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ASX Release

(ASX:FCN)

By e-lodgement



Falcon to acquire 100% of Robo 3D, Inc.

Falcon Minerals Limited (ASX: FCN) (“**Falcon**” or “**Company**”) and Albion 3D Investments Pty Ltd (“**Albion 3D**”) have renegotiated its proposed transaction in conjunction with the founders of Robo 3D, Inc. (“**Robo 3D**”) such that on completion Falcon will acquire 100% of Robo 3D. The original proposed transaction as announced in December 2015 and as replaced in May 2016 was for the acquisition of 51% of Robo 3D.

Falcon is pleased to announce that it has signed a revised binding term sheet with Albion 3D (“**Revised Binding Term Sheet**”) for the acquisition of 100% of the issued capital of Albion 3D on a debt-free basis. Albion 3D has secured the rights to acquire 100% (previously 51%) of Robo 3D, a USA-based company that designs and markets a range of consumer-focused products in the fast growing desktop segment of the 3D printing industry (the “**Transaction**”). On completion of the Transaction, Falcon proposes to change its name to Robo 3D Technologies Limited.

"We are really excited about the opportunity for Robo 3D to be listed on the ASX. This is the start of a new journey that will allow us to invest in growing out the business, advancing consumer 3D printing technology, and fulfilling our goal of putting 3D printers in millions of homes around the world."

Braydon Moreno & Coby Kabili - Co-Founders of Robo 3D

Highlights

- Falcon has secured the right to acquire 100% of Robo 3D through the acquisition of 100% of the issued capital of Albion 3D, an investment vehicle controlled by Tony Grist, Non-Executive Director of the \$4.5 Billion ASX 100 company, Vocus Communications Limited (ASX: VOC).
- Equity stakes in Falcon will be held by key executives of Robo 3D, including Braydon Moreno and Jacob Kabili (the “**Founders**”).
- Before the intended completion of the Transaction, Albion 3D will have invested a total of US\$2.5 million in Robo 3D.
- Established in 2012, Robo 3D is a fast growing brand in the desktop segment of the 3D printing market, with blue-chip customers such as Amazon, Best Buy, and Staples in the USA.
- Shipments of desktop 3D printers (<US\$5,000 per unit) are forecast to more than double every year between 2016 and 2019, by which time worldwide shipments are expected to reach more than 5.6 million (units).” Source: Gartner ‘Forecast: 3D Printers, Worldwide, 2015’.
- Investor activity is higher, with MakerBot acquired by Stratasys for US\$600 million and other significant financings for Formlabs and Glowforge.

- **Robo3D is experiencing strong growth across its business, generating revenue of approximately US\$4.6 million in the twelve months ending June 2016, compared to US\$2.4 million over the prior comparative period.**
- **Sales to date primarily achieved through online sales channels, including Amazon and robo3d.com. Robo 3D 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.**
- **To drive this expansion, Robo 3D has executed agreements with two leading sales & distribution representatives of consumer electronics into large USA retailers: Spring (part of Retail Group LLC), and Established Brands (part of Cities Market Studio).**
- **A corporate re-branding combined with the launch of two new 3D printer models (the Robo C2 and the Robo R2) in the last quarter of 2016 will drive the growth ambitions of Robo 3D.**
- **Forrest Capital appointed as Corporate Advisor to raise a minimum of A\$4.0 million under the Company’s capital raising.**

About Robo 3D

www.robo3d.com

Robo 3D develops, designs, manufactures and sells 3D printers and associated products to the desktop segment of the 3D printing industry. It was founded in 2012 by a group of students from San Diego State University, including Jacob Kabili and Braydon Moreno (the “**Founders**”).

At the centre of Robo 3D’s current 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; and
- Open source programming giving access and compatibility with numerous creative user designs.

Robo 3D also sells a number of associated products, including filament materials and project kits, which are a growing source of revenue for the company.

Despite its origins as a Kickstarter startup, Robo 3D has rapidly grown into a leading brand in the high growth desktop segment of the 3D printing industry, gaining traction in the key USA market through online partners, Amazon and Best Buy. In September 2015, it launched into 50 retail stores of Best Buy, the largest consumer electronics retailer in the USA, and shortly thereafter, into 45 stores of Staples, the world’s largest office supply retailer. In addition, Robo 3D initiated an international rollout through the signing of distribution agreements in Canada, Latin America, Europe and Australia. Sales have now been achieved in all key international markets and units have shipped to over 2,400 cities worldwide.

