

# Annual Meeting Presentation

June 2020



**BLACK STONE**  
MINERALS

[www.blackstoneminerals.com](http://www.blackstoneminerals.com) | NYSE: BSM

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## **BSM**

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## **LISTED**

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## **NYSE**

- ▲ Black Stone Minerals, L.P. is the largest pure-play oil and gas mineral and royalty owner in the United States
- ▲ Over 20 million mineral and royalty acres (7.4 million net) with interests in 41 states
  - ▲ Concentrated positions in the Permian, Haynesville, and Bakken

### Enterprise Value<sup>1</sup>

~\$2.2 B

### Current Yield<sup>2</sup>

~4.4% (Distribution)

~17% (DCF)

### 1Q20 Production

46.9 Mboe/d

### Inside Ownership

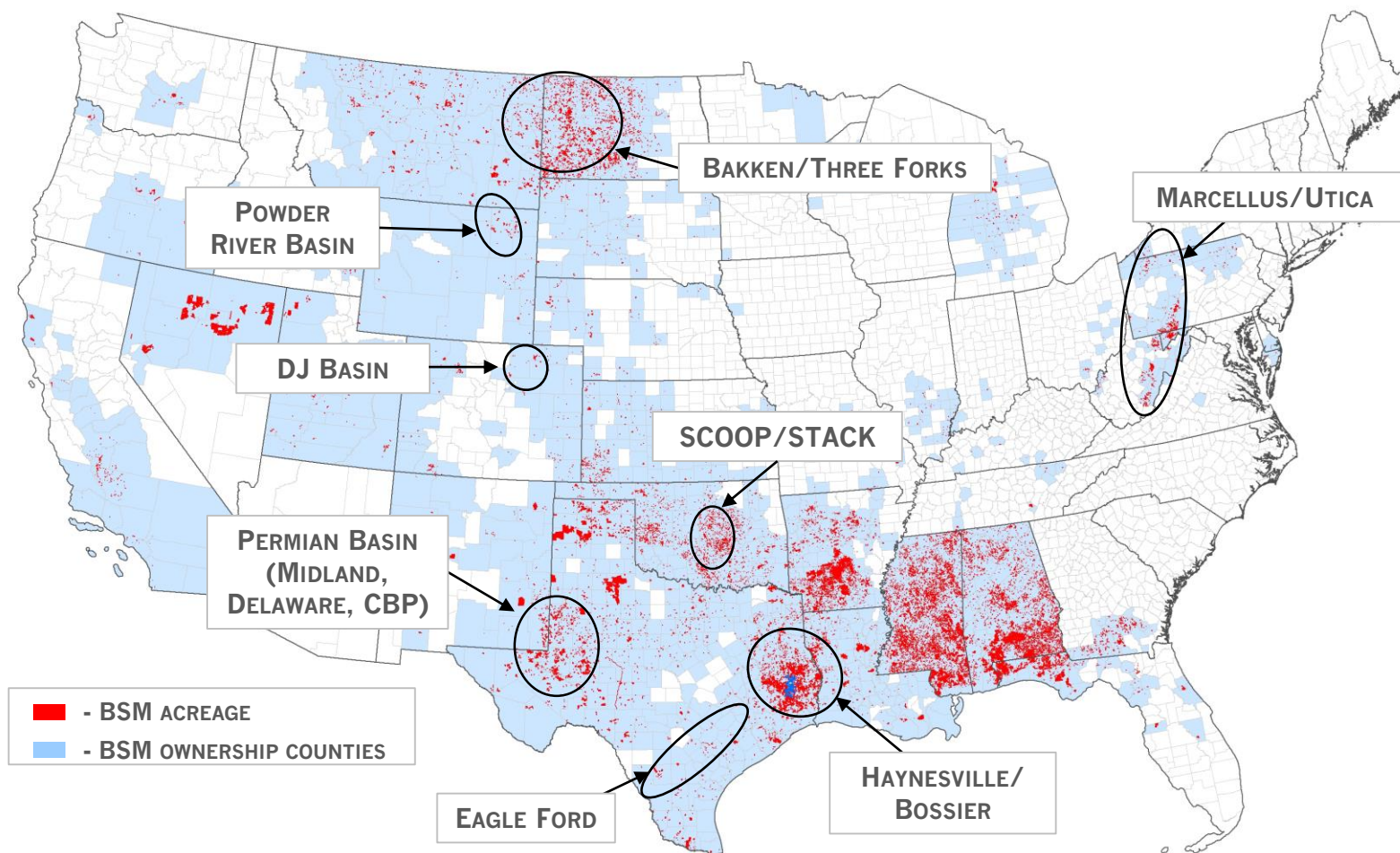
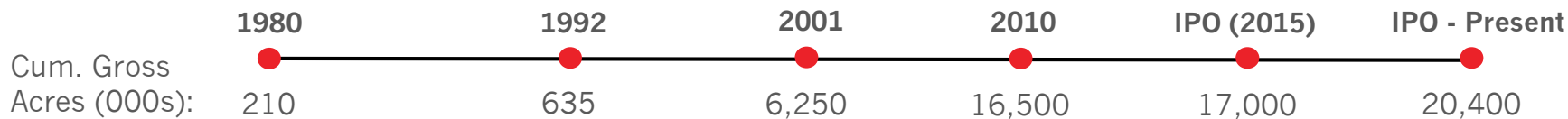
> 25% Insiders

