



**Investor Presentation**  
**September 2019**

# Disclaimer

---

## **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.

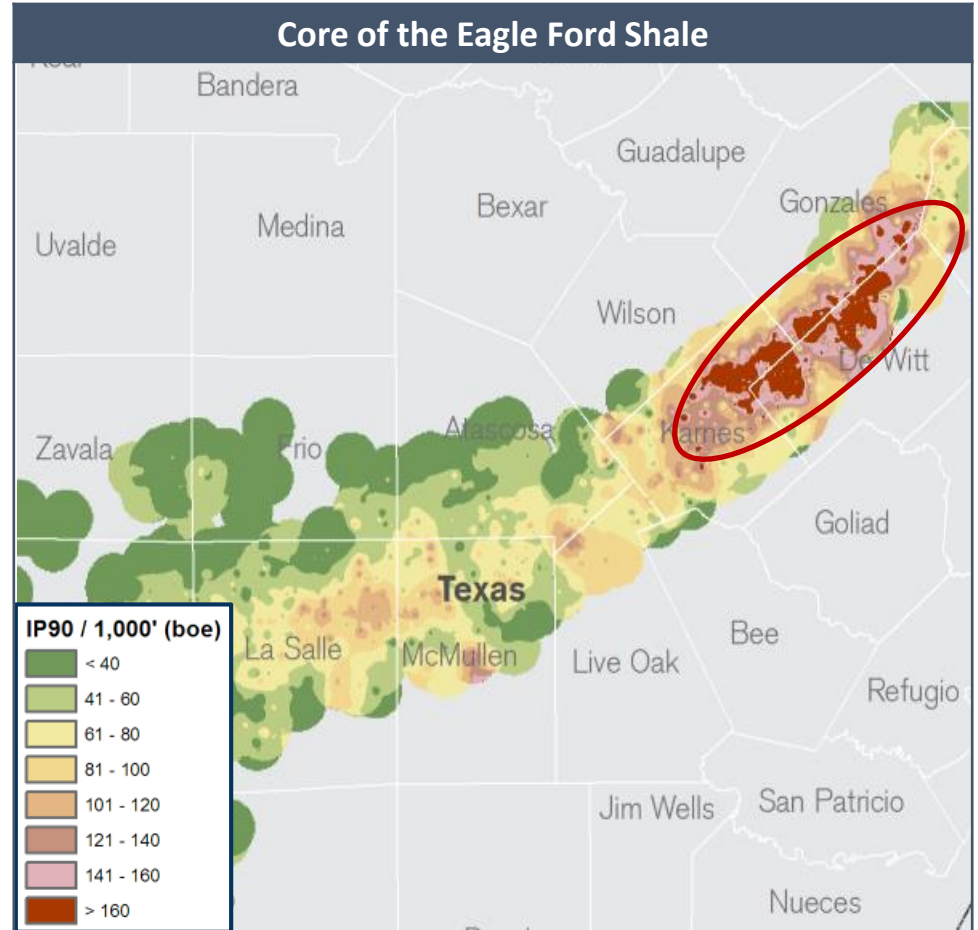
## **RESERVE INFORMATION**

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>	~\$500mm
Shares Outstanding <sup>(2)</sup>	~85.9mm
Leverage Ratio <sup>(3)</sup>	0.46x
Liquidity	\$71.4mm
Key Counties	Karnes, Dewitt, Gonzales
Key Operators	BP / Devon, ConocoPhillips, EOG, Ensign
Gross Unit Acres	~255,627 acres
Net Royalty Acres	~2,663 acres
Producing Horizontal Wells	~1,817 wells



(1) Assumes share price as of September 3, 2019. Inclusive of Class C Shares.

(2) Reflects 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 June 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

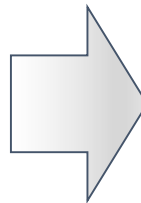


Atlas Energy grows to become one of the most active developers in the early stages of the Marcellus Shale



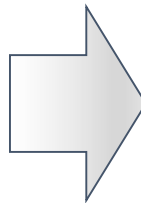
Atlas Pipeline expands into a leading gathering & processing enterprise in the Permian and Mid-Continent regions