Robo 3D is experiencing strong growth across its business, generating revenue of approximately US\$4.6 million in the twelve months ending June 2016, compared to approximately USD\$2.4 million over the prior corresponding period.

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.

According to Gartner, Inc.'s latest desktop 3D printing forecast, "3D printer shipments are forecast to more than double every year between 2016 and 2019, by which time worldwide shipments are expected to reach more than 5.6 million (units)." Source: Gartner 'Forecast: 3D Printers, Worldwide, 2015'.

Whilst the desktop printer segment is growing rapidly, there is no clear dominant brand. As a result, investor activity is high; MakerBot a competitor to Robo 3D, was acquired by Stratasys for US\$600 million, with significant capital raisings recently completed by Formlabs (utilising resin based printing technology) and Glowforge (3D laser printer company).

Investment by Albion 3D

In 2015, Robo 3D secured an agreement from Albion 3D to provide a US\$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 Robo 3D 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 Limited and following its merger with Vocus Communications and its subsequent acquisition of M2, is now Non-Executive Director of the \$4.5 Billion ASX 100 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 invested US\$2.5 million into Robo 3D, with the right to move to 51% equity ownership upon satisfaction of certain conversion conditions.

In addition to this, Falcon and Albion 3D have executed a binding share sale agreement with the shareholders of Robo 3D, for Albion 3D to acquire the remaining share capital of Robo 3D (being the remaining 49%), subject to the successful completion of the Transaction between Albion 3D and Falcon. Therefore, immediately prior to completion of the Transaction, Albion 3D will own 100% of the issued share capital of Robo 3D.

Key Terms of the Agreement

Falcon has completed all its legal, financial and commercial due diligence with respect to the Transaction, and has previously paid a non-refundable deposit of A\$250,000 (**Deposit**) upon signing of the original Binding Term Sheet in December 2015. In addition and at the same time, Falcon advanced to Albion 3D by way of a loan (**Loan**) a further A\$250,000. The funds advanced pursuant to the Loan are on an interest free basis.

Transaction Structure

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

- Consolidate all of its existing outstanding ordinary shares on a 1 for 7.143 basis, from 259,204,352 to 36,287,883 ordinary shares (subject to Falcon obtaining a waiver from the ASX in respect of the "20 cent rule").
- Issue 142,117,294 ordinary shares in Falcon (post-consolidation) to the vendors of Albion 3D (which includes the vendors of Robo 3D) and to the third parties who have assigned their debt funding arrangements with Albion 3D to Falcon (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 13,999,720 Performance Rights (post-consolidation) as ongoing employment incentives to executive, management and employees who will be involved in the ongoing development of the Company's business post-completion, comprising:
 - 5,599,888 Performance Rights on a post-consolidation basis to the Founders which will vest upon certain milestones being achieved as follows:
 - Tranche 1: Robo 3D achieving 12 months (rolling cumulative) revenue in excess of USD\$10.0 million.

- Tranche 2: Robo 3D achieving 12 months (rolling cumulative) revenue in excess of USD\$15.0 million.
 (“**Founder Performance Rights**”);
 - 4,899,902 Performance Rights on a post-consolidation basis to the proposed incoming Executive Directors of Falcon which will vest upon certain milestones being achieved as follows:
 - Tranche 1: Robo 3D achieving 12 months (rolling cumulative) revenue in excess of USD\$7.5 million.
 - Tranche 2: Robo 3D achieving 12 months (rolling cumulative) revenue in excess of USD\$10.0 million.
 - Tranche 3: 10 trading day VWAP of the Company exceeding 150% of the Capital Raising price (for the avoidance of doubt, \$0.15 cents);
 - Tranche 4: 10 trading day VWAP of the Company exceeding 150% of the Capital Raising price (for the avoidance of doubt, \$0.20 cents).
 (“**Management Performance Rights**”)
 - 3,499,930 Performance Rights on a post-consolidation basis to ongoing employees of Robo 3D which will vest upon certain milestones being achieved as follows:
 - Tranche 1: Robo 3D achieving 12 months (rolling cumulative) revenue in excess of USD\$10.0 million.
 - Tranche 2: Robo 3D achieving 12 months (rolling cumulative) revenue in excess of USD\$15.0 million.
 (“**Employee Performance Rights**”)

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.

