



**Investor Presentation**

**March 2020**

# 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.

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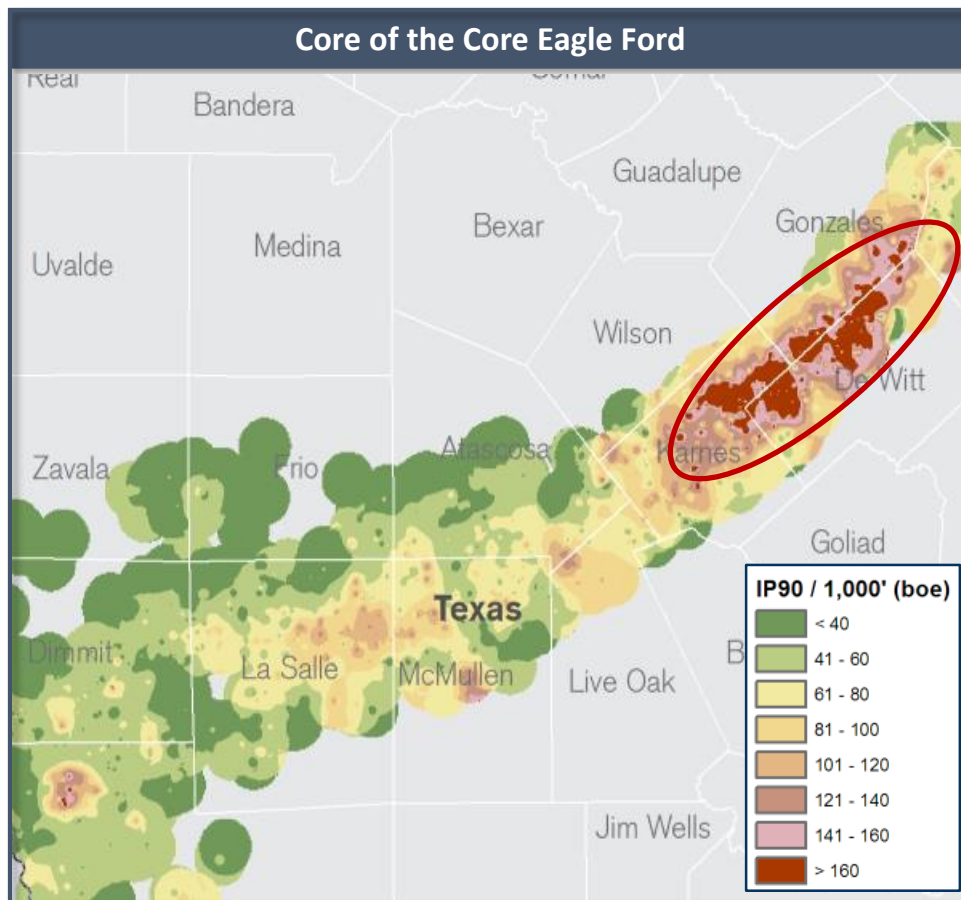
## **RESERVE INFORMATION**

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>	~\$305mm
Shares Outstanding <sup>(2)</sup>	~86.0mm
Leverage Ratio <sup>(3)</sup>	0.76x
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	~1,924 Eagle Ford wells



*World class assets developed by world class operators*

(1) Assumes share price as of March 6, 2020. Inclusive of Class C Shares.

(2) 85,963,716 shares reflect fully-diluted or as-converted shares outstanding, inclusive of 40,000,000 Class C shares. Excludes unvested RSAs.

(3) Calculated by dividing the sum of total debt outstanding less cash on hand as of December 31, 2019 by Adjusted EBITDA for the trailing 12-month period, as per Falcon's credit agreement dated August 23, 2018.

