

Investor Presentation

May 2021



# Disclaimer

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## **FORWARD-LOOKING STATEMENTS**

This document contains forward-looking statements that involve a number of assumptions, risks and uncertainties that could cause actual results to differ materially from those contained in the forward-looking statements. Falcon cautions readers not to place any undue reliance on these forward-looking statements as forward-looking information is not a guarantee of future performance. Such forward-looking statements include, but are not limited to, statements about future financial and operating results, future dividends paid, the tax treatment of dividends paid, Falcon's plans, initiatives, objectives, expectations and intentions and other statements that are not historical facts. Risks, assumptions and uncertainties that could cause actual results to materially differ from the forward-looking statements include, but are not limited to, those associated with general economic and business conditions; the COVID-19 pandemic and its impact on Falcon and on the oil and gas industry as a whole; Falcon's ability to realize the anticipated benefits of its acquisitions; changes in commodity prices; uncertainties about estimates of reserves and resource potential; inability to obtain capital needed for operations; Falcon's ability to meet financial covenants under its credit agreement or its ability to obtain amendments or waivers to effect such compliance; changes in government environmental policies and other environmental risks; the availability of drilling equipment and the timing of production in Falcon's regions; tax consequences of business transactions; and other risks, assumptions and uncertainties detailed from time to time in Falcon's reports filed with the U.S. Securities and Exchange Commission, including under the heading "Risk Factors" in Falcon's most recent annual report on Form 10-K as well as any subsequently filed quarterly reports on Form 10-Q and current reports on Form 8-K. Forward-looking statements speak only as of the date hereof, and Falcon assumes no obligation to update such statements, except as may be required by applicable law.

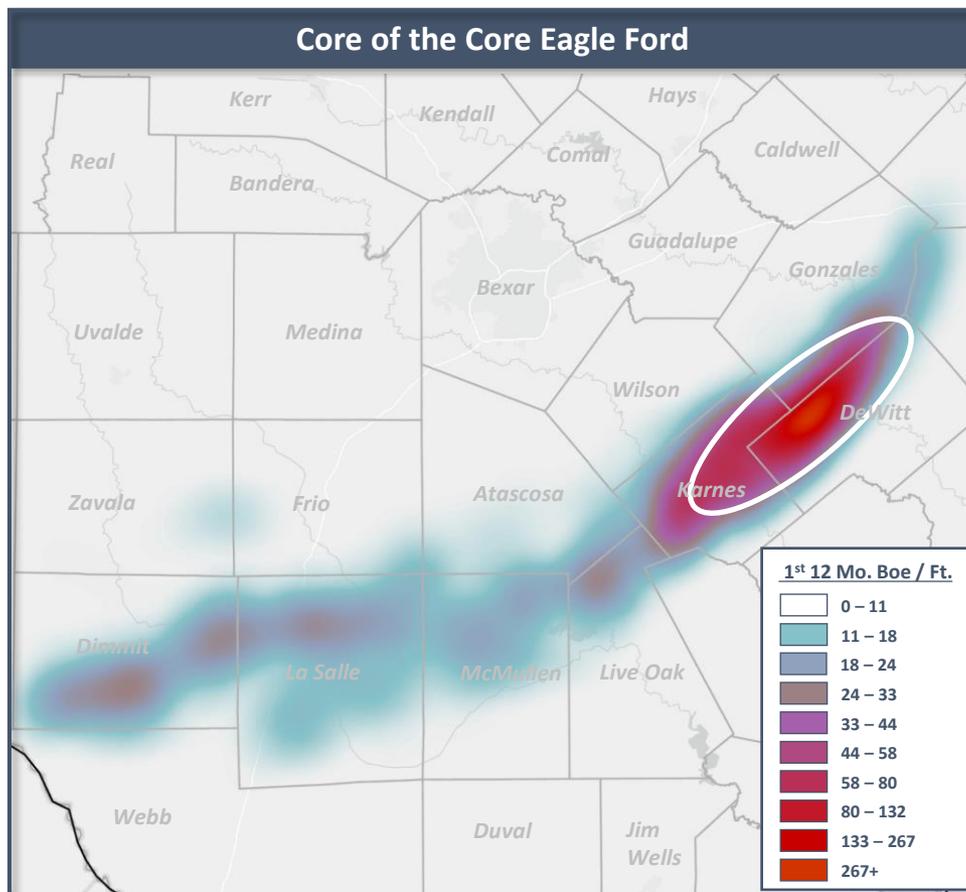
## **RESERVE INFORMATION**

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.