Conditions for Completion

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 confirming completion of the transfer of a total of US\$2.5 million from Albion 3D to Robo 3D’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 Robo 3D Technologies Limited;
- Resignations of each of the existing Directors of Falcon, being Richard Diermajer, Ron Smit, and Ray Muskett;
- Appointment of three Albion 3D nominees for the Board, along with the one nominee of Robo 3D;
- 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\$4.0 million, with oversubscriptions of A\$2.0 million available in order to raise up to a maximum of A\$6.0 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 13,999,720 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	No. Shares (pre-Consolidation)	Approximate No. Securities (post-Consolidation)(1)	Approximate Percentage of Total Shares (post-Consolidation)
Consideration Shares to Albion shareholders	382,500,000	53,548,929	21.7%
Consideration Shares to Robo 3D Shareholders	311,643,835	43,629,264	17.7%
Shares issued to seed financiers who loaned money to Albion to fund Robo 3D’s operations	321,000,000	44,939,101	18.2%
Management Performance Rights	35,000,000	4,899,902	2.0%
Founder Performance Rights	40,000,000	5,599,888	2.3%
Employee Performance Rights	25,000,000	3,499,930	1.4%
Unlisted Options to Brokers (exercise price at a 50% premium to the Capital Raising Price, expiry date of 3 years from issue)	100,000,000	13,999,720	5.7%
Existing FCN Shareholders	259,204,352	36,287,883	14.7%
Shares issued under Capital Raising (assuming minimum raising of \$4 million at 1.4 cents per Share)	285,714,286	40,000,000	16.2%
TOTAL	1,760,062,473	246,404,618	100%

1. Falcon will determine the share price for the Capital Raising at a later date, however the price per share will not be less than 10 cents per share (on a post-consolidation basis) and subject to Falcon obtaining a waiver from the ASX in respect of the “20 cent rule”. The post-Consolidation numbers in the above table are based on a 7.143:1 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\$4.0 million to provide additional working capital for the new business.

Indicative timetable

Day	Event
8 September 2016	FCN announces execution of the Term Sheet on the ASX
10 October 2016	FCN Notice of Meeting dispatched to shareholders
17 October 2016	Lodge Prospectus with ASIC and ASX
24 October 2016	Prospectus offer period opens
4 November 2016	Prospectus offer period closes
10 November 2016	FCN Shareholders Meeting
17 November 2016	Consolidation record date for FCN
28 November 2016	Completion
28 November 2016	Issue Shares under Prospectus
5 December 2016	Anticipated date of re-quotation of Falcon's securities on the ASX
31 December 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 audited accounts 31 December 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) 31 December 2015 audited management accounts	Consolidated Pro Forma Accounts (Post Acquisition) 31 December 2015 audited accounts
Total Assets (\$)	1,251,926	13,096,863
Total Liabilities (\$)	75,995	1,048,498
Total Equity (\$)	1,175,931	12,048,365

Assumptions:

1. Falcon will consolidate all of its existing fully paid ordinary shares on a 1 for 7.143 basis, from 259,204,352 to 36,287,883 ordinary shares;
2. Falcon will issue 142,117,294 fully paid ordinary shares in Falcon (post-consolidation) to vendors of Albion 3D (including the Robo 3D vendors) and to the third parties who have assigned their debt funding arrangements with Albion 3D to Falcon;
3. Falcon will issue 13,999,720 Performance Rights (post consolidation) to the nominated proposed Executive Directors of Falcon, the Founders, and employees post completion of the Transaction, which will vest upon certain milestones being achieved;
4. Falcon has paid A\$250,000 non-refundable deposit to Albion 3D;
5. Falcon has advanced A\$250,000 by way of loan to Albion 3D;
6. Falcon will undertake a capital raising to raise a minimum of A\$4.0 million at no less than 10 cents per share on a post-consolidation basis;
7. Management fees and capital raising fees of A\$240,000 will be paid to Forrest Capital; and
8. Falcon will issue 13,999,720 adviser incentive options (post consolidation) 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.

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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