# Investment Highlights

<b>Operational Overview</b>	<ul style="list-style-type: none"> <li>❑ Karnes Trough is characterized by some of the lowest breakeven returns to operators in North American shale</li> <li>❑ World class operators prosecuting decade long plans on Falcon's Eagle Ford position</li> <li>❑ ConocoPhillips, BP / Devon, and EOG all active across Falcon's position</li> <li>❑ Substantial ramp in net wells TIL in 4Q '19 vs. 3Q '19 → 0.59 net wells (4Q '19) vs. 0.17 net wells (3Q '19)</li> <li>❑ Four Hooks Ranch wells turned in line on February 7, 2020 <sup>(1)</sup></li> <li>❑ Averaged seven rigs running on Eagle Ford position during 4Q '19 → 8 rigs currently running on Falcon's position</li> </ul>
<b>Line of Sight Development (as of Jan. '20)</b>	<ul style="list-style-type: none"> <li>❑ 218 line of sight wells (3.52 net wells) in active development → 75% of total line of sight wells have ongoing development activity or have been turned in line, including 1.20 net wells turned in line in January / February</li> <li>❑ 90 gross permitted wells (1.42 net wells)</li> <li>❑ 42 gross wells waiting on completion (1.27 net wells)</li> <li>❑ 86 gross wells waiting on connection (0.83 net wells)</li> </ul>
<b>2020 Guidance</b>	<ul style="list-style-type: none"> <li>❑ 2020 production guidance of 5,300 – 6,100 Boe/d (50% - 55% oil)</li> <li>❑ Based solely on 3.52 net line of sight wells → approximately 1.20 net wells turned in line in January / February</li> <li>❑ Supported by high NRI line of sight inventory (permitted and active development) throughout 2020</li> <li>❑ Falcon is targeting 17% year-over-year production growth in 2020, based on midpoint of guidance</li> </ul>
<b>4Q '19 Financial Overview</b>	<ul style="list-style-type: none"> <li>❑ Announced 4Q '19 dividend of \$0.135; inception to date aggregate dividends of \$0.890 per share</li> <li>❑ Adjusted EBITDA of \$8.9 million for 4Q '19</li> <li>❑ Maintained low leverage profile → 0.76x net debt / LTM EBITDA at 4Q '19 <sup>(2)</sup></li> </ul>
<b>Highlights</b>	<ul style="list-style-type: none"> <li>❑ Zero capex required to grow production ~15 - 20% in 2020</li> <li>❑ Sustained 2019 EBITDA margins of &gt; 75% with dividend payout ratio of &gt; 90%</li> <li>❑ Conservative balance sheet and disciplined acquisition strategy</li> </ul>

(1) The four recently connected Hooks Ranch wells extend laterals from the Hooks Ranch position into an adjacent leasehold property where Falcon has a 3.65% NRI. The net NRI contribution from the four wells will be approximately ~14%.

(2) Calculated by dividing the sum of total debt outstanding less cash on hand as of December 31, 2019 by Adjusted EBITDA for the trailing 12 month period, as per Falcon's credit agreement dated August 23, 2018.

# World Class Operators Developing Falcon's Position

Operator Commentary	
	<ul style="list-style-type: none"> <li>❑ <b>Rig Activity</b> – 7 rigs running across the Eagle Ford → targeting 8 rigs in 2020</li> <li>❑ <b>Production</b> – 221 MBoe/d in 4Q '19 → ramping to 300 MBoe/d by 2023</li> <li>❑ <b>Eagle Ford Outlook</b> – 10-year commitment to Eagle Ford</li> <li>❑ <b>Inventory</b> – ~3,800 top-tier locations remaining</li> <li>❑ <b>Upside</b> – ~300 refracs in 10-year plan, ~75% EUR increase from mechanical isolation refracs</li> <li>❑ <b>Note</b> – multiple refracs on Falcon acreage in 2019</li> </ul>
	<ul style="list-style-type: none"> <li>❑ <b>Rig Activity</b> – 7 rigs running across the Eagle Ford</li> <li>❑ <b>Production</b> – 45 MBoe/d in 4Q '19 → increasing to 50 - 55 MBoe/d in 2020</li> <li>❑ <b>Eagle Ford Outlook</b> – 10+ years of inventory life in the Eagle Ford</li> <li>❑ <b>2020 Development</b> – ~95-105 wells expected to come online in 2020</li> <li>❑ <b>Upside</b> – targeting ~10 refracs in 2020 (700+ potential locations)</li> <li>❑ <b>Upside</b> – redevelopment &amp; infill tests planned for 1H '20</li> <li>❑ <b>Note</b> – multiple refracs on Falcon acreage in 2019</li> </ul>
	<ul style="list-style-type: none"> <li>❑ <b>Rig Activity</b> – 8 rigs running across the Eagle Ford</li> <li>❑ <b>Production</b> – 187 MBoe/d in 2019</li> <li>❑ <b>Eagle Ford Outlook</b> – inventory provides 10+ years of growth remaining</li> <li>❑ <b>2020 Development</b> – 300 net wells planned for 2020</li> <li>❑ <b>Upside</b> – targeting Enhanced Oil Recovery (EOR) program with over 200 wells identified</li> <li>❑ ~71% oil cut in the Eagle Ford → highest oil cut across entire portfolio</li> <li>❑ Drill times reduced by 10% - 20% → drilled fastest well in Eagle Ford in 2.4 days</li> </ul>

