



**Investor Presentation**

**December 2019**

# Disclaimer

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## **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.

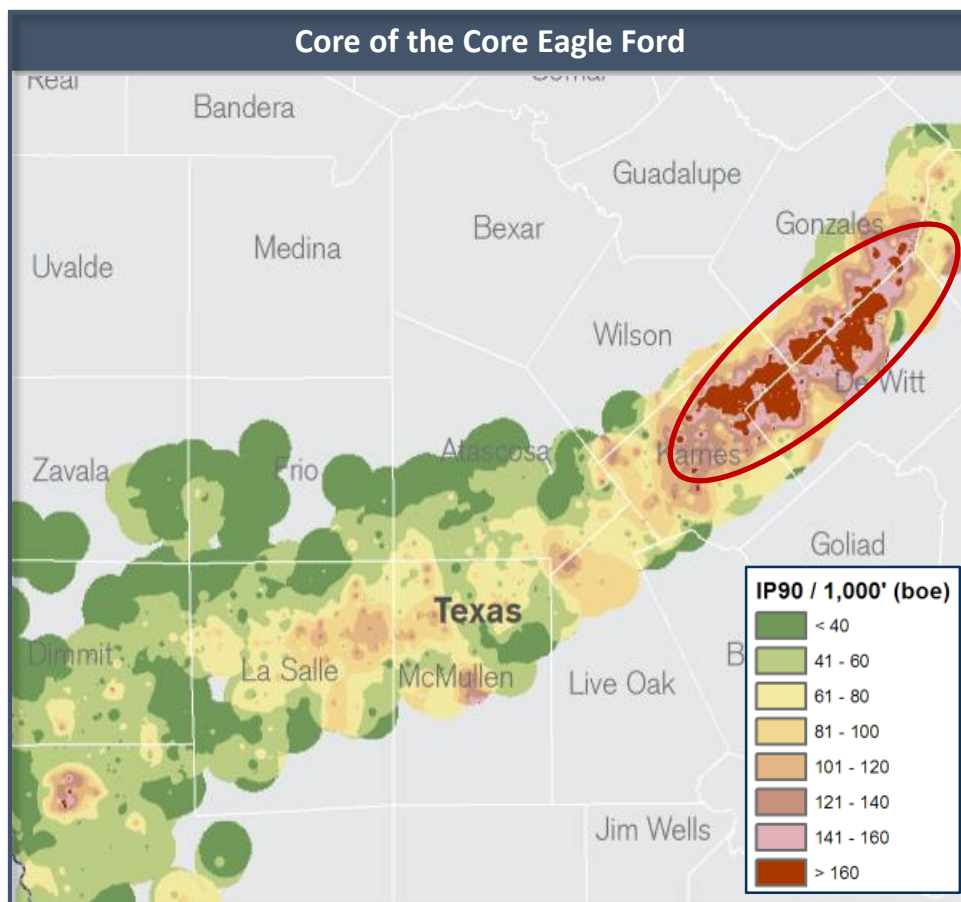
## **RESERVE INFORMATION**

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.

# Overview

*Falcon's primary assets are located in the core of the Eagle Ford under premier operators and benefit from premium pricing*

Market / Asset Overview	
NASDAQ Ticker	FLMN
Market Capitalization <sup>(1)</sup>	~\$555mm
Shares Outstanding <sup>(2)</sup>	~86.0mm
Leverage Ratio <sup>(3)</sup>	0.55x
Key Counties	Karnes, Dewitt, Gonzales
Key Operators	COP, BP/DVN, EOG
Gross Unit Acres	~256,000 acres
Net Royalty Acres	~2,670 acres
Producing Horizontal Wells	~1,867 Eagle Ford wells



*World class assets developed by world class operators*

(1) Assumes share price as of November 29, 2019. Inclusive of Class C Shares.

(2) 85,950,716 shares reflect fully-diluted or as-converted shares outstanding, inclusive of 40,000,000 Class C shares. Excludes Distribution Equivalent Rights.

(3) Calculated by dividing the sum of total debt outstanding less cash on hand as of September 30, 2019 by Adjusted EBITDA for the trailing 12-month period, as per Falcon's credit agreement dated August 23, 2018.