2011



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

2015

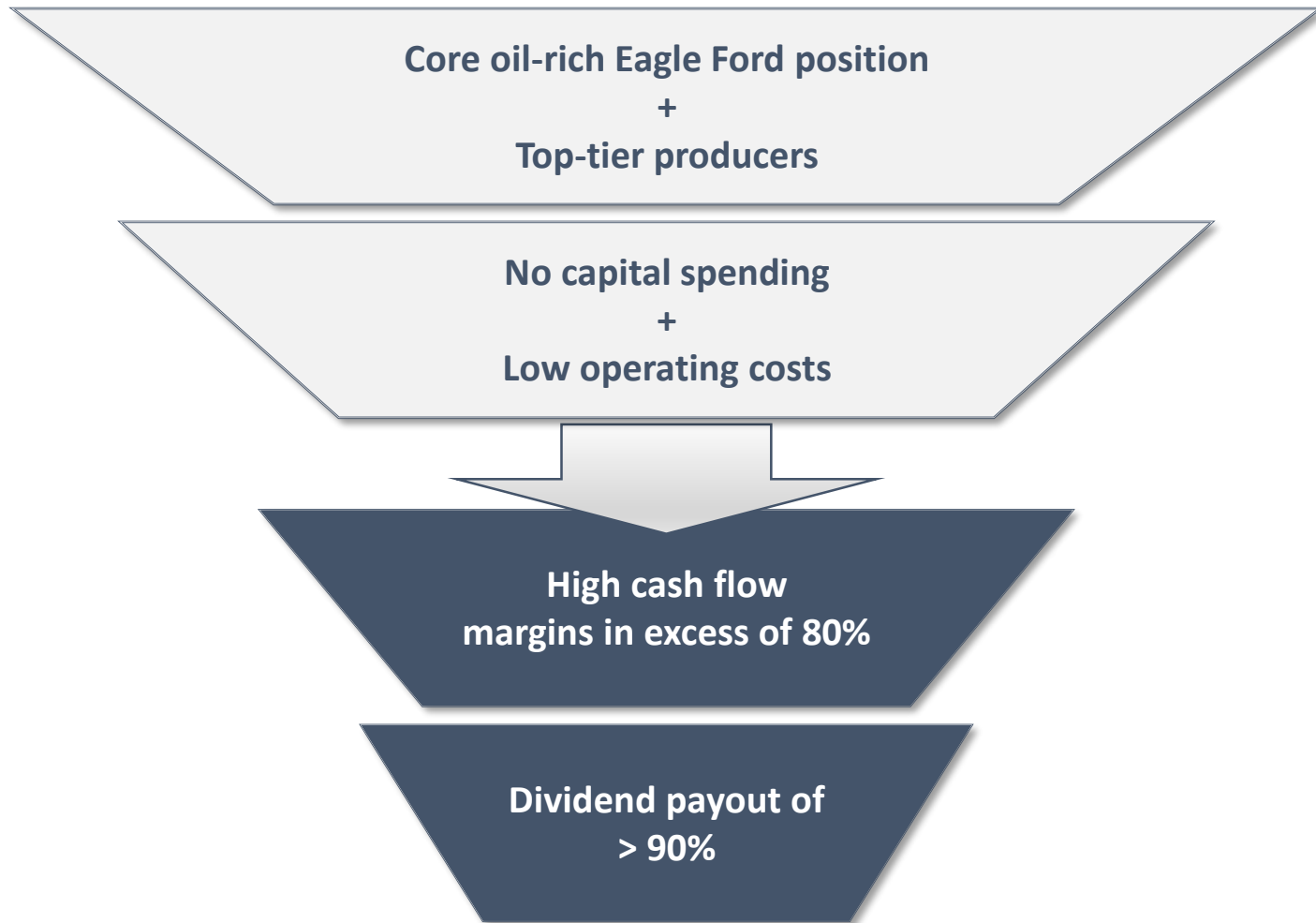


Atlas Pipeline sold to Targa for \$7.7 billion  
> 400% return from IPO  
(11% CAGR)