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

# 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
  - ~221 MBoe/d of average production during 4Q '19
- 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

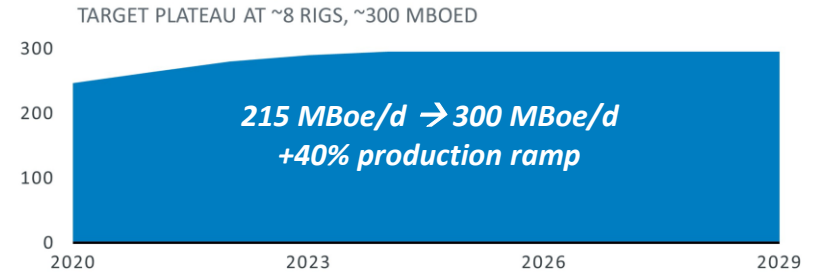
- Drilled 25% of identified inventory → 3,800 remaining locations
- Low cost refrac candidates resulting in a 75% increase in well EUR → 300 wells added to base plan with upside potential of an additional 300 locations
- Additional unquantified upside potential with resource recovery enhancement pilots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

### Vintage 5 Completion Design Update

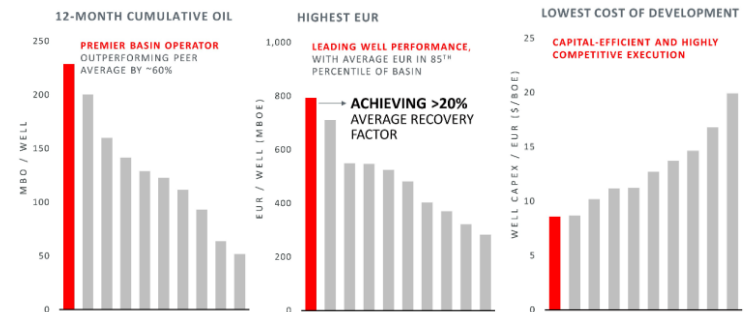
- Targeting 10%+ improvements in EURs (not built into 10-year outlook)
- Designed to improve proppant placement, increase tessellation of frac pattern, enhance near-wellbore drainage efficiency, reduce degradation, and increase EUR

(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.

## Eagle Ford Production Profile (MBoe/d)



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



## Upside Potential – V5 Completion Progress (2)



# Hooks Ranch Update

Four Hooks Ranch wells were connected on February 7, 2020 and are currently in early flowback