> 80% Legacy Owners

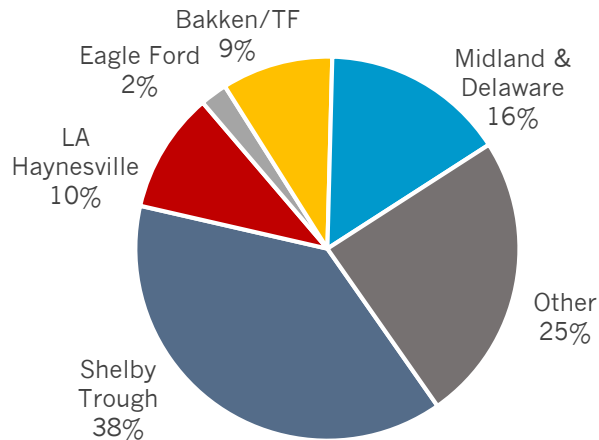
1) Enterprise value includes pref. equity and assumes unit price of \$7.32 per unit on June 16, 2020

2) Distribution yield calculated by annualizing the common distribution for 1Q20 of \$0.08 per unit and DCF yield calculated by annualizing DCF per unit for 1Q20 of \$0.32; respective yields calculated using the unit price of \$7.32 per unit on June 16, 2020

# Current Acreage Position

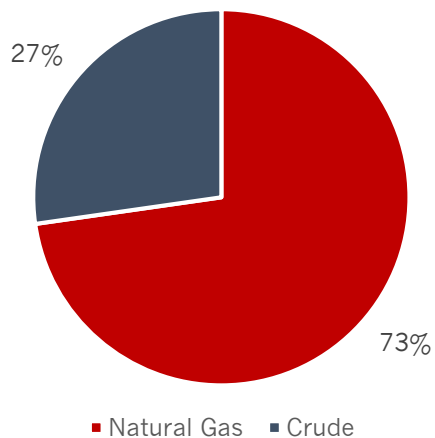


## 1Q20 Production by Play



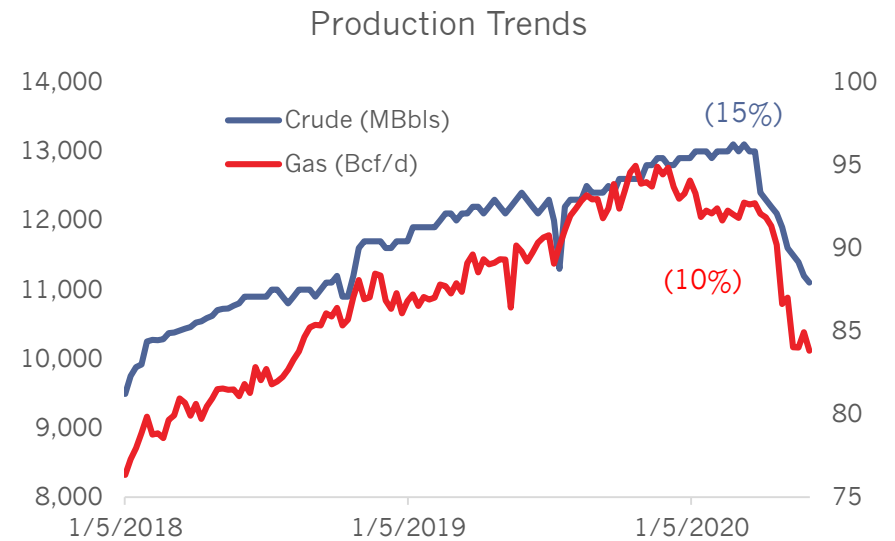
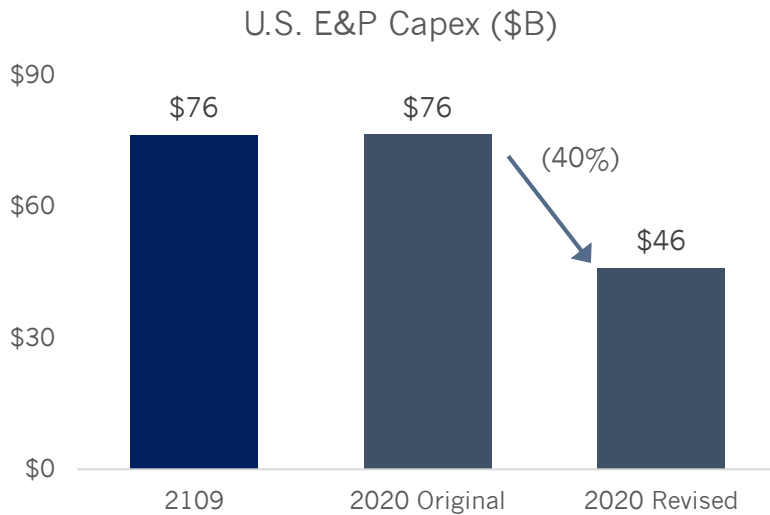
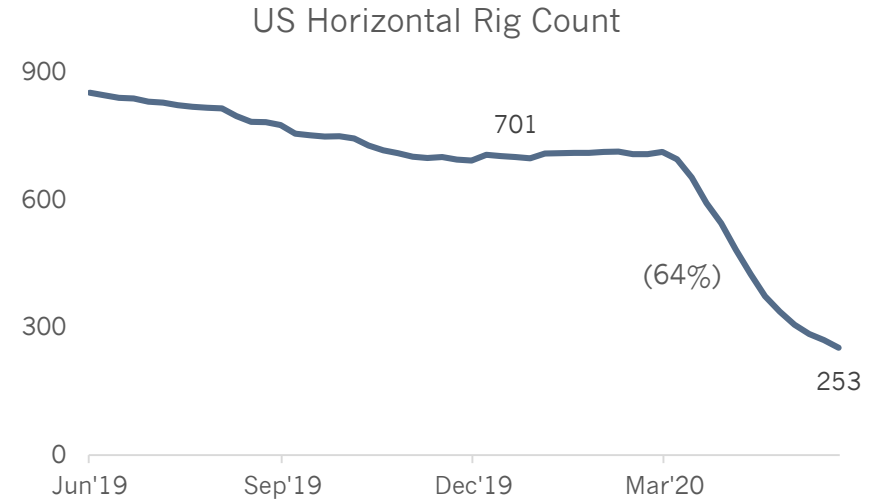
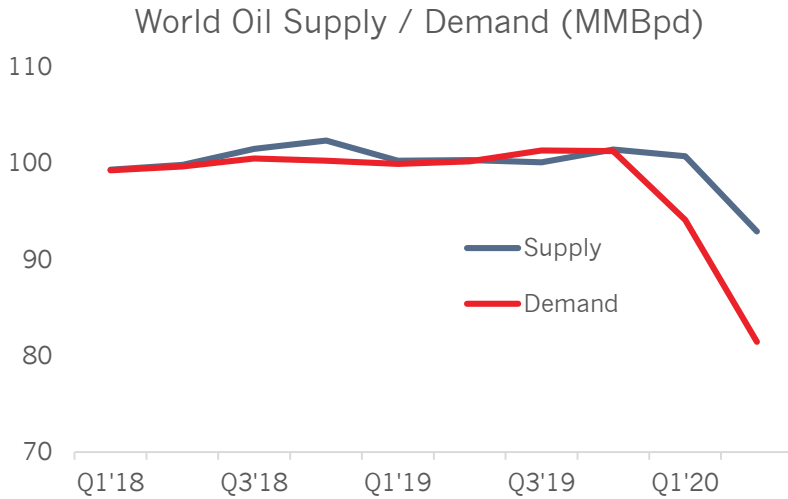
46.9 MBoe/d