# A Model of Consistent Free Cash Flow

---

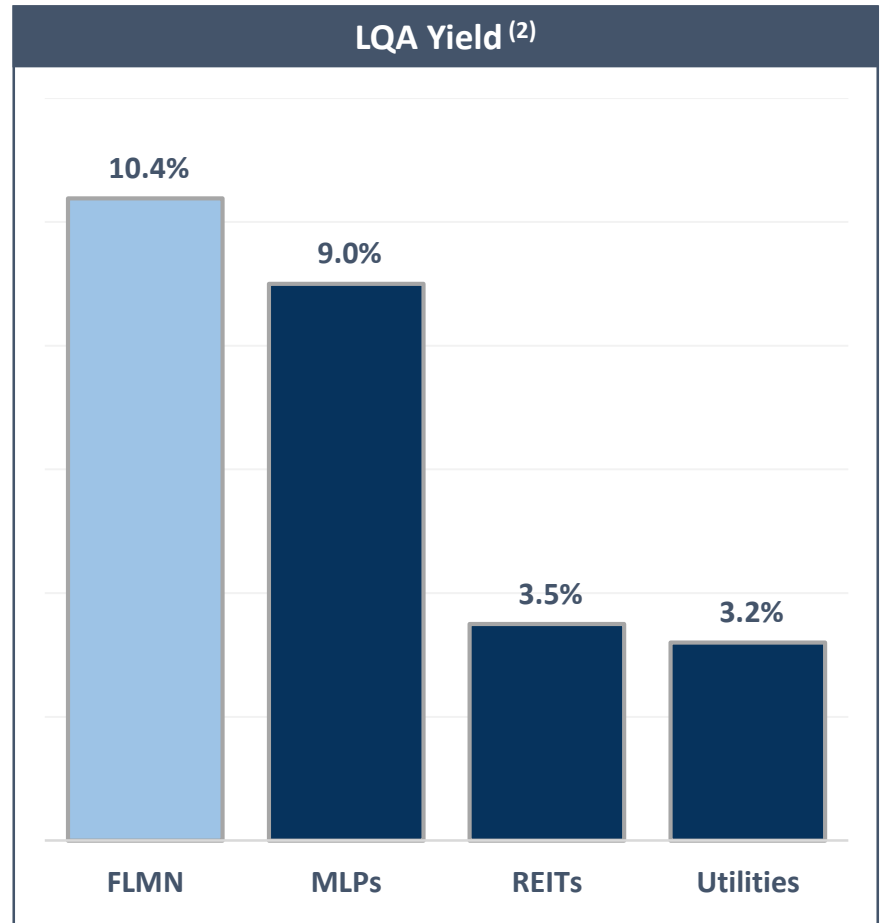
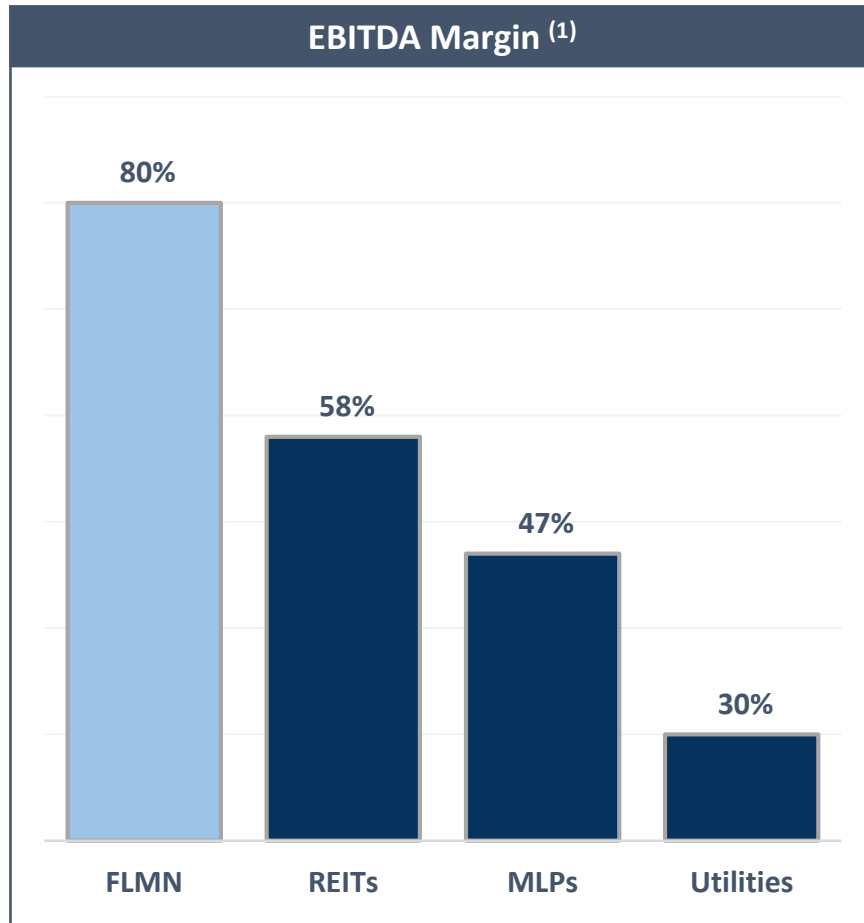
*Falcon's royalty business offers a unique and highly effective business model that provides consistent, high cash margin returns to shareholders*



