



BLACK STONE
MINERALS

EnerCom Dallas Investor Conference



March 2, 2017

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”, “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

• Headquarters.....	Houston, TX
• Inside ownership.....	>20%
• Qtrly common distribution.....	\$0.2875 / unit
• Current yield ¹	6.5%
• Production (FY2016).....	31.7 MBoe/d
• Proved reserves (YE 2016).....	63.4 MMBoe

- Black Stone Minerals, L.P. is the largest publicly traded yield vehicle focused on oil and gas mineral and royalty interests in the U.S.
- Over 18 million mineral and royalty acres with interests in over 40 states and 60 producing basins
- Upstream oil & gas exposure without the associated drilling capital

Investment Highlights

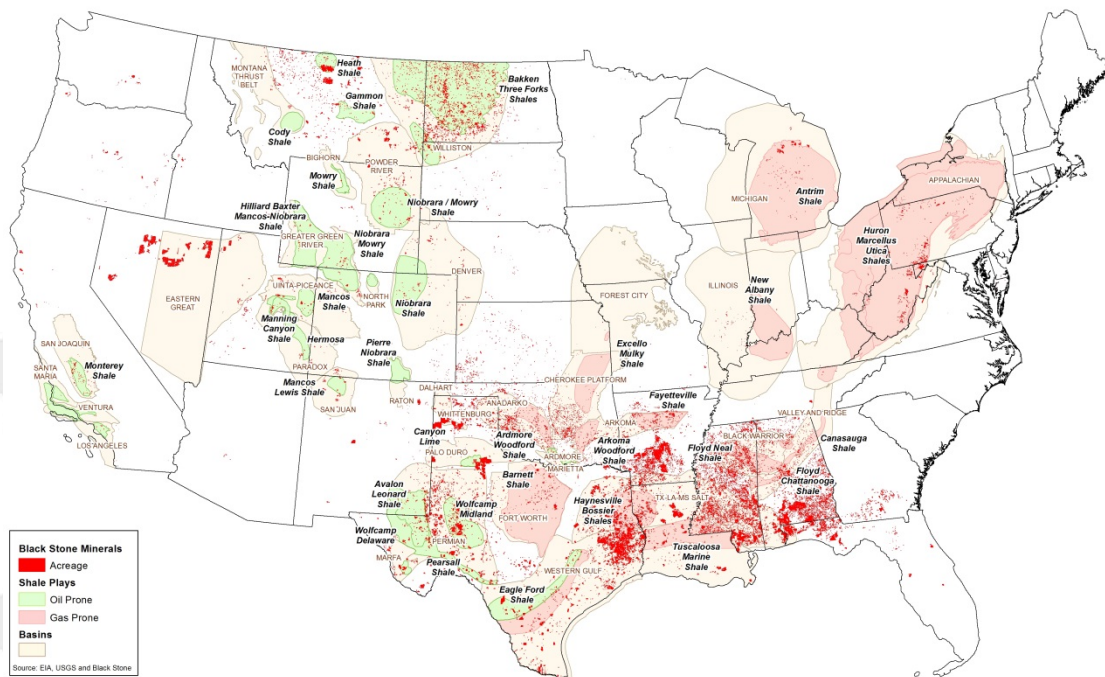


- **Growth potential from world class asset base**
 - Size and scale through over 18 million mineral and royalty acres
 - Diverse footprint exposes us to both established and emerging plays
 - Haynesville/Bossier play and Permian Basin expected to drive near-term growth
 - Durable competitive advantage; would be difficult to replicate the Partnership's positions
- **Low capital intensity = lower-risk cash flow**
 - No CAPEX or operating cost requirements on mineral and royalty assets
 - No cost to generate working interest inventory as it is embedded in the acreage
- **Growing common distributions into 2019 and beyond**
 - Scheduled compound annual common distribution growth of 9% in first four years after IPO
 - Common unit holders have priority on distributions through conversion period
 - Sub unit conversion ratio allows flexibility to enable growing distributions beyond conversion
- **Significant liquidity and strong financial position**
 - Secured credit facility with borrowing base of \$500 million; \$316 million drawn at end of 4Q16
 - TTM leverage ratio of 1.3x as of December 31, 2016

Large, Diversified Portfolio of Assets



Black Stone Minerals Acreage Position

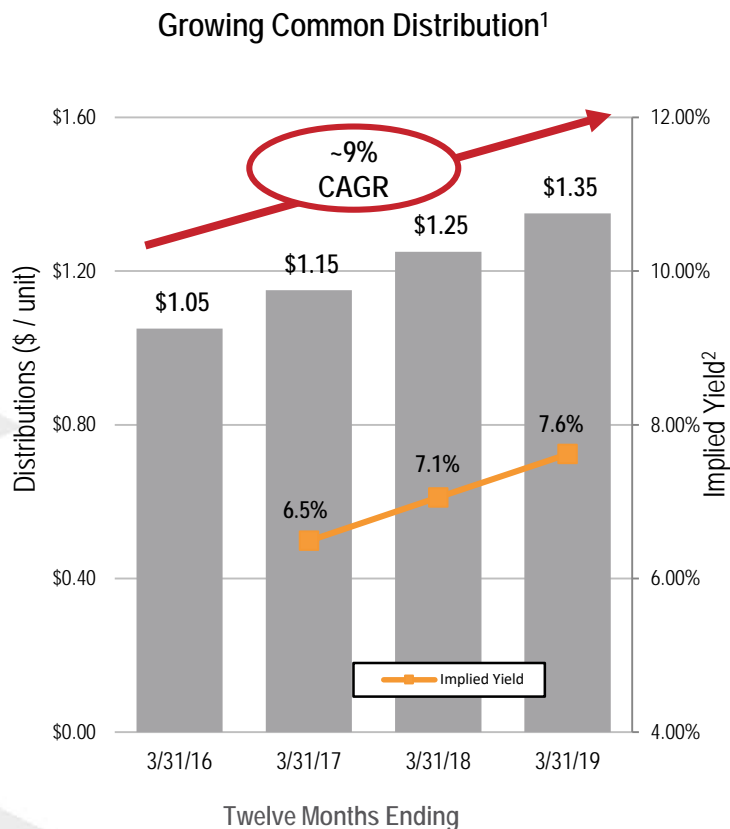


- The origins of Black Stone Minerals can be traced back to the 1870s in East Texas
- Focus on managing and acquiring minerals began in the 1980s
- Over the last four decades, BSM has built a high-quality, diverse footprint that is exposed to most major plays, including the following:
 - Haynesville/Bossier Shales
 - Bakken/Three Forks
 - Eagle Ford Shale
 - Wolfcamp/Spraberry/Bone Spring
 - Wilcox
 - SCOOP/STACK
 - Marcellus Shale
 - Niobrara/Codell
 - Granite Wash

