FORM 51-102F3
MATERIAL CHANGE REPORT

Item 1: **Name and Address of Company**

Falco Resources Ltd. (the "**Company**" or "**Falco**")
Suite 300 – 1100 av. des Canadiens-de-Montreal
Montreal, QC H3B 2S2

Item 2: **Date of Material Change**

June 7, 2024.

Item 3: **News Release**

The news release attached hereto as Schedule "A" (the "**News Release**") announcing the material change referred to in this report was disseminated on June 7, 2024 through Globe Newswire and a copy has been filed under the Company's profile on SEDAR+ at www.sedarplus.ca.

Item 4: **Summary of Material Change**

The Company has entered into an agreement with Red Cloud Securities Inc. to act as lead agent and sole bookrunner on behalf of a syndicate of agents including Canaccord Genuity Corp. and Paradigm Capital Inc. (collectively, the "**Agents**"), in connection with a "best efforts" private placement for aggregate gross proceeds of up to C$5,000,000 (the "**Offering**") from the sale of the following: (i) units of the Company (the "**Units**") at a price of C$0.23 per Unit; and (ii) up to 3,571,429 flow-through shares of the Company (the "**FT Shares**", and collectively with the Units, the "**Offered Securities**") at a price of C$0.28 per FT Share for gross proceeds of up to C$1,000,000 from the sale of FT Shares.

Item 5: **Full Description of Material Change**

5.1 Full Description of Material Change

Given that each of Mario Caron, Luc Lessard, Alexander Dann, Anthony Glavac and Mireille Tremblay (collectively, the "**Related Parties**"), each of whom is a related party of the Company within the meaning of *Regulation 61-101 respecting Protection of Minority Security Holders in Special Transactions* ("**Regulation 61-101**"), has indicated that it will be subscribing to Units pursuant to the Offering, such subscriptions will constitute a related party transaction within the meaning of Regulation 61-101. As a result, in addition to the information included in the News Release, the following further disclosure is provided as required by Regulation 61-101.

(a) a description of the transaction and its material terms:

On June 6, 2024, the Company entered into an agreement with Red Cloud Securities Inc. to act as lead agent and sole bookrunner on behalf of the Agents, in connection with a "best efforts" private placement for aggregate gross proceeds of up to C$5,000,000 from the sale of the following (i) Units of the Company at a price of C$0.23 per Unit; and (ii) up to 3,571,429 FT Shares of the Company at a price of C$0.28 per FT Share for aggregate gross proceeds of up to C$1,000,000 from the sale of FT Shares (such that, assuming the maximum number of FT Shares are sold pursuant to the Offering and the Offering is otherwise fully subscribed for, 3,571,429 FT Shares will be sold for aggregate gross proceeds to the Company of C$1,000,000 and 17,391,304 Units will be sold for aggregate gross proceeds to the Company of C$4,000,000), all pursuant to an agency agreement to be entered into between the Company and the Agents. Each Unit consists of one common share in the capital of the Company (a "**Common Share**") and one-half of one Common Share purchase warrant of the Company (each whole warrant, a "**Warrant**"). Each whole Warrant shall entitle the holder thereof to acquire one Common Share in the capital of the Company (a "**Warrant Share**"), at a price of C$0.35 per Warrant Share at any time on or before that date which is 24 months after the closing date of the Offering.

The Company has granted the Agents an option (the "**Agents' Option**") pursuant to which, if exercised in whole by the Agents prior to the closing date, the Agents may sell additional Offered Securities for additional aggregate proceeds to the Company of up to C$1,000,000, of which up to C$250,000 may comprise proceeds from additional FT Shares (such that, assuming the maximum number of FT Shares are sold pursuant to the Agents' Option and the Agents' Option is otherwise fully exercised, 892,857 additional FT Shares will be sold for additional aggregate gross proceeds to the Company of approximately C$250,000 and 3,260,869 additional Units will be sold for additional aggregate gross proceeds to the Company of approximately C$750,000).

(b) the purpose and business reasons for the transaction:

The net proceeds from the sale of Units will be used for the advancement of the Horne 5 Project in Québec as well as for working capital and general corporate purposes. The net proceeds from the sale of the FT Shares will be used to fund exploration on the Company's other properties. The FT Shares will be issued as "flow-through shares" as defined in subsection 66(15) of the Income Tax Act.

(c) the anticipated effect of the transaction on the issuer's business and affairs:

See paragraph (b) above.