## 1Q20 Production by Product



- ▲ Black Stone benefits from the significant diversity of its asset base
  - ▲ Broad exposure to new discoveries and development activity
  - ▲ Acreage in every resource play, with large positions in several of the most active resource plays
  - ▲ East Texas natural gas exposure creates a natural hedge to downturns in Midland / Delaware oil production

# Unprecedented Industry Conditions



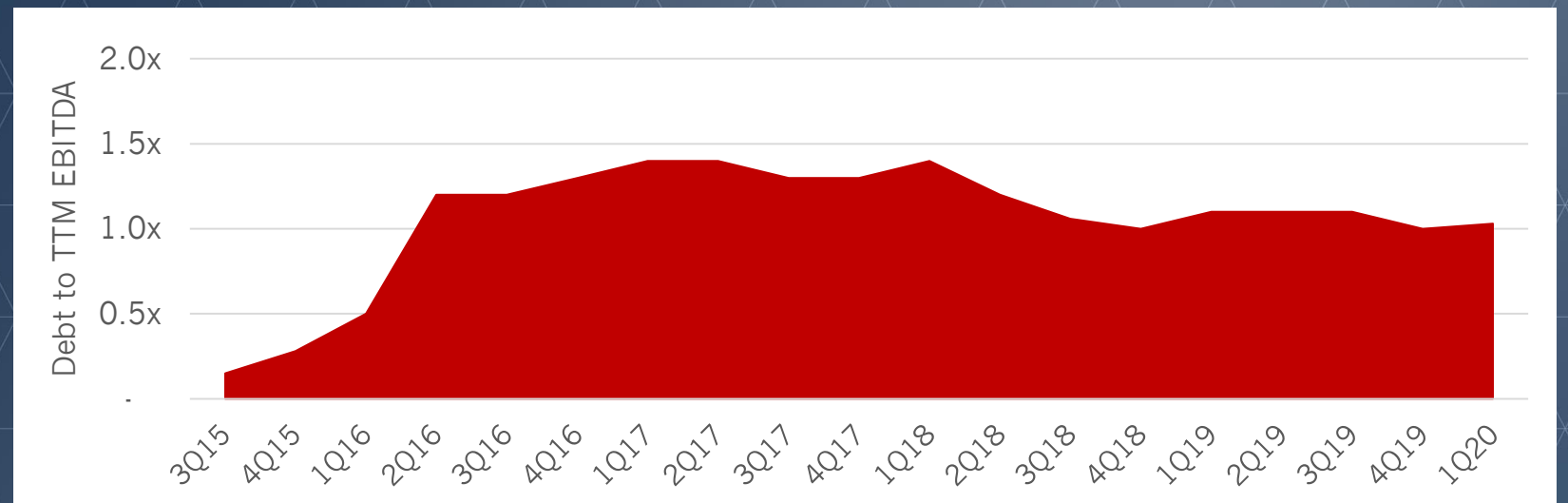
- ▲ In February, even before the impact of the coronavirus, Black Stone took significant steps to reduce its controllable costs
  - ▲ Reduced size of workforce by approximately 20%
  - ▲ Reduced executive compensation: total target executive compensation down 64% in 2020 compared to 2019
  - ▲ Reduced board compensation
- ▲ Total G&A costs expected to decline from ~\$65 million to sub-\$40 million run-rate
- ▲ Lowered distribution to direct significant free cash flow to further pay down debt balance; debt reduced by ~\$60 million YTD
- ▲ Conducted \$155 million of targeted asset sales to accelerate debt reduction objectives and create potential for higher payout ratio
  - ▲ Total debt outstanding expected to be below \$200 million post-closing in July 2020

