



BLACK STONE
MINERALS

Scotia Howard Weil 46th Annual Energy Conference

March 28, 2018



Forward-Looking Statements



This presentation contains “forward-looking statements” within the meaning of the securities laws. All statements, other than statements of historical fact, included in this presentation that address activities, events, or developments that Black Stone Minerals, L.P. (“Black Stone Minerals,” “Black Stone,” “the Partnership,” or “BSM”) expects, believes, or anticipates will or may occur in the future are forward-looking statements. The words “believe,” “expect,” “may,” “estimates,” “will,” “anticipate,” “plan,” “intend,” “foresee,” “should,” “would,” “could,” or other similar expressions are intended to identify forward-looking statements, which are generally not historical in nature. However, the absence of these words does not mean that the statements are not forward-looking.

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BSM
LISTED
NYSE

- Black Stone Minerals, L.P. is the largest publicly traded yield vehicle focused on oil and gas mineral and royalty interests in the United States
- Over 20 million mineral and royalty acres with interests in 41 states and 64 producing basins

Adj. Enterprise
Value¹

~\$4.1 B

Current
Yield²

~7.4%

4Q17
Production

38.1 MBoe/d

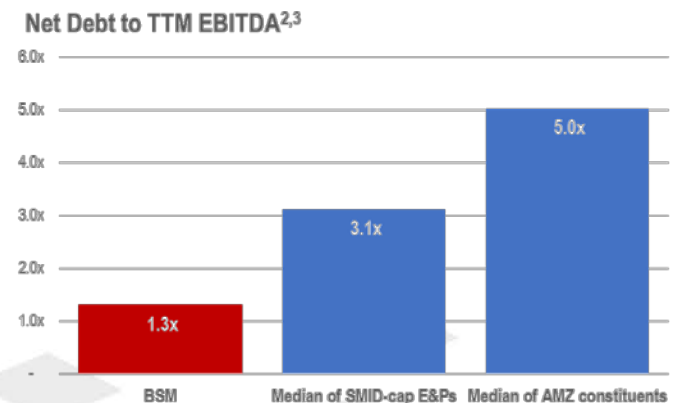
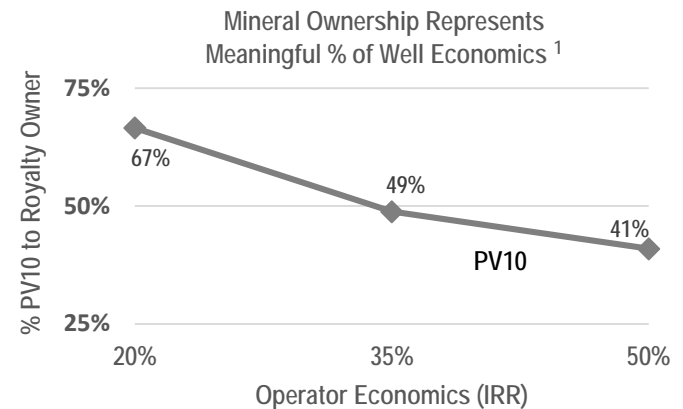
Inside
Ownership

>20%

An Ideal Upstream Investment Vehicle



- **Size, scale, and diversity of asset base creates a durable competitive advantage**
 - Asset footprint covers both established and emerging plays; Haynesville/Bossier and Permian Basin expected to drive near-term growth
 - Black Stone well-positioned as a natural aggregator in the space
- **No capital requirements to maintain and grow business**
 - Mineral and royalty ownership delivers substantial percentage of total well economics with no capital or operating expense requirements
 - Active management consistently generates new opportunities from existing and acquired acreage
 - Large undeveloped acreage position exposes BSM to new discoveries at no cost ("embedded drop-downs")
- **Structural protections for common unitholders; approximately half of equity ownership subordinated to common units**
- **Significantly less leverage relative to typical midstream MLPs or SMID-cap E&Ps**