(d) a description of:

i. the interest in the transaction of every interested party and of the related parties and associated entities of the interested parties:

See paragraph (d)(ii) below.

ii. the anticipated effect of the transaction on the percentage of securities of the issuer, or of an affiliated entity of the issuer, beneficially owned or controlled by each person referred to in subparagraph (i) for which there would be a material change in that percentage:

Name	Position	Number of Units	Value of Subscription	Number and Percentage of Securities held before Closing[1]	Number and Percentage of Securities held after Closing[2]
Mario Caron	Director	130,435	$30,000.05	182,555 Common Shares (0.07%)	312,990 (0.11%)
Luc Lessard	President, Chief Executive Officer and Director	108,550	$24,966.50	2,058,003 Common Shares (0.76%)	2,166,553 (0.74%)
Alexander Dann	Director	104,348	$24,000.04	0 Common Shares (0%)	104,348 (0.04%)
Anthony Glavac	Officer	21,750	$5,002.50	5,000 Common Shares (0.002%)	26,750 (0.01%)
Mireille Tremblay	Officer	43,478	$9,999.94	0 Common Shares (0%)	43,478 (0.01%)

[1] Calculated on a non-diluted basis and based on 271,615,879 Common Shares issued and outstanding prior to the closing of the Offering.

[2] Calculated on a non-diluted basis and based on 292,578,612 Common Shares issued and outstanding after the closing of the Offering (assuming the maximum number of FT Shares are sold pursuant to the offering and the offering is otherwise fully subscribed).

(e) unless this information will be included in another disclosure document for the transaction, a discussion of the review and approval process adopted by the board of directors and the special committee, if any, of the issuer for the transaction, including a discussion of any materially contrary view or abstention by a director and any material disagreement between the board and the special committee:

The directors approved the Offering. There were no contrary views or disagreements by any director in respect of the Offering.

(f) a summary, in accordance with section 6.5, of the formal valuation, if any, obtained for the transaction, unless the formal valuation is included in its entirety in the material change report or will be included in its entirety in another disclosure document for the transaction:

Not applicable. See paragraph (i) below.

(g) disclosure, in accordance with section 6.8, of every prior valuation in respect of the issuer that relates to the subject matter of or is otherwise relevant to the transaction:

i. that has been made in the 24 months before the date of the material change report:

Not applicable.

ii. the existence of which is known, after reasonable inquiry, to the issuer or to any director or senior officer of the issuer:

Not applicable.

(h) the general nature and material terms of any agreement entered into by the issuer, or a related party of the issuer, with an interested party or a joint actor with an interested party, in connection with the transaction:

In respect of its purchases under the Offering, each of the Related Parties will enter into the same form of subscription agreement for the purchase of Units as each of the other purchasers of Units under the Offering. The subscription agreement will contain standard terms and conditions typical of similar private placements.

(i) disclosure of the formal valuation and minority approval exemptions, if any, on which the issuer is relying under sections 5.5 and 5.7, respectively, and the facts supporting reliance on the exemptions:

Under subsections 5.5(a) and 5.7(1)(a) of Regulation 61-101, the Company is exempted from the requirements under Regulation 61-101 to perform a formal valuation and obtain minority shareholder approval in connection with the issuance of Units to the Related Parties pursuant to the Offering as neither the fair market value of the subject matter of, nor the fair market value of the consideration for, such issuance of Units exceeds 25% of the Company's market capitalization.

This Material Change Report was not filed 21 days in advance of the closing of the related party transaction as the related party transaction forms part of the Offering, and the Offering is proceeding by way of a "best efforts" private placement offered by the Agents that is scheduled to close on June 27, 2024.

Item 6: **<u>Reliance on Subsection 7.1(2) of Regulation 51-102</u>**

Not applicable.

Item 7: **Omitted Information**

Not applicable.

Item 8: **Executive Officer**

For further information, please contact Luc Lessard, President and Chief Executive Officer of the Company, at 1-514-261-3336.

Item 9: **Date of Report**

June 17, 2024.

Schedule "A"
News Release

See attached.

For Immediate Release	TSX.V - FPC

FALCO ANNOUNCES BROKERED PRIVATE PLACEMENT FOR GROSS PROCEEDS OF UP TO C$5.0 MILLION

NOT FOR DISTRIBUTION TO UNITED STATES NEWS WIRE SERVICES OR FOR DISSEMINATION IN THE UNITED STATES

Montreal, June 7, 2024 – Falco Resources Ltd. (TSX-V: FPC) ("**Falco**" or the "**Corporation**") is pleased to announce that it has entered into an agreement with Red Cloud Securities Inc. to act as lead agent and sole bookrunner on behalf of a syndicate of agents including Canaccord Genuity Corp. and Paradigm Capital Inc. (collectively, the "**Agents**"), in connection with a “best efforts” private placement for aggregate gross proceeds of up to C$5,000,000 from the sale of the following:

- units of the Corporation (the "**Units**") at a price of C$0.23 per Unit; and
- up to 3,571,429 flow-through shares of the Corporation (the "**FT Shares**", and collectively with the Units, the "**Offered Securities**") for gross proceeds of up to C$1,000,000 from the sale of FT Shares.

Each Unit will consist of one common share of the Corporation (each, a "**Common Share**") and one half of one Common Share purchase warrant (each whole warrant, a "**Warrant**"). Each whole Warrant shall entitle the holder to purchase one Common Share (each, a "**Warrant Share**") at a price of C$0.35 at any time on or before that date which is 24 months after the closing date of the Offering. Each FT Share will consist of one Common Share to be issued as a “flow-through share” within the meaning of the *Income Tax Act* (Canada) (the "**Income Tax Act**").

