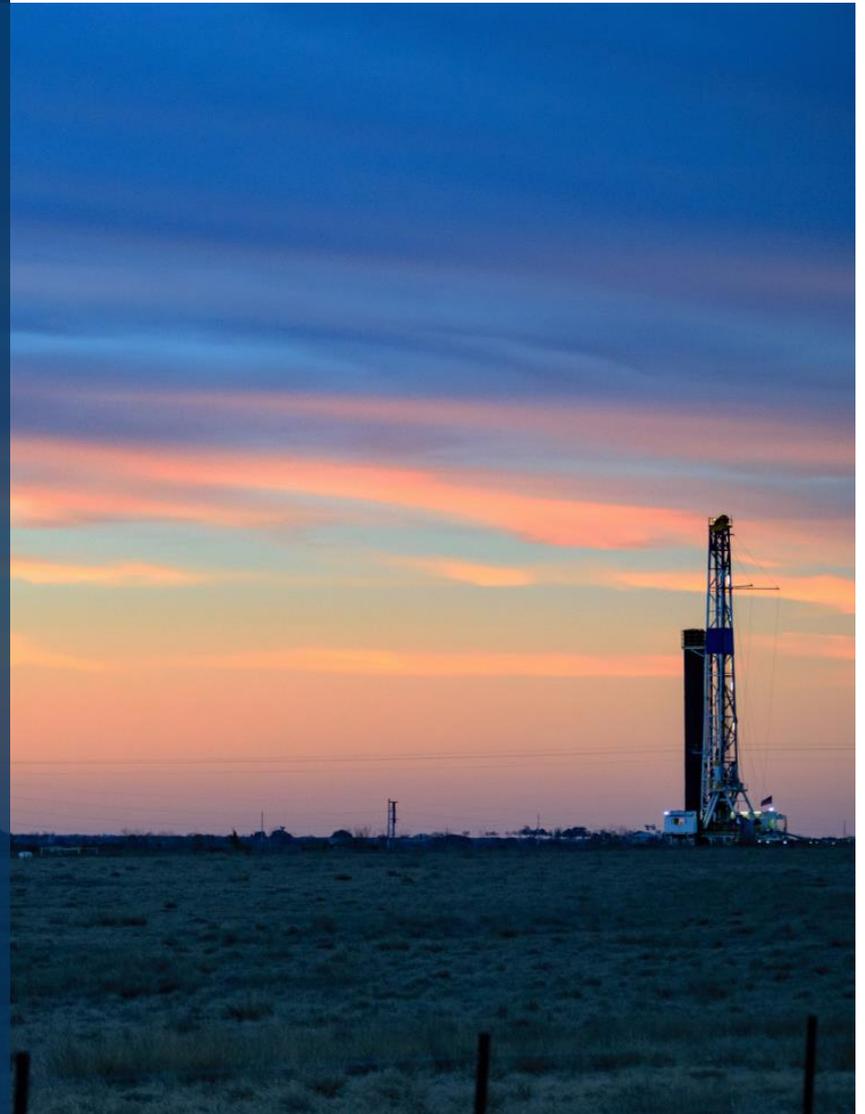


# Q4 2018 Earnings Call

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Supplemental  
Information

FEBRUARY 27, 2019



Falcon Minerals

## **FORWARD-LOOKING STATEMENTS**

Certain statements contained in this Presentation, which reflect the current views of Falcon with respect to future events and financial performance, and any other statements of a future or forward-looking nature, constitute “forward-looking statements” for the purposes of federal securities laws. These forward-looking statements include, but are not limited to, statements with respect to strategy, future operations, financial position, estimated revenues, and losses, projected costs, prospects, plans and objectives of management. In addition, any statements that refer to projections, forecasts or other characterizations of future events or circumstances, including any underlying assumptions, are forward-looking statements. The forward-looking statements contained in this Presentation are based on Falcon’s current expectations and beliefs concerning future developments and their potential effects on Falcon. There can be no assurance that future developments affecting us will be those that we have anticipated. These forward-looking statements involve a number of risks, uncertainties (some of which are beyond Falcon’s control) or other assumptions that may cause actual results or performance to be materially different from those expressed or implied by these forward-looking statements.