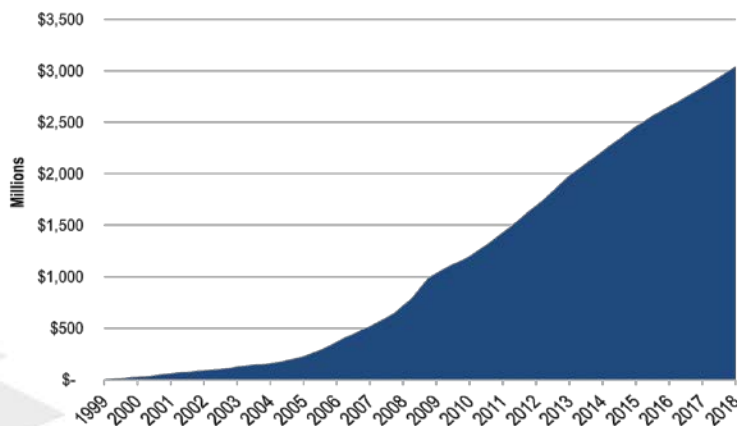


Long History of Creating Value

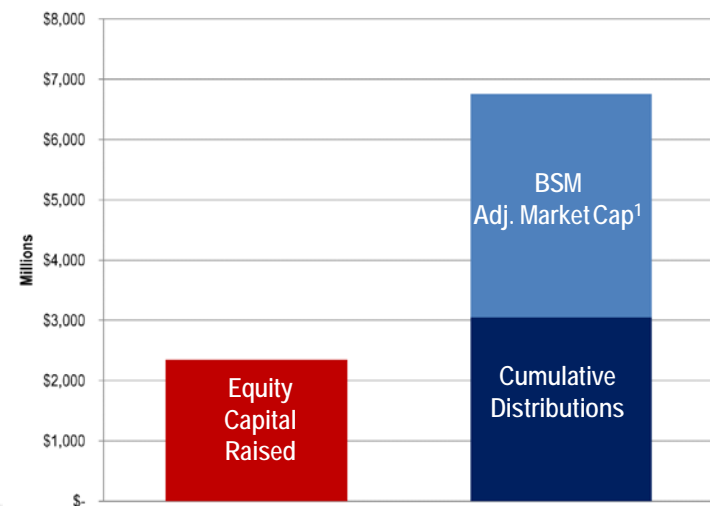


- BSM's Management has a long track record of creating value for its unitholders and returning cash to its partners
- Since 1999, Black Stone has raised approximately \$2.3 billion in total equity capital across various entities and structures
- Over the same time frame, Black Stone's current asset base has delivered over \$3.0 billion in distributions to investors (including managed fund interests)
- Including BSM's current Adjusted Market Capitalization of approx. \$3.7 billion¹, Management has delivered ~2.9x ROI² for equity investors

Cumulative Distributions to Date



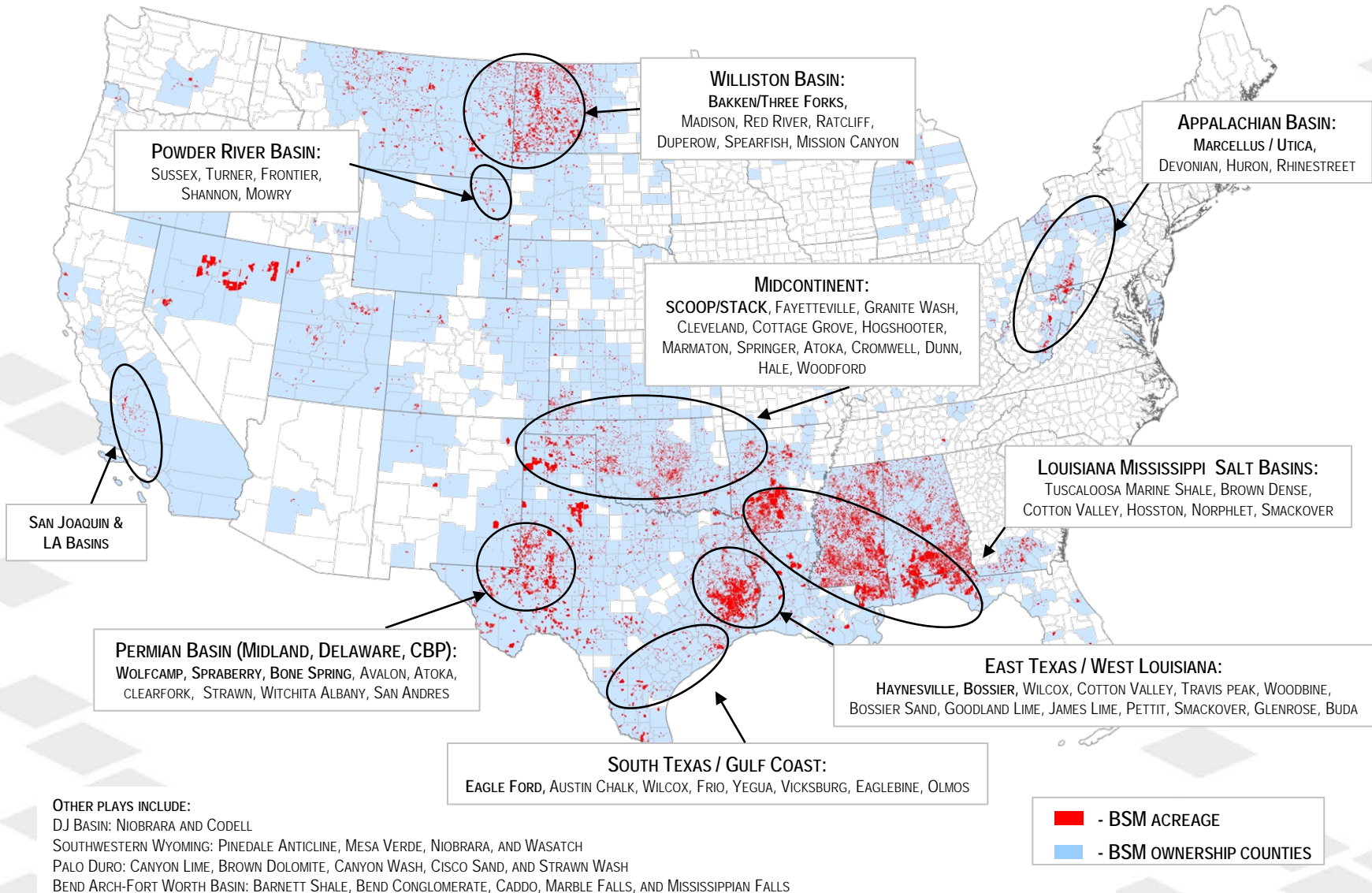
Total Return to Date



Black Stone Exposure to Lower 48



- Black Stone has leading positions in several of today's most active resource plays, as well as a perpetual call option across the lower 48 in dozens of prospective plays