## Strategy: Maximize financing flexibility for new acquisition opportunities

### ▲ Funding sources

- ▲ Public markets – Approx. \$73 million issued through ATM since 2017
- ▲ Private capital – \$300 million convertible preferred issued in November 2017
- ▲ Equity issued directly to sellers – Since beginning of 2017, approx. \$95 million issued through 1Q20
- ▲ Credit facility availability – BSM regularly maintains \$100 to \$200 million of dry powder

### ▲ BSM has maintained a strong balance sheet through cycles

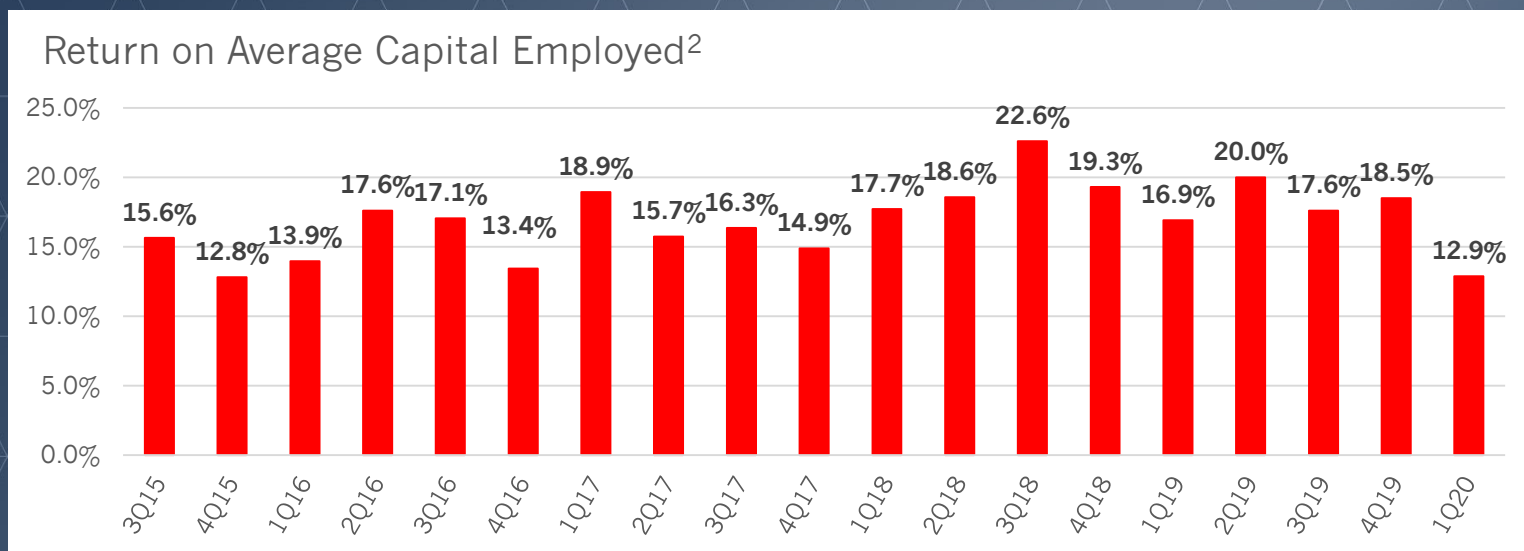




## ▲ Long history of returning cash to equity holders

- ▲ Distribution yield supported by coverage
- ▲ ~\$3.6 billion returned to investors through distributions over the past 20 years
- ▲ ~2.2x return on invested capital to date<sup>1</sup>

