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ASX Release

(ASX:FCN)

By e-lodgement



Falcon to acquire emerging US consumer focused 3D printer company, Robo3D, Inc.

Falcon Minerals Limited (ASX: FCN) ("**Falcon**" or "**Company**") has signed a Binding Term Sheet with Albion 3D Investments Pty Ltd ("**Albion 3D**") for the acquisition of 100% of the issued capital of Albion 3D on a debt-free basis. Albion 3D has been funding and holds the rights to acquire 51% of Robo3D, Inc., a fast growing USA-based company that designs and markets a range of consumer-focused products in the emerging 3D printing industry ("**Robo3D**") (the "**Transaction**"). On completion of the Transaction, Falcon proposes to change its name to i3D Technologies Limited.

Highlights

- Falcon has secured the right to acquire 51% of Robo3D through the acquisition of 100% of the issued capital of Albion 3D, an investment vehicle controlled by Tony Grist, co-founder and former Chairman of Amcom Telecommunications and following its A\$1.2 billion merger, now Deputy Chairman of ASX 200 company Vocus Communications Limited (ASX: VOC).
- Equity stakes in Albion 3D are also held on behalf of executives of Crowd & Company, a San Diego-based specialist in sales, marketing, distribution and logistics, with an enviable track record in commercialising fast-growing consumer technology brands ("**Crowd**").
- Before the intended completion of the Transaction, Albion 3D will have already advanced USD\$1.5 million of the total USD\$2.5 million investment to Robo3D, with the right to move to 51% equity ownership upon Falcon completing the final payment of USD\$1.0 million at completion.
- Established in 2012, Robo3D is a fast growing brand in the desktop segment of the 3D printing market. Blue-chip corporate end users associated with NASA, Intel and Qualcomm validate Robo3D's technical capability, with sales distribution via pre-eminent retailers such as Amazon and Best Buy in the USA.
- Whilst the consumer 3D printer segment is growing rapidly with no clear dominant brand, investor activity is high (MakerBot a competitor to Robo3D, was acquired by Stratasys for USD\$600 million).
- Robo3D is experiencing strong growth across its business, generating revenue of approximately USD\$1.9 million in the nine months to September 2015, compared to approximately USD\$0.9 million over the corresponding nine month period in 2014.
- Concurrent with the investment from Albion 3D, Robo3D executed a Management Services Agreement ("**MSA**") with Crowd.
- Crowd was the commercialisation partner for LifeProof, a mobile phone accessories company, growing revenue to >USD\$300 million within 24 months of inception, and eventually acquired by a competitor for USD \$327 million.

- Dan Koziol, CEO of Crowd, has been appointed CEO of Robo3D, and will be supported by an experienced management team including Steve Banowit (VP – Brands, ex- Salomon Brothers) and Kevin Morse (CFO, ex-CFO of LifeProof). Mr Koziol is a proposed Director of Falcon.
- Sales to date primarily achieved through online sales channels, including Amazon and Best Buy. With the involvement of Crowd, Robo3D is now pursuing an aggressive sales expansion programme aimed at establishing a sales presence in leading “bricks & mortar” retailers such as Best Buy, Costco, Staples, Target, Walmart, and Gamestop, complementing existing distributors in international markets.
- Albion 3D has proposed 2 executive directors to the Falcon board, in addition to Dan Koziol, and they will receive performance rights, as follows:
 - Tranche 1: Robo3D achieving 12 months (rolling cumulative) revenue in excess of US\$7.5million.
 - Tranche 2: Robo3D achieving 12 months (rolling cumulative) revenue in excess of US\$10.0million.
 - Tranche 3: 10 trading day VWAP of the Company exceeding 150% of the Capital Raising price.
 - Tranche 4: 10 trading day VWAP of the Company exceeding 200% of the Capital Raising price.
- Forrest Capital appointed as Corporate Advisor to raise a minimum of A\$2.25m under the Company’s capital raising.

Falcon Minerals Limited (“Falcon” or “Company”) is pleased to announce that the Company has signed a Binding Term Sheet to acquire 100% of the issued capital of Albion 3D Investments Pty Ltd (“**Albion 3D**”), which holds the rights to acquire 51% of Robo3D, Inc. (“**Robo3D**”). Robo3D is an emerging brand in the fast growing desktop/consumer segment of the 3D printing market.

About 3D printing

3D printing or additive manufacturing is a process of making three dimensional solid objects from a digital file. The creation of a 3D printed object is achieved using additive processes. In an additive process, an object is created by laying down successive layers of material until the entire object is created. Each of these layers can be seen as a thinly sliced horizontal cross-section of the eventual object.