A description of certain risks and uncertainties and factors that could cause actual results to differ materially from past results and future plans and projected and estimated future results can be found in Falcon’s filings with the U.S. Securities and Exchange Commission (the “SEC”), including our definitive proxy statement filed with the SEC on August 3, 2018, which are available free of charge at [www.sec.gov](http://www.sec.gov).

Neither Falcon nor its affiliates or representatives assumes any obligation to update or correct any forward-looking statements or other information contained in this Presentation.

## **RESERVE INFORMATION**

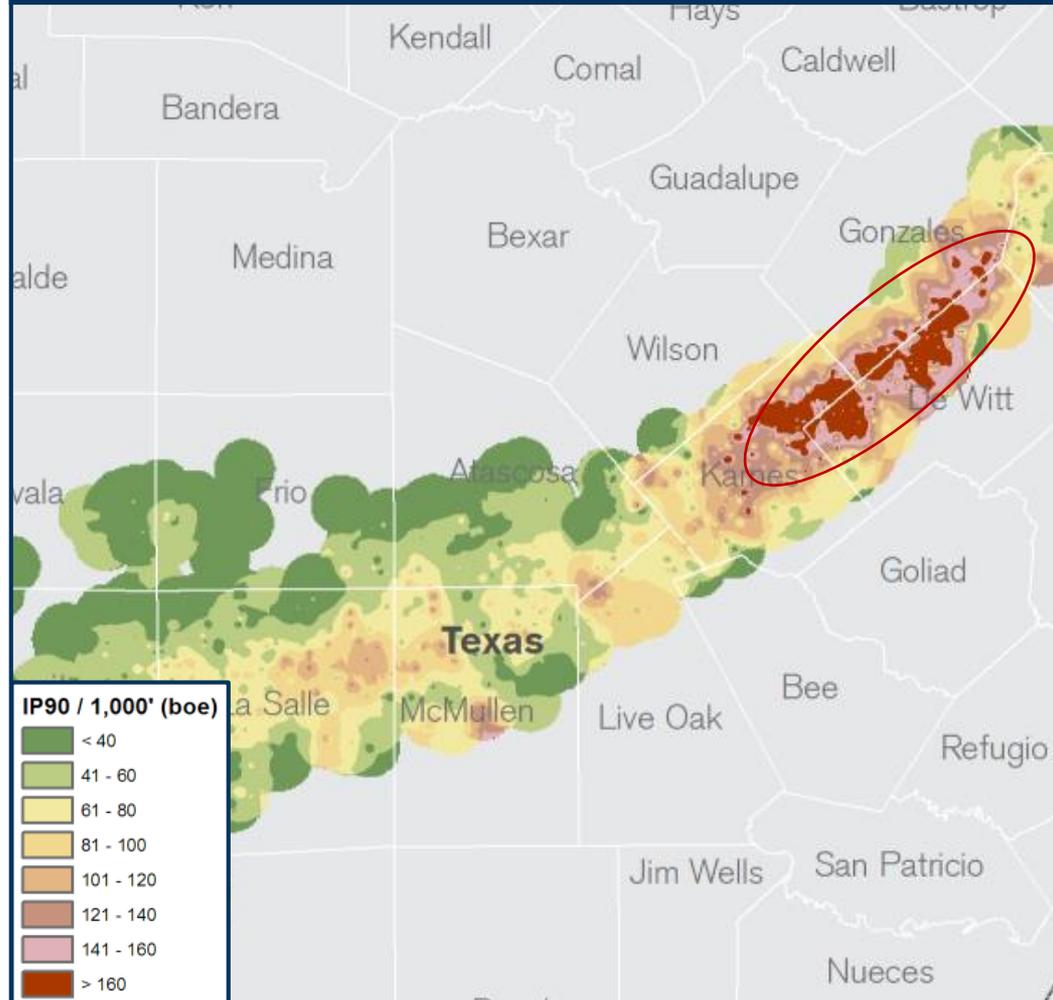
Reserve engineering is a process of estimating underground accumulations of hydrocarbons that cannot be measured in an exact way. The accuracy of any reserve estimate depends on the quality of available data, the interpretation of such data and price and cost assumptions made by reserve engineers. In addition, the results of drilling, testing and production activities may justify revisions of estimates that were made previously. If significant, such revisions could impact Falcon’s strategy and change the schedule of any further production and development drilling. Accordingly, reserve estimates may differ significantly from the quantities of oil and natural gas that are ultimately recovered. Estimated Ultimate Recoveries, or “EURs,” refers to estimates of the sum of total gross remaining proved reserves per well as of a given date and cumulative production prior to such given date for developed wells. These quantities do not necessarily constitute or represent reserves as defined by the SEC and are not intended to be representative of all anticipated future well results.