# Overview

*Falcon's primary assets are located in the core of the Eagle Ford under premier operators*

Market / Asset Overview	
NASDAQ Ticker	FLMN
Market Capitalization <sup>(1)</sup>	~\$400mm
Shares Outstanding <sup>(2)</sup>	~86.2mm
Net Debt	\$37.6mm
Key Counties	Karnes, Dewitt, Gonzales
Key Operators	COP, BP/DVN, EOG
Gross Unit Acres	~256,000 acres
Net Royalty Acres	~2,700 acres
Producing Horizontal Wells	~2,132 Eagle Ford wells



*World class assets developed by world class operators*

(1) Assumes share price as of May 5, 2021. Inclusive of Class C Shares.

(2) 86,185,393 shares reflect fully-diluted or as-converted shares outstanding, inclusive of 40,000,000 Class C shares. Excludes unvested RSAs.

# Investment Highlights

<b>Falcon Highlights</b>	<ul style="list-style-type: none"><li>❑ <b><u>Announced \$0.10 dividend for Q1'21 (\$0.40 annualized) → 33% growth over Q4'20</u></b></li><li>❑ <b><u>Expect to see Free Cash Flow double from Q4'20 levels to \$0.15 of Free Cash Flow per share in Q2'21</u></b></li><li>❑ <b><u>Meaningful production growth expected in 2021 with zero capital expenditure or incremental acquisitions</u></b></li><li>❑ High payout ratio → inception to date average payout ratio of 92% with aggregate dividends of \$1.185 per share</li><li>❑ Conservative balance sheet and disciplined acquisition strategy</li></ul>
<b>Operational Overview</b>	<ul style="list-style-type: none"><li>❑ <b><u>Averaged 5 rigs on Falcon's Eagle Ford assets during Q1'21</u></b></li><li>❑ World class operators prosecuting decade long plans on Falcon's Eagle Ford position</li><li>❑ COP, EOG, and BP/DVN are currently running 12 rigs in the Karnes Trough</li><li>❑ Karnes Trough is characterized by some of the lowest breakeven returns in North American shale</li><li>❑ Q1'21 net production of ~4,116 Boe/d</li><li>❑ ~1.23 net (60 gross) wells turned in line ("TIL") in Q1'21 vs. ~1.91 net (139 gross) in 2020</li></ul>
<b>Production Highlights</b>	<ul style="list-style-type: none"><li>❑ <b><u>Production is expected to grow significantly from Q1'21 to Q2'21</u></b><ul style="list-style-type: none"><li>– 60 gross wells (approximately 1.23 net) TIL during Q1 and are expected to drive meaningful production growth as Falcon benefits from high NRI locations that were TIL in late Q1'21</li><li>– This total includes 11 high NRI gross wells (approximately 0.95 net) that began producing during Q1'21</li></ul></li><li>❑ 203 gross line-of-sight wells (2.04 net wells) permitted and in active development</li><li>❑ Top operators represent ~90% of Falcon's line-of-sight inventory</li><li>❑ 2021 oil production as a percentage of total production is expected to be 50-53%</li></ul>

