Falco Outlines Six Gold Zones Adjacent to Horne 5 Deposit

Includes 8.5 metres at 10.4 g/t gold

(August 22, 2014) – Falco Resources Ltd. (“Falco”) (TSX.V: FPC) announced today that it has identified six gold zones with significant grade and continuity located adjacent to its Horne 5 deposit. Along with five previously disclosed zones (see July 10 news release), these 11 gold zones identified from historical drilling demonstrate the potential to add to the Horne 5 resource estimate.

Selected Highlights

- Falco has identified what it believes to be the down dip extension of the Horne West gold deposit. The Lower West Zone is located within a very large underexplored mineralized corridor with dimensions of 250 x 380 x 620 metres (m) at a vertical depth of 800m. The zone remains open above and below.

- The Lower West Zone drill results includes 14.6m of 5.53 grams per tonne gold (g/t Au) in hole HN_21-2822; 8.5m of 10.40 g/t Au, including 4.5m of 17.83 g/t Au in hole HN_9-90; and 12.2m of 4.29 g/t Au, including 6.1m of 6.69 g/t Au in hole HN_2845

- 10m of 5.49 g/t Au in hole HN_09-281 (AM Zone)

- 21m of 2.87 g/t Au, including 3.10m of 18.22 g/t Au in hole HN_47-8676 (AA Zone)

- 6.10m of 6.51 g/t Au in hole HN_09-558 (K Zone)

“I am particularly excited by the discovery of the Lower West Zone due to the relationship that appears to exist with the near-surface Horne West deposit,” said Trent Mell, President and CEO. “An immediate objective will be to assess the potential continuity between the Horne West deposit and the Lower West Zone. We will also evaluate whether these 11 zones and other known targets can be incorporated with Horne 5 resource estimate into a larger Horne Complex resource estimate. The opportunity is clear but additional work and community consultations are required.”

The broad zones of gold mineralization were identified from compilation, digitization and analysis of 80 years of historical data that was never publicly disclosed. This vast and laborious undertaking is still underway and additional results will be released in the coming weeks.

Figure 1 and Figure 2 show the lateral and vertical positions of the 11 gold zones within the Horne Complex. All fall within less than a 2 kilometre radius of the Horne and Quemont mines, two former gold-rich VMS deposits that produced 14 million
ounces of gold. The size of the zones and their proximity are key factors governing their possible contributions to the current Horne 5 resource estimate.

Select drill intercepts from the six zones are included in Table 1 below. All zones remain open and are considered prime exploration targets.

**Table 1- Highlighted Historical Drill Results**

<table>
<thead>
<tr>
<th>Target</th>
<th>Hole</th>
<th>From (m)</th>
<th>To (m)</th>
<th>Core Length* (m)</th>
<th>Au (g/t)</th>
<th>Ag (g/t)</th>
<th>Cu (%)</th>
<th>Zn (%)</th>
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<td>15.2</td>
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<td></td>
<td>HN_21-2845</td>
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<td>16.8</td>
<td>12.2</td>
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<td>HN_9-90</td>
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<td>267.0</td>
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<td>6.1</td>
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</table>

* All intercepts reported are down hole lengths, not true thicknesses, from underground holes. Only V Zone was drilled from surface. Insufficient drilling has been completed to date to define the orientation of the mineralized zones in space. The data is historical in nature and Falco has not independently verified the results; consequently, these results should not be relied upon.

Zone identification was based on compilation of over 6,400 (460,000m) historical drillholes from Falco’s extensive archives on the Horne Complex area. Historical drilling focussed on base metals, leaving an extensive underutilized database. Falco has recently identified several new high-grade gold targets, all of which have never been evaluated or expanded upon. Once finalized, the results of these isolated targets will be summarized in an upcoming news release.
Overview of 6 Zones

1. Lower West Zone

Lower West Zone is believed to be the down dip extension of the Horne West gold deposit, a historic near-surface gold-zinc deposit with significant historical intersections including 520m of 4.9 g/t Au and 10.7m of 9.58 g/t Au (core length for both). Lower West Zone is the largest of the six new zones and is located within a large underexplored mineralized corridor with dimensions of 250m x 380m x 620m at 800m vertical depth and 1,110m west of Horne 5. The zone remains open above and below.

The mineralization is mainly hosted by pyritized rhyolite breccia and tuff locally intruded by metadiabase, and bordered by the Andesite Fault to the south. Several drillholes returned anomalous gold values, the most significant being:

- 10.40 g/t Au over 8.5m (RN_9-90)
- 5.53 g/t Au over 14.6m (HN_21-2822)
- 4.29 g/t Au over 12.2 m (HN_21-2845)
- 24.00 g/t Au over 1.5m (HN_21-2966)
- 17.83 g/t Au over 0.5m (RN_9-28)

Compilation and analysis of historical data for the Horne West deposit is nearing completion and will be disseminated in an upcoming news release.

2. K Zone

K Zone is 450m northeast of Horne 5 at a vertical depth of 308m and lies within a relatively unaltered andesite. Six holes intersected this mineralized body, associated with a mineralized domain having dimensions of 185m x 55m x 30m and open above and below its current elevation. Three holes returned grades higher than 3 g/t Au, with hole HN_09-558 intersecting 6.51 g/t Au over 6.1m, including 14.40 g/t over 1.5m.