- Independent, high-quality royalty company which began publicly trading in August 2018
- Falcon’s primary assets are located in the core of the Eagle Ford Shale, the highest-returning oil basin in the US

## Falcon Minerals | Market Overview

- NASDAQ Ticker: FLMN
- Enterprise Value: \$679 MM
- Market Cap: \$665 MM <sup>(1)</sup>
- Shares Outstanding: 85.9 MM <sup>(2)</sup>
- Annualized Q4 Net Leverage Ratio: 0.16x
- Liquidity: \$101 MM <sup>(3)</sup>

## Falcon Royalty Acreage Map | Eagle Ford



(1) Assumes \$7.75 share price as of February 26, 2019.

(2) Reflects fully-diluted or as-converted shares outstanding, inclusive of 40,000,000 Class C shares held by Royal Resources, L.P.

(3) As of December 31, 2018.

**During the fourth quarter 2018, Falcon generated pro-forma free cash flow of \$0.23 per share and declared a dividend of \$0.20 per share, while continuing to acquire additional acreage that is expected to be accretive to the company on both an NAV per share and free cash flow per share basis <sup>(1)</sup>**

**1**

Net production of ~6,100 Boe/d in the fourth quarter 2018, an increase of ~33% compared to the fourth quarter 2017; full year 2018 net production increased ~22% compared to the full year 2017 <sup>(2)</sup>

**2**

Adjusted EBITDA of ~\$21.6 million in the fourth quarter 2018, an increase of ~12% compared to the fourth quarter 2017 <sup>(1)</sup>

**3**

Fourth quarter 2018 Net Income of \$14.6 million, or \$0.14 per Class A share <sup>(3)</sup>

**4**

Fourth quarter 2018 dividend of \$0.20 per share, to be paid on February 28, 2019 to all shareholders of record on February 21, 2019

**5**

Over the last several months, Falcon closed organic acquisitions covering ~60 net royalty acres for ~\$10.7 million, characterized by a combination of near-term cash flow and growth potential <sup>(4)</sup>

(1) Please refer to the disclosure on page 10 for the Reconciliation of Net Income to Non-GAAP Measures.

(2) Comparisons made to fourth quarter and full year 2017 are based only on the assets acquired by Falcon in its business combination in August 2018.

(3) Net income shown includes amount attributable to non-controlling interests.

(4) Calculated as Net Mineral Acres x Lease Royalty Rate. Does not assume 1/8th normalization.