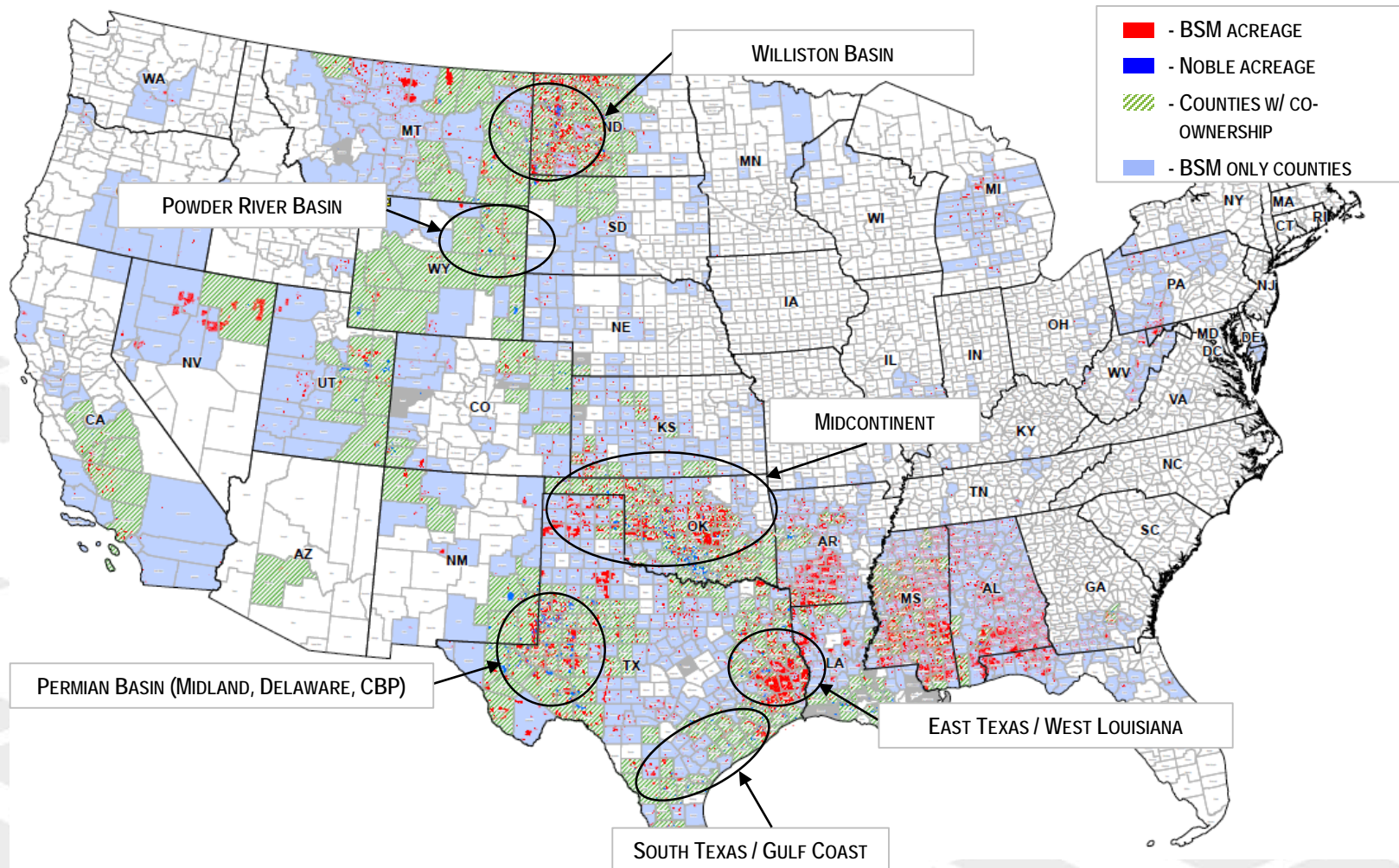
Recent Developments



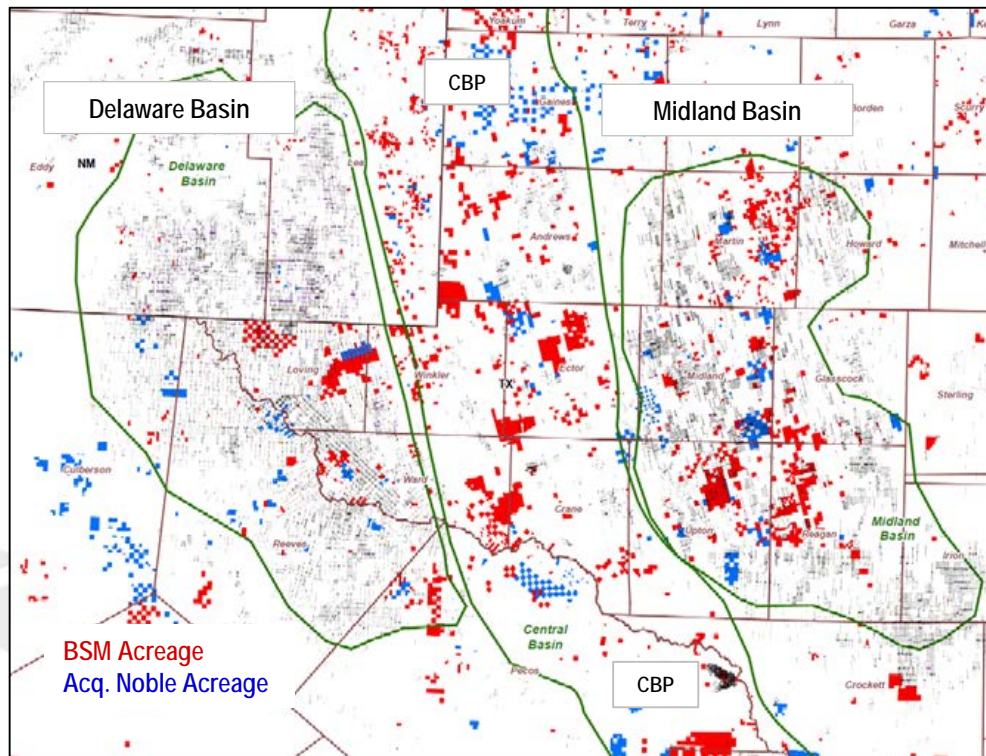
- **Acquired mineral and royalty assets from Noble Energy for \$335 million**
 - Acquired 1.1 million gross mineral acres (140 thousand net acres), 380 thousand gross acres of NPRIs, and 600 thousand gross acres of ORRIs
 - Enhances BSM's position in core, liquids-rich shale plays (Permian and Bakken)
 - Generating an annualized run-rate EBITDA of ~\$34 million
 - Significant unleased component provides leasing opportunities across the portfolio
- **Maintained balance sheet strength with convertible preferred issuance**
 - Issued \$300 million in Series B Cumulative Convertible Preferred units to an affiliate of The Carlyle Group
 - Distributions of 7.0% per annum for six years, and thereafter a distribution equal to the greater of 7.0% or the 10-year Treasury plus 5.5%
 - Purchaser can convert into units after two years on a one-to-one basis; Black Stone can force conversion after two years, subject to minimum price and volume thresholds
- **Entered into new farmout arrangement in East Texas that supports further development of Haynesville/Bossier assets**
 - Farmout covers majority of Black Stone's Haynesville and Bossier acreage under active development in the Shelby Trough in Angelina and San Augustine counties, Texas