Differentiated Distribution Structure



Growing Common Unit Distribution Protected by Subordination Structure



- Common units scheduled to receive an increasing MQD for 4 years from IPO, growing at an approximate 9% CAGR
- Ownership structure provides significant benefits to the common unitholders
 - Enhanced distribution coverage for common via high level of subordinated ownership
 - Annual coverage on all units for 2016 was 1.3x (2.2x to common)
 - No IDRs and no arrearages for subordinated units
- BSM is committed to growing common distribution beyond subordinated period
 - Forced conversion feature provides flexibility in managing post-conversion unit count

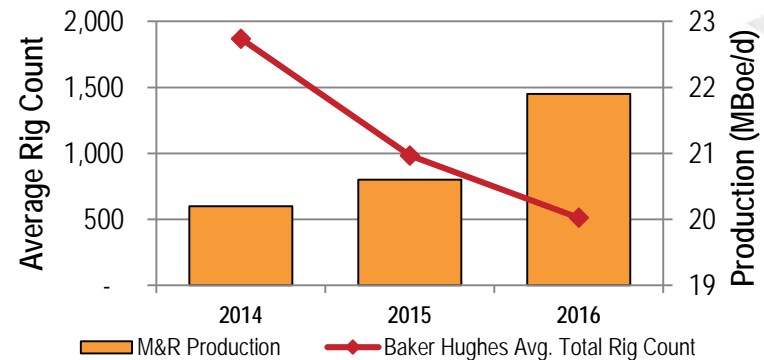
Managing the Mineral and Royalty Assets



- **Attract activity to BSM mineral and royalty (M&R) interests**

- Multiple levers are available to incentivize operators to maintain/accelerate activity or test new prospects

Recent M&R Volumes vs. Rig Count



- **Derive working interest value & optionality from Black Stone's core mineral and royalty assets**

- In many cases, Black Stone Minerals leverages its mineral position to create optionality with non-operated working interests
 - Adds value though participation in low-risk, high-return development opportunities
 - Ability to influence development with non-operated working interests
- When working interest projects reach sufficient size and scale, they can be harvested
 - Example: 2017 farmout with Canaan Resource Partners

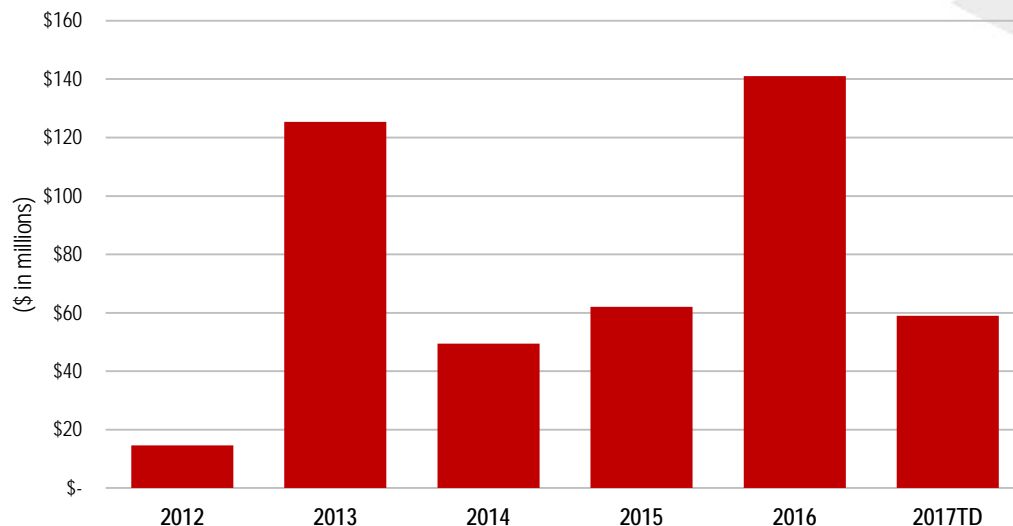
Long History of Acquisitions



Scalable Infrastructure for Future Acquisitions

- **Business Development:** Reviewed hundreds of third-party acquisitions since the beginning of 2012, closing transactions totaling roughly \$450 million; approximately \$1.8 billion of transactions since inception
- **Legal:** Experience in nearly every jurisdiction throughout the continental United States' producing regions
- **Land:** Significant expertise in lease negotiations
- **Accounting:** Minimal incremental personnel and infrastructure needed for future acquisitions, regardless of size
- **Engineering/Geology:** In-house engineering and geology functions ensure informed investment decisions

Acquisitions by Year¹



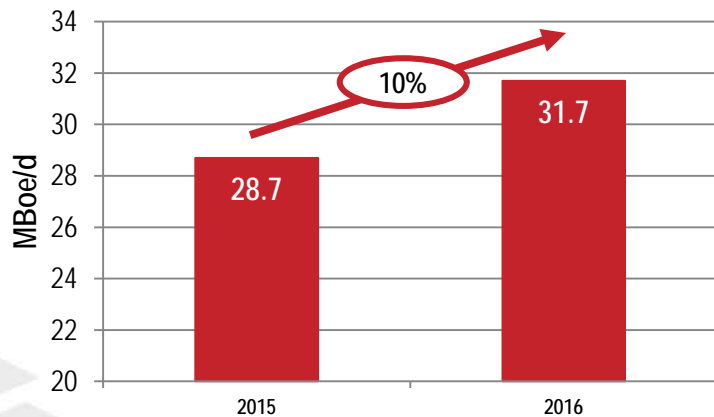
- **Black Stone was active in 2016 on the acquisition front, including...**
 - A diverse mineral package from FCX for ~\$88 million
 - Wattenberg Field assets in CO for ~\$34 million
 - Multiple Midland Basin transactions
- **The Delaware Basin and the Haynesville/Bossier play have been the focus of the Partnership's acquisition efforts in 2017**
 - Issued equity to seller to acquire assets for the first time since going public

