

Falco Resources Ltd. (TSXV:FPC)

Development Update

Updated FS at Horne 5 Generates a Solid 244% NPV_{5%} Increase

June 18, 2026

(Currency is C\$ unless noted otherwise)

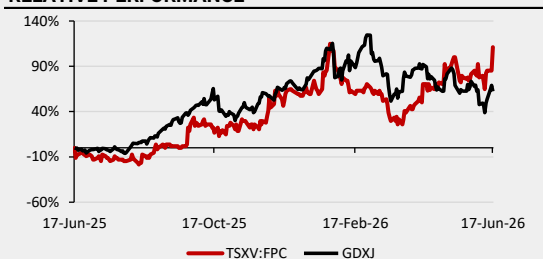
Closing Price (C\$/sh)	\$0.57
Rating	BUY
Target (C\$/sh)	\$1.25
Return to Target	119%
52 Week Low / High (C\$/sh)	\$0.22 / \$0.65

CAPITALIZATION	Basic	Diluted
Shares Outstanding (M)	349.6	439.4
Market Capitalization (C\$M)	\$199.2	
Enterprise Value (C\$M)	\$229.0	
Cash and Cash Equivalents (C\$M)	\$9.2	
Total Debt (C\$M)	\$38.9	

STOCK CHART



RELATIVE PERFORMANCE



RELATIVE VALUATION	EV/oz AuEq (C\$M)	P/NAV
Falco Resources Ltd.	\$25.21	0.32x
Peers*	\$104.50	0.26x

*S&P Capital IQ

VALUATION	C\$/sh
NAVPS	\$1.77
Multiple	0.70x
Target price	\$1.25

MAJOR SHAREHOLDERS

Management & Insiders (1.0%), Osisko Development (16.0%), Investissement Quebec (6.0%)
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DISCLOSURE CODE:

(Please refer to the disclosures listed on the back page)

Source: RCS, Company Information, S&P Capital IQ

Company Description

Falco Resources is advancing the Horne 5 polymetallic project located in Quebec. The Horne 5 deposit is an extension of the past producing Horne mine that was operated by Noranda Inc. from 1927 to 1976. The deposit hosts ~6M oz AuEq in 2P reserves and ~9M oz AuEq in M&I+I resources. A 2026 Feasibility Study for the project outlined an underground operation with average annual production of 220k oz Au over a 15-year period. A EIA for the project was submitted in 2018 and was found to be admissible, with the project advancing through to the next stage of the permitting process.

Impact: Positive

Falco Resources announced an updated FS on its 100%-owned Horne 5 gold-dominant, polymetallic project in Rouyn-Noranda, QC. The FS is based on updated prices and costs, but similar operating metrics as the prior study. It envisions a 15,500 tpd operation producing 220k oz Au annually, over a 15-year LOM, generating an after-tax NPV_{5%} of C\$3.35B (+244% vs 2021 FS) with 28.2% IRR, using a gold price assumption of US\$3,600/oz, initial capex of C\$1.75B (+62%) and AISC of US\$782/oz Au (+33%). **We view this as a positive update from Falco on the Horne 5 project. The economics have improved dramatically, even though costs are materially higher. Falco continues to trade at a P/NAV of 0.32x (RCS est), which is a steep discount given the advanced stage of the project. The key overhang remains permitting, but the Government of Quebec's environmental analysis is expected to be completed in the coming months and should be followed by a permitting decision by the end of the year.**

- **Higher commodity prices offset cost increases.** The study assumes long-term prices of US\$3,600/oz Au, US\$50/oz Ag and US\$4.8/lb Cu compared to the 2021 FS prices of US\$1,600/oz Au, US\$21/oz Ag and US\$3.2/lb Cu, driving a 244% increase in NPV_{5%} (Figure 1). Both capital and operating costs have risen due to inflationary pressures seen throughout the industry. Initial capex has increased 62% since 2021 to C\$1.75B, cash costs are up 30% to US\$528/oz Au, and AISC rose 33% to US\$782/oz Au; although, this is still relatively low when compared to peers due to Horne 5's copper and zinc byproduct credits.
- **Opportunities beyond the current mine plan.** The deposit hosts ~130Mt of M&I+I resource at 2.07 g/t AuEq containing ~8.6M oz AuEq, whereas the FS is based on reserves of 80.9Mt (~5.4M oz AuEq). Management believes conversion of indicated and inferred resources could add up to five years to the mine life. Exploration potential at depth provides additional upside.
- **Permitting update.** Falco received written confirmation from the Quebec government that the Ministry of the Environment is nearing completion of the environmental acceptability analysis. Although the timing rests with the government, Falco expects a decree in 2026, as well as the dewatering permit application to be submitted in ~Q1/27.
- **Updating our model.** We have incorporated updated costs from the FS, and recent financials in our model, keeping the rest unchanged. We have also increased our multiple to 0.70x (was 0.50x), considering progress on the permitting front (Figure 2). While we typically use a 0.8x-0.9x multiple for FS-stage projects, we believe it is prudent to use a lower multiple to accurately reflect permitting risk.