 - Pivotal Petroleum Partners receives the Partnership's working interest in the remaining 20% of BSM's working interest in the XTO operated wells not covered by the previously announced Canaan farmout, as well as 100% of BSM's working interest in wells operated by its other major operator in the area
 - Once Pivotal achieves a specified payout, Black Stone obtains a majority of the original working interest

Highly Complementary Noble Acquisition

- Black Stone acquired a diverse mineral and royalty package for \$335 million in late 2017
- The acquisition materially increases Black Stone's exposure in core basins and plays



Substantial Position in the Permian



- The Midland and Delaware are the two most active basins in North America with over 350 combined horizontal rigs⁴
- Black Stone has aggregated a significant position in these basins since the IPO to complement its legacy position
- Black Stone has also expanded its position in the Central Basin Platform ("CBP") with exposure to emerging plays such as the horizontal San Andres, Wichita / Albany, and Woodford plays
- The acquired Noble acreage complements Black Stone's existing acreage throughout the Permian

Active Operators

PIONEER
NATURAL RESOURCES

CIMAREX

CONCHO

RSP PERMIAN

PARSLEY ENERGY

DIAMONDBACK
Energy

Apache

Anadarko
Petroleum Corporation

OXY

Key Statistics (Midland and Delaware only)

Gross Mineral and Royalty Acres ¹	~729,000
Net Royalty Acres ^{1,2}	~55,000
Permits on BSM last 12 mos ³	714
% Permits on BSM acreage last 12 mos ³	14%

BLACK STONE MINERALS, L.P.