Applications for 3D printing are many and varied but can include rapid prototyping, architectural scale models, healthcare (e.g. 3D printed prosthetics and printing with human tissue) and entertainment (e.g. film props), with increasing use for personal effects.

Whilst the desktop/consumer printer segment is growing rapidly, there is no clear dominant brand. As a result, investor activity is high; MakerBot a competitor to Robo3D, was acquired by Stratasys for USD\$600 million.

About Robo3D

Robo3D develops, designs, manufactures and sells 3D printers and associated products to the desktop/consumer segment of the 3D printing industry.

Robo3D was founded in 2012 by a group of students from San Diego State University, including Coby Kabili and Braydon Moreno (the “**Founders**”).

At the centre of Robo3D’s product offering is its “plug and play” 3D printer, the “R1 +Plus” model, which includes a number of compelling characteristics:

- High footprint capacity (720 cubic inches of build space);
- Compatible with over 15+ materials versus 3-4 materials typically;
- Unique software system to sell date codes at retail outlets offering a “plug & print” solutions; and
- Open source programming giving access and compatibility with numerous creative user designs.

Robo3D also sells a number of associated products, including filament materials, which are growing source of revenue for the company. In addition, Robo3D has a patent pending on colourising the printing substrate to produce vibrant colours using wavelength activation technology.

Despite its modest origins, Robo3D has rapidly grown into a leading brand in the high growth desktop/consumer segment of the 3D printing industry, gaining significant traction in the key USA market predominately through major online partners, Amazon and Best Buy. In May 2015, Robo3D initiated an international rollout through the signing of distribution agreements in Canada, Latin America and Europe. Sales have now been achieved in all key international markets and units have shipped to over 2,400 cities worldwide.

Robo3D is experiencing strong growth across its business, generating revenue of approximately. USD\$1.9 million in the nine months to September 2015, compared to approximately USD\$0.9 million over the corresponding nine month period in 2014.

www.rob3D.com

Investment by Albion 3D

In 2015, Robo3D secured an agreement from Albion 3D to provide a USD\$2.5 million investment into the company for a 51% equity stake, with funds to be used to fund inventory purchases as well as expanding marketing and fulfilment capabilities, allowing Robo3D to meet growing customer demand and generate revenue growth.

Albion 3D is an investment vehicle controlled by Tony Grist, a serial technology entrepreneur, who was co-founder and former Chairman of Amcom Telecommunications and following its A\$1.2 billion merger, is now the Deputy Chairman of ASX 200 company Vocus Communications Limited (ASX: VOC), Mr Grist was also a director of iiNet Limited for over 5 years following Amcom securing of a 26% stake in that company. Mr Grist is expected to be a significant shareholder of the Company upon completion of the Transaction.

Before the intended completion of the Transaction, Albion 3D will have already advanced USD\$1.5 million of the total USD\$2.5 million investment to Robo3D, with the right to move to 51% equity ownership upon Falcon completing the final payment of USD\$1.0 million at completion.

Management Services Agreement with Crowd

Concurrent with its investment, Albion 3D has also procured that Robo3D execute a Management Services Agreement (“MSA”) with Crowd, a San Diego-based specialist in sales, marketing, distribution and logistics, with an enviable track record in commercialising fast-growing consumer technology brands.

Crowd was founded by Dan Koziol in 2013 to provide specialist sales, marketing and branding services to early stage innovators with disruptive consumer products such as 3D printers. Crowd principals were the founding members and leadership team (in the same way as agreed for Robo3D) of LifeProof, a mobile phone accessories company, and through the excellent execution of brand development, sales strategy and social media was able to grow sales from start up to >USD\$300 million within 24 months. LifeProof was eventually acquired by a competitor for USD\$327 million, generating investors a more than 20x return. This team brings the same business principles to the operations of Robo3D that made LifeProof successful.

The appointment of Crowd therefore underpins the growth strategy of Robo3D. Under the terms of the MSA, Crowd will provide Robo3D with:

- Comprehensive sales, marketing, ecommerce , distribution and logistics infrastructure;
- Go-to-Market pathway via ecommerce, retail and international sales channels;
- Access to key relationships with large retailers and distributors providing opportunity for rapid revenue growth;

- Key relationships with manufacturers in China and Mexico, including dedicated quality control resources;
- Expertise in supply chain management and fulfilment, including 24/7 support; and
- Attractive partner model allowing Robo3D founders to concentrate on design and engineering.