# Historical Growth Profile Across Position

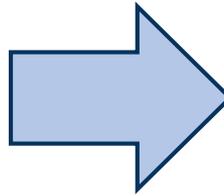


Overview of Historical Activity on Acquired Assets

Year	2016	2017	2018
Gross Wells TIL	169 wells	192 wells	235 wells

# Top Operators Develop Falcon's Position

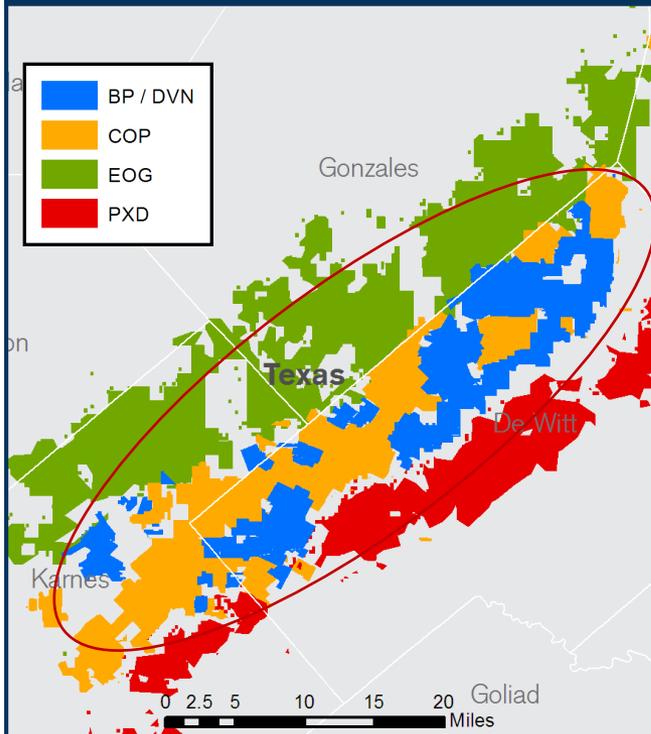
**Falcon's Eagle Ford position is anchored by several of the top US operators, all of whom have indicated increased future development on their positions**



Falcon's producers are:

- **Well-capitalized** with long-term development horizons
- **Focused** on maximizing returns in high-IRR regions
- **Advancing technology** to improve recoveries
- **Efficient in operations**, allowing for consistent activity

## Eagle Ford Operators on Falcon Acreage



## Recent Eagle Ford Commentary from Key Operators



- Guided to flat Eagle Ford production in 1H19, ramping activity in 2H19; targeting ~20% YoY production growth
- New completion design (Vintage 5) should provide even better ultimate recoveries in the basin



- Initiating development on recently acquired BHP assets
- Plan to increase to 5-6 rig program by the end of 2019
- Company plans to deploy \$2B in capital across newly acquired assets with focus on Eagle Ford; growing to \$2.5B over time



- Increasing rig activity to 3 rigs in the Eagle Ford in 2019
- Targeting up to 25 horizontal refracs, with potential for more
- Beginning Austin Chalk development program in 2019, with 5 wells currently scheduled and potential to de-risk >200 locations



- Disclosed >2,300 undrilled, premium Eagle Ford locations
- Consistently achieving >140% ROR in the Eagle Ford, the highest after tax rate-of-return in EOG's portfolio
- Actively implementing enhanced oil recovery program

Note: This information includes forward-looking statements that have been disclosed by third-party sources. Falcon makes no representation or warranty, express or implied, with respect to the accuracy, reasonableness or achievability of such information.