3. AM Zone

AM Zone is 340m southeast of Horne 5 at a depth of 310m and lies within a relatively unaltered rhyolite breccia. Mineralization is defined by a 170m x 35m x 30m pyritized body running parallel to the main east-west diabase dyke that cuts the Horne 5 deposit. The zone appears to be terminated to the north and east by a large syenite porphyry and metadiabase but remains open above and below. The zone is intersected by five holes, three of which contain grades better than 3 g/t Au. Hole HN_09-381 assayed 3.89 g/t Au over 9.1m, including 9.60 g/t Au over 1.5m.

An isolated zone of VMS mineralization lies 50m northeast of AM Zone along the northern border of a syenite porphyry intrusion. Mineralization consists of massive pyrite with traces of sphalerite and chalcopyrite within the host rhyolite. The best gold value intersected in this zone is 2.06 g/t Au over 1.5m.

4. AA Zone

AA Zone is a deep target located 338m south of Horne 5 and about 1,800m below surface encapsulated within a mineralized body with dimensions of 80m x 25m x 60m and open in elevation with some restrictions laterally. Mineralization is hosted by slightly to well pyritized rhyolite and rhyolite breccia with trace chalcopyrite and
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galena. The highest reported intersection is from hole HN_47-8676 grading 2.87 g/t Au over 21.0m, including 18.22 g/t over 3.1m. Other significant intercepts include holes HN_49-4805 with 2.74 g/t Au over 4.6m and HN_49-4817 with 2.06 g/t Au over 12.2m.

5. V Zone

V Zone is a shallow target located near Horne West at a depth of just 220m. The zone lies within a 500m x 200m x 75m mineralized corridor that appears open laterally and at depth. Mineralization is hosted in a rhyolitic assemblage that may extend westward across the Horne Creek Fault. All historical drilling was from surface of which holes HN_S-362 and HN_S-345 returned the best intercepts of 4.80 g/t Au over 3.0m and 10.97 g/t Au over 1.5m.

6. Z Zone

Z Zone is the farthest zone from Horne 5, located 1,830 west at a depth of 1,200m. Four drill holes intersected mineralization defining this 280m x 30m x 30m mineralized corridor, which is open at depth and above with some restrictions to the north and south. Developed principally within the Powell Granite, mineralization consists of quartz veins with disseminated pyrite within the host granite. Hole HN_33-2926 reporting the best intersection of 8.91 g/t Au over 1.5m and HN_33-3312 returned 6.17 g/t Au over 1.5m.

Next Steps

Falco’s current strategy consists of identifying opportunities to increase the size of the resource estimate within the Horne Complex while also pursuing top exploration targets within the remainder of its 728 square kilometre land package.

Outside the Horne Complex, Falco is completing the first phase of a regional exploration program on a number of targets, including the Rivière Mouilleuse (Rimo) property. Rimo is a largely untested target that shows strong similarities to the Horne Complex stratigraphy. Results of this phase of work will be available in the coming weeks.

Within the Horne Complex, Falco intends to conduct drill programs to expand on the most prospective target areas, as controls on mineralization and zone distribution are better understood. In particular, Falco plans to test zones that have the best chance of positively impacting the current resource.

In March 2014, Falco announced a 2.2 million ounce inferred gold resource estimate (25.3Mt at 2.64 g/t Au, 0.23% Cu and 0.7% Zn) for the Horne 5 deposit. Horne 5 is one of a number of known zones of gold and polymetallic mineralization which forms the Horne Mine Complex, centered around the former producing Horne copper-gold deposit. Falco is now focused on areas adjacent to Horne 5, expanding its geologic model to incorporate a number of former producers, including the Remnor, Quemont, Joliette and Chadbourne deposits and high priority exploration targets such as Horne West.

Historic drilling within the Horne Complex area focused on copper-dominant base metal mineralization to feed the adjacent Horne smelter. Gold-only and zinc-rich intercepts were assigned a lower priority for follow-up, leaving an extensive database
with substantial potential that Falco is aggressively pursuing throughout the Rouyn-Noranda camp.

**Qualified Person**

Stéphane Poitras, Exploration Manager (P.Geo.) is the qualified person for this release as defined by National Instrument 43-101 — *Standards of Disclosure for Mineral Projects* and has reviewed and verified the technical information contained herein. Mr. Poitras is an employee of Falco and is non-independent.

**About Falco**

Falco is a mineral exploration company and 100% owner of a majority of the Rouyn-Noranda mining district. The Company’s land position includes over 700 square kilometres in the Abitibi region of Quebec, Canada that includes 14 former mine sites. 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 totalling 25.3 million tonnes grading 2.64 g/t Au, 0.23% Cu and 0.7% Zn, for 2.2 Moz Au contained (see press release dated March 4, 2014).

**For further information contact:**

Mr. Dean Linden  
Senior Vice President  
Business Development  
Tel: 1.425.449.9442  
dlinden@falcores.com

Ms. Deanna Kress  
Corporate Communications  
Tel: 1.604.336.6346  
Toll Free: 1.855.238.4671  
dkress@falcores.com

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