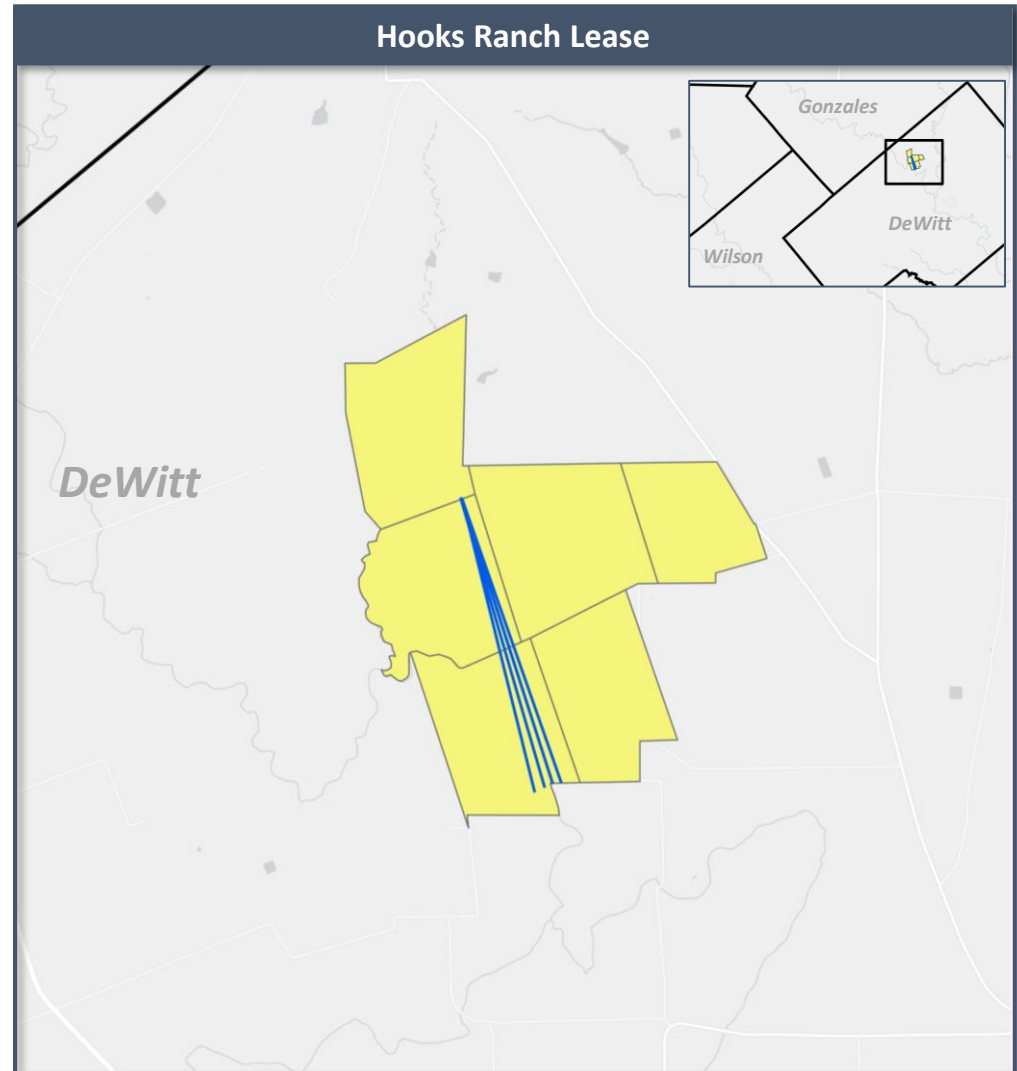
## Hooks Ranch Overview

- ❑ Falcon Minerals has a 22.5% royalty interest in ConocoPhillips' Hooks Ranch position
  - 75%+ undeveloped
  - 100% HBP and operated by ConocoPhillips

## Development Overview

- ❑ Four Hooks Ranch wells turned in line on February 7, 2020
- ❑ Wells 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 decile of returns in basin