Dan Koziol, the CEO of Crowd, will be appointed joint CEO of Robo3D, and will be supported by his experienced management team including Steve Banowit (VP – Brands, ex- Salomon Brothers) and Kevin Morse (CFO, ex-CFO of LifeProof). It is intended that Mr Koziol will be nominated as a Non-Executive Director of Falcon post-completion of the Transaction.

The value of the approach with Crowd is already delivering favourable outcomes, with Robo3D commencing a trial across one of the largest retail store networks in the USA, as well launching into several smaller USA retailers such as Synnex and Microcenter, with further retail launches expected to drive growth in 2016.

www.crowdncompany.com

Key Terms of the Agreement

The company has completed all its legal, financial and commercial due diligence with respect to the Transaction, and paid a non-refundable deposit of A\$250,000 (**Deposit**) upon signing of the Binding Term Sheet. In addition, Falcon will advance to Albion 3D by way of a loan (**Loan**) a further A\$250,000. The funds advanced pursuant to the Loan will be on an interest free basis.

Transaction Structure

Under the Binding Term Sheet to acquire 100% of the issued capital of Albion 3D, Falcon will:

- Consolidate all of its existing outstanding ordinary shares on a 1 for 5 basis, from 259,204,352 to 51,840,870 ordinary shares;
- Issue 108,200,000 ordinary shares in Falcon (post-consolidation) to the vendors of Albion 3D and to the third parties who have assigned their debt funding arrangements with Albion 3D to FCN (with the value of the third parties debt to be converted into ordinary shares in Falcon)(“**Consideration Shares**”). The Consideration Shares may be subject to ASX escrow restrictions.
- Issue 10,000,000 Performance Rights (post-consolidation) to nominated proposed Executive Directors of Falcon post completion of the Transaction (“**Performance Rights**”), which will vest upon certain milestones being achieved as follows:
 - Tranche 1: Robo3D achieving 12 months (rolling cumulative) revenue in excess of USD\$7.5million.
 - Tranche 2: Robo3D achieving 12 months (rolling cumulative) revenue in excess of USD\$10.0million.
 - Tranche 3: 10 trading day VWAP of the Company exceeding 150% of the Capital Raising price.
 - Tranche 4: 10 trading day VWAP of the Company exceeding 200% of the Capital Raising price.

Further details of the Performance Rights and their terms will be provided in the Notice of Meeting which will be sent to all shareholders in due course. The terms of the Performance Rights are subject to ASX approval.

- Upon completion of the Transaction, Falcon will transfer USD\$1.0 million to Robo3D to satisfy the final funding obligation of Albion 3D to acquire a 51% interest in Robo3D.

Completion of the Transaction is subject to a number of conditions precedent, including:

- Falcon issuing a notice of meeting to seek and obtain all regulatory consents and approvals (including shareholder approval) required to implement the Transaction (“**Notice of Meeting**”);
- Falcon issuing the Consideration Shares and Performance Rights;

- Falcon issuing the adviser incentive options;
- Falcon procuring the electronic transfer of the USD\$1.0 million to Robo3D’s nominated bank account;
- Approval to a change to Falcon’s nature and scale of activities from a mineral exploration company to a technology company;
- Change of Company name to i3D Technologies Limited;
- Resignations of each of the existing Directors of Falcon, being Richard Diermajer, Ron Smit, and Ray Muskett as well as the existing Company Secretary, Dean Calder;
- Appoint with immediate effect the three Albion nominees for the Board, along with the one nominee of Falcon;
- Issuing ordinary shares in Falcon under the Capital Raising (described below) in an amount sufficient for Falcon to re-comply with Chapter 1 and 2 of the ASX Listing Rules;
- Falcon preparing a prospectus for the Capital Raising to enable Falcon to be reinstated to quotation on the ASX, as well as lodging a prospectus with the Australian Securities and Investment Commission (ASIC) and receiving sufficient applications to meet the minimum subscription under the prospectus; and
- Falcon receiving a letter from the ASX confirming that it will re-instate Falcon’s shares to trading on the ASX following compliance with Chapter 1 and 2 of the ASX Listing Rules, with the terms of the letter acceptable to Falcon and Albion 3D.

Capital Raising

As part of the Transaction, Falcon will undertake a capital raising to raise a minimum of A\$2.25 million, with oversubscriptions of A\$1.75 million available in order to raise up to a maximum of A\$4.0 million (“**Capital Raising**”). Forrest Capital has been appointed as Corporate Advisor to the Capital Raising, and will be entitled to a 2.0% management fee as well as a 4.0% capital raising fee on any funds raised. A total of 15,000,000 adviser incentive options on a post consolidation basis will be issued to Forrest Capital (or its nominees), each exercisable at a 50% premium to the capital raising price, and expiring 3 years from the date of issue (“**Adviser Options**”).