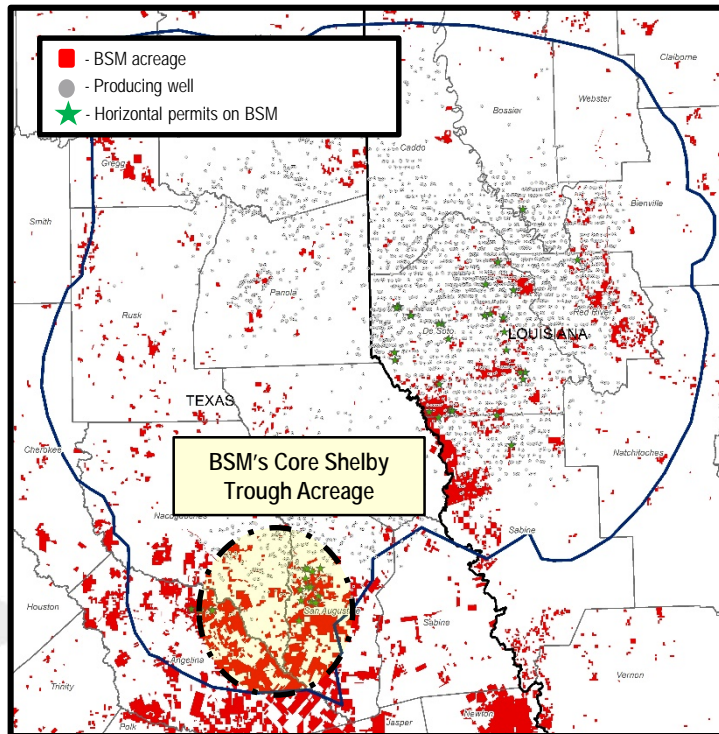
1) Per 2017 10-K and includes mineral interests, NPRIs, and ORRIs

2) A net royalty acre is defined as one surface acre leased at a 1/8th royalty

3) Permit data sourced from IHS and represents permits filed through 12/31/17; includes permits on Noble acreage

4) Per RSEG report dated 03/13/18, source data provided by RigData

Haynesville / Bossier Position Driving Growth



- 43 active horizontal rigs⁴ across the play, up 250% from the 2016 low
- Improved completions and a favorable regional gas market have brought the Haynesville / Bossier into the top quartile of US oil and gas plays
- Black Stone believes its Shelby Trough position in East Texas to be the best part of the Haynesville / Bossier play in terms of ultimate recoveries and working interest economics
 - Recent Shelby Trough results demonstrate EURs of 2.5 Bcf / 1,000' of lateral or greater
 - Conversations with Shelby Trough operators indicate that EURs of 3.0 Bcf / 1,000' or greater are possible through further completion optimization
- BSM is also significantly exposed to the Louisiana Haynesville, which continues to see majority of rig activity

Key Statistics

Gross Mineral and Royalty Acres ¹	~397,000
Net Royalty Acres ^{1,2}	~381,000
Permits on BSM last 12 mos ³	91
% Permits on BSM acreage last 12 mos ³	21%

Active Operators



1) Includes only Haynesville acreage from 2017 10-K and includes mineral interests, NPRIs, and ORRIs

2) A net royalty acre is defined as one surface acre leased at a 1/8th royalty

Permit data sourced from IHS and represents permits filed through 12/31/17; includes permits on Noble acreage

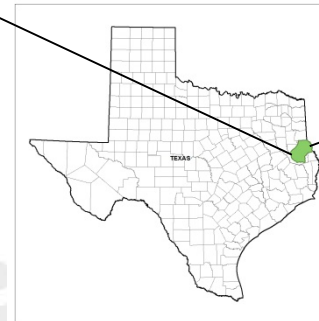
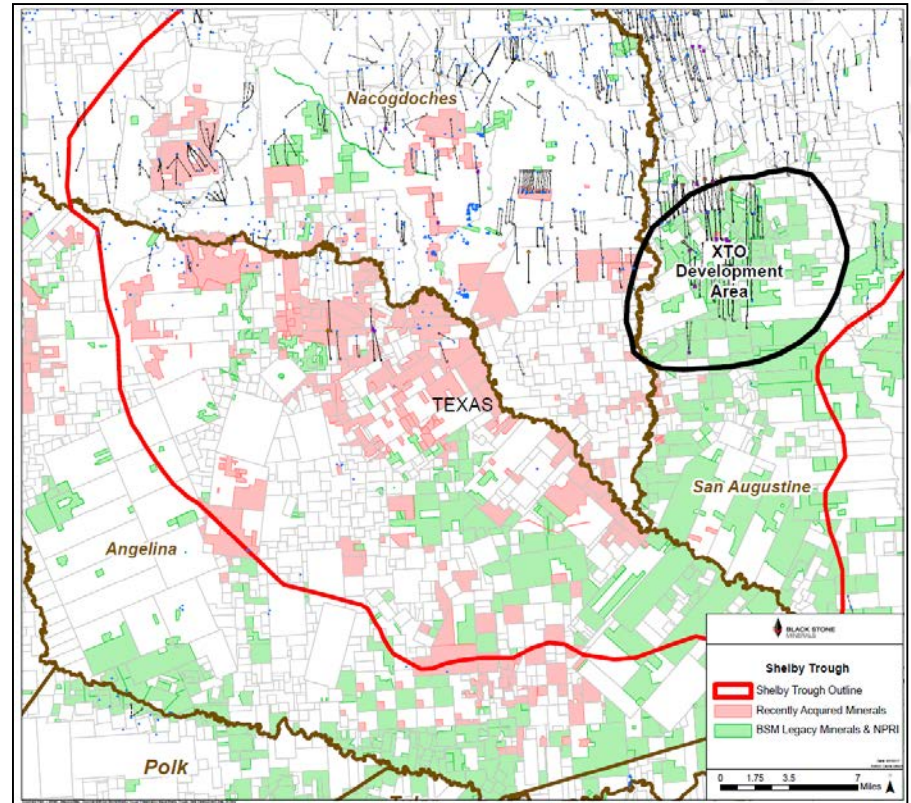
4) Per RSEG report dated 3/13/18, source data provided by RigData