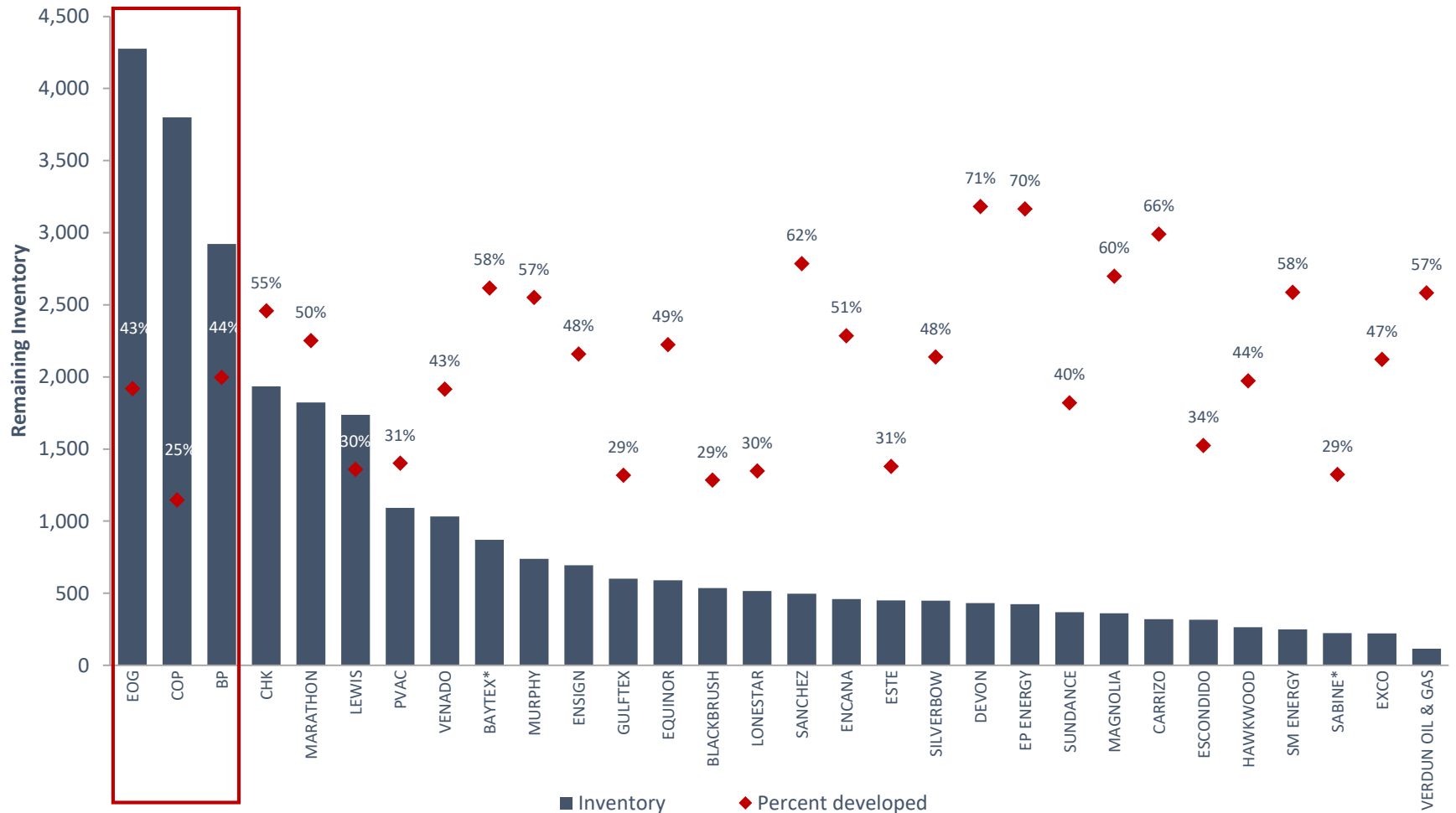
## Hooks Ranch Lease



# Substantial Remaining Inventory Across the Basin and Key Operators

~3,000 gross locations remaining across Falcon's Eagle Ford position

## Remaining Eagle Ford Inventory

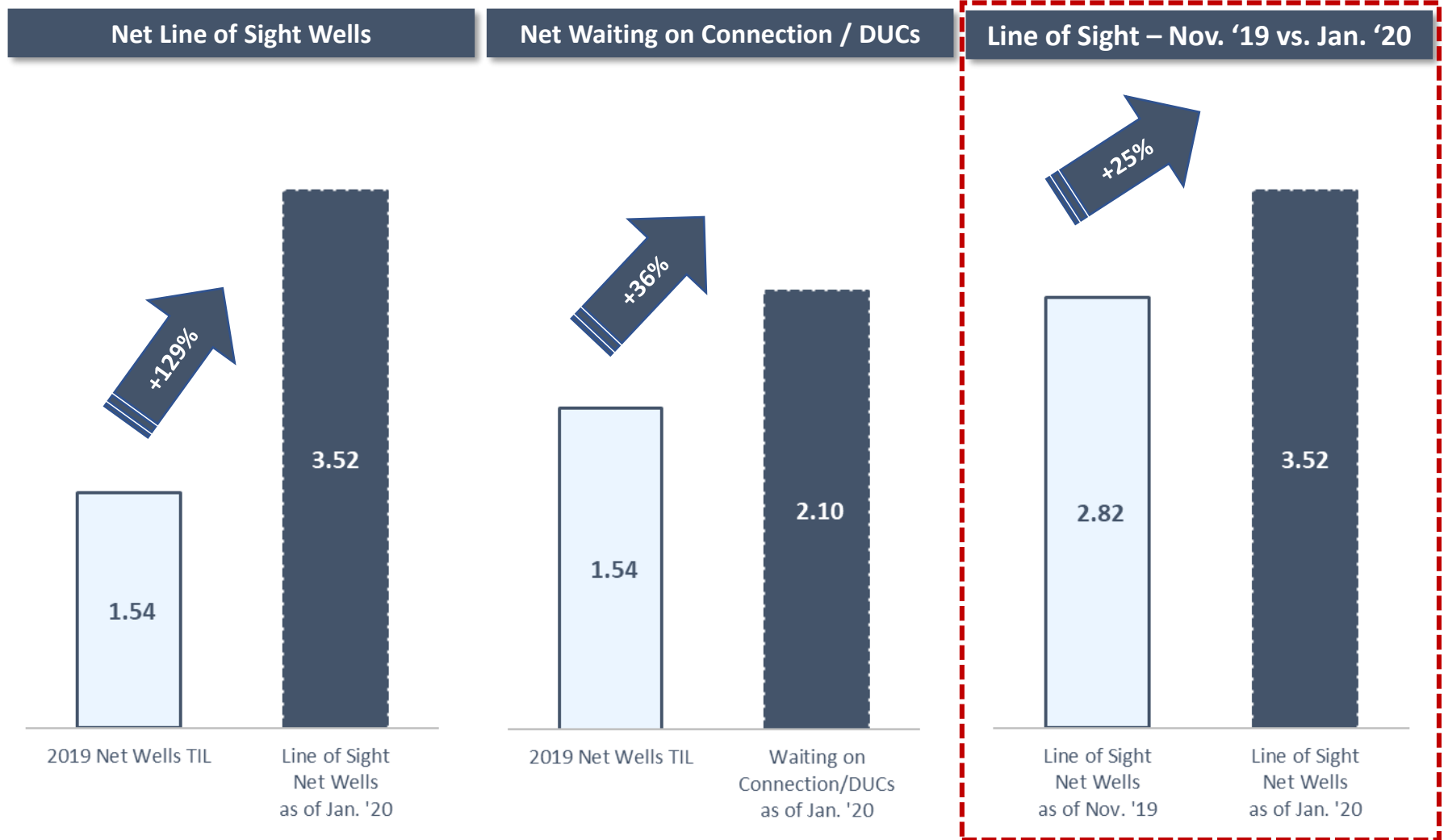


Source: CS A&D, RSEG, COP Analyst & Investor Meeting (Nov. 2019).



# Significant Growth Expected from Line of Sight Wells

*Line of sight wells include multiple high NRI units expected to turn in line in second half 2020*



**3.52 net line of sight wells is ~35% above the four-year trailing average of 2.60 net wells turned in line per year**

# Development Activity

## Rig Activity

- ❑ Significant rig activity across position
  - 7 rigs on Falcon’s position during fourth quarter 2019
  - 8 rigs on Falcon’s position currently

## Line of Sight Development (Jan. 2020)

- ❑ 218 gross wells (3.52 net)
  - 90 gross (1.42 net) permitted wells
  - 86 gross (0.83 net) waiting on completion wells
  - 42 gross (1.27 net) waiting on connection wells
- ❑ Anticipate ~1.51 net wells turned in line by end of first half 2020 and ~2.01 net wells turned in line during second half 2020
  - ~1.20 net wells turned in line in January / February, including four Hooks Ranch wells connected in February 2020

## 2019 Development

	Active Rigs	Gross TIL	Average NRI	Net TIL
1Q '19 Actual	5	48	0.75%	0.36
2Q '19 Actual	9	40	1.05%	0.42
3Q '19 Actual	7	33	0.52%	0.17
4Q '19 Actual	7	73	0.81%	0.59
<b>2019 Total</b>	<b>7</b>	<b>194</b>	<b>0.79%</b>	<b>1.54</b>

