



# HORNE 5 PROJECT

## Feasibility Study Update

Investors Conference Call  
March 25<sup>th</sup>, 2021

# Cautionary Statement

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

Although the Corporation believes the forward-looking statements in this presentation are reasonable, it can give no assurance that the expectations and assumptions in such statements will prove to be correct. Consequently, the Corporation cautions investors that any forward-looking statements by the Corporation 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 is 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 Corporation’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 and other risks and uncertainties including those described in the Corporation’s Annual Information Form dated February 16, 2021, MD&A and Financial Statements for the three-month and six-month period dated December 31, 2020, dated February 25, 2021 available at [www.sedar.com](http://www.sedar.com).

The forward-looking statements contained in this presentation 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 Corporation is under no obligation to update or alter any forward-looking statements except as required under applicable securities laws.

# Updated Feasibility Study Highlights

- 26% increase in NPV<sub>5%</sub> after-tax relative to the original FS (US\$602 million to US\$761 million)
- The Horne 5 Project presented a 25% improvement on the IRR after-tax from the original FS (15.3% to 18.9%)
- The Horne 5 Project delivers robust economics based on the *base case* commodity prices
- AISC of US\$587/oz generates a significant profit margin to *base case* commodity prices
- Project capital costs increased slightly (5%) from US\$802 million to US\$844 million and include all project cost-saving strategies offset by any cost escalation over the last three years
- Project operating costs increased slightly (5%) from C\$41/tonne milled to C\$43/tonne milled

# Progress Since the 2017 Feasibility Study (FS)

---

## 2017

- Publication of the original Feasibility Study
- Beginning of discussions with Glencore to develop the relationship and de-risk the Horne 5 Project going forward

## 2018

- Filing the EIA with Québec Government
- C\$180M silver stream financing with Osisko Gold Royalties
- General project overview with Glencore to align both companies' interests

## 2019

- Commencement of an extensive drilling program to locate, inspect and analyze the historical Quemont crown pillars within the vicinity of the Horne 5 Project and Horne Smelter

## 2020

- Exhaustive due diligence process by Glencore on the 2017 FS and the 2018 EIA
- Agreement between Falco and Glencore on a detailed Work Plan
- C\$10 million financing from Glencore to complete the Work Plan
- LOM Cu/Zn concentrate offtake agreements with Glencore
- Initiation of the Horne 5 Project Feasibility Study Update with all Qualified Persons (BBA, Golder, WSP, InnovExplo, SNC-Lavalin (Stavibel), Rivval)



The following key items have been revised in the UFS:

- Capital costs
- Operating costs
- Project execution schedule
- Integration of the Osisko Gold Royalties silver stream agreement
- Integration of the LOM Cu/Zn concentrate offtake agreements with Glencore
- Long-term commodity prices (precious metals and base metals)

No changes to the mining reserves calculation, the mine plan and the metallurgical process.

Conservative mining reserves by maintaining 2017 commodity prices assumptions.

# Comparison of 2017 FS and 2021 UFS

		Unit	2017 FS	2021 UFS
DEPOSIT	Reserves	M tonnes	80	80
	Average Grade	g/t Au Eq	2.3	2.3
	Life Of Mine	Years	15	15
	Annual Production	Oz Au	220,000	220,000
COMMODITY PRICES	Gold	US\$/ounce	\$1,300	\$1,600
	Silver	US\$/ounce	\$19.50	\$21.00
	Copper	US\$/pound	\$3.00	\$3.20
	Zinc	US\$/pound	\$1.10	\$1.15
	Exchange Rate	C\$ 1.00 =	US\$ 0.78	US\$ 0.78
ECONOMICS	NPV <sub>5%</sub> After-Tax	US\$M	\$602	\$761
	IRR After-Tax	%	15.3%	18.9%
	AISC (net of by-products credits and royalties)	US\$/oz Au	\$399	\$587
	All-in Cost (Capex & Opex)	US\$M/oz Au	\$643	\$842
	Operating Costs per tonnes milled	C\$/tonne	\$41.00	\$43.11
	Pay-Back	Years	5.6	4.8
	Pre-Production Costs	US\$M	\$802*	\$844*
	Production Start	Year	2022	End of 2025