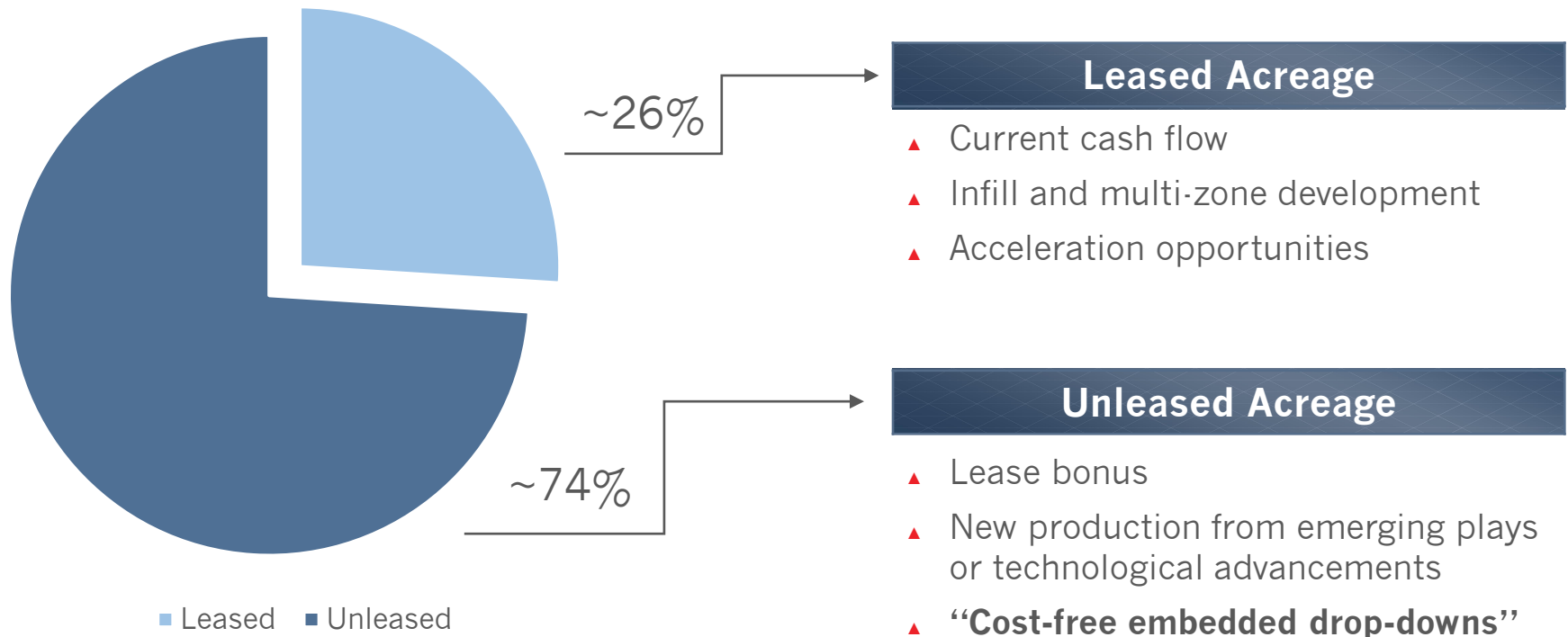
## ▲ Consistent return performance across commodity cycles



1) Return on Investment (ROI) calculated as (Cumulative Distributions + Adj. BSM Market Cap) / Capital Raised through March 31, 2020