# Recent Operator Commentary

Key Operators		
	 	
<ul style="list-style-type: none"> <li><input type="checkbox"/> Eagle Ford Outlook – 10-year commitment to Eagle Ford</li> <li><input type="checkbox"/> Currently running 4 rigs and 2 frac crews in the Karnes Trough</li> <li><input type="checkbox"/> ConocoPhillips (“COP”) stated in September that they are focused on the Eagle Ford, which represents the company’s lowest cost of supply</li> <li><input type="checkbox"/> ~3,800 top-tier locations remaining</li> <li><input type="checkbox"/> Maintained 4 rigs and ~2 frac crews across the Eagle Ford through pandemic</li> <li><input type="checkbox"/> Built substantial DUC inventory of ~130+ wells in Lower 48 during 2020</li> <li><input type="checkbox"/> Average cost of supply in Lower 48 below ~\$30 / Bbl (10% IRR threshold)</li> <li><input type="checkbox"/> Upside – ~300 refracs in 10-year plan, ~75% EUR increase from mechanical isolation refracs</li> </ul>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Eagle Ford Outlook – 10+ years of inventory life in the Eagle Ford</li> <li><input type="checkbox"/> Currently running 4 rigs in the Karnes Trough</li> <li><input type="checkbox"/> Reestablished operational continuity and expect to bring online 40 wells through the remainder of 2021</li> <li><input type="checkbox"/> Successful redevelopment appraisal program during 1H’20 confirms resource upside and additional highly economic inventory</li> <li><input type="checkbox"/> Upside – ~700+ potential refrac locations along with additional redevelopment / infill inventory</li> </ul>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Eagle Ford Outlook – bellwether asset in “growth phase” with 10+ years of inventory remaining</li> <li><input type="checkbox"/> Currently running 4 rigs in the Karnes Trough</li> <li><input type="checkbox"/> Maintained 3 rigs / 3 frac crews across the Eagle Ford in 2020</li> <li><input type="checkbox"/> ~145 net Eagle Ford wells expected to TIL in 2021</li> <li><input type="checkbox"/> ~1,900 net undrilled premium locations in the Eagle Ford</li> <li><input type="checkbox"/> ~6% reduction in Eagle Ford well costs expected in 2021 compared to 2020 levels</li> <li><input type="checkbox"/> Upside – targeting Enhanced Oil Recovery (EOR) program with over 200 wells identified</li> </ul>

**10-year commitment to the Eagle Ford across key operators**

# Development Activity

## Highlights

- ❑ Averaged 5 rigs on Falcon's Eagle Ford assets
- ❑ 60 gross wells (1.23 net wells) TIL in Q1'21 and are expected to drive meaningful production growth in Q2'21 as Falcon benefits from high NRI locations
  - Includes 11 gross wells and 0.95 net wells that began producing during Q1'21
- ❑ 203 gross line-of-sight wells (2.04 net wells) permitted and in active development
  - 109 gross wells and 0.94 net wells waiting on completion or connection
  - 94 gross and 1.10 net line-of-sight wells expected to TIL during the second half of 2021 and the first half of 2022

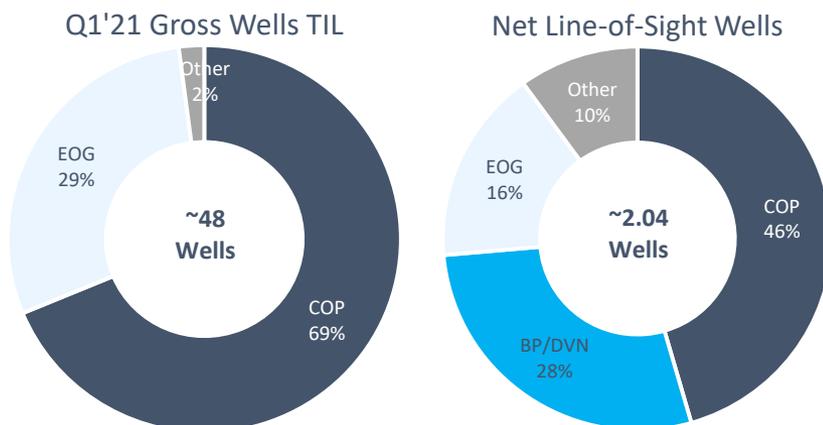
## 2020 Development

	Active Rigs	Gross TIL	Average NRI	Net TIL
2020 Average / Total	4	139	~1.37%	~1.91