2016 Performance

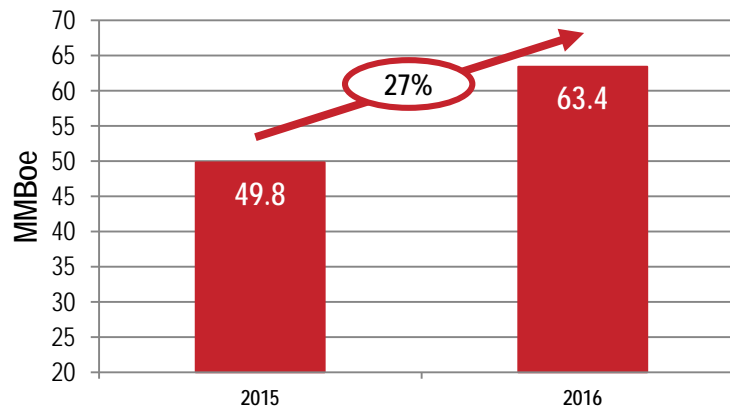


- BSM had a strong year on key performance measures

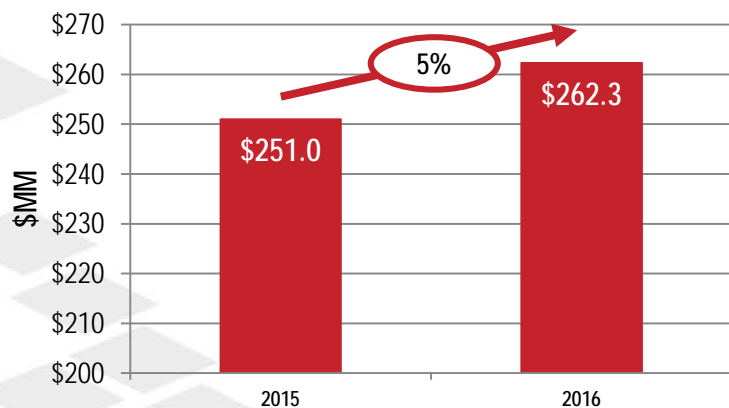
Average Annual Production



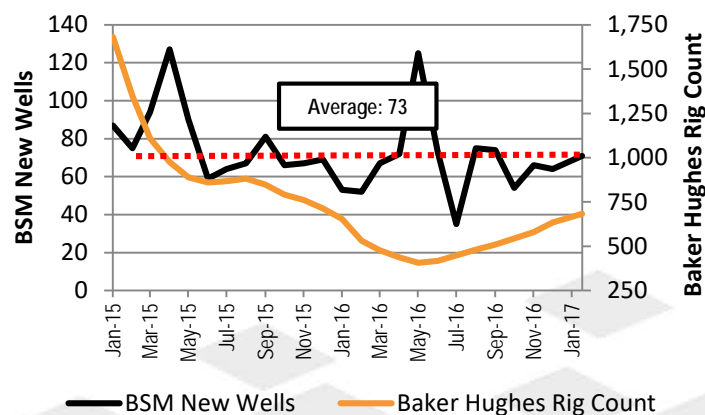
Year-end Proved Reserves



Adjusted EBITDA



Monthly Gross Well Additions

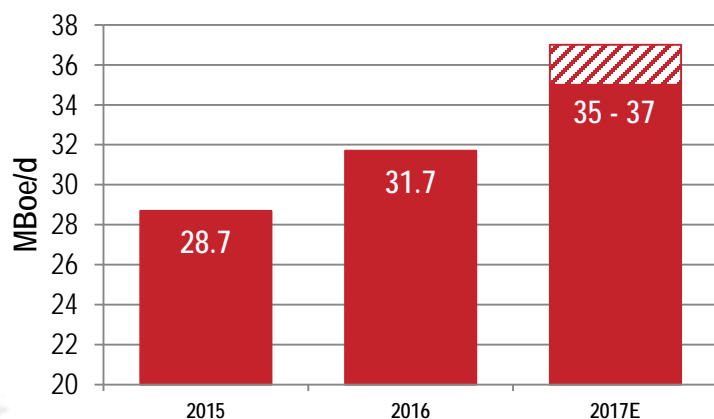


2017 Outlook

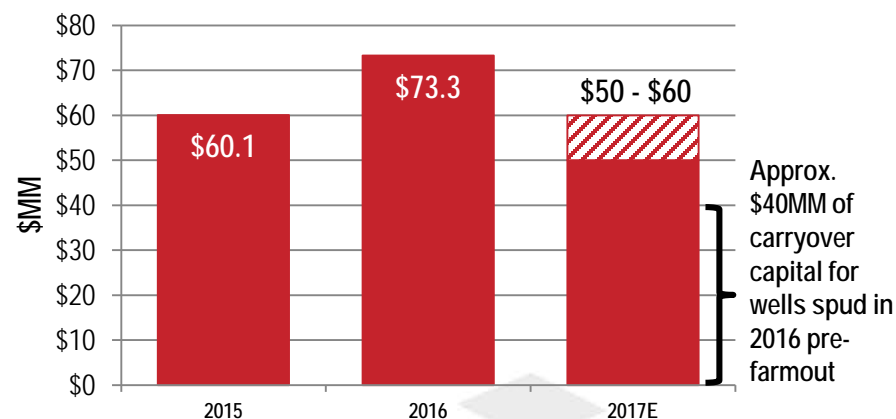


- Production expected to grow 14% at mid-point of 2017 production guidance
- Working interest capital forecasted to decline ~25% in 2017
 - Recently announced working interest farmout covers 80% of BSM working interest in East Texas Haynesville/Bossier play for wells spud after January 1, 2017
 - Working interest in East Texas Haynesville/Bossier expected to range between \$10-\$15 million going forward