# Horne 5 - Pre-Production Capital Costs

Pre-Production Capital Costs (US\$ million)	2017 FS	2021 UFS
Mining	\$200.4	\$218.7
Mineral Processing Plant	\$296.0	\$313.0
Electrical and Communication	\$14.2	\$15.0
Project Infrastructure	\$76.9	\$76.6
Tailings and Water Management	\$53.0	\$50.1
Indirect Costs	\$65.9	\$61.3
Owner's Costs	\$36.8	\$38.7
Subtotal	<b>\$743.2</b>	<b>\$773.4</b>
Contingency	\$58.5	\$70.8
Total	<b>\$801.7</b>	<b>\$844.2</b>

# Horne 5 - Payable Metals Value Split per Commodity

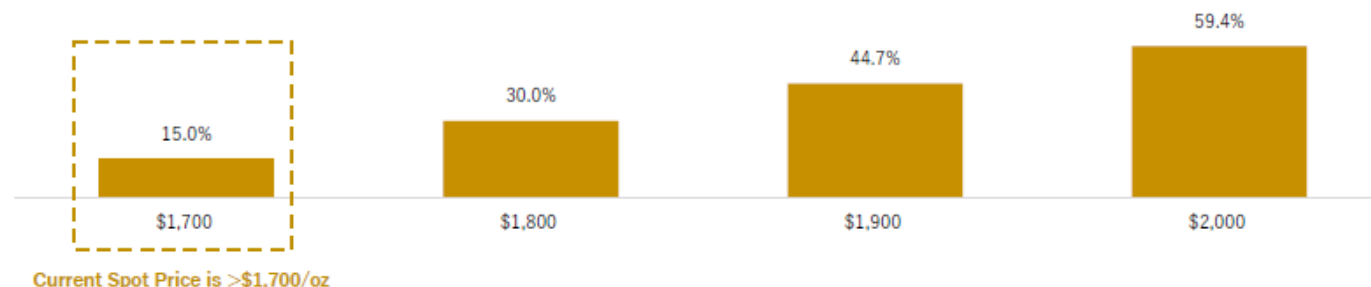
Commodities	2017 FS	2021 UFS
Gold	67%	68%
Silver	8%	8%
Copper	10%	9%
Zinc	15%	15%

**Horne 5 - Gold remains the key value driver**



# Sensitivities - Gold

Sensitivity of Horne 5 NPV<sub>5%</sub> to Gold Price - % in NPV vs. *Base Case* (\$1,600/oz Au)



## Sensitivity of Horne 5 Project Economics to the Gold Price

Gold Price US\$/oz	\$1,300	\$1,400	\$1,500	\$1,600	\$1,700	\$1,800	\$1,900	\$2,000
<b>Pre-Tax NPV 5% US\$M</b>	706	897	1,088	<b>1,279</b>	1,470	1,661	1,852	2,043
<b>After-Tax NPV 5% US\$M</b>	405	526	645	<b>761</b>	875	989	1,101	1,213
<b>Pre-Tax IRR</b>	15.8%	18.3%	20.7%	<b>23.0%</b>	25.2%	27.4%	29.5%	31.6%
<b>After-Tax IRR</b>	12.8%	14.9%	17.0%	<b>18.9%</b>	20.7%	22.5%	24.2%	25.8%
<b>Pre-Tax Payback Years</b>	6.2	5.5	5.1	<b>4.6</b>	4.2	3.9	3.6	3.4
<b>After-Tax Payback Years</b>	6.3	5.7	5.2	<b>4.8</b>	4.5	4.2	3.9	3.7

**The Horne 5 Project is expected to deliver robust economics based on current metal prices, and offers further upside to higher metal prices.**