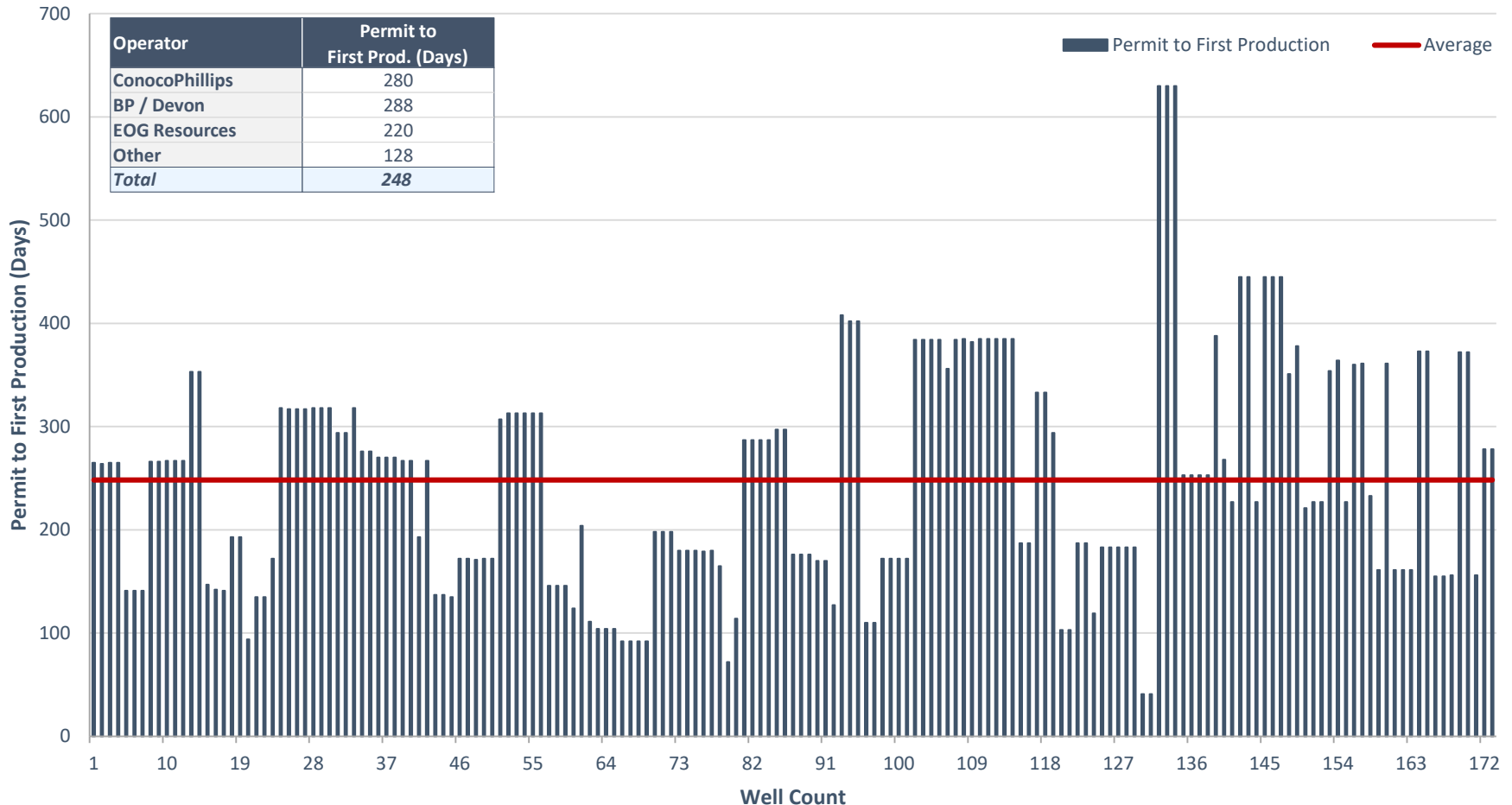
## Line of Sight Development (Jan. 2020)

	Gross Wells	Average NRI	Net Wells
Permitted	90	1.58%	1.42
Waiting on Completion	86	0.96%	0.83
Waiting on Connection	42	3.03%	1.27
<b>Total</b>	<b>218</b>	<b>1.62%</b>	<b>3.52</b>

# Falcon Operator Well Timing Averages

- 2019 permit to TIL average of 248 days
  - Reflects 173 gross Eagle Ford wells turned in line on Falcon’s position in 2019

Permit to First Production (Days)



# Financial Overview

## 2020 Guidance

- ❑ Full year 2020 production guidance of 5,300 – 6,100 Boe/d
- ❑ Based solely on 3.52 net well line of sight inventory from January 2020
  - Anticipate ~1.51 net wells turned in line by end of first half 2020 and ~2.01 net wells turned in line during second half 2020

