regarding air quality in Rouyn-Noranda in particular as it relates to the Smelter's emissions and public consultation related to the renewal of the Horne Smelter Ministerial Authorization has delayed and impacted the Horne 5 Project's Environmental Permitting Process. In addition, Section 197 of the *CAR* prohibits a project from being authorized if it is likely to add contaminants to the air that are already present in a concentration higher than the standards in force. Currently, arsenic and four other metals are notably present in the ambient air of Rouyn-Noranda beyond the concentration allowed by the standards in force. Based on the results of the air emissions modeling for the Horne 5 Project, Falco is of the view that the contribution of the Horne 5 Project to air emissions will be negligible and therefore complies with the CAR. This is emphasized by Falco's Air Emission Reduction Plan that would ensure a negative mass balance of its air emissions, capturing more contaminants than its estimated contribution. The MEFACCWP has indicated to Falco that it has concerns with respect to compliance of this approach with Section 197 of the CAR. Discussions with the MEFACCWP are ongoing. On January 7, 2025, the BAPE published its report which notably concluded that the strict interpretation by the MEFACCWP of section 197 of the CAR makes it difficult to envision compliance of the Horne 5 Project with this regulation and recommended that the MEFACCWP initiate a reflection on a more comprehensive and adapted integration of environmental impacts and consideration of the mass balance of emissions. There is no certainty that the MEFACCWP will agree with Falco regarding the application of the CAR and Falco's contribution, or that the MEFACCWP will follow the BAPE recommendations, which may further delay or prevent the issuance of the required permits and therefore negatively impact the development of the Project.

Generally, the BAPE's report concluded that the Horne 5 Project, as presented, does not meet the minimum requirements for safety, public health, environmental protection and cost internalization and formulated recommendations. It notably raised safety concerns and formulated recommendations with respect to vibrations and induced seismicity phenomena. A technical committee of experts has been established to develop an action plan aimed at ensuring the long-term safety and sustainability of the activities of the Integrated Health and Social Services Centre of Abitibi-Témiscamingue.

In addition to obtaining financing for the Project, next steps include, among others, the completion by the MEFACCWP of its environmental analysis and issuance of its recommendation to the Québec government, obtaining the issuance of the Decree necessary to allow the continuation of the analysis and planning of the Project, and obtaining the issuance of the required ministerial and municipal authorizations.

There can be no guarantee that Falco will be able to obtain all necessary licenses and permits in a timely fashion that are required to develop the Horne 5 Project and to maintain its business operations and mining activities.

In addition, if Falco proceeds to production on any exploration property, it must obtain and comply with permits and licenses, which may contain specific conditions concerning operating procedures, water use, the discharge of various materials into or on land, air or water, waste disposal, spills, environmental studies, abandonment and restoration plans and financial assurances.

There can be no assurance that Falco will be able to obtain such permits and licenses or that it will be able to comply with any such conditions.

Third party approvals

Falco may require the consent or approval of third parties in order to enter into or complete certain agreements or transactions necessary in the course of its operations. There can be no assurance that such third parties, which may include shareholders, regulatory bodies or entities with an interest in the applicable property or others, will provide the required approval or consent in a timely manner, or at all. Failure to obtain such third-party approvals may result in a material adverse effect on Falco's operations and financial condition.

Dependence on the Horne 5 Project

Falco is primarily dependent on the successful development and operation of the Horne 5 Project, which is the Company's only material property for the purposes of NI 43-101, and is primarily focused on raising capital and expending funds to advance the Horne 5 Project.

The concentration of Falco's business in a single material property exposes Falco to heightened risk. Any adverse development affecting the Horne 5 Project, including operational difficulties, permitting delays or inability to obtain the necessary permits and approvals, labour disputes, equipment failures, adverse geological or geotechnical conditions, environmental incidents, community opposition, or changes in government regulation or policy, could have a disproportionate effect on Falco's financial condition and results of operations compared to a company with a more diversified asset base. There can be no assurance that Falco will be able to develop the Horne 5 Project on the timeline or at the cost anticipated, or that the project will achieve commercial production. If the Horne 5 Project does not proceed as planned, Falco may not have sufficient alternative sources of revenue or cash flow, which could have a material adverse effect on Falco's operations and financial condition, and ability to continue as a going concern.