## Benefits of Falcon Minerals vs. Traditional Energy

	<i>Falcon Minerals</i>	<i>Oilfield Services</i>	<i>Midstream</i>	<i>E&amp;P Operated</i>	<i>E&amp;P Non-Operated</i>
<i>No Operating Costs or Capital Expenditures</i>	✓	✗	✗	✗	✗
<i>Consistent, High Margins in Excess of 80%</i>	✓	✗	✗	✗	✗
<i>No Negative Impact from Increased Service Costs</i>	✓	✓	✗	✗	✗
<i>Limited Downside / Bankruptcy Risk from Commodity Prices</i>	✓	✗	✗	✗	✗
<i>Nearly All Free Cash Flow Distributed to Shareholders</i>	✓	✗	✓ / ✗	✗	✗
<i>Risk-Free Upside to New, Capital Intensive Technologies</i>	✓	✗	✗	✗	✗
<i>Limited Legal &amp; Environmental Liabilities</i>	✓	✗	✗	✗	✗

# Falcon is an Attractive Model vs. Other Yield Vehicles



Note: MLPs include 10 largest components of AMZ index including: ET, EPD, MMP, MPLX, PAA, WES, BPL, EQM and TGE; Utilities include 10 largest components of Dow Jones U.S. Utilities Index including: NEE, DUK, 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.

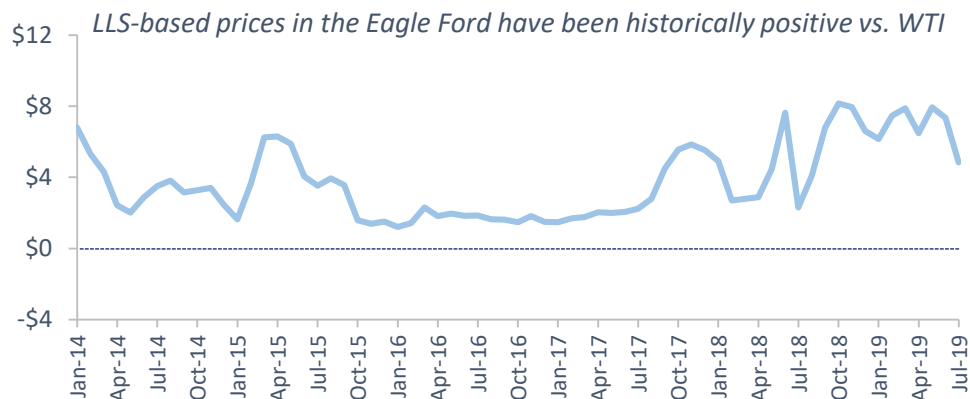
- (1) EBITDA margin shown for FLMN as Q2 '19 realized price per Boe less gathering and transportation, production taxes and cash G&A expenses per Boe divided by realized price per Boe. Other yield vehicles represent average cash margin of 10 components for each sector. Cash margin calculated as Q2 '19 cash flow from operations over Q2 '19 total revenue for REITs, MLPs and Utilities.
- (2) FLMN yield calculated based on announced Q2 '19 \$0.15 dividend annualized and share price as of September 3, 2019. Other yield vehicles based on average yield of 10 components for each sector based on their most recently announced dividend/distribution annualized.