Average Annual Production



Working Interest Capital

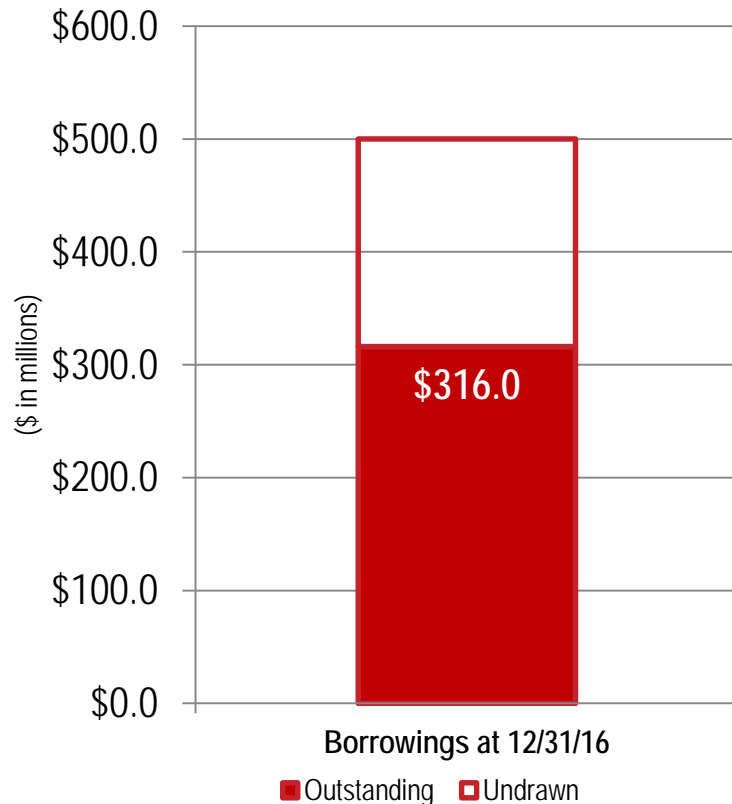


Solid Financial Position



- Senior credit facility is BSM's only debt
 - Borrowing base of \$500 million
- TTM leverage ratio of 1.3x as of December 31, 2016
- Hedging program supports balance sheet and provides stability to cash flows
 - ~75% of 2017 natural gas production hedged at \$3.16/Mcf
 - ~65% of 2017 oil production hedged at \$55.18/bbl
 - Philosophy is to hedge significant portion of PDP production

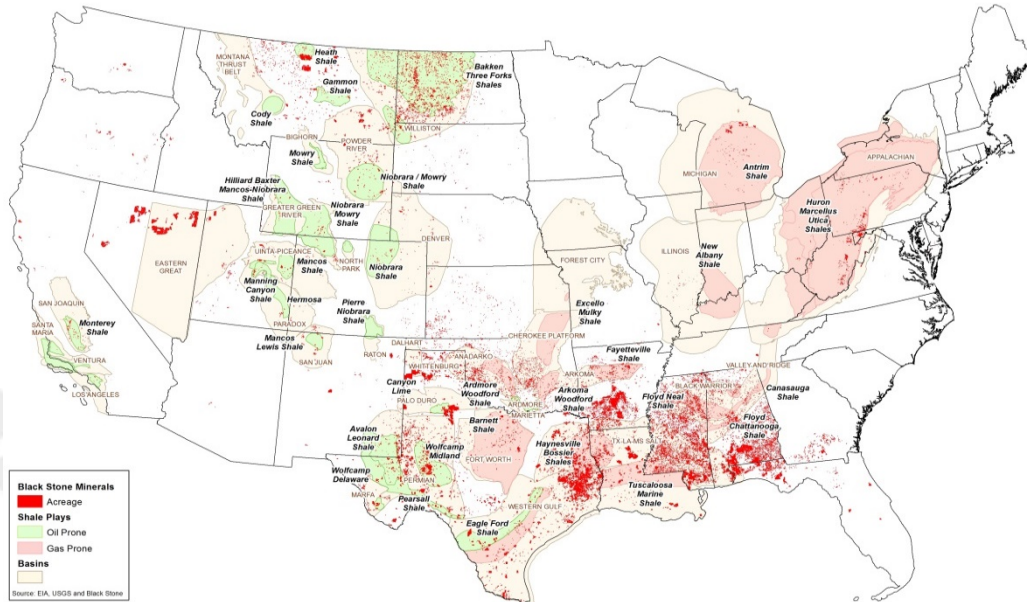
Secured Credit Facility



World-Class Mineral and Royalty Portfolio

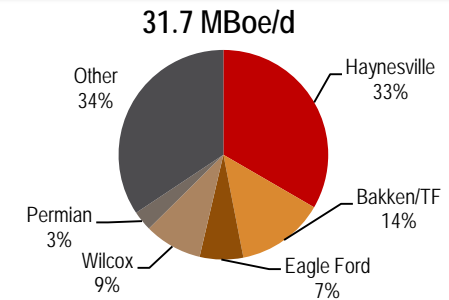


Black Stone Minerals Acreage Position

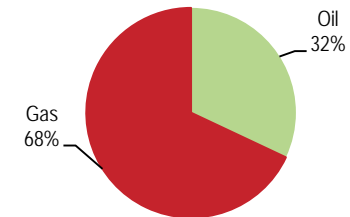


- Over 18 million acres of opportunity
- Interests in over 55,000 wells
- BSM continues to see meaningful activity across its acreage position
 - Recent well adds consistent with periods of much higher rig counts
 - Approximately 1,450 permits¹ filed on all mineral and royalty interests during 2016
 - The Partnership estimates that ~10% of all permits¹ filed in the Lower 48 involved BSM mineral and royalty acreage