Community relations, social license and land claim

Maintaining a positive relationship with the communities in which Falco operates is critical to its business operations and the development of the Horne 5 Project.

Falco may come under pressure to demonstrate that other stakeholders (including employees, communities surrounding its operations) benefit and will continue to benefit from its commercial activities, and/or that it operates in a manner that will minimize any potential damage or disruption to the interests of those stakeholders.

Erosion of social license or activities of third parties seeking to call into question social license may have the effect of slowing down the development of new projects and potentially may increase the cost of constructing and operating these projects. Productivity may be reduced due to restriction of access, proceedings initiated or delays in permitting and there may also be extra costs associated with improving the relationship with the surrounding communities.

For instance and as discussed above under the "*Environmental Permitting Process*" heading, the BAPE Report conclusion, the current situation regarding air quality in Rouyn-Noranda in particular as it relates to the Smelter's emissions and the vibration and induced seismicity phenomena, could negatively impact Falco community relations and social license. While the Company is committed to operating in a socially responsible manner there is no guarantee that its efforts will meet all of third parties' expectations, which could have a material adverse effect on the Company's business, financial position and operations.

At the present time, to the knowledge of Falco, the properties in which Falco has an interest, are the subject of aboriginal land claims by the Algonquin First Nations but there are no active negotiation tables with the Québec government. The duty to consult the Algonquin First Nations rests with Québec government. No assurance can be provided on the outcome of the land claims.

Falco has significant indebtedness

The Company has a significant amount of secured debt, including Glencore's Convertible Debenture and OR Royalties' Convertible Loan, and other secured obligations under the Silver Stream Agreement. In addition, the Company currently intends to continue to seek additional financing in the future, which may include the issuance of additional unsecured or secured debt securities, equity securities and equity-linked securities. There can be no assurance as to the timing of any such financing or that any such additional financing will be completed on favorable terms, or at all. The Company's future liquidity may be negatively affected by the risk factors discussed elsewhere. If the Company's liquidity is materially diminished, the Company might not be able to timely pay or refinance its debt and interest thereon.

Information systems and cyber security

Falco relies on its IT infrastructure to meet its business objectives. Falco uses different IT systems, networks, equipment and software and has adopted security measures to prevent and detect cyber threats. However, Falco and third-party service providers may be vulnerable to cyber threats, which have been evolving in terms of sophistication and new threats are emerging at an increased rate. Unauthorized third parties may be able to penetrate network security and misappropriate or compromise confidential information, create system disruptions or cause shutdowns to Falco or its counterparties. Although Falco has not experienced any losses relating to cyber-attacks or other

information security breaches, there can be no assurance that there will be no such loss in the future. Significant security breaches or system failures of Falco or its counterparties, especially if such breach goes undetected for a period of time, may result in significant costs, fines or lawsuits and damage to reputation. The significance of any cyber security breach is difficult to quantify but may in certain circumstances be material and could have a material adverse effect on Falco's business.

Exploration, development and operations

The long-term profitability of Falco's operations will be in part directly related to the cost and success of its exploration programs, which may be affected by many factors, including the Company's ability to develop the Horne 5 Project into a mine and generate profits from it.

The decision as to whether a property contains a commercially viable mineral deposit and should be brought into production will depend upon the results of exploration programs and/or feasibility studies, and the recommendations of duly qualified engineers and/or geologists, all of which involves significant expense. Major expenditures are required to develop metallurgical processes and to construct mining and processing facilities at a particular site.

While the discovery of an ore body may result in substantial rewards, few properties which are explored are commercially mineable and ultimately developed into producing mines.

Climate change

Falco recognizes that climate change is an international and community concern which may affect the business and operations of Falco, directly or indirectly. The continuing rise in global average temperatures has created varying changes to regional climates across the globe, resulting in risks to equipment and personnel. Governments at all levels are moving towards enacting legislation to address climate change by regulating carbon emissions and energy efficiency, among other things. Where legislation has already been enacted, regulation regarding emission levels and energy efficiency are becoming more stringent. The mining industry, as a significant emitter of greenhouse gas emissions, is particularly exposed to these regulations. Costs associated with meeting these requirements may be subject to some offset by increased energy efficiency and technological innovation; however, there is no assurance that compliance with such legislation will not have an adverse effect on Falco's business, results of operations, financial condition and its share price.