# A History of Market Leading Returns

*Falcon's management team has a long history of creating energy enterprises (Atlas companies) and providing substantial shareholder returns*

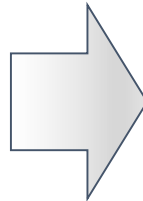


Atlas Energy grows to become one of the most active developers in the early stages of the Marcellus Shale



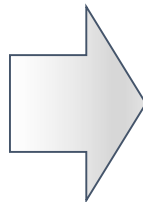
Atlas Pipeline expands into a leading gathering & processing enterprise in the Permian and Mid-Continent regions

2011



Atlas Energy sold to Chevron for \$4.3 billion  
> 900% return from IPO  
(46% CAGR)

2015

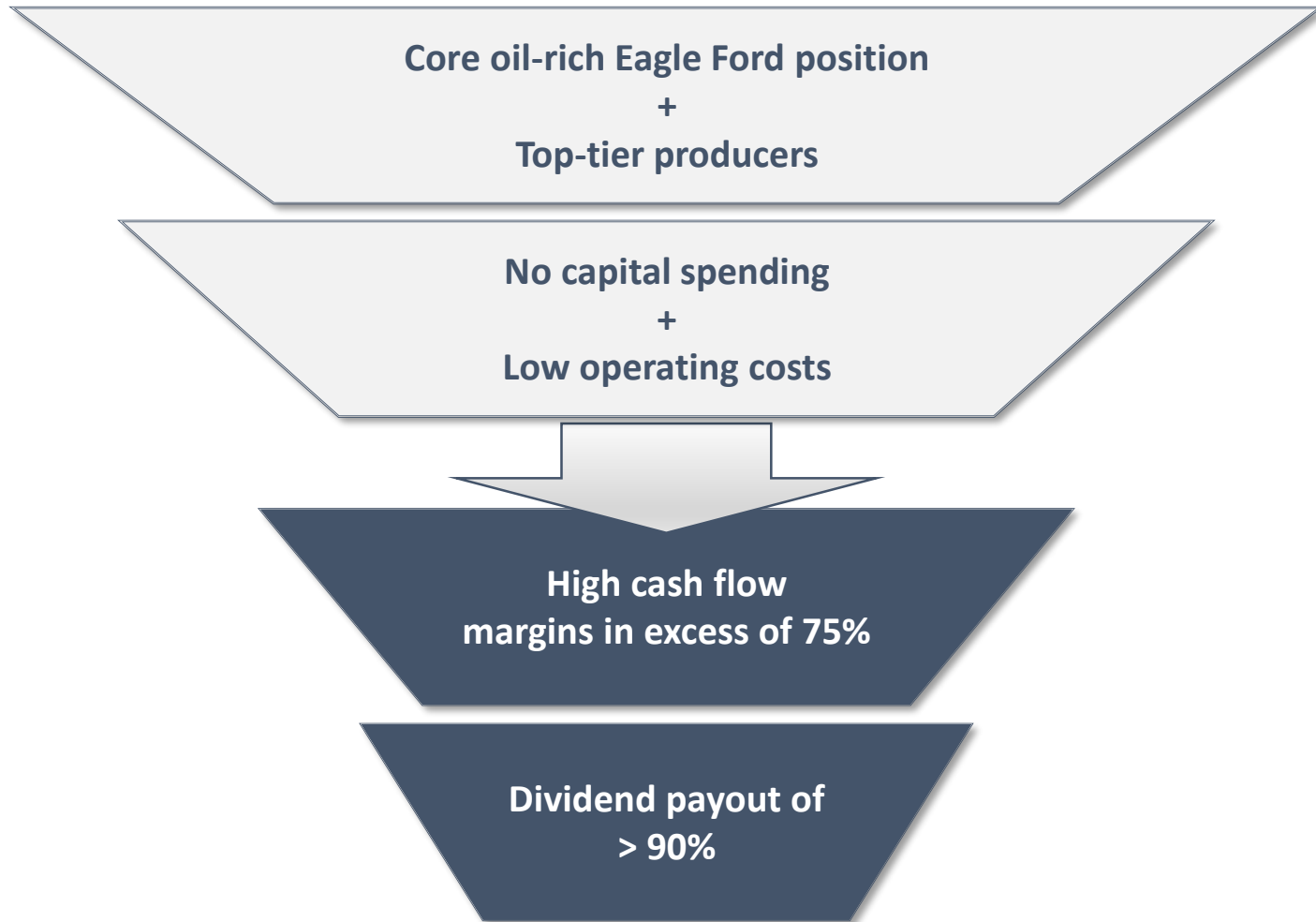


Atlas Pipeline sold to Targa for \$7.7 billion  
> 400% return from IPO  
(11% CAGR)