The Benefit of Active Minerals Management

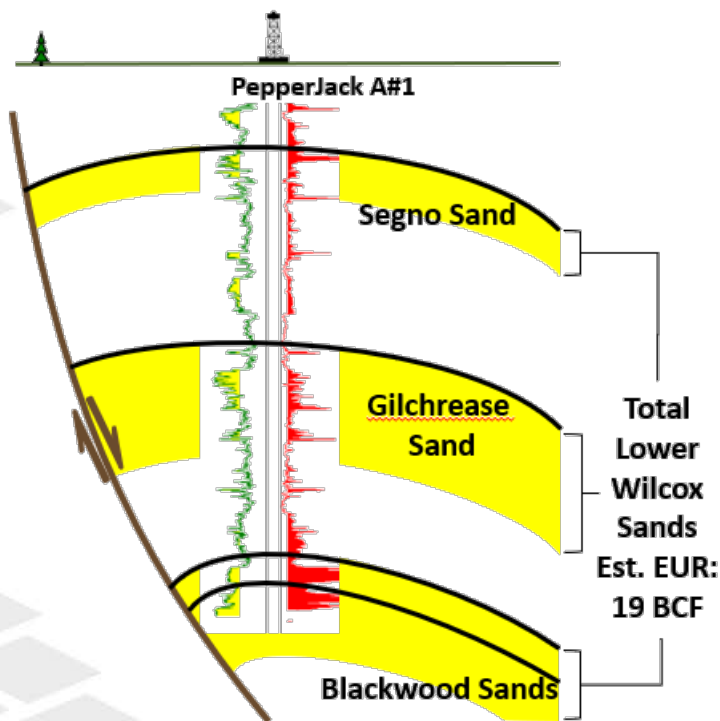
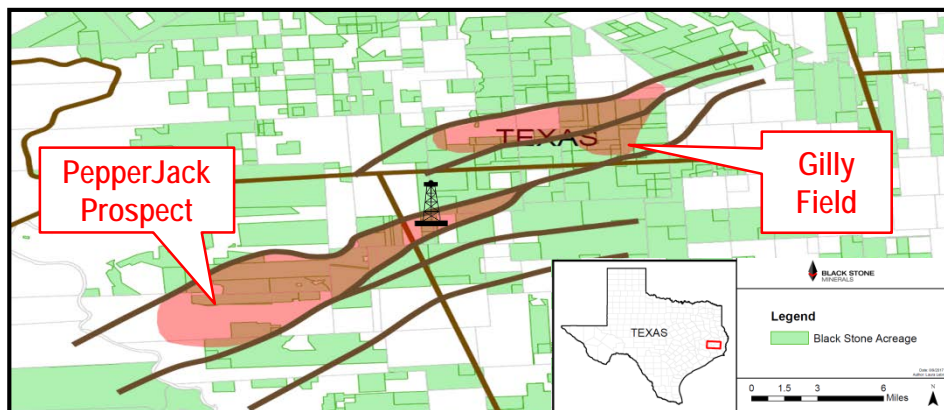
Incubation Example: The Shelby Trough



- In 2014, the Shelby Trough was relatively undeveloped compared to the rest of the Haynesville/Bossier play
- Black Stone structured initial development agreement with XTO in 2014 covering ~17,000 net mineral acres
- Based on strong results, Black Stone brought in a second operator under an incentive development agreement while concurrently conducting an active acquisition program in the area
- To date, Black Stone has added over 38,000 net acres and now has development agreements covering ~80,000 net mineral acres in the area



PepperJack Discovery



BLACK STONE MINERALS, L.P.

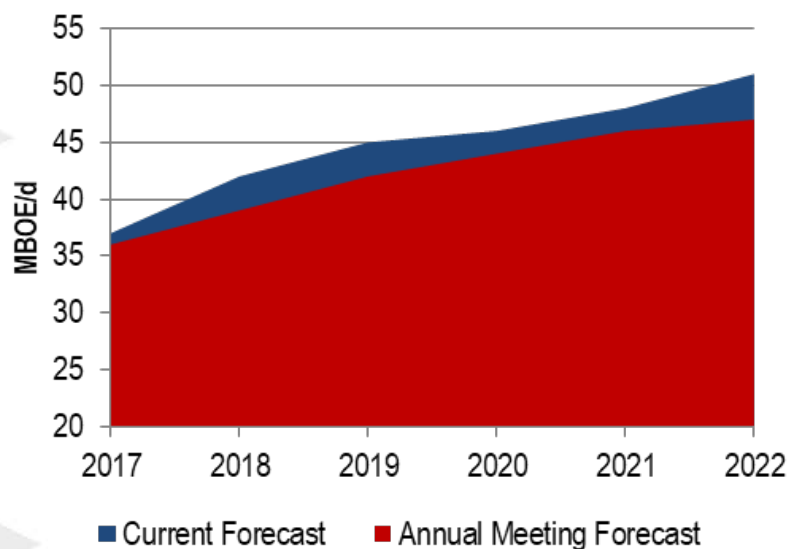
- Black Stone generated the Lower Wilcox PepperJack prospect using its in-house technical staff
 - Targets the same geological section as the successful Gilly Field
 - Mapped potential is twice the size of Gilly
- The Partnership drilled and logged the PepperJack A#1 in early 2018
 - Logs confirm BSM's original view of prospect and supports significant resource potential
 - BSM plans to drill a delineation well in 1H18
- Self-generating prospects is another example of how Black Stone actively manages its minerals to create value