# Eagle Ford: Falcon's Premier Asset Base

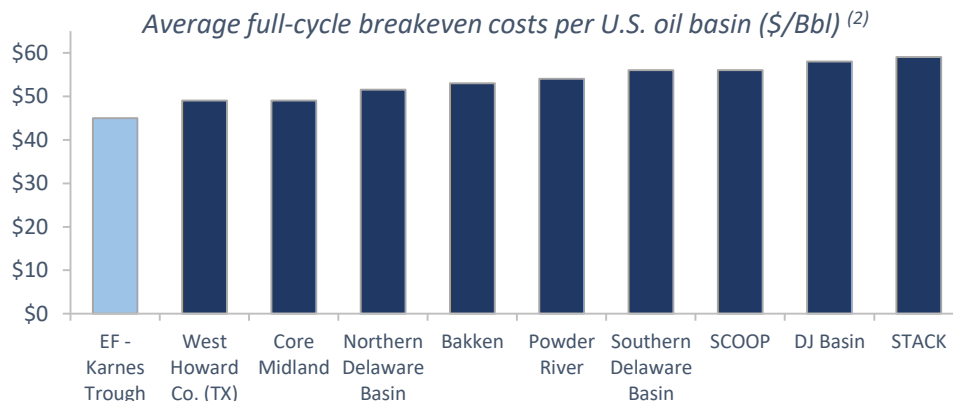
## Key Highlights

- ❑ Core of the Eagle Ford: Dewitt, Karnes & Gonzales Counties
- ❑ ~256,000 gross unit acres; ~2,663 net royalty acres
- ❑ ~3,000 locations with IRRs to the operators of >100% <sup>(1)</sup>
- ❑ Multi-stacked pay from the Lower Eagle Ford, Upper Eagle Ford, and Austin Chalk
- ❑ Extensive Eagle Ford midstream infrastructure and geographic advantage has translated to premium pricing

## Historical LLS Differential to WTI (\$/Bbl)



## Advantaged Operator Margins in the Eagle Ford



(1) Based on ~\$60/Bbl oil and ~\$3/Mcf gas.

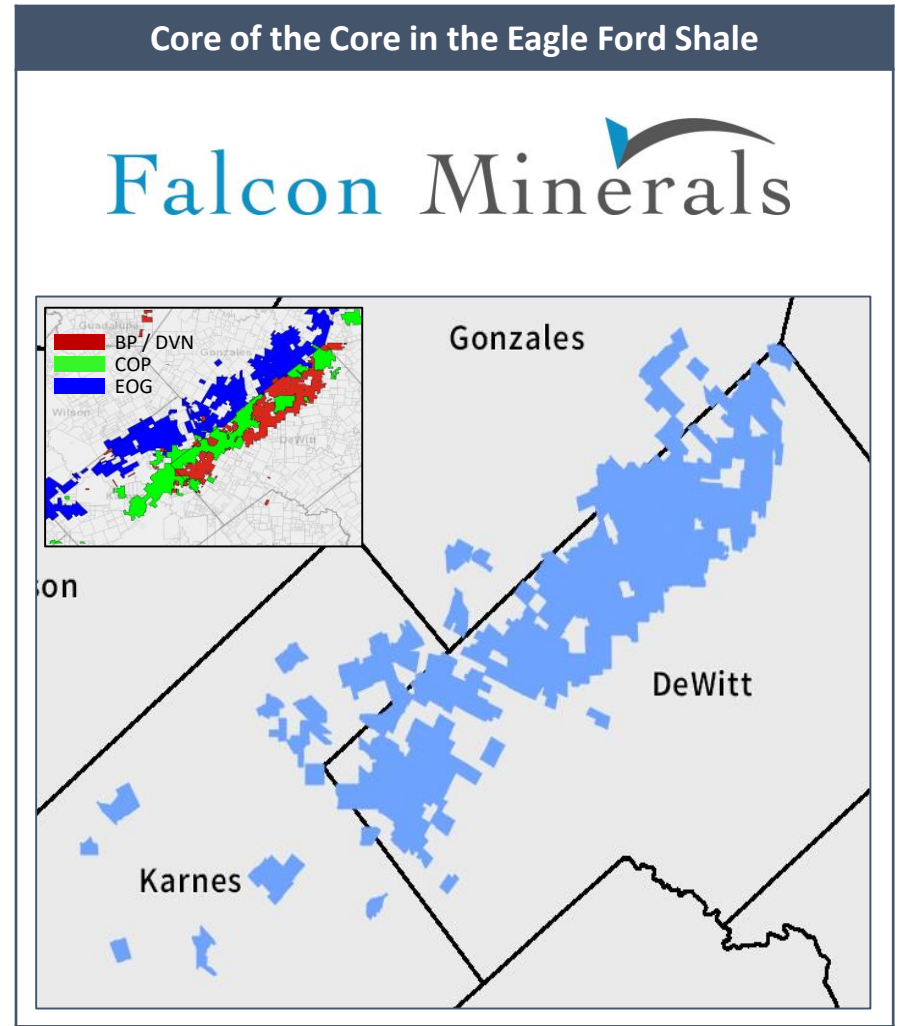
(2) Source: Company data, J.P. Morgan estimates. Assumes 25% pre-tax full cycle IRR.