# Best-in-Class Business Model

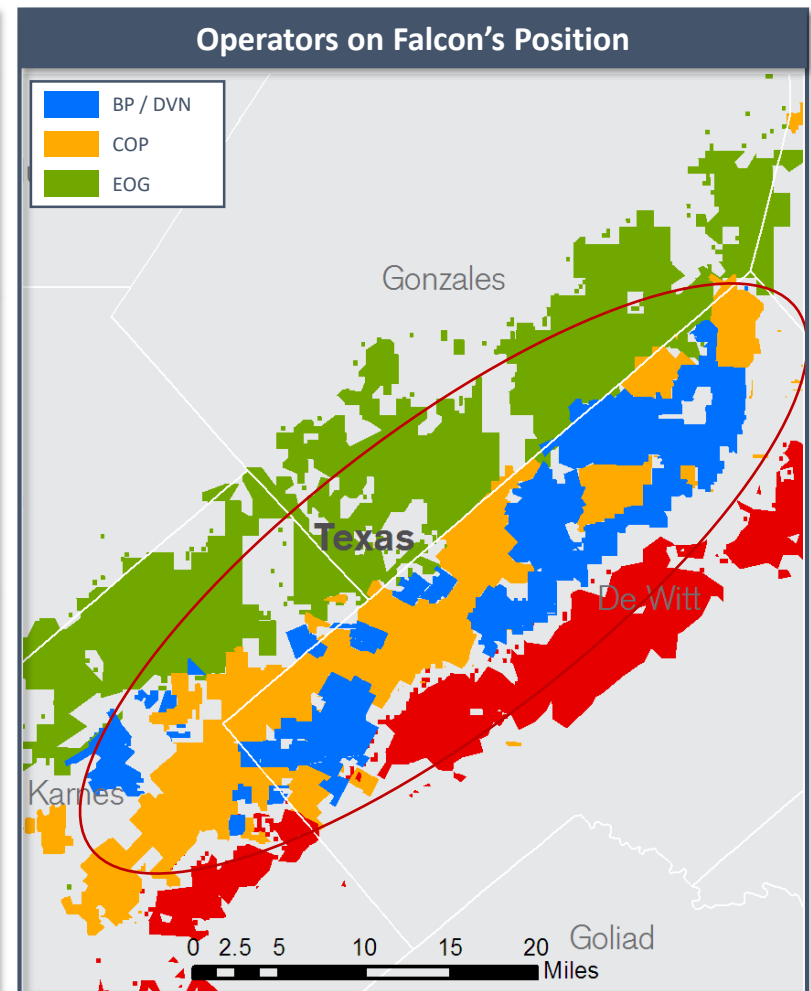
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*Falcon's royalty business offers a unique business model that provides consistent, high cash margin returns to shareholders*



# World Class Operators Developing Falcon's Position

Operators	
	<ul style="list-style-type: none"> <li><input type="checkbox"/> Currently running seven rigs across the Eagle Ford</li> <li><input type="checkbox"/> Indicated addition of an eighth rig in 2020 in order to reach optimal and sustained development</li> <li style="border: 1px dashed red; padding: 2px;"><input type="checkbox"/> Emphasized 10-year commitment to Eagle Ford during November 2019 Analyst &amp; Investor Meeting</li> </ul>
	<ul style="list-style-type: none"> <li><input type="checkbox"/> Currently running four rigs across the Eagle Ford</li> <li><input type="checkbox"/> Partnership transition from BHP to BP complete with operational momentum reestablished</li> <li><input type="checkbox"/> Plan to bring online more than 25 Eagle Ford wells in 4Q '19</li> <li><input type="checkbox"/> Actively completing refrac and redevelopment inventory; over 700 potential locations</li> </ul>
	<ul style="list-style-type: none"> <li><input type="checkbox"/> Currently running eight rigs across the Eagle Ford</li> <li><input type="checkbox"/> Continuing to methodically develop Eagle Ford / Austin Chalk position with 10+ years of growth</li> <li><input type="checkbox"/> Aggressively targeting Enhanced Oil Recovery (EOR) program with over 200 wells identified</li> <li><input type="checkbox"/> Exceeded full year well cost reduction goal of 5% in 3Q '19</li> <li><input type="checkbox"/> Recently announced average drill times were reduced by 10% - 20% → drilled fastest well to date in Eagle Ford in 2.4 days</li> </ul>



*Karnes Trough offers operators some of the lowest breakeven returns in North American shale*

# ConocoPhillips Eagle Ford Update

## ConocoPhillips Analyst & Investor Meeting (Nov. 2019)

### Highlights

- Production expected to ramp from ~215 MBoe/d to ~300 MBoe/d by 2023 → COP expects to maintain ~300 MBoe/d through 2029
- Projected to generate ~\$12 billion in free cash flow through 2029
- 12-month cumulative oil production rates outperforming peer average by ~60%
- Leading well performance among peer group with 20%+ average recovery factors and average EURs in 85th percentile of basin
- Capital-efficient operational execution with lowest cost of development among peer group