Positive Momentum into 2018

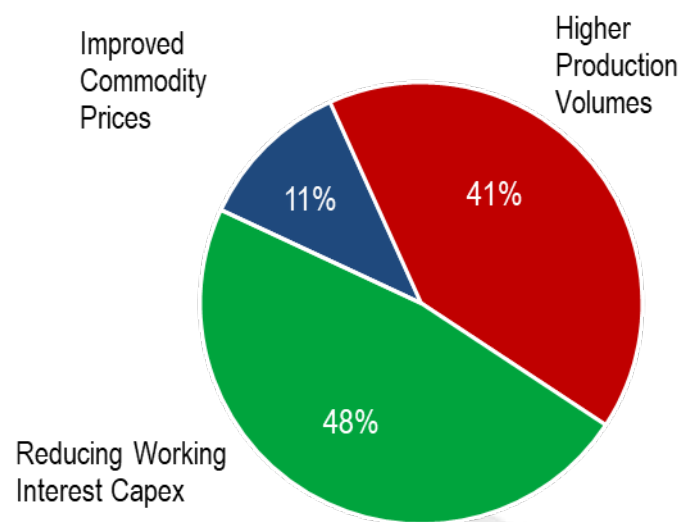


- Black Stone's five-year forecast has improved meaningfully from its original guidance in mid-2017, driven by the expectation of more robust drilling activity in the Permian and Haynesville, and the contribution from the Noble assets
- Management now forecasts higher cash flow available for distributions, with only minor contributions from improved commodity prices

Production Forecast Comparison



Drivers of Improved Free Cash Flow Forecast ⁽¹⁾



(1) Represents factors increasing Distributable Cash Flow after working interest capital expenditures during the subordinated unit conversion period from 2Q'18 through 1Q'19

Key Messages



Investors gain exposure to industry-leading minerals portfolio with significant exposure to two of the most active areas in the United States



Upside exposure from recovery in commodity prices, accelerated development, and future break-out plays across portfolio

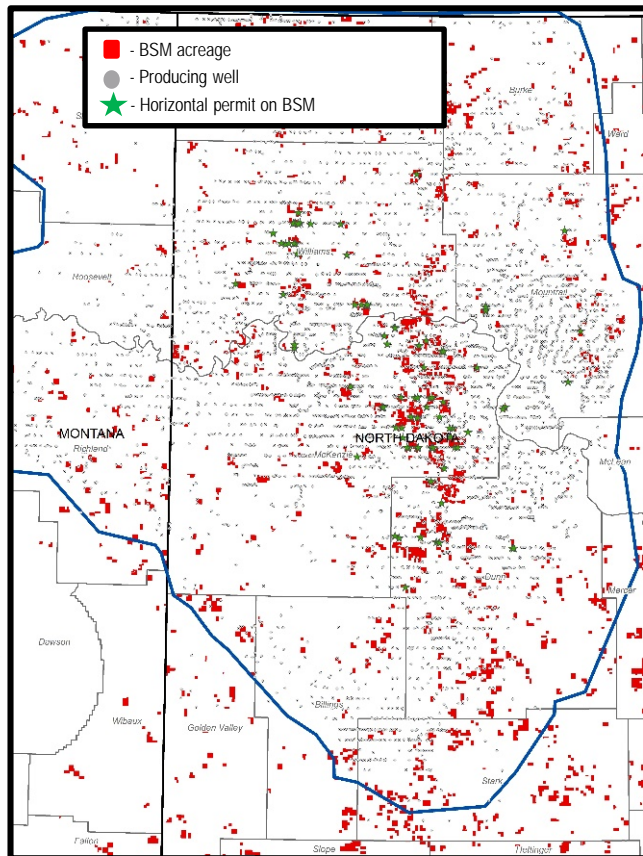


Investors benefit from management team with substantial experience unlocking value from mineral and royalty assets



Appendix

Bakken / Three Forks Position



- 50 active horizontal rigs⁴ across the play, up approximately 125% from the 2016 low
- Black Stone's concentration in the core of the Bakken/Three Forks has helped maintain relatively flat royalty production in the play despite a drop in active rigs from the 2014 peak and a decline in basin-wide production volumes
- Improved drilling efficiency and completion intensity are yielding better well results and economics
 - Wells costs down as much as 50% from 2014

Active Operators

ConocoPhillips



eog resources



Key Statistics

Gross Mineral and Royalty Acres ¹	~420,000
Net Royalty Acres ^{1,2}	~107,000
Permits on BSM last 12 mos ³	374
% Permits on BSM acreage last 12 mos ³	34%