We maintain our BUY rating and increase our target to C\$1.25/sh (was C\$1.00/sh). Our target price is derived using the DCF valuation method. We estimate a NAVPS_{5%} of C\$1.77/sh (was 2.02), to which we ascribe a 0.70x multiple to account for financial and execution risk. We expect the stock to appreciate as progress is made on the permitting front. **Upcoming catalysts:** 1) Environmental Analysis (ongoing), 2) Exploration and mine plan optimization (2026), and 3) Permit approval/rejection (H2/26).

Figure 1: Comparison of updated FS and RCS estimates

Project Parameters	Units	RCS Estimates	2026 FS	RCS Est. vs 2026 FS	2021 FS	2026 vs 2021 FS
Gold Price	(US\$/oz)	\$3,000	\$3,600	-17%	\$1,600	125%
Silver Price	(US\$/oz)	\$40.00	\$50.00	-20%	\$21.00	138%
Copper Price	(US\$/lb)	\$4.50	\$4.80	-6%	\$3.20	50%
Zinc Price	(US\$/lb)	\$1.30	\$1.35	-4%	\$1.15	17%
CAD:USD Exchange Rate		0.72	0.72	-1%	0.78	-7%
Mineable Resource	(Mt)	80.9	80.9	0%	80.9	0%
Gold Grade	(g/t)	1.44	1.44	0%	1.44	0%
Silver Grade	(g/t)	14.1	14.1	0%	14.1	0%
Copper Grade	(%)	0.17%	0.17%	0%	0.17%	0%
Zinc Grade	(%)	0.77%	0.77%	0%	0.77%	0%
Gold Recovery	(%)	90.9%	90.9%	0%	90.9%	0%
Silver Recovery	(%)	86.4%	86.4%	0%	86.4%	0%
Copper Recovery	(%)	81.9%	81.9%	0%	81.9%	0%
Zinc Recovery	(%)	86.2%	86.2%	0%	86.2%	0%
Start Year	(Year)	2,032E	2,031E	-	2,025E	-
Mine Life	(Years)	15	15	0%	15	0%
Mill Capacity	(tpd)	15,500	15,500	0%	15,500	0%
Average Annual Au Production	(k oz)	3,311	3,304	0%	3,304	0%
Average Annual Ag Production	(k oz)	26,852	27,289	-2%	27,289	0%
Average Annual Cu Production	(M lbs)	232.7	247.3	-6%	247.3	0%
Average Annual Zn Production	(M lbs)	989.4	1189.8	-17%	1189.8	0%
Operating Costs	(\$/t ore)	\$61.7	\$61.7	0%	\$43.1	43%
AISC (incl. by-product credits)	(US\$/oz Au)	\$843	782	8%	586	33%
Initial Capital Cost	(\$M)	\$1,753.8	\$1,753.8	0%	\$1,080.6	62%
LOM Sustaining Cost (incl. closure)	(\$M)	\$1,124.6	\$1,124.5	0%	\$762.4	47%
Corporate Tax Rate	(%)	38.0%	38.0%	0%	38.0%	0%
Post-Tax NPV @ 5%	(\$M)	\$2,072.3	\$3,347.8	-38%	\$974.2	244%

Source: Company Reports, RCS estimates

Figure 2: NAV summary table

Properties	0%	5%	7%	8%	10%
Horne 5 Pre-Tax NPV	\$8,545.17	\$3,955.33	\$2,909.99	\$2,493.03	\$1,820.89
Current Taxes	(\$3,658.1)	(\$1,883.1)	(\$1,472.4)	(\$1,307.1)	(\$1,037.8)
Total Mine Site After-Tax NPV	\$4,887.1	\$2,072.3	\$1,437.6	\$1,186.0	\$783.1
Other Assets and/or Liabilities					
Equity Investments	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Total	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Corporate adjustments					
Corporate G&A	(\$130.3)	(\$77.1)	(\$64.4)	(\$59.3)	(\$50.7)
Project financing interest expense	(\$494.3)	(\$339.4)	(\$293.8)	(\$273.7)	(\$238.2)
Current Cash	\$9.2	\$9.2	\$9.2	\$9.2	\$9.2
Current Debt	(\$38.9)	(\$38.9)	(\$38.9)	(\$38.9)	(\$38.9)
Total Corporate Adjustments	(\$654.3)	(\$446.2)	(\$388.0)	(\$362.7)	(\$318.6)
Dividend Adjustment	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Total NAV (C\$M)	\$4,232.8	\$1,626.0	\$1,049.6	\$823.3	\$464.5
Total NAVPS (C\$/share)	\$4.61	\$1.77	\$1.14	\$0.90	\$0.51
Multiple		0.70x			
Target		\$1.25			

Source: Company Reports

Financial and Operating Summary: Falco Resources Ltd.