# World Class Operators Developing Falcon's Position

Approximately 50% of ConocoPhillips, BP/Devon and EOG's Eagle Ford rigs are running on Falcon's assets

Operators	
	<ul style="list-style-type: none"> <li><input type="checkbox"/> Announced addition of a seventh Eagle Ford rig, further driving production growth in 2020</li> <li><input type="checkbox"/> Indicated potential addition of an eighth rig next year, in order to reach optimal and sustained development</li> </ul>
	<ul style="list-style-type: none"> <li><input type="checkbox"/> BP/Devon have stated that they have doubled rigs running across Falcon's position, since closing BP's acquisition from BHP</li> <li><input type="checkbox"/> Actively completing refrac inventory; over 700 potential locations</li> </ul>
	<ul style="list-style-type: none"> <li><input type="checkbox"/> EOG continues to methodically develop Eagle Ford position, as well as Austin Chalk position, across Falcon's assets</li> <li><input type="checkbox"/> Capable of 10+ years of growth</li> <li><input type="checkbox"/> Aggressively targeting Enhanced Oil Recovery (EOR) program</li> </ul>
<p><b>Over \$200bn of market capitalization among core operators</b></p>	

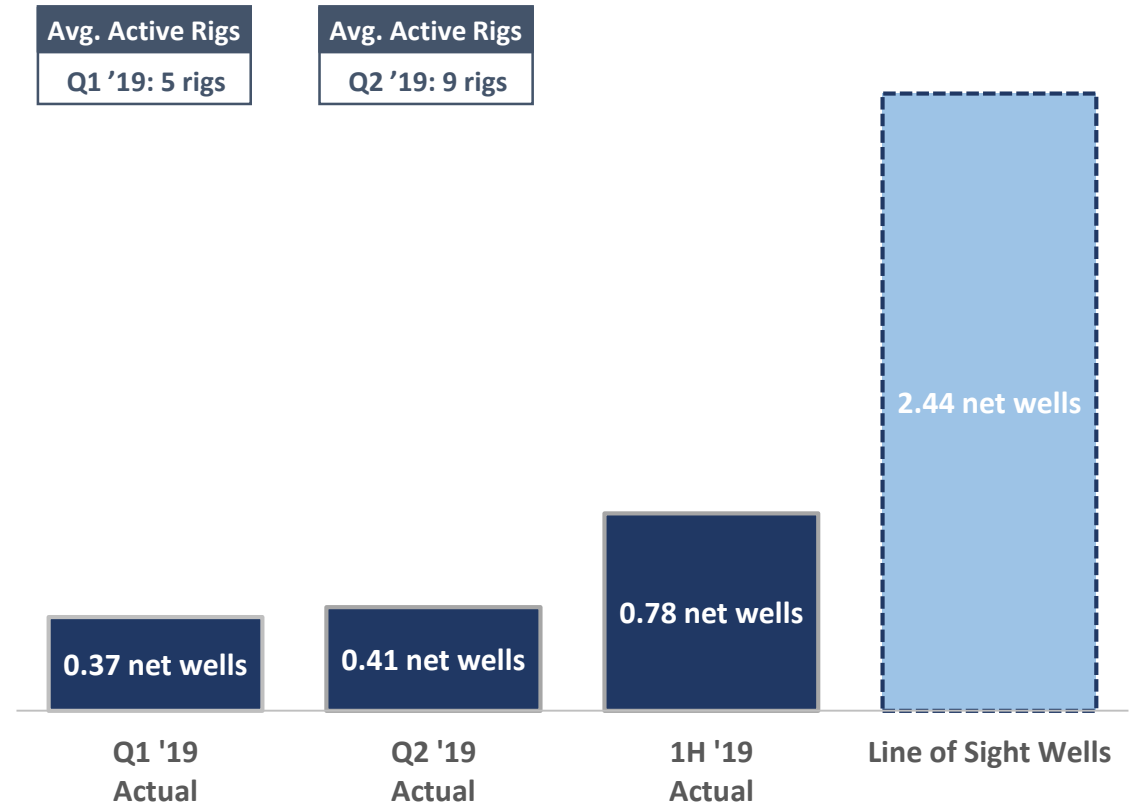


# Development Activity

## 1H '19 Development

- Steady increase in rig count from Q1 '19 to Q2 '19
- Anticipate additional wells TIL related to Q2 '19 as incremental data is available
- Increase in net wells TIL in Q2 '19 vs. Q1 '19
- Expect a higher rate of wells TIL 2H '19 compared to 1H '19 due to significant line of sight development and meaningful uptick in rig count