## 2021 YTD Development

	Active Rigs	Gross TIL	Average NRI	Net TIL
Q1'21	5	60	~2.04%	~1.23

## Falcon Eagle Ford Wells by Operator



## Eagle Ford Line-of-Sight Development (April 2021)

	Gross Wells	Average NRI	Net Wells
Permitted	94	1.17%	1.10
Waiting on Completion	71	0.96%	0.68
Waiting on Connection	38	0.69%	0.26
<b>Total</b>	<b>203</b>	<b>1.01%</b>	<b>2.04</b>

# Hooks Ranch Update

## Hooks Ranch Overview / Development Update

- ❑ Falcon Minerals has a 22.5% royalty interest in ConocoPhillips' Hooks Ranch position
  - 75%+ undeveloped
  - 100% HBP and operated by ConocoPhillips
- ❑ **ConocoPhillips permitted 6 new Hooks Ranch wells during September 2020**
  - 4 Lower Eagle Ford / 2 Upper Eagle Ford
  - Wells will have extended laterals from adjacent properties into the Hooks unit
- ❑ Wells are expected to be TIL in Q4'21
- ❑ Four Hooks Ranch wells TIL on February 7, 2020
- ❑ Wells have lateral lengths of ~11,000'
  - Wells drilled from Hooks Ranch lease and extend into the Hardesty unit
- ❑ 6-well pad (4 Lower Eagle Ford, 2 Upper Eagle Ford) TIL in February 2018
  - Wells in top decile of returns in basin

## Hooks Ranch Units



# Financial Overview

## Q1'21 Overview

- ❑ Announced Q1'21 dividend of \$0.10 per Class A share
  - \$1.185 per share in dividends since inception
- ❑ Adjusted EBITDA of \$9.5 million for Q1'21
- ❑ Maintained low leverage profile → net debt of \$37.6 million at Q1'21

## Pro Forma Capitalization as of March 31, 2021

Cash	\$2.9mm
Revolving Credit Facility Borrowing	\$40.5mm
Net Debt	\$37.6mm
Borrowing Base	\$70.0mm
Net Debt to LTM EBITDA <sup>(1)</sup>	1.44x

## Crude Oil Swaps

Date	Swap Volumes (Bbls/d)	Swap Price (\$ / Bbl)
Q2'21	1,096	\$57.85
Q3'21	940	\$56.29
Q4'21	836	\$54.85

(1) Calculated by dividing the sum of total debt outstanding less total cash on hand as of March 31, 2021 by Adjusted EBITDA for the trailing 12 month period.

# Dividend Payouts and Sustainability

## Favorable Tax Treatment of Dividends

- ❑ Falcon announced first quarter 2021 dividend of \$0.10 per share → \$1.185 of cumulative dividends since inception
- ❑ Falcon expects that greater than 50% of the dividends paid to Class A shareholders during 2021 will be classified as non-dividend distributions in 2021 and therefore represent a reduction of basis rather than ordinary income
  - Non-dividend distributions are treated as a reduction of basis until such time that the investors' basis is fully recovered
  - Falcon generates non-dividend distributions due to the Company's high payout ratio coupled with the step up in the tax basis of Falcon's minerals interests that was received as a part of the transaction with Royal Resources in 2018