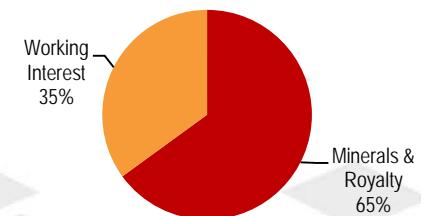
2016 Production by Play



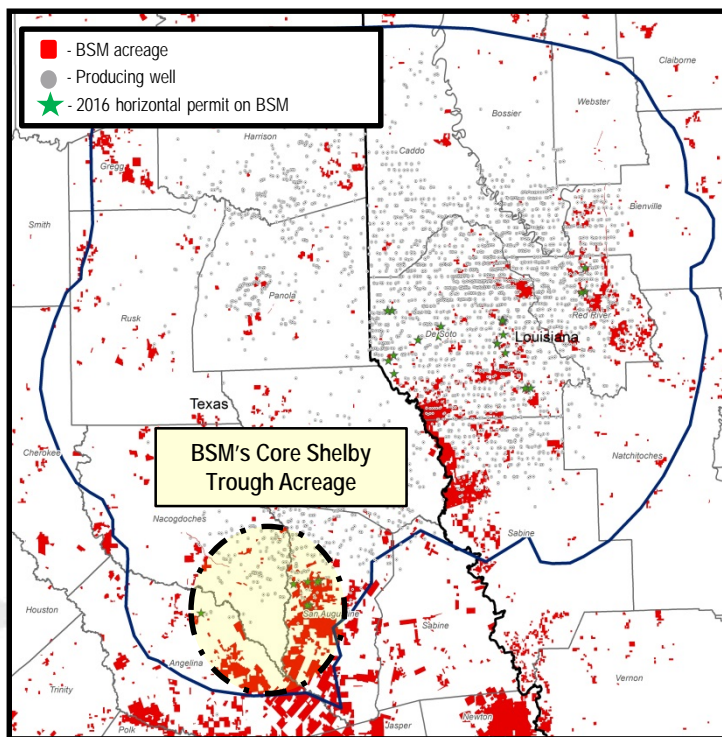
2016 Production by Commodity



2016 Production by Interest Type



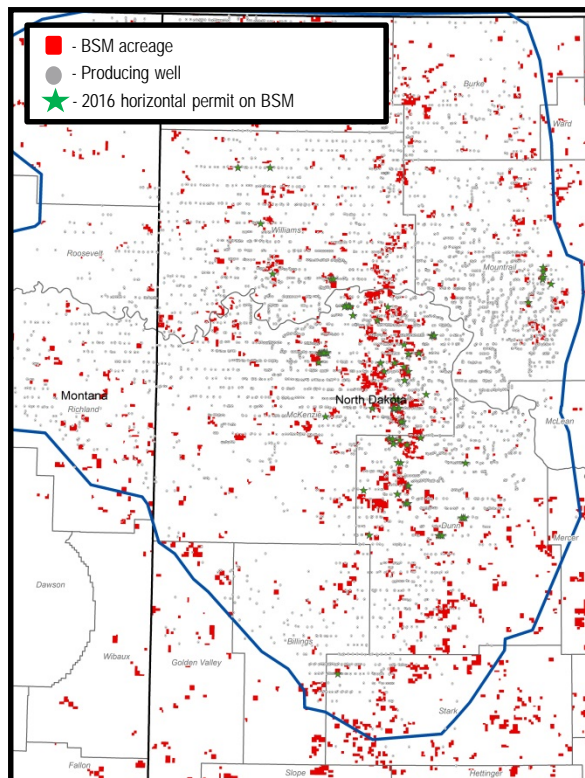
Haynesville & Bossier Shales



- Improved completion designs, lower costs, and a favorable basis leading to renewed interest in the play
- Significant levels of investment being made by both public and private companies
- Active operators on BSM include XTO, Vine, Indigo Minerals, and Chesapeake
- XTO currently running 2 rigs on BSM acreage in the core of the Shelby Trough
 - Well results and economics among the best in the play
- BP now running 4 rigs in San Augustine County and 1 rig in Angelina County with impressive results

Gross Mineral and Royalty Acres ¹	305,375
Net Royalty Acres ²	295,888
2016 Production, Boe/d ³	10,335
Producing Wells	858
2016 New Wells Added	41
Permits on BSM last 12 mos ⁴	62
% Permits on BSM acreage last 12 mos	35%

Bakken/Three Forks

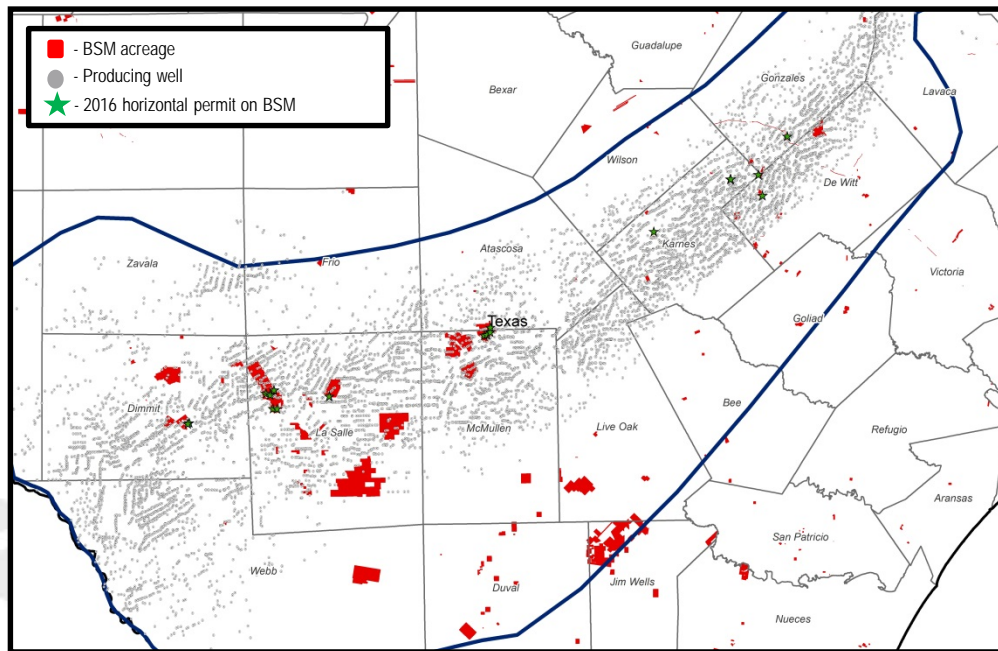


- Wells costs down 50% or more from peak costs in 2014
- Improved drilling efficiency and completion designs resulting in better performing wells
- BSM Bakken/Three Forks production has been flat despite significant drop in rig activity across play
- ConocoPhillips, Hess, Oasis, and Continental were among the most active operators on BSM acreage in 2016