The capital structure of Falcon as a result of the Transaction is as follows:

| Category of Shareholder | N.o. Shares (pre-Consolidation) | N.o. Shares (post-Consolidation: based on a 5:1 consolidation) | Percentage of Total Shares (post-Consolidation: based on a 5:1 consolidation) |
|---|---------------------------------|--|---|
| Recipients of Consideration Shares | 541,000,000 | 108,200,000 | 54.77% |
| Existing Falcon Shareholders | 259,204,352 | 51,840,870 | 26.24% |
| Shares issued under Capital Raising (post-consolidation) (assuming minimum raising of A\$2.25million at minimum of 6 cents per Share) | | 37,500,000 | 18.98% |
| | TOTAL | 197,540,870 | 100% |

Note: There will also be 10,000,000 Performance Rights and 15,000,000 Adviser Options on issue (both on a post-Consolidation basis).

Note: Falcon will determine the share price for the Capital Raising at a later date, however the price per share will not be less than 6 cents per share (on a post-consolidation basis).

Note: The post-Consolidation numbers in the above table are based on a 5:1 consolidation.

Re-Compliance with Chapters 1 and 2 of the ASX Listing Rules

As the Transaction will constitute a significant change in the nature and scale of Falcon’s activities, the Company will be required to re-comply with the listing requirements set out in Chapters 1 and 2 of the ASX

Listing Rules (including preparing a full form prospectus). This re-compliance will be accompanied by a minimum capital raising of A\$2.25 million to provide additional working capital for the new business.

Indicative timetable

| Day | Event |
|------------------|--|
| 3 December 2015 | FCN announces execution of the Term Sheet on the ASX |
| 15 January 2016 | FCN Notice of Meeting issued |
| 1 February 2016 | Lodge Prospectus with ASIC and ASX |
| 15 February 2016 | Prospectus offer period opens |
| 15 February 2016 | FCN General Meeting |
| 15 February 2016 | Suspension of trading of FCN Securities |
| 16 February 2016 | Prospectus offer period closes |
| 22 February 2016 | Consolidation record date for FCN |
| 28 February 2016 | Completion |
| 28 February 2016 | Issue Shares under Prospectus |
| 15 March 2016 | Expected Date for Re-quotation of shares on ASX |
| 30 April 2016 | Transaction Sunset Date |

Note: The above dates are indicative only and may change without notice. The Directors reserve the right to amend the timetable.

Financial Effect of Transaction - Consolidated Pro Forma unaudited accounts 30 September 2015

If the Transaction proceeds, it is expected to have the following effect on Falcon's total assets, equity, revenue and profit before tax and extra ordinary items.

| | Falcon's Accounts (Pre-Acquisition) 30 September 2015 unaudited management accounts | Consolidated Pro Forma Accounts 30 September 2015 unaudited accounts |
|------------------------|---|--|
| Total Assets (\$) | 1,380,724 | 9,987,724 |
| Total Liabilities (\$) | 57,265 | 57,265 |
| Total Equity (\$) | 1,323,459 | 9,930,459 |

Assumptions:

1. Falcon will consolidate all of its existing fully paid ordinary shares on a 1 for 5 basis, from 259,204,352 to 51,840,870 ordinary shares;
2. Falcon will issue 108,200,000 fully paid ordinary shares in Falcon (post-consolidation) to vendors of Albion 3D and to the third parties who have assigned their debt funding arrangements with Albion 3D to Falcon;
3. Falcon will issue 10,000,000 Performance Rights (post consolidation) to nominated proposed Executive Directors of Falcon post completion of the Transaction, which will vest upon certain milestones being achieved;
4. Falcon will pay A\$250,000 non-refundable deposit to Albion 3D;
5. Falcon will advance A\$250,000 by way of loan to Albion 3D;
6. Falcon will undertake a capital raising to raise a minimum of A\$2.25 million at no less than 6 cents per share;
7. Management fees and capital raising fees of A\$135,000 will be paid to Forrest Capital;

8. Falcon will issue 15,000,000 adviser incentive options (post consolidation) will be issued to Forrest Capital (or its nominees), each exercisable at a 50% premium to the capital raising price and expiring 3 years from the date of issue; and
9. Falcon will transfer USD\$1.0 million to Robo3D as part of its acquisition cost of Albion 3D.

Falcon currently earns no operating revenue. It has minimal other income earned through interest income on its cash reserves. For further information, please contact:

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