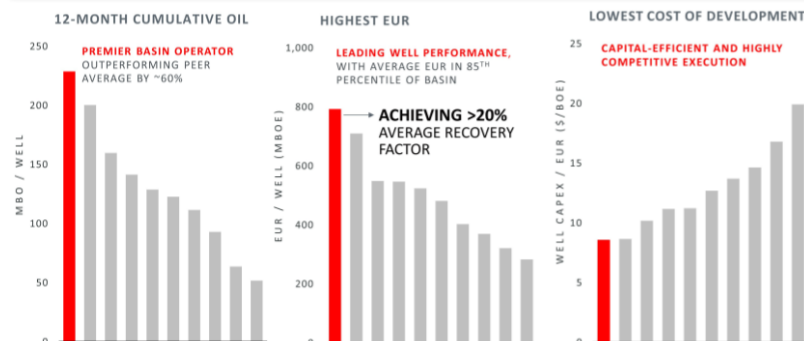
### Inventory

- Drilled 25% of identified inventory to date → 3,800 remaining locations
- Low cost refrac candidates resulting in a 75% increase in well EUR → 300 wells added to base plan with upside potential of an additional 300 locations
- Additional unquantified upside potential with resource recovery enhancement pilots underway

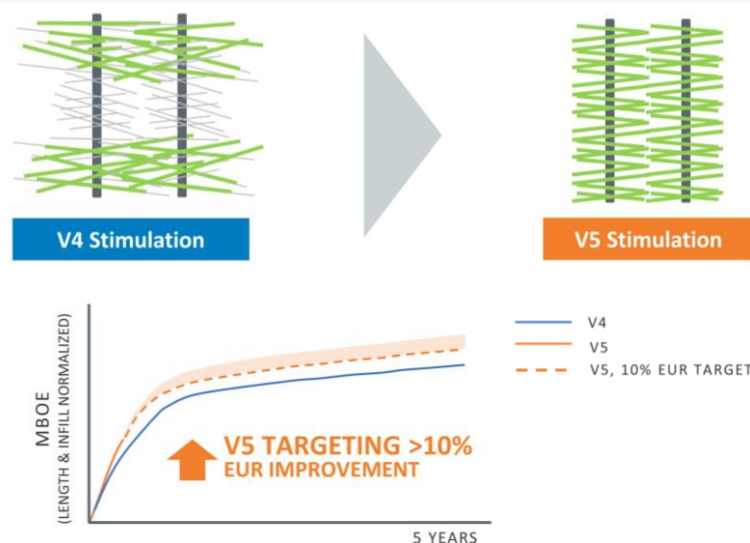
### Vintage 5 Completion Design Update

- Targeting 10%+ improvements in EURs (not built into 10-year outlook)
- Designed to improve proppant placement, increase tessellation of frac pattern, enhance near-wellbore drainage efficiency, reduce degradation, and increase EUR