## Fourth Quarter 2019

- ❑ 73 gross wells (0.59 net) turned in line during 4Q '19
- ❑ Announced 4Q '19 dividend of \$0.135 per Class A share
  - \$0.890 per share in dividends since inception
- ❑ Adjusted EBITDA of \$8.9 million for 4Q '19
- ❑ Maintained low leverage profile → 0.76x net debt / LTM EBITDA at 4Q '19

## Full Year 2020 Guidance

Net Production (Boe/d)	5,300 – 6,100
% Oil of Net Production	50% – 55%
Production & Ad Valorem Taxes (% Revenue)	6.0% – 7.0%
Marketing & Transportation (\$/Boe)	\$1.00 – \$1.50
General & Administrative (\$mm)	\$8.5 – \$9.0
Depletion Expense (\$/Boe) <sup>(1)</sup>	\$6.50 – \$7.50

## Capitalization as of 12/31/19

Cash	\$2.5mm
Revolving Credit Facility Borrowing	\$42.5mm
Borrowing Base	\$90.0mm
Liquidity	\$50.0mm
Net Debt to LTM EBITDA	0.76x

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

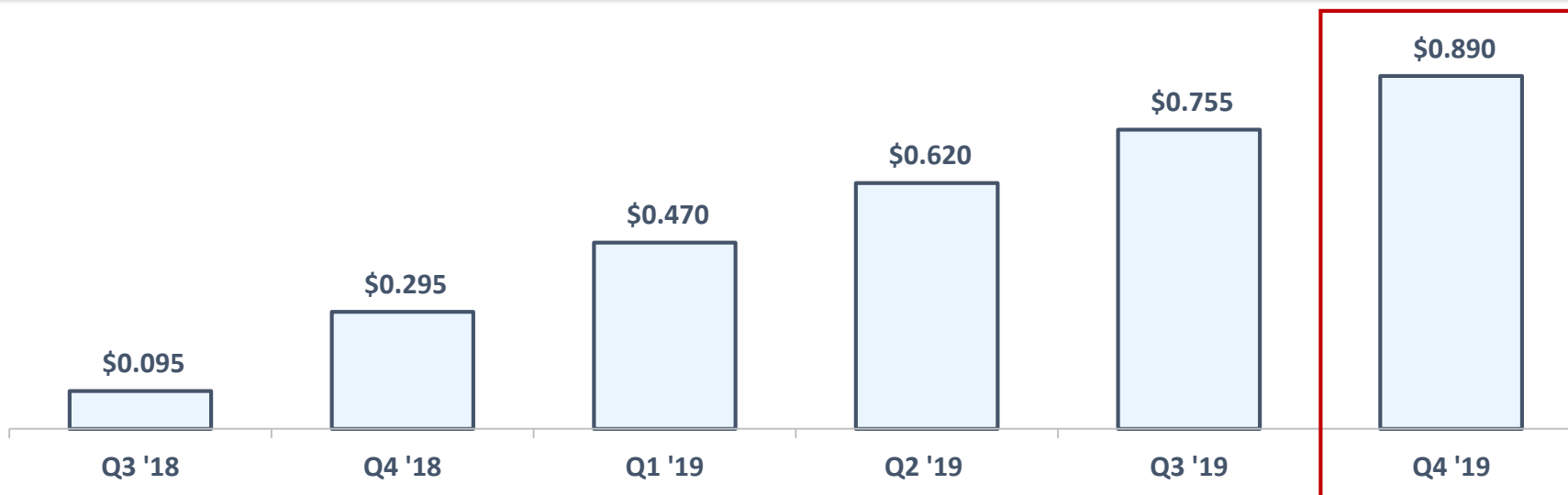
# Dividend Payouts and Sustainability

*Falcon paid fourth quarter 2019 dividend of \$0.135 per share → \$0.890 of cumulative dividends since inception*

## Favorable Tax Treatment of Dividends

- ❑ 80% of dividends paid to Class A shareholders during 2019 were classified as non-dividend distributions 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
- ❑ Falcon expects that greater than 50% of dividends paid to Class A shareholders during 2020 will be classified as non-dividend distributions in 2020

## Cumulative Dividends Per Share



## Key Takeaways

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Significant line of sight production growth throughout 2020 driven by higher NRI wells coming online

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

Continued conservative leverage profile → 0.76x levered as of fourth quarter 2019

Strong free cash flow generation with 2019 EBITDA margins in excess of 75%

Largest consolidator of minerals in Eagle Ford

Disciplined acquisition strategy