Extreme weather events (such as prolonged drought or freezing, increased flooding, increased periods of precipitation and increased frequency and intensity of storms, wildfires and other adverse weather conditions) have the potential to disrupt operations and the transport routes. Extended disruptions could result in interruption to production, which may adversely affect Falco's business, results of operations, financial condition and its share price.

Climate change is perceived as a threat to communities and governments globally. Stakeholders may increase demands for emission reductions and call upon mining companies to better manage their consumption of climate-relevant resources (hydrocarbons, water etc.). This may attract social and reputational attention towards operations, which could have an adverse effect on Falco's business, results of operations, financial condition and its share price.

Regulatory matters

Falco's activities are subject to governmental laws and regulations. These activities can be affected at various levels by governmental regulation governing exploration and development, taxes, labour standards and occupational health, expropriation, mine safety, environment, electrical distribution and other matters. Since 2017, Falco had been party to a pre-project evaluation agreement with Hydro-Québec, which was abandoned in August 2023. Pursuant to the *Act regulating the distribution of electricity*, an authorization must now be obtained from the MEIE for connection of projects greater than 5,000 kW. There is no certainty that such approval will be obtained, or that the required electricity supply for the Horne 5 Project will be available to Falco on appropriate terms, which could have a material adverse effect on the development of the Project.

In addition, exploration and commercialization are subject to various federal, provincial and local laws and regulations relating to the protection of the environment. These laws impose high standards on the mining industry, to monitor the discharge of wastewater and report the results of such monitoring to regulatory authorities, to reduce or eliminate certain effects on or into land, water or air, to progressively rehabilitate mine properties, to manage hazardous wastes and materials and to reduce the risk of worker accidents.

Failure to comply with applicable laws and regulations may result in civil or criminal fines or penalties or enforcement actions, including orders issued by regulatory or judicial authorities enjoining or curtailing operations or requiring corrective measures, installation of additional equipment or remedial actions, any of which could result in significant expenditures. Falco may also be required to compensate private parties suffering loss or damage by reason of a breach of such laws, regulations or permitting requirements. It is also possible that future laws and regulations, or more stringent enforcement of current laws and regulations by governmental authorities, could cause additional expense, capital expenditures, restrictions on or suspensions of Falco's activities and delays in the exploration of properties.

Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on Falco and cause increases in capital expenditures or production costs or reduction in levels of production at producing properties or require abandonment or delays in development of new mining properties.

Environmental risks and hazards

Mining is capital intensive and subject to a number of risks and hazards, including environmental pollution, accidents or spills, industrial and transportation accidents, labour disputes, changes in the regulatory environment, natural phenomena (such as inclement weather conditions, earthquakes, pit wall failures and cave-ins) and encountering unusual or unexpected geological conditions. Such risk and hazards might impact Falco's business. Consequently, many of the foregoing risks and hazards could result in damage to, or destruction of, Falco's mineral properties or future processing facilities, personal injury or death, environmental damage, delays in or interruption of or cessation of their exploration or development activities, delay in or inability to receive required regulatory approvals, or costs, monetary losses and potential legal liability and adverse governmental action. Falco may be subject to liability or sustain loss for certain risks and hazards against which it does not or cannot insure or against which it may reasonably elect not to insure because of the cost. This lack of insurance coverage could result in material economic harm to Falco.

Mineral Resource and Mineral Reserve estimates

Mineral Resource and Mineral Reserve figures are only estimates. Such estimates are expressions of judgment based on knowledge, mining experience, analysis of drilling results and industry practices. While Falco believes that the Mineral Resource and Mineral Reserve estimates, as applicable, in respect of properties in which Falco holds a direct interest reflect best estimates, the estimating of Mineral Resources and Mineral Reserve is a subjective process and the accuracy of Mineral Resource and Mineral Reserve estimates is a function of the quantity and quality of available data, the accuracy of statistical computations, and the assumptions used and judgments made in interpreting available engineering and geological information.