FINANCIAL DATA

Ticker	TSXV:FPC
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Enterprise Value (C\$M)	\$229.0

FINANCIAL DATA

Capital Structure	Shares Millions	
Shares Outstanding	349.6	
Options	3.1	
Warrants	86.8	
Fully Diluted Shares	439.4	
Ownership	Shares O/S (M)	% O/S
Management	3.5	1.0%
Osisko Development	55.9	16.0%
Investissement Quebec	21.0	6.0%
Others	269.2	77.0%

Financial Summary

CY-end Dec 31st	2027E	2028E	2029E	2030E	2031E	2032E
Shares O/S (M)	554.5	913.3	913.3	916.4	916.4	916.4
EBITDA (\$M)	-\$4.8	-\$4.9	-\$5.0	-\$5.1	-\$5.2	\$400.2
FCF (CFO+CFI) (\$M)	-\$4.7	-\$267.9	-\$268.1	-\$618.9	-\$619.1	\$134.4
EPS (\$/sh)	-\$0.01	-\$0.01	-\$0.01	-\$0.01	-\$0.01	\$0.16

Income Statement (C\$M)

	2027E	2028E	2029E	2030E	2031E	2032E
Revenue	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$610.8
Operating costs	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$205.2
General & Admin	\$4.8	\$4.9	\$5.0	\$5.1	\$5.2	\$5.4
Depreciation	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$64.6
Net Income	-\$4.8	-\$4.9	-\$5.0	-\$5.1	-\$5.2	\$143.6

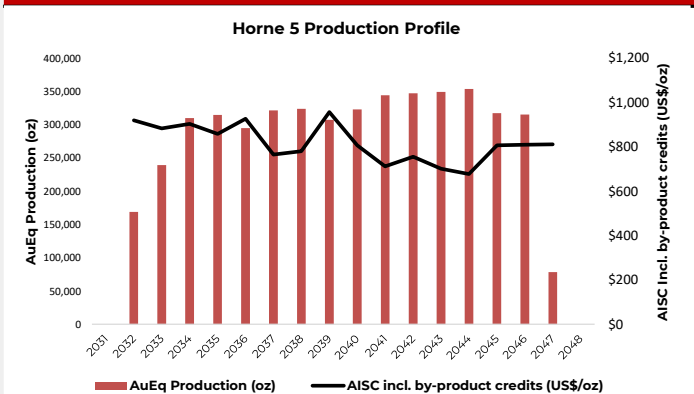
Balance Sheet (C\$M)

	2027E	2028E	2029E	2030E	2031E	2032E
Cash & Equivalents	-\$67.0	-\$67.0	-\$153.7	-\$114.8	\$33.7	\$60.7
Debt	\$0.0	\$0.0	\$1,148.0	\$1,239.9	\$1,339.1	\$1,339.1

Cash Flow (C\$M)

	2027E	2028E	2029E	2030E	2031E	2032E
Operating CF	-\$4.7	-\$4.9	-\$5.0	-\$5.1	-\$5.2	\$208.1
Financing CF	\$515.8	\$95.0	\$1,126.2	\$1.0	\$40.0	\$0.0
Investing CF	\$0.0	-\$263.1	-\$263.1	-\$613.8	-\$613.8	-\$73.7

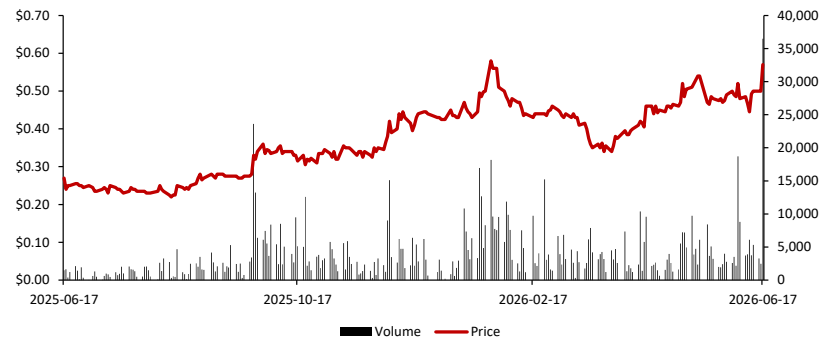
PRODUCTION PROFILE



Priced as of market close on June 17, 2026.