## Basin-Leading Recovery & Execution Performance (1)



## Upside Potential – V5 Completion Progress (2)



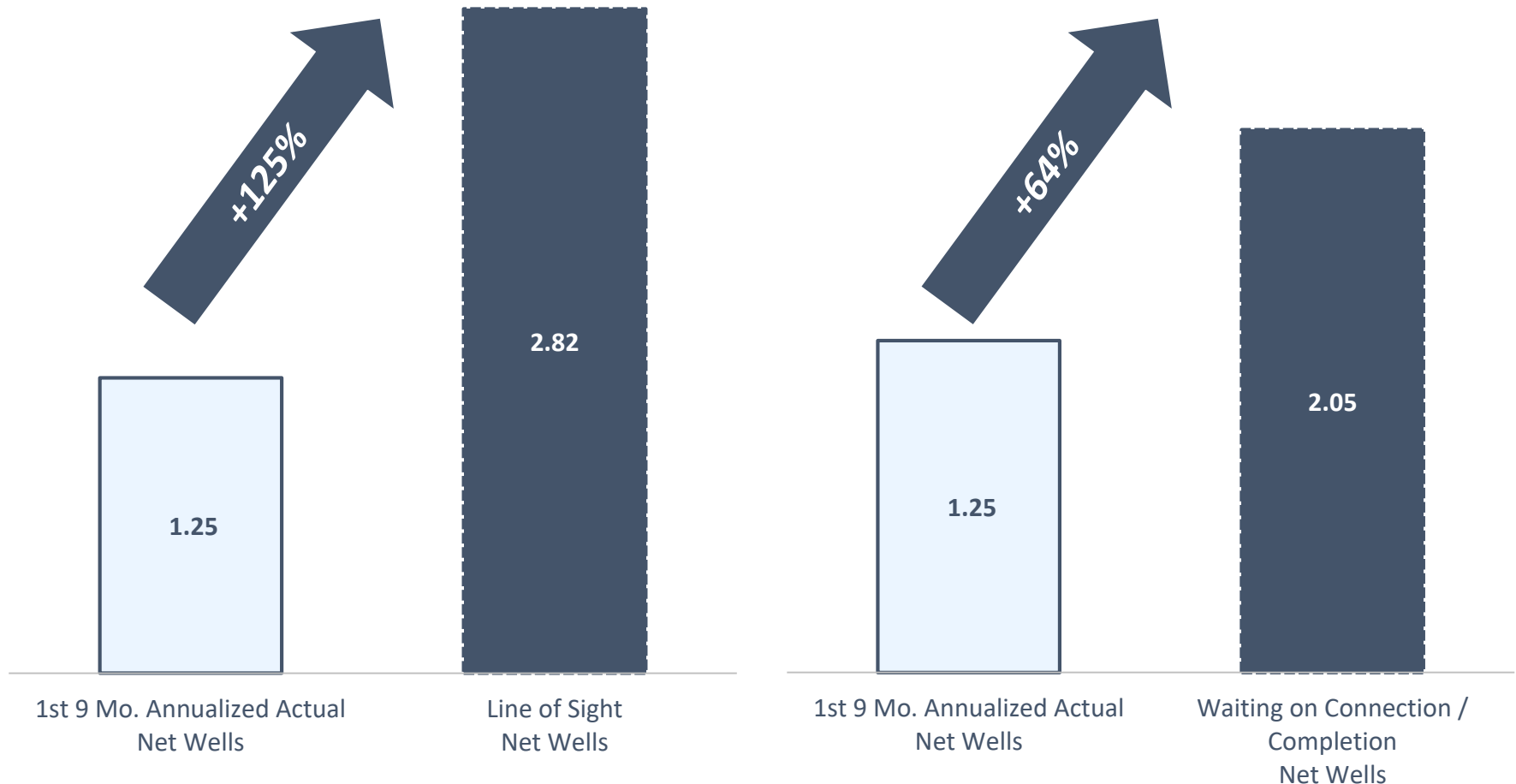
(1) As per COP: RSEG (Sept. 2019). Includes top 10 companies in terms of count of new wells online in the basin from 2017-2018. Competitors include CRZO, CHK, COP, DVN, EOG, EPEQG, EQNR, MRO, MUR, SCAZO.  
 (2) As per COP: V5 completion upside not built into COP 10-year outlook.

# Significant Growth Expected from Line of Sight Wells

*Line of sight wells represent a 125% increase vs. 1st 9 months annualized net wells TIL*