There is significant uncertainty in any Mineral Resource and Mineral Reserve estimate and the actual deposits encountered and the economic viability of a deposit may differ materially from estimates. Estimated Mineral Resources and Mineral Reserves may have to be re-estimated based on changes in prices of gold or other minerals, further exploration or development activity or actual production experience. This could materially and adversely affect estimates of the volume or grade of mineralization, estimated recovery rates or other important factors that influence such estimates. In addition, Mineral Resources are not Mineral Reserves and there is no assurance that any Mineral Resource estimate will ultimately be reclassified as Proven or Probable Mineral Reserves. Mineral Resources which are not Mineral Reserves do not have demonstrated economic viability.

Reliance on historical data

Although Falco's normal data verification procedures have been employed in connection with the calculations of the Mineral Resource estimation on the Horne 5 Project and sampling, analytical and test data underlying the estimated Mineral Resources have been verified by qualified persons, an extensive amount of historical data and records on the Project was relied on in establishing these calculations. Falco cannot provide any comfort that it can rely upon, verify or necessarily authenticate such historical information in connection with its exploitation of the Horne 5 Project. Falco cannot guarantee that the historical records that are available are free from material errors or inaccuracies. While Falco believes that the Mineral Resource and Mineral Reserve estimates in respect of the Project reflect best estimates, the estimating of Mineral Resources is a subjective process and the accuracy of Mineral Resource estimate is a function of the quantity and quality of available data, the accuracy of statistical computations, and the assumptions used and judgments made in interpreting available engineering and geological information. There is significant uncertainty in any Mineral Resource estimate and the actual deposits encountered and the economic viability of a deposit may differ materially from estimates.

Market price of the Falco Common Shares

The market price of Falco Common Shares is affected by many variables not directly related to the corporate performance of Falco, including the strength of the economy generally, the availability and attractiveness of alternative investments, and the breadth of the public market for the stock. The effect of these and other factors on the market price of the Falco Common Shares in the future cannot be predicted and may cause decreases in asset values, which may result in impairment losses.

Mergers, acquisitions or joint ventures

Falco may evaluate from time-to-time opportunities to merge, acquire and joint venture assets and businesses or conduct any other type of transaction. Global landscape has changed and there are risks associated to such transaction due to liabilities and evaluations with the aggressive timelines of closing transactions from increased competition.

There is also a risk that the review and examination process might be inadequate and cause material negative outcomes. These transactions may be significant in size, may change the scale of Falco's business and may expose it to new geographic, political, operating, financial and geological risks. Falco's success will depend on its ability to identify suitable partners, conclude a transaction on acceptable terms and integrate operations successfully. Any transactions would be accompanied by risks, such as the difficulty of integrating the operations and personnel; the potential disruption of Falco's ongoing business; the inability of management to maximize the financial and strategic position of Falco; the maintenance of uniform standards, controls, procedures and policies; dilution of Falco's present shareholders or of its interests in its assets or the decision to grant interests to a joint venture partner.

There can be no assurance that Falco would be successful in overcoming these risks or any other problems encountered in connection with such transactions or joint ventures. There may be no right for shareholders to evaluate the merits or risks of any future transaction or joint venture undertaken except as required by applicable laws and regulations.

Attracting and retaining qualified management

Falco is dependent on certain members of management, particularly its President and Chief Executive Officer. The loss of his services could adversely affect Falco.

Falco is dependent on the services of key executives and other highly skilled personnel focused on advancing its corporate objectives as well as the identification of new opportunities for growth and funding. The loss of these persons or its inability to attract and retain additional highly skilled employees required for its activities may adversely impact Falco's business. Further, while certain of Falco's officers and directors have experience in the exploration of mineral producing properties, Falco remains highly dependent upon contractors and third parties in the performance of their exploration and development activities. There can be no guarantee that such contractors and third parties will be available to carry out such activities on behalf of Falco or be available upon commercially acceptable terms.

Competition

Falco's activities are directed towards the exploration, evaluation and development of mineral deposits. There is no certainty that the expenditures to be made by Falco will result in discoveries of commercial quantities of mineral deposits. There is aggressive competition within the mining industry for the discovery and acquisition of properties considered to have commercial potential. Falco will compete with other interests, many of which have greater financial resources than it will have, for the opportunity to participate in promising projects. Significant capital investment is required to achieve commercial production from successful exploration efforts, and Falco may not be able to successfully raise funds required for any such capital investment.