## 1H 2019 Guidance – Released February 7<sup>th</sup>, 2019

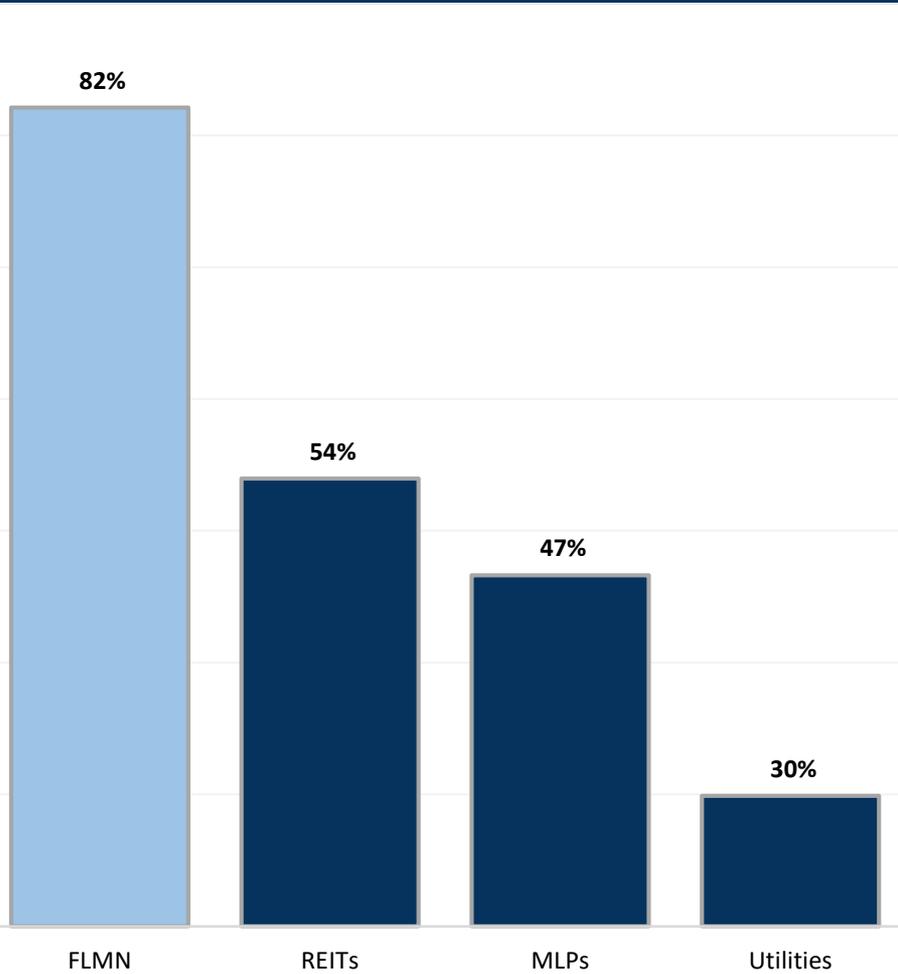
<b>Net Production (Boe/d) <sup>(1)</sup></b>	5,300 – 5,800
<b>% Oil of Net Production</b>	53% – 55%
<b>Production &amp; Ad Valorem Taxes (% Revenue)</b>	4.0% – 5.0%
<b>Marketing &amp; Transportation (\$/Boe)</b>	\$1.00 – \$1.50
<b>General &amp; Administrative (\$/Boe)</b>	\$3.70 – \$4.20
<b>Depletion Expense (\$/Boe) <sup>(2)</sup></b>	\$7.00 – \$8.00
<b>Capital Expenditures</b>	N/M

(1) The forecasted 1H19 net production range does not include any contribution from additional Hooks Ranch wells connected in the future.