## Net Line of Sight Wells

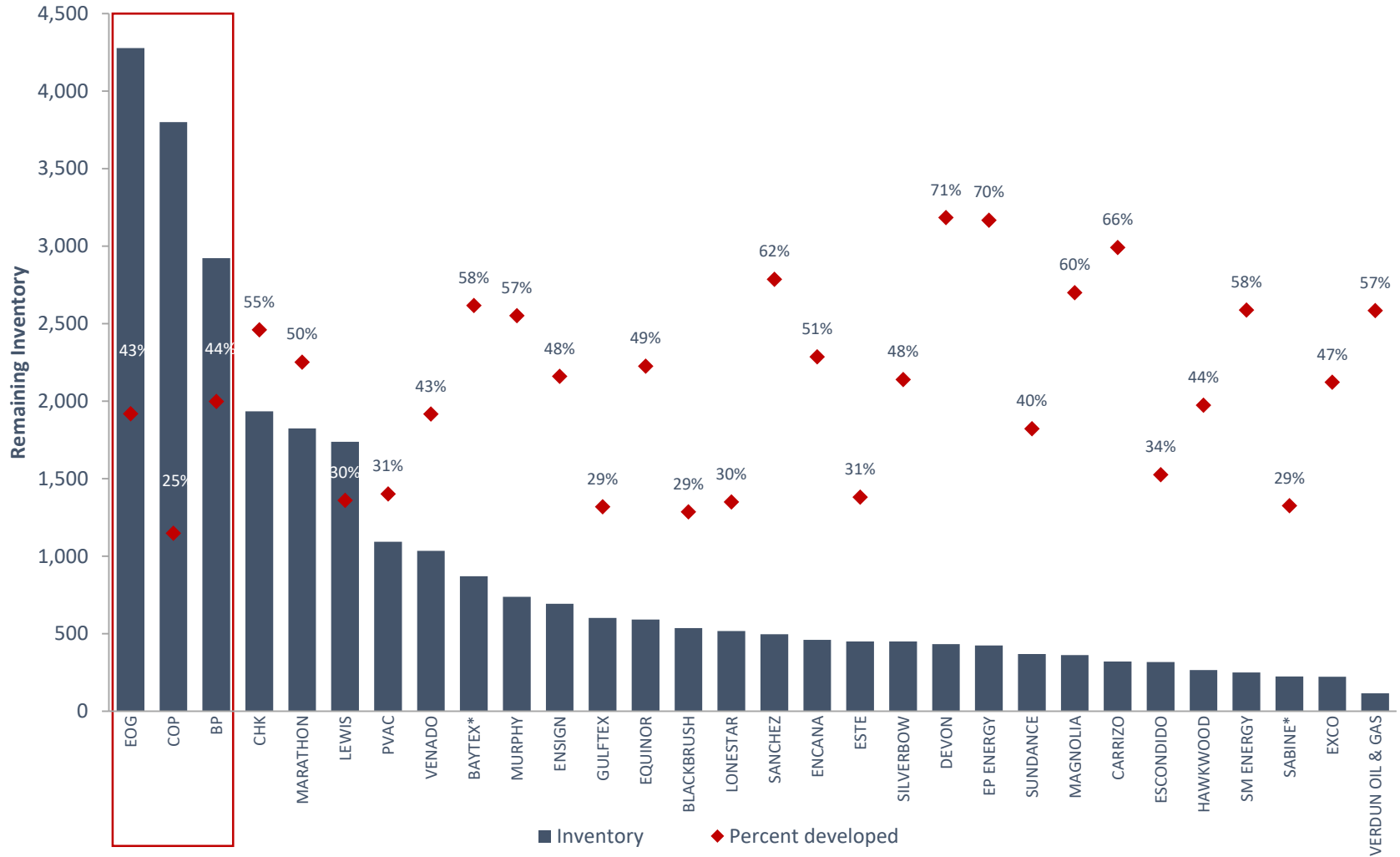
## Net Waiting on Connection / Completion Wells





# Substantial Remaining Inventory Across the Basin and Key Operators

Sorted by Highest Total Remaining Inventory



Source: CS A&D, RSEG, COP Analyst & Investor Meeting (Nov. 2019).