Conflicts of interest

Certain directors and officers of Falco also serve as directors and officers of other companies involved in natural resource exploration and development; consequently, there is a possibility that such directors and officers will be in a position of conflict of interest. Any decision made by such directors and officers involving Falco will be made in accordance with their duties and obligations to deal fairly and in good faith with Falco and such other companies. In addition, such directors and officers will declare, and refrain from voting on, any matter in which such directors and officers may have a material conflict of interest. As applicable, Falco may form a special committee of independent directors on an *ad hoc* basis.

Factors beyond the control of Falco

The potential profitability of mineral properties is dependent upon many factors beyond Falco's control. For instance, world prices of and markets for minerals are unpredictable, highly volatile, potentially subject to governmental fixing, pegging and/or controls and respond to changes in domestic, international, political, social and economic environments. Another factor is that rates of recovery of minerals from mined ore (assuming that such mineral deposits are known to exist) may vary from the rate experienced in tests and a reduction in the recovery rate will adversely affect profitability and, possibly, the economic viability of a property. Profitability also depends on the costs of operations, including costs of labour, equipment, electricity, environmental compliance or other production inputs. Such costs will fluctuate in ways Falco cannot predict and are beyond Falco's control, and such fluctuations will impact profitability and may eliminate profitability altogether. Additionally, due to worldwide economic uncertainty, the availability and cost of funds for development and other costs have become increasingly difficult, if not impossible, to project. These changes and events may materially affect the financial performance of Falco and they may also negatively impact the project schedule.

Infectious Disease Outbreaks

Falco faces risks related to health epidemics, pandemics and other outbreaks of infectious diseases, which could significantly disrupt, directly or indirectly, its operations and may materially and adversely affect its business and financial conditions.

Falco's business could be adversely impacted by health epidemics, pandemics and other outbreaks of infectious diseases. The extent to which an epidemic or pandemic impacts Falco's business, including its operations and the market for its securities, will depend on future developments, which are highly uncertain and cannot be predicted at this time, and include the duration, severity and scope of an outbreak and the actions taken to contain or treat such outbreak. In particular, the continued spread of the coronavirus globally could materially and adversely impact Falco's business including without limitation, employee health, workforce productivity, increased insurance premiums, limitations on travel, the availability of industry experts and personnel, operations and business of third party operators, and other factors that will depend on future developments beyond Falco's control, which may have a material and adverse effect on its business, financial condition and results of operations. There can be no assurance that Falco's personnel will not be impacted by these pandemic diseases and ultimately see its workforce productivity reduced or incur increased medical costs / insurance premiums as a result of these health risks.

In addition, a significant outbreak of infectious diseases could result in a widespread global health crisis that could adversely affect global economies and financial markets resulting in an economic downturn that could have an adverse effect on the demand for precious metals and Falco's future prospects.

Potential fraud and corruption

Falco is subject to risks related to the potential to benefit from improper transactions and financial reporting to hide operational deficiencies or enhance remuneration. Other risks include the potential for fraud and corruption by suppliers, personnel or government officials and which may implicate Falco, and its ability to comply with applicable anti-corruption laws.

Reputational risks

Reputational risk is the risk that an activity undertaken by an organization or its representatives will impair its image in the community or lower public confidence in it, resulting in loss of revenue, legal action or increased regulatory oversight and loss of valuation and share price. Possible sources of reputational risk could come from, but not limited to, operational failures, non-compliance with laws and regulations, or leading an unsuccessful financing. In addition to its risk management policies, controls and procedures, Falco has a formal Code of Ethics to help manage and support Falco's reputation.

Financial Risks

The Company's activities expose it to a variety of financial risks: market risks (including foreign currency risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's performance.

A description of the financial risks are included in the Financial Statements, filed on SEDAR+ at www.sedarplus.ca.

Internal Control Disclosure

In November 2007, the Canadian Securities Administrators exempted issuers on the TSX-V, such as the Company, from certifying disclosure controls and procedures, as well as internal controls over financial reporting as of December 31, 2007, and thereafter. The Company is required to file basic certificates. The Company makes no assessment relating to establishment and maintenance of disclosure controls and procedures as defined under National Instrument 52-109.

Basis of Presentation of Financial Statements

The Financial Statements have been prepared in accordance with IFRS Accounting Standards. The accounting policies, methods of computation and presentation applied in the Financial Statements are consistent with those of the previous financial year.