# Sensitivities - Copper & Zinc

Copper Price US\$/lb	\$2.50	\$2.75	\$3.00	\$3.20	\$3.50	\$3.75	\$4.00
Pre-Tax NPV 5% US\$M	1,189	1,221	1,253	<b>1,279</b>	1,318	1,350	1,382
After-Tax NPV 5% US\$M	707	726	746	<b>761</b>	784	803	822
Pre-Tax IRR	22.0%	22.3%	22.7%	<b>23.0%</b>	23.4%	23.8%	24.1%
After-Tax IRR	18.0%	18.3%	18.6%	<b>18.9%</b>	19.2%	19.5%	19.8%
Pre-Tax Payback Years	4.8	4.7	4.6	<b>4.6</b>	4.5	4.5	4.4
After-Tax Payback Years	5.0	4.9	4.9	<b>4.8</b>	4.8	4.7	4.6

Zinc Price US\$/lb	\$0.90	\$1.00	\$1.10	\$1.15	\$1.20	\$1.30	\$1.40
Pre-Tax NPV 5% US\$M	1,129	1,189	1,249	<b>1,279</b>	1,309	1,369	1,430
After-Tax NPV 5% US\$M	669	706	743	<b>761</b>	779	815	852
Pre-Tax IRR	21.0%	21.8%	22.6%	<b>23.0%</b>	23.4%	24.2%	24.9%
After-Tax IRR	17.3%	17.9%	18.6%	<b>18.9%</b>	19.2%	19.8%	20.5%
Pre-Tax Payback Years	5.0	4.8	4.7	<b>4.6</b>	4.5	4.4	4.2
After-Tax Payback Years	5.2	5.0	4.9	<b>4.8</b>	4.7	4.6	4.5

**The Horne 5 Project also benefits from Copper and Zinc commodity price upside.**

**Horne 5 is truly unique among advanced-stage development projects with the following important differentiators:**

**✓ The Horne 5 Project is a world-class asset**

- **Large NI 43-101 reserves and resources with potential for growth**
  - 6 Moz AuEq (Proven & Probable)
  - Contained gold: 3.7 Moz
  - Recovered gold: 3.3 Moz
  - $\pm 10$  Moz Au Eq (including M&I and Inferred Resources)
- **Robust project economics with significant upside**
- **Large-scale annual production**
  - Annual production of 220,000 oz Au, over 340,000 oz Au Eq
  - 80 Mt @ 2.3 g/t Au Eq
  - 15 years with the potential of 10 additional years at depth
- **Significant by-product credits**
- **Tier 1 jurisdiction**