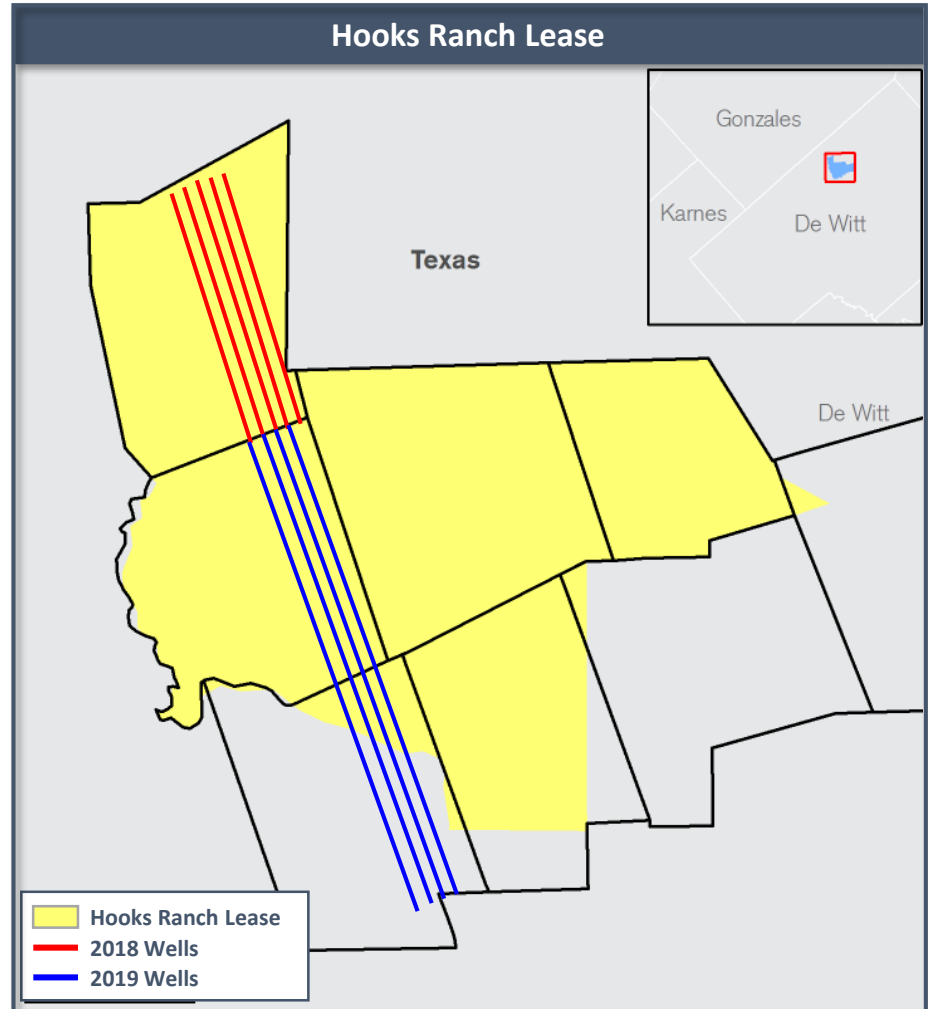
# Hooks Ranch Update

*Four Hooks Ranch wells were drilled to total depth in October 2019 with connection anticipated in 1Q '20*

## Development Update

- ❑ Falcon Minerals has a 22.5% royalty interest in the Hooks Ranch position
  - Significant number of remaining upside locations
  - 100% HBP and operated by ConocoPhillips
- ❑ Four Hooks Ranch wells permitted in May 2019 and spud in July 2019
  - COP began completion in November 2019
  - Production anticipated in mid 1Q '20
- ❑ Wells are expected to have lateral lengths of ~10,000'
  - Wells drilled from Hooks Ranch lease and extend into the Hardesty unit, which has a 3.65% NRI
- ❑ 6-well pad (4 Lower Eagle Ford, 2 Upper Eagle Ford) TIL in February 2018
  - Substantially outperformed original type curves
  - Wells in top quartile of returns in basin

## Hooks Ranch Lease



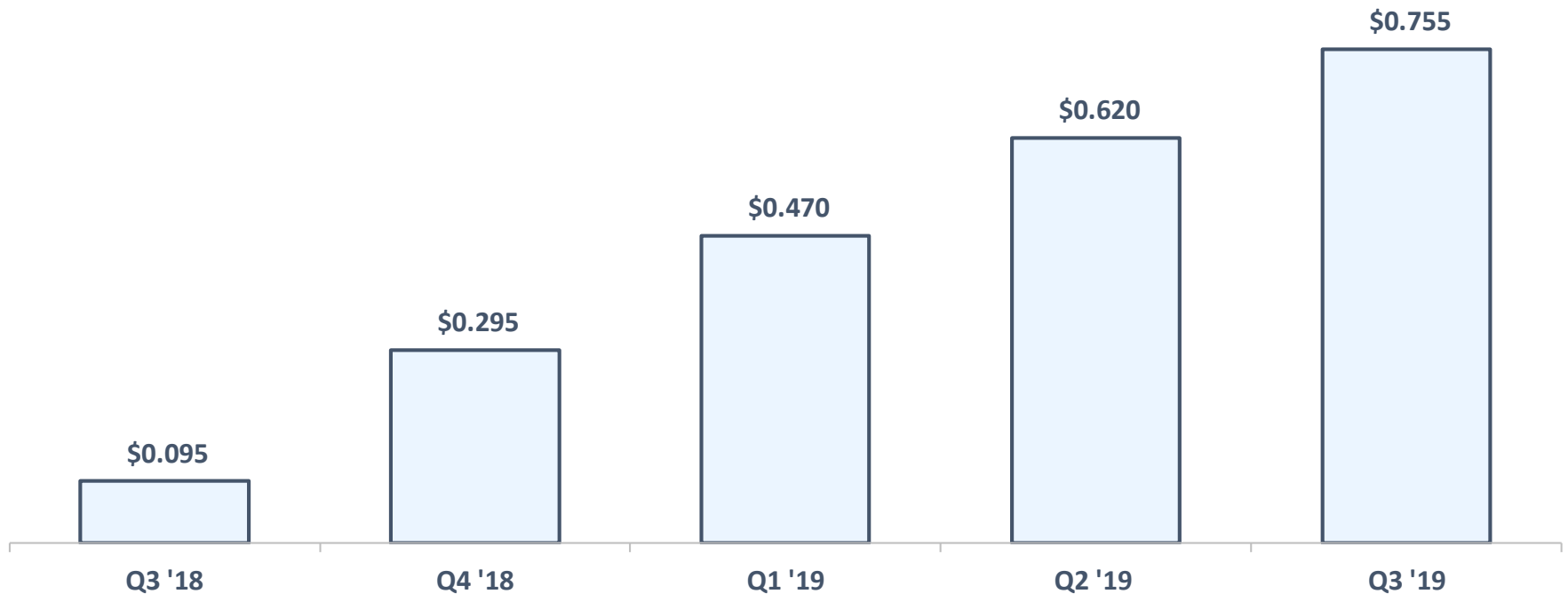
# Dividend Payouts and Sustainability

*Falcon's high cash flow margin and no capital requirements result in long-term dividend returns to shareholders*