The Board approved the Financial Statements on September 30, 2026. The significant accounting policies of Falco as well as the accounting standards issued but not yet effective are included in the notes to the Financial Statements, filed on SEDAR+ at www.sedarplus.ca.

Critical Accounting Estimates and Judgments

Estimates and assumptions are continuously evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The determination of estimates requires the exercise of judgment based on various assumptions and other factors such as historical experience and current and expected economic conditions. Actual results could differ from those estimates.

The critical judgments in applying the Company's accounting policies are detailed in the Financial Statements, filed on SEDAR+ at www.sedarplus.ca.

Additional Information

Additional information relating to the Company has been filed on SEDAR+ at www.sedarplus.ca.

Cautionary Statement Regarding Forward-Looking Statements

This MD&A contains forward-looking information within the meaning of applicable securities laws ("forward-looking statements"). Forward-looking statements are typically identified by words such as: "believe", "envisions", "estimates", "assumes", "evaluates", "inferred", "probability", "planned", "projected", "ensure" "anticipates", "contemplated", "expected", "anticipate" and similar expressions, or that events or conditions "would", "will", "can", or may" occur. All statements that are not statements of historical fact are forward-looking statements.

Forward-looking statements in this MD&A include, without limitation, statements regarding the projections and assumptions of the 2026 Feasibility Study, including, without limitation: NPV; IRR; CAPEX; operating costs; estimated cash costs and estimated AISC; mine life; payback period; LOM pre-tax 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 benefits of the Project for the community and other statements relating to social acceptability for the Horne 5 Project and the eventual receipt 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 MD&A on terms and conditions acceptable to the Company. Mineral resource and mineral reserves estimates are also forward-looking statements because the use of such estimates involves 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.

Although Falco believes the forward-looking statements in this MD&A are reasonable, it can give no assurance that the expectations and assumptions in such statements will prove to be correct. Consequently, Falco cautions investors that any forward-looking statements by the Company are not guarantees of future results or performance and that actual results may differ materially from those in forward-looking statements.

The forward-looking statements contained herein are subject to a variety of risks and uncertainties which could cause actual events or results to differ materially from those reflected in the forward-looking statements, including, without limitation: the effects of general economic conditions; changing foreign exchange rates; risks associated with exploration and project development; the calculation of mineral resources and reserves; risks related to fluctuations

in metal prices; uncertainties related to raising sufficient financing to fund the planned work in a timely manner and on acceptable terms; changes in planned work arising from weather, logistical, technical or other factors; the possibility that results of work will not fulfill expectations and realize the perceived potential of the Company's properties; risk of accidents, equipment breakdowns and labour disputes; access to project funding or other unanticipated difficulties or interruptions; the possibility of cost overruns or unanticipated expenses in the work program; title matters; government regulation; obtaining and receiving necessary licenses; the risk of environmental contamination or damage resulting from Falco's operations, the risk that the conditions precedent to the ability to conduct dewatering or mining activities under the OLIA may not be satisfied; the risk that Falco may not obtain the required financial assurances to be provided to Glencore, or the financing required to develop or operate the Horne 5 Project; the risk that the required permits and authorizations required from governmental authorities to develop and operate the Horne 5 Project may not be obtained on the terms contemplated or at all; the risk that the OLIA may be terminated in accordance with its terms in the event of default or certain other triggers relating to delays in the commencement of dewatering or mining activities; the risk that, once commenced, certain operations of the Horne 5 Project may have to be suspended, altered or modified pursuant to the conditions of the OLIA; the risk that Glencore may require modifications to Falco's operations at the Horne 5 Project pursuant to the OLIA which would render the operations less profitable or not profitable (compared to expectations in the 2026 Feasibility Study); the risk that Falco may incur significant losses and other obligations under its indemnities in favour of Glencore contemplated in the OLIA.

The forward-looking statements contained in this MD&A are based on the beliefs, estimates and opinions of Falco's management on the date the statements are made. Although Falco has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. The Company is under no obligation to update or alter any forward-looking statements except as required under applicable securities laws.

(Signed) Luc Lessard
Luc Lessard
President and Chief Executive Officer

(Signed) Anthony Glavac
Anthony Glavac
Chief Financial Officer and Corporate Secretary

September 30, 2026

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Transfer Agent
TSX Trust Company

Exchange listing
TSX-V: FPC