# Significant Potential Beyond Feasibility Study

## MAJOR VMS SYSTEM

### HORNE PAST PRODUCTION:

- 53.7 Mt @ 6.1 g/t Au
- 13 g/t Ag
- 2.22% Cu

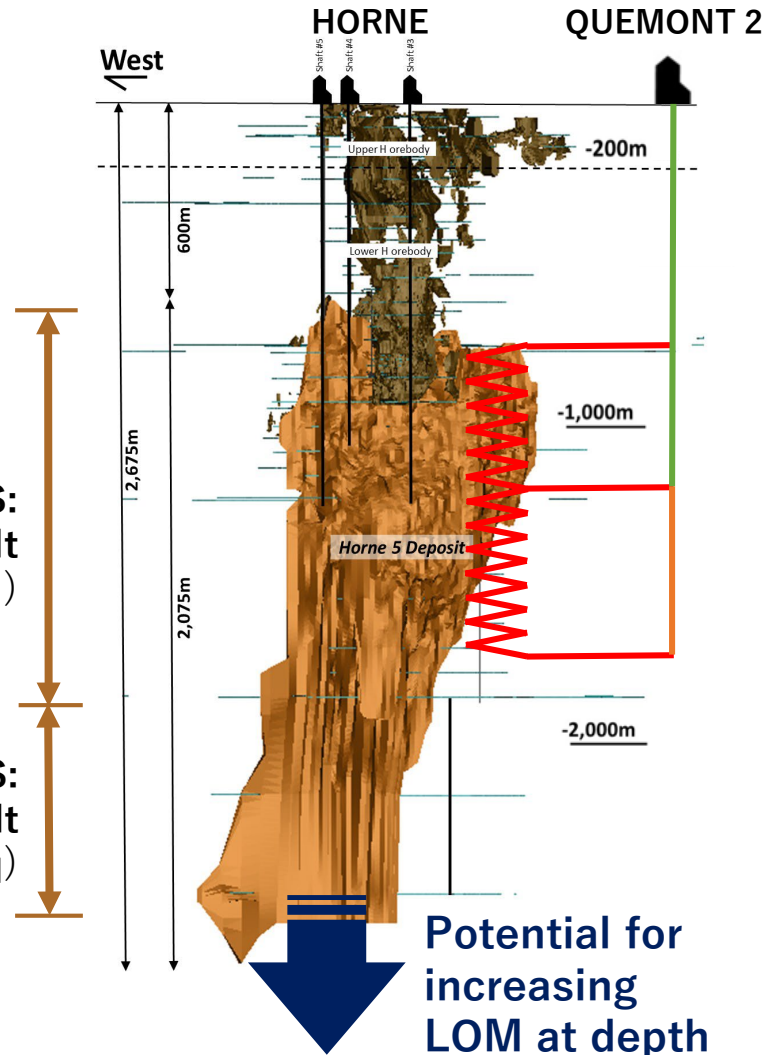
For 11 Moz Au & 2.5Blbs Cu

### Continuity of operation of the Horne Mine

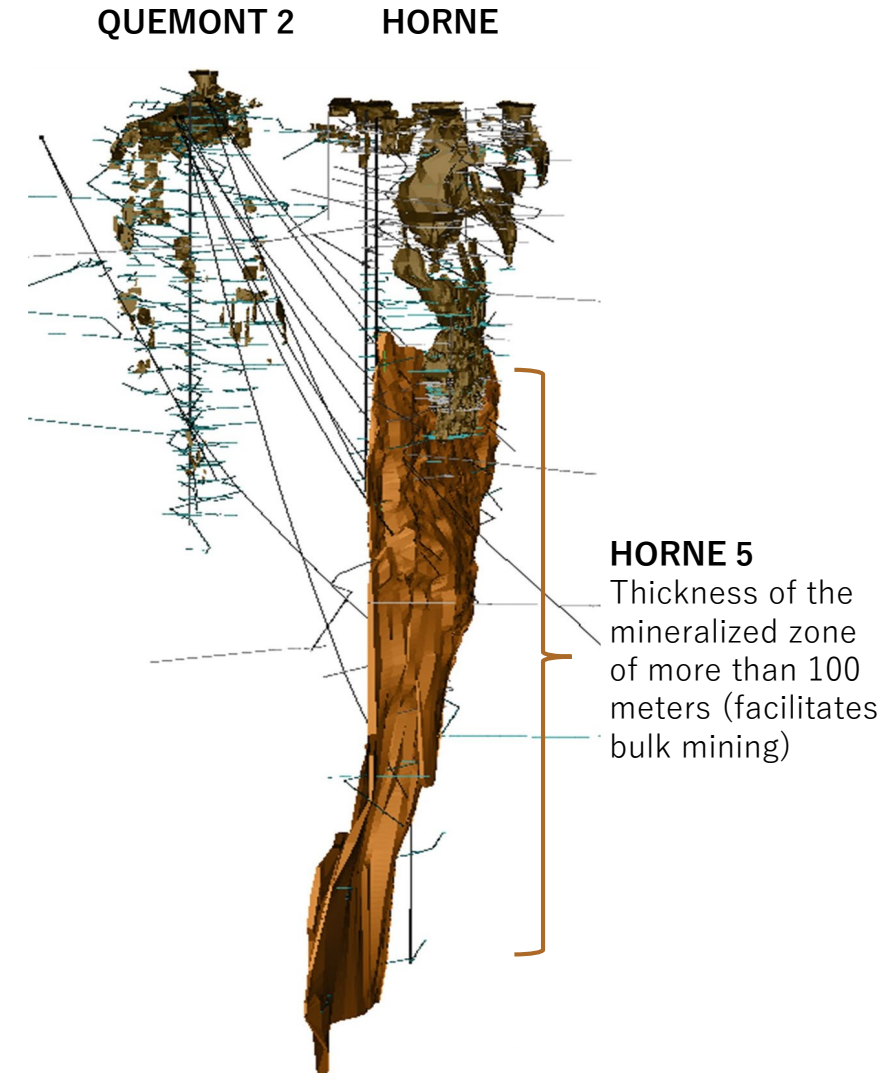
**MINING RESERVES:**  
80 Mt  
(2.3 g/t AuEq)