Gross Mineral and Royalty Acres ¹	359,443
Net Royalty Acres ²	94,866
2016 Production, Boe/d ³	4,136
Producing Wells	2,372
2016 New Wells Added	267
Permits on BSM last 12 mos ⁴	262
% Permits on BSM acreage last 12 mos	37%

1) Acreage includes mineral interests, NPRI, and ORRI for Bakken only
 2) A net royalty acre is defined as one surface acre leased at a 1/8th royalty
 3) Production includes both royalty interest and working interest
 4) Permit data sourced from IHS and represents permits filed during 2016

Eagle Ford Shale

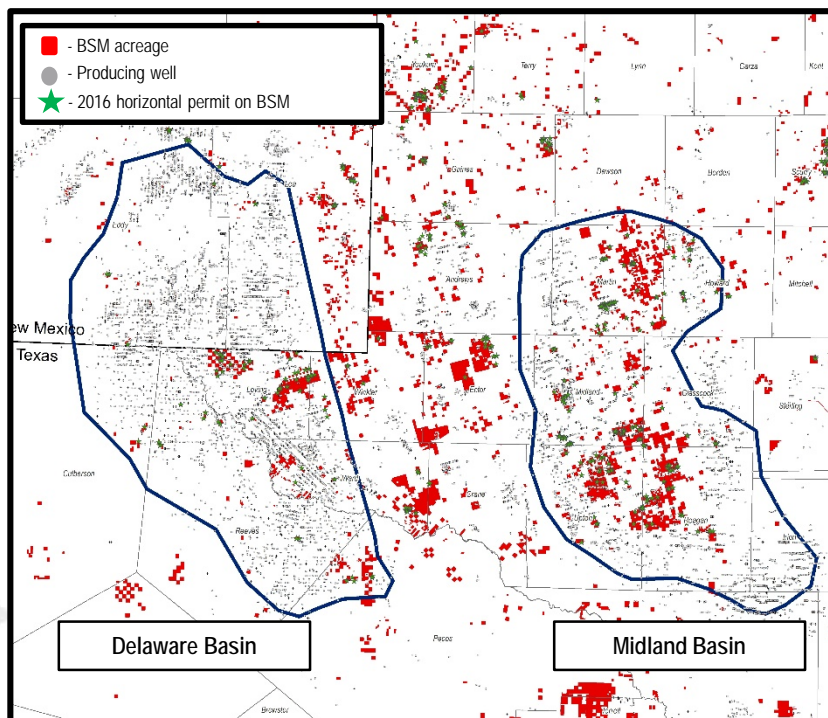


- Rig count recently at 60, twice the May 2016 low
- BSM exposed to some of the best parts of the play
- Most active operators on BSM include:
 - Chesapeake
 - EOG
 - EP Energy
 - Carrizo

Gross Mineral and Royalty Acres ¹	195,815
Net Royalty Acres ²	34,065
2016 Production, Boe/d ³	2,280
Producing Wells	613
2016 New Wells Added	75
Permits on BSM last 12 mos ⁴	78
% Permits on BSM acreage last 12 mos	8%

1) Acreage includes mineral interests, NPRI, and ORRIs
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Delaware and Midland Basin Horizontal Plays

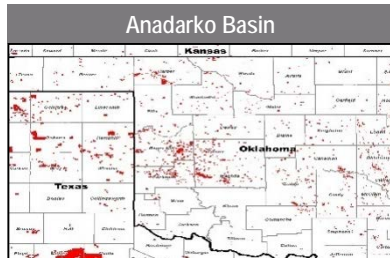


- Black Stone has significantly expanded its Permian Basin footprint since its IPO
- Continuing to build positions across the basin
- Most active operators on BSM acreage include:
 - Pioneer
 - Parsley
 - XTO
 - Concho

Gross Mineral and Royalty Acres ¹	488,053
Net Royalty Acres ²	41,092
2016 Production, Boe/d ³	739
Producing Wells	671
2016 New Wells Added	130
Permits on BSM last 12 mos ⁴	399
% Permits on BSM acreage last 12 mos	14%

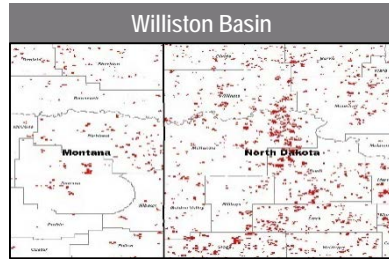
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Multiple Avenues of Growth with Free Options on New Discoveries



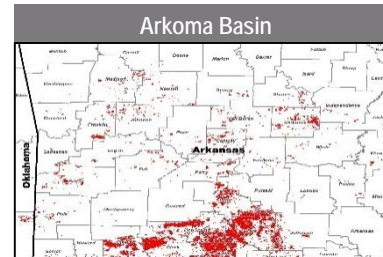
Anadarko Basin

Plays: Granite Wash, SCOOP, STACK, Cottage Grove, Hogshooter, Marmaton, and Springer