## Dividends Sourced from Strong Free Cash Flow

- ❑ Falcon's mineral assets generate cash flow at high operating margins
- ❑ Absence of capital requirements allows Falcon to distribute the majority of its free cash flow to shareholders
  - 3Q '19 dividend payout ratio → ~99.8% of free cash flow and ~72.9% of revenue

## Cumulative Dividends Paid per Share



# Development Activity

*Significant line of sight inventory with ongoing development from leading operators*

## Rig Activity

- ❑ Significant rig activity across position
  - Seven rigs on Falcon’s position during 3Q ‘19
  - Seven rigs currently on Falcon’s position

## Line of Sight Development

- ❑ 207 gross wells (2.82 net)
- ❑ 118 gross wells (1.69 net) waiting on completion
- ❑ 32 gross wells (0.36 net) waiting on connection
- ❑ Current key line of sight wells
  - Four Hooks (22.5% NRI) wells expected to TIL in 1Q ‘20
    - Wells are 10,000’ laterals and drilled from Hooks Ranch lease into the Hardesty unit, which has a 3.65% NRI → total NRI of 14.2%

YTD Development				
	Active Rigs	Gross TIL	Average NRI	Net TIL
1Q ‘19 Actual	5	51.0	0.76%	0.39
2Q ‘19 Actual	9	35.0	1.16%	0.41
3Q ‘19 Actual	7	27.0	0.54%	0.14

Line of Sight Development			
	Gross Wells	Average NRI	Net Wells
Waiting on Connection	32	1.11%	0.36
Waiting on Completion	118	1.43%	1.69
Permitted	57	1.36%	0.78
<b>Total</b>	<b>207</b>	<b>1.36%</b>	<b>2.82</b>

*Increase in wells waiting on completion → significant ramp in net well count as high NRI wells come online*

# Financial Overview

## 3Q '19 Review

- ❑ Announced 3Q '19 dividend of \$0.135; LTM aggregate distributions of \$0.66 implies a 10.2% LTM yield <sup>(1)</sup>
- ❑ Averaged net production of 4,825 Boe/d (56% oil Eagle Ford / 50% oil total) during 3Q '19
- ❑ Adjusted EBITDA of \$12.3 million for 3Q '19
- ❑ Maintained low leverage profile → 0.55x <sup>(2)</sup> levered as of 3Q '19

## Key Points

- ❑ Strong free cash flow generation
- ❑ Falcon has consistently paid over 90% of its free cash flow back to its shareholders through a robust dividend
- ❑ \$0.755 per share in dividends paid to date since August 2018
- ❑ Falcon has no capital expenditure requirements

## Capitalization as of 9/30/19

Cash	\$2.6mm
Revolving Credit Facility Borrowing	\$38.0mm
Borrowing Base <sup>(3)</sup>	\$90.0mm
Availability Under Revolver	\$52.0mm
Liquidity	\$54.6mm
Net Debt to LTM EBITDA	0.55x

## 4Q '19 – 1Q '20 Guidance

Net Production (Boe/d)	5,000 – 5,500
% Oil of Net Production	50% – 55%
Production & Ad Valorem Taxes (% Revenue)	4.0% – 5.0%
Marketing & Transportation (\$/Boe)	\$1.00 – \$1.50
General & Administrative (\$ mm) <sup>(4)</sup>	\$4.5 – \$5.0
Depletion Expense (\$/Boe) <sup>(5)</sup>	\$6.50 – \$7.50

(1) Yield based on November 29, 2019 closing share price.

(2) Calculated by dividing the sum of total debt outstanding less cash on hand as of September 30, 2019 by Adjusted EBITDA for the trailing 12-month period, as per Falcon's credit agreement dated August 23, 2018.

(3) Borrowing base redetermined to \$90 million as of November 8, 2019.

(4) General and administrative expense above represents guidance over the next six months and excludes non-cash stock-based compensation expense.

(5) Depletion expense forecast range above is shown on a GAAP basis.

# Key Takeaways

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Significant line of sight production driven by higher NRI wells coming online

World class operators executing on multi-year development plans in the core of the Eagle Ford

Fully dedicated and aligned management team

Continued conservative leverage profile → 0.55x levered as of 3Q '19

Strong free cash flow generation with margins in excess of 75%

Largest consolidator of minerals in Eagle Ford

Disciplined acquisition strategy