**INFERRED RESOURCES:**  
± 21.5 Mt  
(2.51 g/t AuEq)

## LONGITUDINAL



## TRANSVERSAL



## ✓ **Strong partners**

- Osisko Gold Royalties (up to C\$180 million silver stream agreement)
- Osisko Development (major shareholder at 18.2%)
- Glencore (C\$10 million financing LOM Cu/Zn concentrate offtake agreements and 2% royalty with BaseCore)
- Québec Government (shareholder and mining industry supporter)

## ✓ **Experienced development team with strong track record**

- Successful developers and mine builders of Canadian Malartic (Canada's largest gold mine)

## ✓ **Meaningful regional benefits, strong government and community support**

## ✓ **Highly automated modern operations**

## ✓ **Strong benefits for Rouyn-Noranda and Québec**

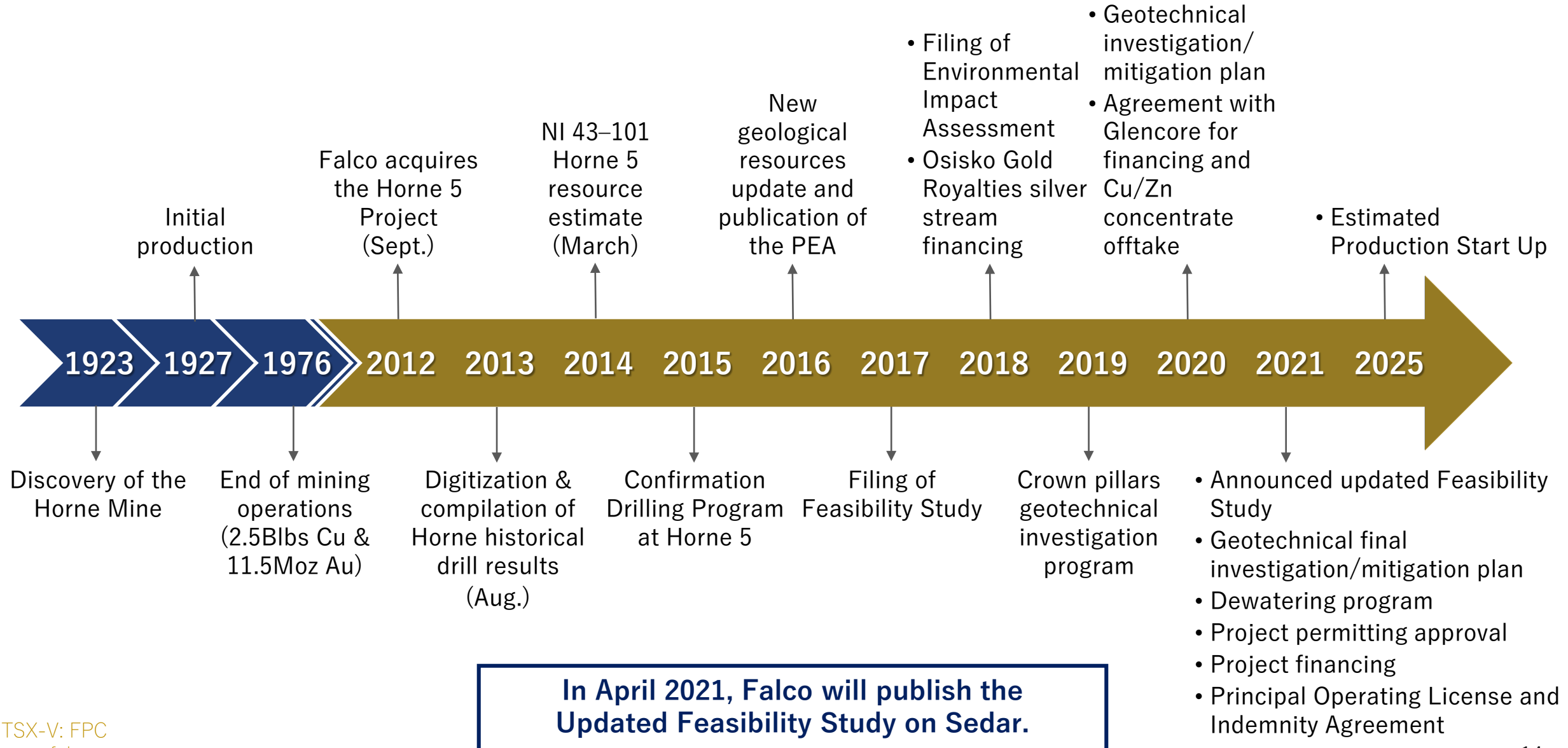
- Horne 5 will become the #1 upstream producer of Copper in Québec
- Fully integrated to Québec electrification of transportation business model