The Corporation has granted the Agents an option, on the same terms and conditions as the Offering, exercisable until the second business day prior to the closing date of the Offering, to sell up to an additional C$1,000,000 in Offered Securities including up to C$250,000 additional FT Shares ("**Agents’ Option**"). If the Agents’ Option is exercised in full, the aggregate gross proceeds of the Offering would be C$6.0 million.

The Corporation intends to use the net proceeds from the sale of Units for the advancement of the Horne 5 Project in Québec as well as for working capital and general corporate purposes. The net proceeds from the sale of the FT Shares will be used to fund exploration on the Company’s other properties. The FT Shares will be issued as "flow-through shares" as defined in subsection 66(15) of the Income Tax Act. The Company will, in a timely and prescribed manner and form, incur (or be deemed to incur) resource exploration expenses which (i) will constitute "Canadian exploration expenses" as defined in subsection 66.1(6) of the Income Tax Act and "flow through mining expenditures" as defined in subsection 127(9) of the Income Tax Act, and (ii) will, for eligible Québec resident subscribers of FT Shares, be entitled to both additional 10% deductions provided for under section 726.4.10 and section 726.4.17.2 of the *Taxation Act* (Québec) ("**Qualifying Expenditures**"), in an amount equal to the amount raised pursuant to the sale of FT Shares, and the Company will, in timely and prescribed manner and form, renounce the Qualifying Expenditures (on a pro rata basis) to each subscriber of FT Shares with an effective date of no later than December 31, 2024 in accordance with the Income Tax Act and the *Taxation Act* (Québec).

The Offering is anticipated to close on or about June 27, 2024 (the "**Closing Date**") and is subject to certain conditions including, but not limited to, the receipt of all necessary approvals including the approval of the TSXV.

The Offered Securities are being offered by way of private placement in all of the provinces of Canada to investors who qualify as "accredited investors" under Canadian securities legislation or who are otherwise exempt from prospectus delivery requirements. The Offering may also be offered in the United States to "accredited investors" (as defined in Rule 501(a) of Regulation D) pursuant to an exemption from registration under the United States Securities Act of 1933, as amended, and in such other jurisdictions outside of Canada in accordance with applicable law.

This press release shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the securities in the United States or in any other jurisdiction in which such offer, solicitation or sale would be unlawful. The securities have not been registered under the U.S. Securities Act of 1933, as amended, and may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements thereunder.

The Common Shares issuable from the sale of Offered Securities to "accredited investors" in Canada or otherwise on a prospectus exempt basis will be subject to a hold period of four months plus one day from the date of issuance of the Offered Securities.

About Falco Resources Ltd.

Falco Resources Ltd. is one of the largest mineral claim holders in the Province of Québec, with extensive land holdings in the Abitibi Greenstone Belt. Falco owns approximately 67,000 hectares of land in the Noranda Mining Camp, which represents 67% of the entire camp and includes 13 former gold and base metal mine sites. Falco's principal asset is the Horne 5 Project located under the former Horne mine that was operated by Noranda from 1927 to 1976 and produced 11.6 million ounces of gold and 2.5 billion pounds of copper. Osisko Development Corp. is Falco's largest shareholder owning a 17.3% interest in the Corporation.

For further information, please contact:

Luc Lessard
President and Chief Executive Officer
514 261-3336
info@falcores.com

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this press release.

Cautionary Statement on Forward-Looking Information

This news release contains forward-looking statements and forward-looking information (together, "forward-looking statements") within the meaning of applicable Canadian securities laws. Statements, other than statements of historical facts, may be forward-looking statements. Often, but not always, forward-looking statements can be identified by words such as "plans", "expects", "seeks", "may", "should", "could", "will", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", "believes", or variations including negative variations thereof of such words and phrases that refer to certain actions, events or results that may, could, would, might or will occur or be taken or achieved. Without limiting the generality of the foregoing statements, the Corporation meeting all conditions for a timely closing of the Offering, including obtaining all required approvals, and the proposed use of the proceeds of the Offering are forward-looking statements. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual plans, results, performance or achievements of Falco to differ materially from any future plans, results, performance or achievements expressed or implied by the forward-looking statements. These risk and uncertainties include, but are not limited to, the risk factors set out in Falco's annual and/or quarterly management discussion and analysis and in other of its public disclosure documents filed on SEDAR+ at www.sedarplus.ca, as well as all assumptions regarding the foregoing. Although Falco believes that the assumptions and factors used in preparing the *forward-looking statements are reasonable, undue reliance should not be placed on these statements, which only apply as of the date of this news release, and no assurance can be given that such events will occur in the disclosed time frames or at all. Except where required by applicable law, Falco disclaims any intention or obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.*