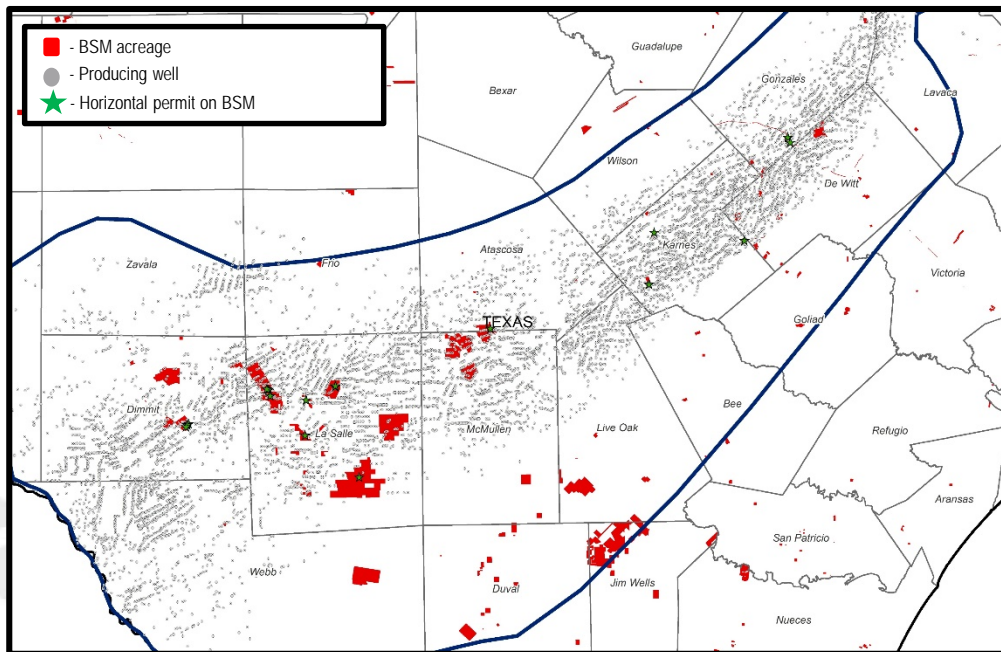
1) Includes only Bakken acreage from 2017 10-K and includes mineral interests, NPRIs, and ORRIs

2) A net royalty acre is defined as one surface acre leased at a 1/8th royalty

3) Permit data sourced from IHS and represents permits filed through 12/31/17; includes permits on Noble acreage

4) Per RSEG report dated 03/13/18, source data provided by RigData

Eagle Ford Position



- 69 active horizontal rigs⁴ across the play, up nearly 190% from the 2016 low
- BSM exposed to some of the best parts of the play

Active Operators



Key Statistics

Gross Mineral and Royalty Acres ¹	~224,000
Net Royalty Acres ^{1,2}	~34,000
Permits on BSM last 12 mos ³	107
% Permits on BSM acreage last 12 mos ³	6%

Adjusted EBITDA, DCF, and DCF after net working interest capital expenditures reconciliation



	Three Months Ended		Twelve Months Ended	
	December 31,		December 31,	
	2017	2016	2017	2016
	(Unaudited)			
	(In thousands)			
Net income (loss)	\$ 19,360	\$ (7,286)	\$ 157,153	\$ 20,188
Adjustments to reconcile to Adjusted EBITDA:				
Depreciation, depletion and amortization	30,051	22,833	114,534	102,487
Interest expense	4,034	2,774	15,694	7,547
Impairment of oil and natural gas properties	—	—	—	6,775
Accretion of asset retirement obligations	266	212	1,026	892
Equity-based compensation ¹	14,431	10,018	33,045	43,138
Unrealized (gain) loss on commodity derivative instruments	11,357	29,738	(11,691)	81,253
Adjusted EBITDA	79,499	58,289	309,761	262,280
Adjustments to reconcile to distributable cash flow:				
Deferred revenue	(416)	(695)	(2,086)	(870)
Cash interest expense	(3,818)	(2,497)	(14,817)	(6,676)
(Gain) loss on sales of assets, net	—	—	(931)	(4,793)
Estimated replacement capital expenditures ²	(3,250)	(3,750)	(13,500)	(11,250)
Cash paid to noncontrolling interests	(30)	(28)	(120)	(111)
Preferred unit distributions	(2,590)	(1,324)	(5,042)	(5,763)
Distributable cash flow	69,395	49,974	273,265	232,817
Net working interest capital expenditures	(5,389)	(17,140)	(39,477)	(80,179)
Distributable cash flow after net working interest capital expenditures	\$ 64,006	\$ 32,834	\$ 233,788	\$ 152,638

- 1) On April 25, 2016, the Compensation Committee of the Board approved a resolution to change the settlement feature of certain employee long-term incentive compensation plans from cash to equity. As a result of the modification, \$10.1 million of cash-settled liabilities were reclassified to equity-settled liabilities during the second quarter of 2016.
- 2) On August 3, 2016, the Board established a replacement capital expenditure estimate of \$15.0 million for the period of April 1, 2016 to March 31, 2017. There was no established estimate of replacement capital expenditures prior to this period. On June 8, 2017, the Board established a replacement capital expenditure estimate of \$13.0 million for the period of April 1, 2017 to March 31, 2018.