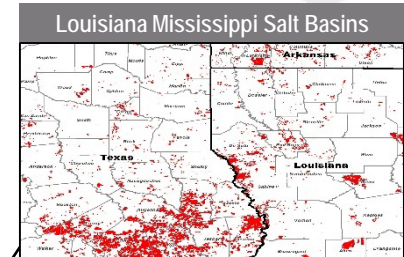
Williston Basin

Plays: Bakken, Three Forks, Madison, Red River, Ratcliff, and Spearfish



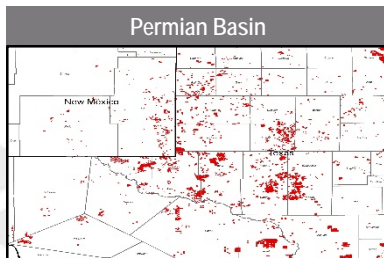
Arkoma Basin

Plays: Fayetteville, Atoka, Cromwell, Dunn, Hale, and Woodford



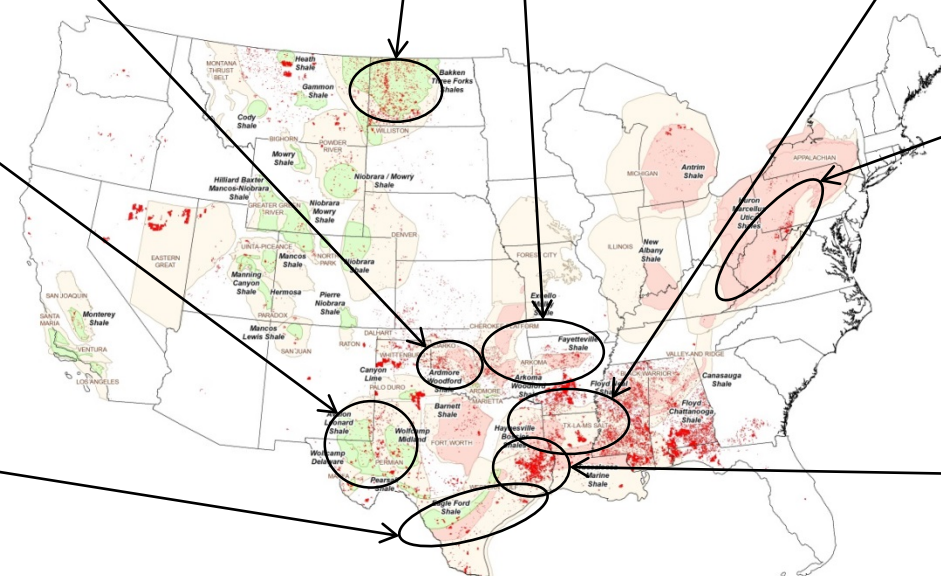
Louisiana Mississippi Salt Basins

Plays: Haynesville, Bossier, Brown Dense, Cotton Valley, Hosston, Norphlet, Smackover, and Wilcox



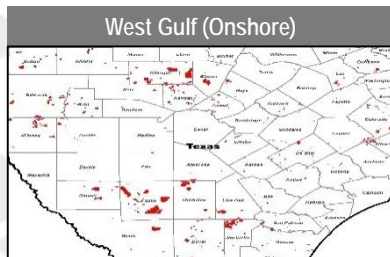
Permian Basin

Plays: Wolfcamp, Spraberry, Bone Spring, Avalon, Atoka, Clearfork, San Andres, Strawn, and Wichita Albany



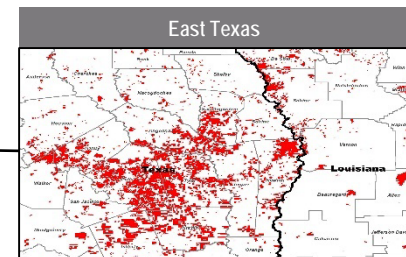
Appalachian Basin

Plays: Marcellus, Utica, Berea, Big Injun, Devonian, Huron, and Rhinestreet



West Gulf (Onshore)

Plays: Eagle Ford, Austin Chalk, Eaglebine, Frio, Glenrose, Olmos, Woodbine, Vicksburg, Wilcox, and Yegua



East Texas

Plays: Wilcox, Austin Chalk, Bossier Sand, Goodland Lime, James Lime, Pettit, Smackover, and Woodbine

Other plays include:

DJ Basin: Niobrara and Codell

Southwestern Wyoming: Pinedale Anticline, Mesaverde, Niobrara, and Wasatch

Palo Duro: Canyon Lime, Brown Dolomite, Canyon Wash, Cisco Sand, and Strawn Wash

Bend Arch-Fort Worth Basin: Barnett Shale, Bend Conglomerate, Caddo, Marble Falls, and Mississippian Falls