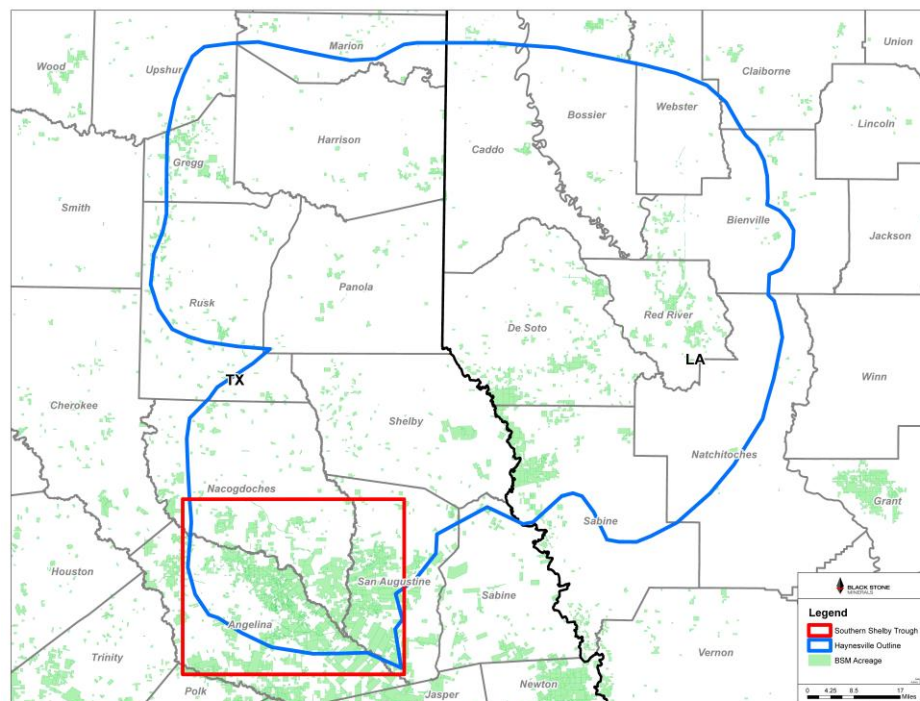
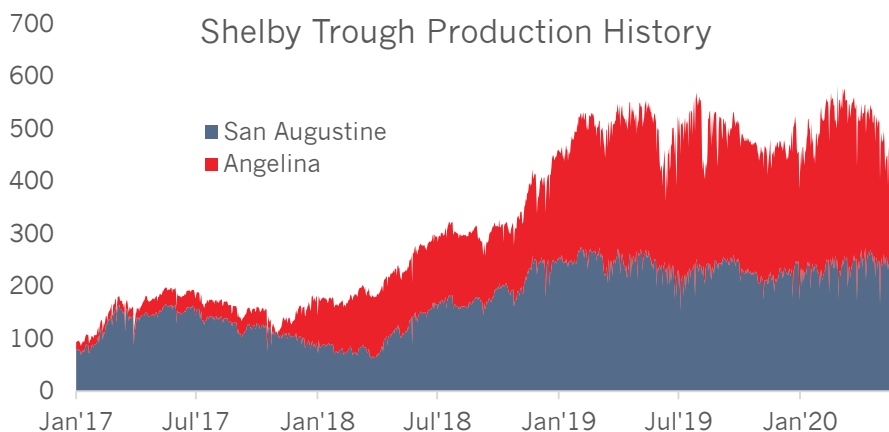
2) ROACE calculated as the annualized quotient of quarterly EBIT (Adjusted EBITDA less DD&A) divided by average capital employed during the period; capital employed is defined as the sum of long-term debt, preferred equity, and equity as reported on consolidated quarterly balance sheets

- ▲ **20 million gross acres (7.4 million net) of opportunity leads to organic growth with no incremental capital requirements**
  - ▲ Black Stone's team of landmen, engineers and geologists actively promote its acreage to industry operators
  - ▲ Most recent example is partnering with Aethon Energy to restart development of Shelby Trough Haynesville/Bossier acreage in Angelina County



1) As of December 31, 2019; based on gross acres for all interest types

- ▲ The Shelby Trough is a prolific natural gas play at the southern extent of the Haynesville / Bossier play in East Texas
- ▲ Black Stone is the largest single landowner in the area
- ▲ The two original operators in the area slowed development activity in 2019
- ▲ In May 2020, Black Stone announced a new partnership with Aethon to initiate new development in Angelia County
- ▲ Black Stone also reached an agreement with XTO Energy in June 2020 to begin completing 13 drilling but uncompleted wells (DUCs)
- ▲ Black Stone is currently marketing other Shelby Trough development opportunities in San Augustine County



# 20 Million Acres of Opportunity

- ▲ 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

