FORM 51-102F3

MATERIAL CHANGE REPORT

Item 1 **Name and Address of Company**

Falco Resources Ltd.
(formerly Falco Pacific Resource Group Inc.)
1328 – 885 West Georgia Street
Vancouver, BC
V6C 3E8

Item 2 **Date of Material Change**

July 24, 2014

Item 3 **News Release**

The news release was disseminated on July 24, 2014 through the facilities of Marketwired Canada and was SEDAR filed with the British Columbia and Alberta Securities Commissions.

Item 4 **Summary of Material Change**

Falco Resources Ltd. ("Falco" or the "Company") announced that it has elected to accelerate the expiry date of the common share purchase warrants (the "Warrants") originally issued by Falco as part of its unit private placement completed on June 14, 2013. Each Warrant entitles the holder thereof to purchase one additional common share of Falco at a price of $0.45. As at July 24, 2014, 1,120,000 of these Warrants have been exercised leaving a balance outstanding of 2,280,000 Warrants.

A Notice of Acceleration dated July 24, 2014 will be mailed to the holders of the Warrants issued pursuant to the Private Placement to advise that the expiry date of the Warrants is being accelerated to 4:30 p.m. (Vancouver time) on August 22, 2014. Any Warrants remaining unexercised after August 22, 2014 will be cancelled.

Should all of the Warrants outstanding be exercised, Falco will receive total gross proceeds of $1,305,000.

Item 5 **Full Description of Material Change**

5.1 Full Description of Material Change

Falco announced that it has elected to accelerate the expiry date of the common share purchase warrants (the "Warrants") originally issued by Falco as part of its unit private placement completed on June 14, 2013 (the "Private Placement"). Each Warrant entitles the holder thereof to purchase one additional common share of Falco at a price of $0.45. As at July 24, 2014, 1,120,000 of these Warrants have been exercised leaving a balance outstanding of 2,280,000 Warrants.

Pursuant to the terms of the Private Placement, the expiry of the Warrants may be accelerated at any time prior to the expiry of the Warrants if the volume weighted average trading price of Falco's shares on the TSX Venture Exchange is greater than \$0.60 for 15 consecutive trading days, at which time Falco may give notice in writing (the "Early Expiry Notice") to the Warrant holders within 10 days of such an occurrence that the Warrants shall expire on the 30th day following the giving of such Early Expiry Notice.

Effective at the market close on July 23, 2014, Falco's volume weighted average price for each of the past 15 consecutive trading days exceeded \$0.60. A Notice of Acceleration dated July 24, 2014 will be mailed to the holders of the Warrants issued pursuant to the Private Placement to advise that the expiry date of the Warrants is being accelerated to 4:30 p.m. (Vancouver time) on August 22, 2014. Any Warrants remaining unexercised after August 22, 2014 will be cancelled.

Should all of the Warrants outstanding be exercised, Falco will receive total gross proceeds of \$1,305,000.

About Falco

Falco is a resource exploration company and owner of mineral rights to 14 former mines within a 700 km2 land package in the Abitibi region of Quebec, Canada. Falco's principal property is the Horne mine complex, which was operated by Noranda from 1927 to 1976 and produced 11.6 million ounces of gold and 2.5 billion pounds of copper. A maiden 43-101 mineral resource estimate for the Horne 5 deposit delineated an initial inferred resource totaling 25.3 million tonnes grading 2.64 g/t Au, 0.23% Cu and 0.7% Zn, for 2.2 Moz Au contained (see Falco press release dated March 4, 2014 for more details).

5.2 Disclosure for Restructuring Transactions

Not applicable.

Item 6 <u>Reliance on subsection 7.1(2) of National Instrument 51-102</u>

Confidentiality is not requested.

Item 7 <u>Omitted Information</u>

No information has been omitted in respect of the material change.

Item 8 <u>Executive Officer</u>

The following executive officer of Falco Pacific is knowledgeable about the material change disclosed in this report.

James Davidson, Chief Financial Officer
Telephone: 604.336.6346

Item 9 <u>Date of Report</u>

August 5, 2014