## Historical Development Activity



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

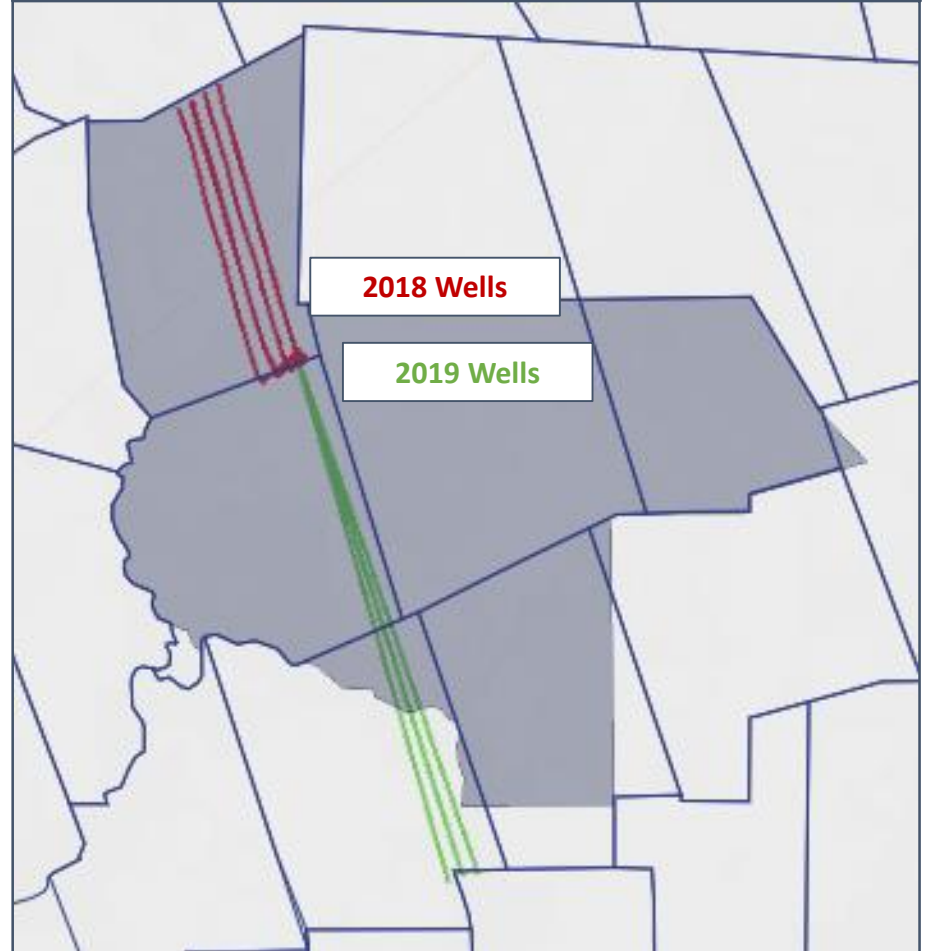
# Hooks Ranch Update

*Four Hooks Ranch wells were spud in July 2019*

## Hooks Ranch Development

- ❑ Falcon Minerals has a 22.5% royalty interest in the Hooks Ranch position
- ❑ Four Hooks Ranch wells permitted in May 2019 and spud in July 2019
- ❑ Wells are expected to have lateral lengths of ~10,000'
  - Wells are being drilled in the Hardesty unit which has a 3.65% NRI
- ❑ 100% HBP and operated by ConocoPhillips
  - Wells in top quartile of returns in basin
- ❑ 6-well pad (4 Lower Eagle Ford, 2 Upper Eagle Ford) TIL in February 2018
  - Substantially outperformed original type curves