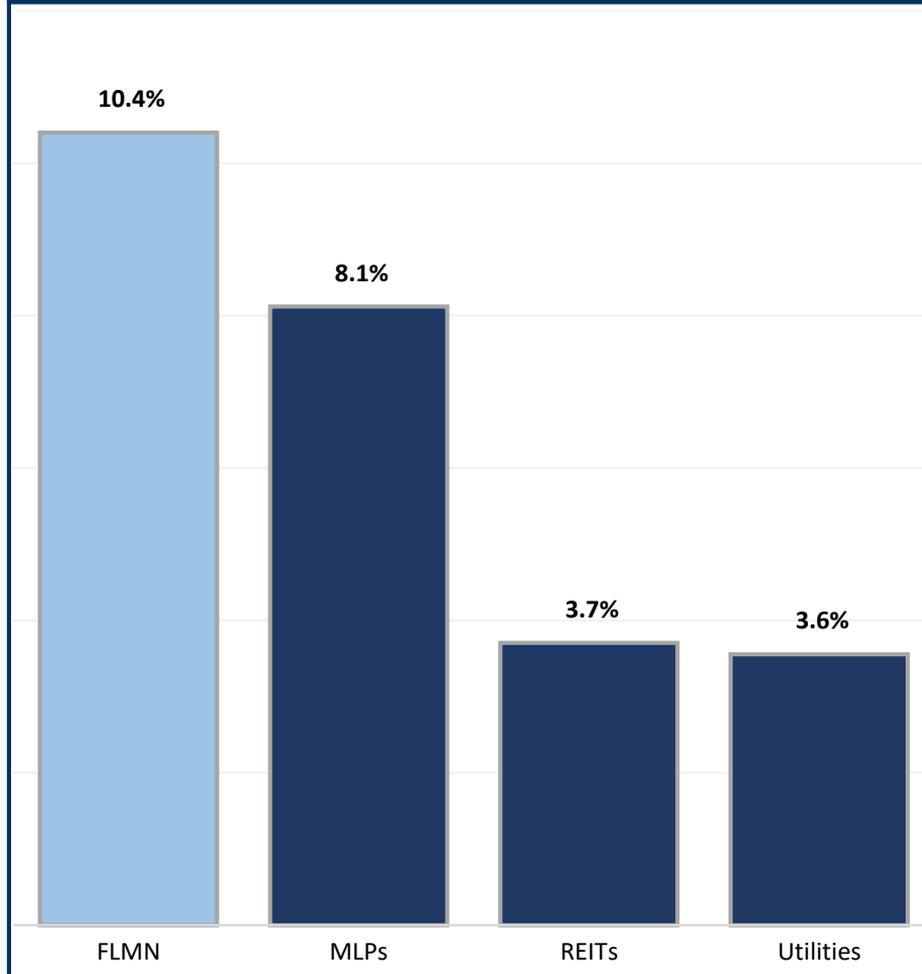
(2) The depletion expense forecast range above is shown on a book basis; the equivalent range on a tax basis would be in a range of \$28.00 – \$32.00 per boe.

# Significant Upside in Falcon's Valuation vs. Other Yield Vehicles

### 4Q '18 Cash Margin <sup>(1)</sup>



### LQA Yield <sup>(2)</sup>



Source: Company filings and FactSet as of February 25, 2019.

Note: MLPs include 10 largest components of AMZ index including: ET, EPD, MMP, MPLX, PAA, WES, BPL, ANDX, EQM and TGE; Utilities include 10 largest components of Dow Jones U.S. Utilities Index including: NEE, DUJ, D, SO, EXC, AEP, SRE, PEG, XEL, ED; REITs include 10 largest components of S&P United States REIT index including: SPG, PLD, PSA, WELL, EQR, AVB, VTR, DLR, BXP and O.

(1) Cash margin shown for FLMN as 4Q '18 realized price per boe less gathering and transportation, production taxes and cash G&A expenses per boe divided by realized price per boe. Other yield vehicles represents average cash margin of 10 components for each sector.

(2) FLMN yield calculated based on announced 4Q '18 \$0.20 dividend annualized and share price as of February 25, 2019. Other yield vehicles based on average yield of 10 components for each sector based on their most recently announced dividend/distribution annualized.