Investment Highlights



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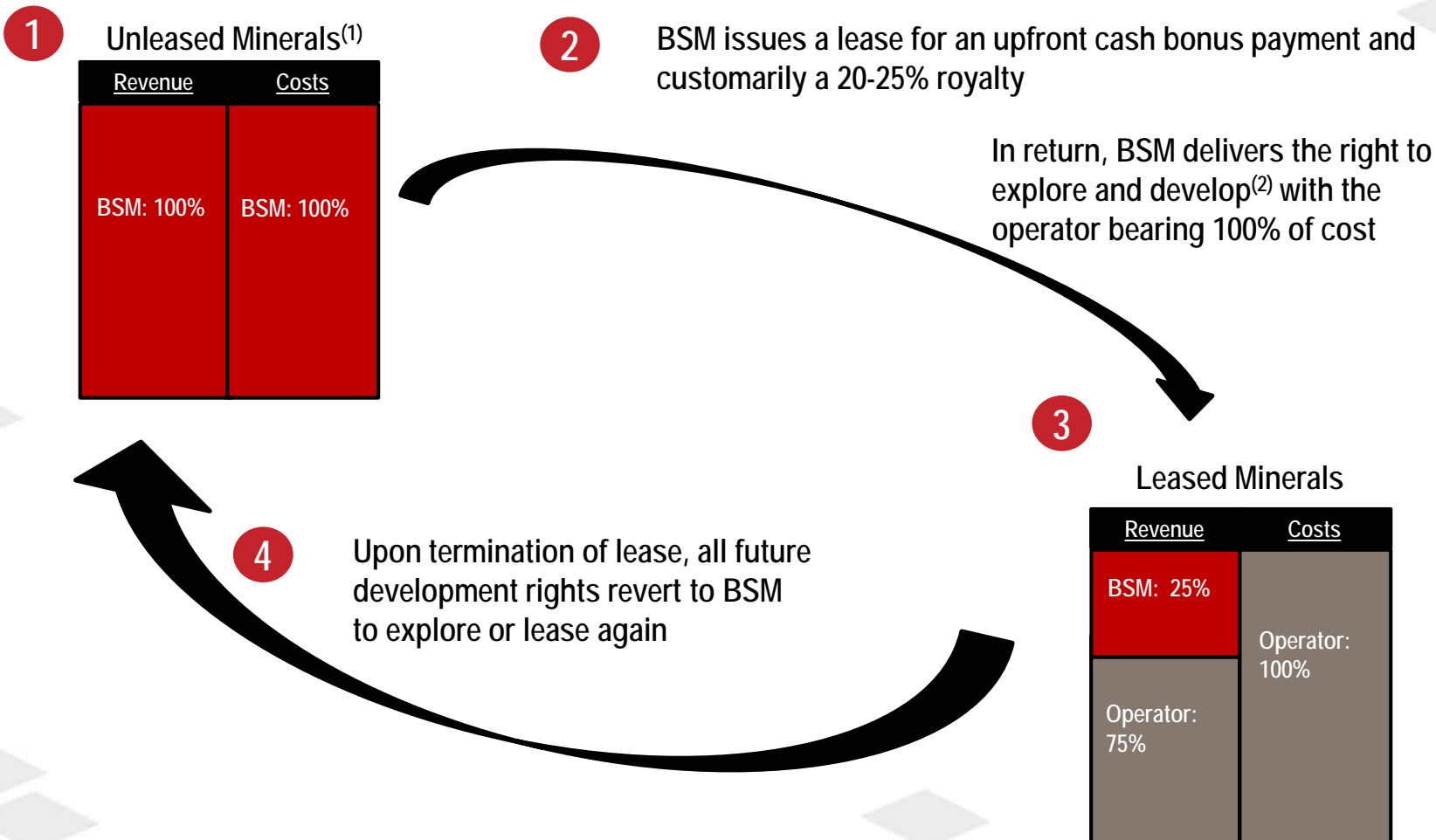


Appendix

How Mineral and Royalty Interests Work



Mineral Revenue Generation



1. Mineral owner realizes revenue and bears costs only if it elects to develop the acreage
 2. Right to develop often subject to restrictions including a) retained working interests participation option for BSM; b) the ability to hold leased acreage may be restricted to specified depths through "Pugh" clauses (undeveloped depths will revert back to BSM); and c) well commitments obligating the lessee to develop acreage at a minimum pace or face dollar damages / loss of lease

The Value of Mineral and Royalty Interests



Operating Margin per Equity Barrel (\$/Boe)

Illustrative Working
Interest Operator

Illustrative Mineral/Royalty
Interest Owner

Revenue \$26.50 / Boe



- Mineral and royalty production realizes higher margins than working interest production
- After acquisition, no capital required by the mineral and royalty owner to generate production or realize revenue

Full Year 2017 Guidance



	FY2017
Average daily production (Mboe/d)	35.0 – 37.0
Percentage oil	~25%
Percentage royalty interest	~60%
Lease bonus and other income (\$MM)	\$25 – \$35
Lease operating expense (\$MM)	\$18 – \$22
Production costs and ad val. taxes (% of total pre-derivative O&G revenue)	13% – 15%
Exploration expense (\$MM)	\$0.5 – \$1.5
G&A – cash (\$MM)	\$41 – \$43
G&A – non-cash (\$MM)	\$25 – \$27
G&A – TOTAL (\$MM)	\$66 – \$70
DD&A (\$/Boe)	\$8.50 – \$9.50

EBITDA, Adjusted EBITDA, and Distributable Cash Flow Reconciliation



	Year Ended December 31	
	2016	2015
	(In thousands)	
Net income (loss) (GAAP)	\$ 20,188	\$ (101,305)
Adjustments to reconcile to Adjusted EBITDA:		
Add:		
Depreciation, depletion and amortization	102,487	104,298
Interest expense	7,547	6,418
EBITDA (Non-GAAP)	130,222	9,411
Add:		
Impairment of oil and natural gas properties	6,775	249,569
Accretion of asset retirement obligations	892	1,075
Equity-based compensation ¹	43,138	18,000
Unrealized loss on commodity derivative instruments	81,253	—
Less:		
Unrealized gain on commodity derivative instruments	—	(27,063)
Adjusted EBITDA (Non-GAAP)	262,280	250,992
Adjustments to reconcile to cash generated from operations:		
Add:		
Restructuring charges	—	4,208
Incremental general and administrative related to initial public offering	—	1,303
Loss on sale of assets, net	—	—
Less:		
Change in deferred revenue	(870)	(660)
Cash interest expense	(6,676)	(5,483)
Gain on sales of assets, net	(4,793)	(4,873)
Estimated replacement capital expenditures ²	(11,250)	—
Cash generated from operations	238,691	245,487
Less:		
Cash paid to noncontrolling interests	(111)	(208)
Redeemable preferred unit distributions	(5,763)	(11,562)
Cash generated from operations available for distribution on common and subordinated units and reinvestment in our business (Non-GAAP)	\$ 232,817	\$ 233,717

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 of Directors 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 expenditure prior to this period.

Subordinated Conversion Mechanics



Automatic Conversion

- 1:1 Conversion if BSM earns and pays \$1.35 per unit on all common and subordinated units for the four-quarter period ending March 31, 2019, or any four-quarter period thereafter

Optional Conversion

- Board may elect to “force” conversion on or after March 31, 2019 if automatic conversion has not occurred
- Conversion ratio = $\frac{\text{Distributions Paid to Subs Over Previous Four Quarters}}{\text{MQD Amount for Previous Four Quarters}}$
 - Conversion ratio is based on NTM forecasted distributions to subordinated units if lower than actual LTM distributions paid
- Optional conversion may be deferred at Board’s election