Source: RCS Estimates, Company Reports, S&P Capital IQ, S&P Capital IQ Pro

STOCK CHART



TECHNICAL ASSUMPTIONS

	2027E	2028E	2029E	2030E	2031E	2032E
Gold Price (\$/oz)	\$ 3,500	\$ 3,500	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000
Silver Price (\$/oz)	\$ 46.75	\$ 45.00	\$ 40.00	\$ 40.00	\$ 40.00	\$ 40.00
Copper Price (\$/lb)	\$ 4.50	\$ 4.50	\$ 4.50	\$ 4.50	\$ 4.50	\$ 4.50
Zinc Price (\$/lb)	\$ 1.20	\$ 1.20	\$ 1.30	\$ 1.30	\$ 1.30	\$ 1.30
Canadian : US\$ exchange rate	\$ 0.72	\$ 0.72	\$ 0.72	\$ 0.72	\$ 0.72	\$ 0.72

RESOURCE ESTIMATE

	Tonnes (Mt)	AuEq (g/t)	AuEq (koz)
Measured	10.84	2.08	725
Indicated	94.77	2.07	6,318
Inferred	24.31	2.05	1,600
Total M&I	129.92	2.07	8,643

RESERVE ESTIMATE

	Tonnes (Mt)	AuEq (g/t)	AuEq (koz)
Proven	8.40	2.05	552
Probable	72.50	2.06	4,813
Total 2P Reserves	80.90	2.06	5,365

* AuEq calculated based on Au = US\$2,000/oz, Ag = US\$25/oz, Cu = US\$4.0/lb, and Zn = US\$1.20/lb

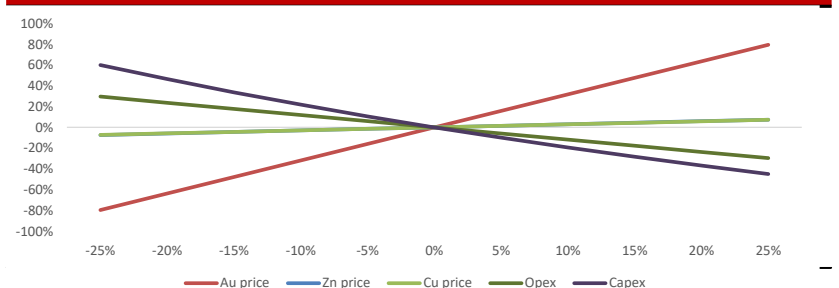
NET ASSET VALUE

	Discount Rate	(C\$M)	(C\$/Sh)	Multiple	Target (C\$/Sh)
Home 5 (100%) Post-Tax NPV	5%	\$2,072	\$2.26		
Corporate Adjustments	5%	-\$446	-\$0.49		
5% NAV Target	5%	\$1,626	\$1.77	0.7x	\$1.25

COMPARABLES

Company	Ticker	Price C\$	EV/oz AuEq C\$M	P/NAV
Amex Exploration Inc.	TSXV:AMX	\$4.96	-	0.36x
First Mining Gold Corp.	TSX:FF	\$0.59	\$75.97	0.26x
Troilus Mining Corp.	TSX:TLG	\$1.92	\$73.71	0.26x
Wallbridge Mining Company Limited	TSX:WM	\$0.10	\$27.49	0.18x
Radisson Mining Resources Inc.	TSXV:RDS	\$0.89	\$390.55	0.28x
Vior Gold Corporation Inc.	TSXV:VIO	\$0.11	-	-
Bonterra Resources Inc.	TSXV:BTR	\$0.18	\$12.33	0.21x
Cartier Resources Inc.	TSXV:ECR	\$0.25	\$47.27	-
Average			\$104.55	0.26x
Falco Resources Ltd.	TSXV:FPC	\$0.57	\$25.21	0.32x

NAVPS SENSITIVITIES



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Disclosure Statement
 Updated June 18, 2025

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Date	Rating	Target	Status	%
2024-08-28	BUY	0.75	BUY	36%
2024-09-04	BUY	0.75	BUY (S)	15%
2024-10-21	BUY	0.75	HOLD	1%
2025-01-07	BUY	1.10	TENDER/ SELL	1%
2025-01-09	BUY	0.80	NA	25%
2025-04-24	BUY	0.80	UNDER REVIEW	21%
2025-10-20	BUY	1.00		
2026-06-18	BUY	1.25		

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Company Name	Ticker Symbol	Disclosures
Falco Resources Ltd.	TSXV:FPC	

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