## Cumulative Dividends Per Share

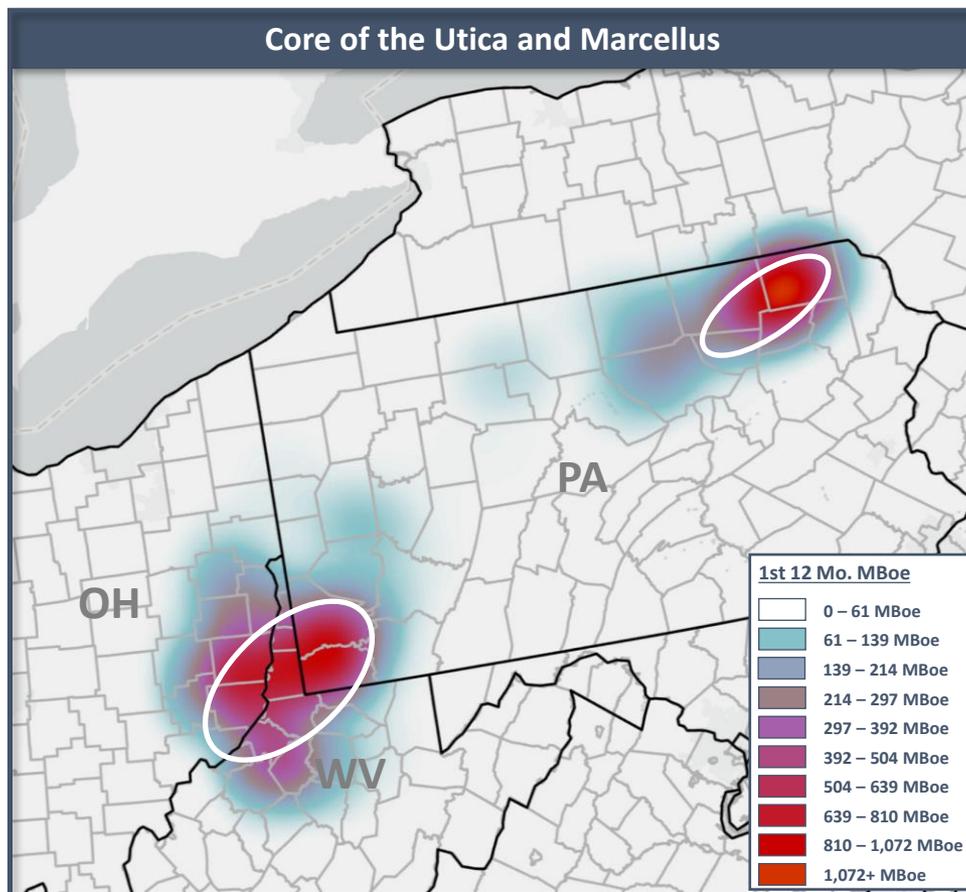


Note: This expected favorable tax treatment is the result of certain non-cash expenses (principally depletion) substantially offsetting Falcon's taxable income and tax "earnings and profit." Our estimates of the tax treatment of Falcon's earnings and dividends are based upon assumptions regarding the capital structure and earnings of Falcon Minerals Operating Company LP ("OpCo"), the capital structure of Falcon and the amount of the earnings OpCo allocates to Falcon. Many factors may impact these estimates, including changes in drilling and production activity, commodity prices, future acquisitions, or changes in the business, economic, regulatory, legislative, competitive or political environment in which Falcon operates. These estimates are based on current tax law and tax reporting positions that we have adopted and with which the Internal Revenue Service could disagree. These estimates are not fact and should not be relied upon as being necessarily indicative of future results, and no assurances can be made regarding these estimates. Investors are encouraged to consult with their tax advisor on this matter.

# Appalachia Asset Overview

*Falcon's Appalachia assets are located in the core of the Utica and Marcellus under premier operators*

Asset Overview	
Gross Unit Acres	~80,000 acres
Net Royalty Acres <sup>(1)</sup>	~1,530 acres (~1.6% NRI)
Producing Wells	~421 wells
Key Operators	COG, EQT, CHK, SWN, Tug Hill
Rig Count	2 rigs
Waiting on Connection <sup>(2)</sup>	2 gross / 0.00 net
Waiting on Completion <sup>(2)</sup>	24 gross / 0.07 net
Permits <sup>(2)</sup>	23 gross / 0.23 net



*Appalachia assets provide additional upside to improved gas prices*

(1) Net royalty acres include unleased acreage. NRI based on DSU averages.

(2) Marcellus line-of-sight not included in line-of-sight numbers on page 6.

## Key Takeaways

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Meaningful production growth expected in 2021 with zero capital expenditure or incremental acquisitions

Production and Free Cash Flow growth driven by multiple high NRI pads expected to TIL throughout 2021

Inception to date average payout ratio of 92% with aggregate dividends of \$1.185 per share

Conservative balance sheet → less than \$38 million of net debt as of March 31, 2021

Highest quality operators with long-term commitment to Falcon's Eagle Ford position