# Royalties Provide Superior Economics

## Illustrative Condensate Window Economics

Realized Price: \$65.00 / Boe



Illustrative Falcon Minerals  
20% Royalty Interest

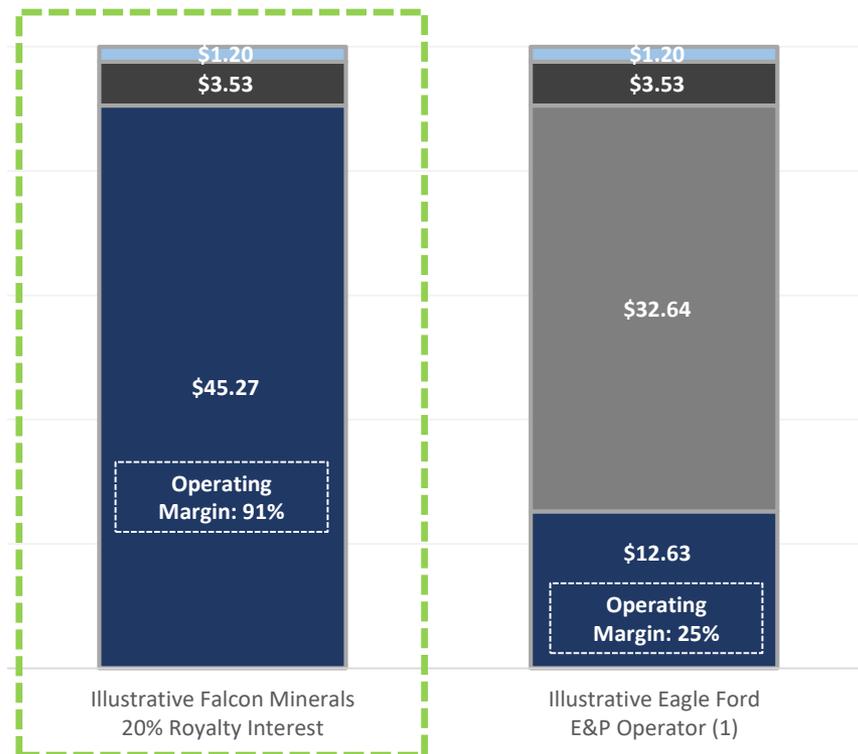
Illustrative Eagle Ford  
E&P Operator (1)

- Operating Margin
- Production and Ad Valorem Taxes
- GP&T and Marketing
- Additional Costs<sup>(2)</sup>

## Illustrative Condensate Window Economics

Realized Price: \$50.00 / Boe

*Falcon's business model maintains it's high cash margin in a comparatively lower-priced oil environment*



Illustrative Falcon Minerals  
20% Royalty Interest

Illustrative Eagle Ford  
E&P Operator (1)

- Operating Margin
- Production and Ad Valorem Taxes
- GP&T and Marketing
- Additional Costs<sup>(2)</sup>

(1) Assumes 20% net royalty interest, calculated using an illustrative Eagle Ford Karnes county condensate type curve.

(2) Includes assumed lease operating expenses, F&D, and royalties.

## Reconciliation of Adjusted EBITDA and Pro-forma Free Cash Flow from Net Income (in thousands \$):

	<b>Three Months Ended December 31, 2018</b>	<b>Fully Converted Per Share Basis December 31, 2018 <sup>(1)</sup></b>
<b>Net Income</b>	\$ 14,592	\$ 0.17
Interest expense, net	742	0.01
Depletion	3,783	0.04
Income taxes	2,482	0.03
<b>Adjusted EBITDA</b>	\$ 21,599	\$ 0.25
Cash interest expense	(589)	(0.01)
Pro-forma cash income taxes <sup>(2)</sup>	(1,200)	(0.01)
<b>Pro-forma Free Cash Flow</b>	\$ 19,810	\$ 0.23

(1) Per share information is presented on a fully converted basis, and includes both the 45.9 million Class A common shares and the 40.0 million Class C common shares that are outstanding as of December 31, 2018

(2) Pro-forma cash income taxes are estimated on a fully converted basis and therefore based upon net income before non-controlling interest considerations

**High margin cash flows with strong free cash flow generation**

**Assets in the core-of-the-core Eagle Ford shale**

**Extensive, repeatable drilling inventory of highly economic locations**

**High-quality operators with active development programs and visible production growth**

**Significant upside potential from numerous opportunities**

**Highly attractive relative and absolute value**

**Experienced and proven management team and financial sponsor**