## Hooks Ranch Lease



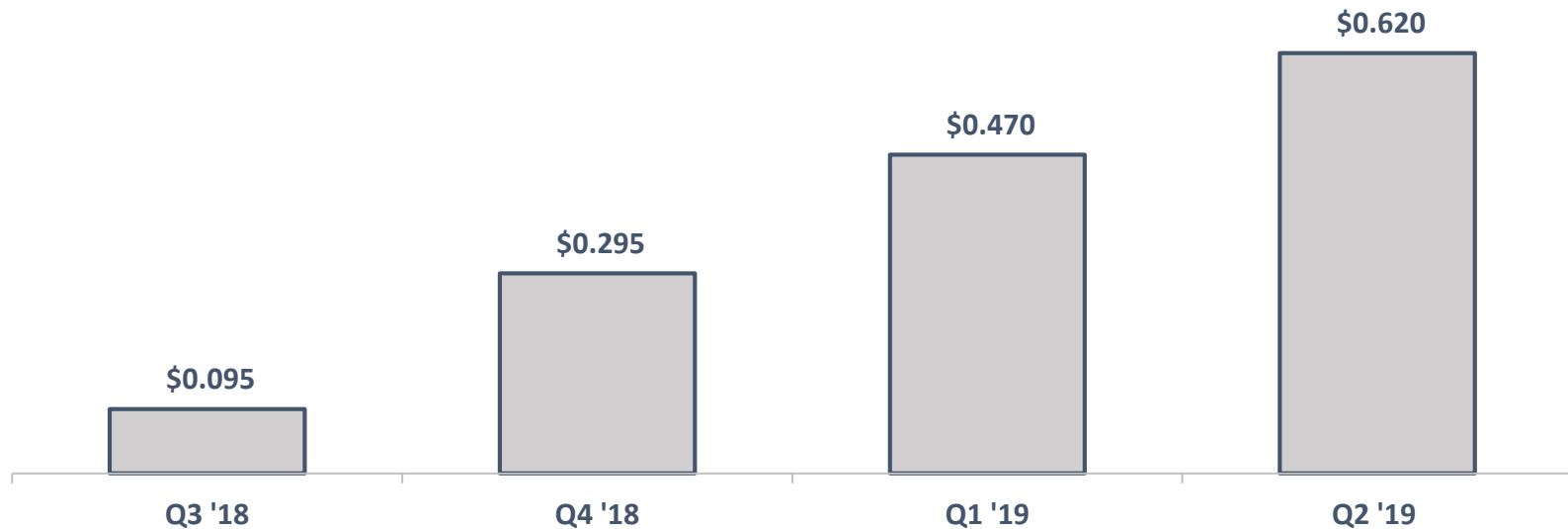
# Dividend Payouts and Sustainability

*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

## Cumulative Dividends Paid per Share



# Financial Overview

- ❑ Strong free cash flow generation
- ❑ Falcon has consistently paid over 90% of its free cash flow back to its shareholders through a robust dividend
- ❑ Second quarter 2019 dividend of \$0.15
- ❑ \$0.62/share in dividends paid to date since initiating in August 2018
- ❑ Significant liquidity for Falcon to capitalize on organic acquisitions while maintaining a modest leverage profile
- ❑ Falcon has no capital expenditures

## Capitalization as of 6/30/19

Cash	\$2.9mm
Revolving Credit Facility Borrowing	\$36.5mm
Borrowing Base	\$105mm
Availability Under Revolver	\$68.5mm
Liquidity	\$71.4mm
Net Debt to LTM EBITDA	0.46x

## Q3 – Q4 2019 Guidance

Net Production (Boe/d)	5,000 – 5,500
% Oil of Net Production	51% – 55%
Production & Ad Valorem Taxes (% Revenue)	4.0% – 5.0%
Marketing & Transportation (\$/Boe)	\$1.00 – \$1.50
General & Administrative (\$/Boe) <sup>(1)</sup>	\$4.00 – \$4.50
Depletion Expense (\$/Boe) <sup>(2)</sup>	\$6.50 – \$7.50

(1) General and administrative expense above excludes non-cash stock-based compensation expense.

(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 \$27.00 – \$31.00/Boe.

## Key Takeaways

---

Significant line of sight production driven by increases in rig count and higher NRI wells coming online

Hooks Ranch development in process → 4 wells are actively being developed

Fully dedicated and aligned management team

Continued conservative leverage profile

Strong free cash flow generation with margins in excess of 80%

Largest consolidator of minerals in Eagle Ford

Disciplined acquisition strategy focused on buying minerals in Falcon's backyard that are accretive to NAV, current yield, development upside, and cash flow per share