## Major advantages include:

- ✓ Access to low cost green hydro-electric energy
- ✓ Well established regulatory and permitting frameworks
- ✓ Fair and stable taxation system
- ✓ Strong collaborative efforts between governments and mining industry to support mine development
- ✓ Qualified mining labour expertise
- ✓ Strong network of mining suppliers and contractors



# Horne 5 - Key Milestones



## Horne 5 - Near Term Objectives

---

- ✓ **Completion of the Work Plan with Glencore**
- ✓ **Continue the negotiation on the Principal Operating License and Indemnity Agreement with Glencore**
- ✓ **EIA to be completed following the Work Plan completion**
- ✓ **Initiate the construction of dewatering infrastructure in H2 2021/H1 2022**
- ✓ **Secure authorization from Québec Government to initiate public hearing process (BAPE) in H1 2022**
- ✓ **Complete financing package for Horne 5 Project development**

# Horne 5 - Schedule of Investments

- Based on the UFS, the schedule of investments over the next 4 years is estimated at:

Year	Amount (US\$ million)
1	\$90
2	\$172
3	\$332
4	\$250
<b>Total</b>	<b>\$844</b>

- Major work programs and expenditures in the first two years include dewatering program infrastructure, the Quemont Shaft rehabilitation and long-lead equipment down payment
- By the end of the second year, mine development and the process plant construction will be initiated

**Falco is working on different financing alternatives combined with the Osisko Gold Royalties silver stream agreement.**

# Leadership Team



**Luc Lessard**  
President, Chief  
Executive  
Officer and  
Director



**Anthony Glavac**  
Chief Financial  
Officer



**Ronald Bougie**  
VP, Engineering  
& Construction



**François Vézina**  
VP, Technical  
Services



**Christian Laroche**  
VP, Metallurgy



**Hélène Cartier**  
VP, Environment  
& Sustainable  
Development



**André Le Bel**  
VP, Legal Affairs  
& Corporate  
Secretary



★ Former members of Canadian Malartic development, construction and operating teams

**Strong track record of mines construction and development.**



## HEAD OFFICE

1100, Canadiens-de-Montréal Avenue  
Suite 300  
Montreal, QC H3B 2S2  
Tel. : +1.514.905.3162  
Toll-free : +1.888.915.2009

## PROJECT OFFICE

161, Murdoch Avenue  
Rouyn-Noranda, QC J9X 1E3  
Tel. : +1.819.917.3875

## INVESTOR RELATIONS

### **Luc Lessard**

President, CEO and Director  
Tel : +1.514.261.3336  
Email : llessard@falcores.com

### **Jeffrey White**

Director, Investor Relations  
Tel : +1.416.274.7762  
Email : rjwhite@falcores.com