



BLACK STONE
MINERALS



**Stifel 2018
Cross Sector Insight
Conference**

June 12, 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

~\$4.5 B

Current Yield²

~7.3%

1Q18 Production

42.4 MBoe/d

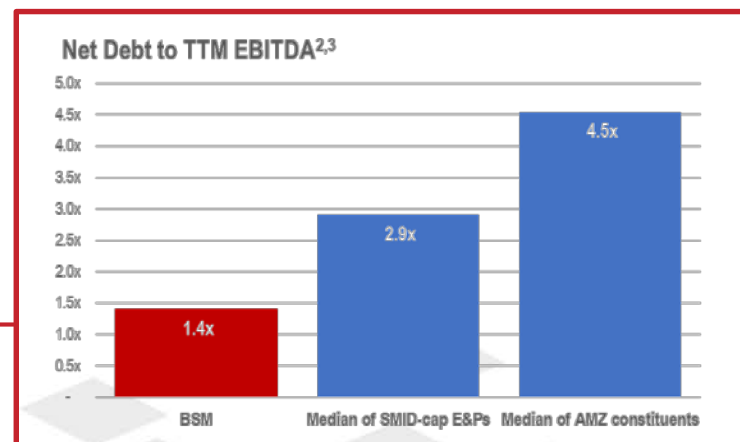
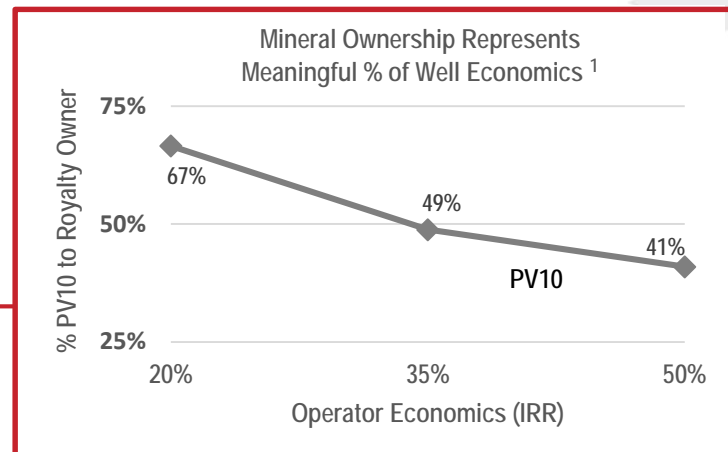
Inside Ownership

>20%

An Ideal Upstream Investment Vehicle



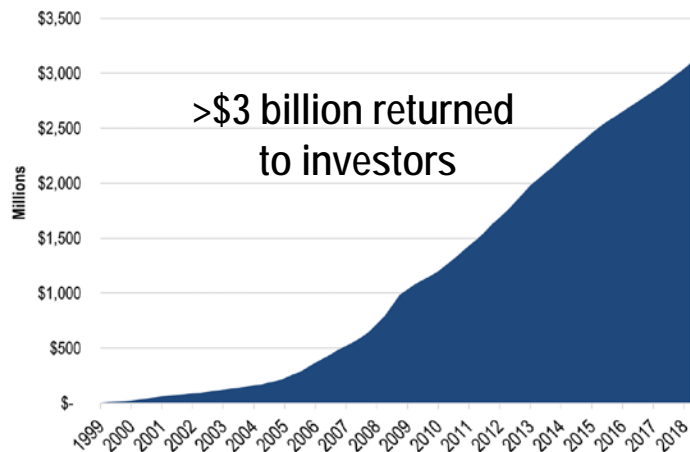
- **Size, scale, and diversity of asset base creates a durable competitive advantage**
 - Asset footprint covers both established and emerging plays; Haynesville/Bossier and Permian Basin expected to drive near-term growth
 - Black Stone well-positioned as a natural aggregator in the space
- **No capital 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**



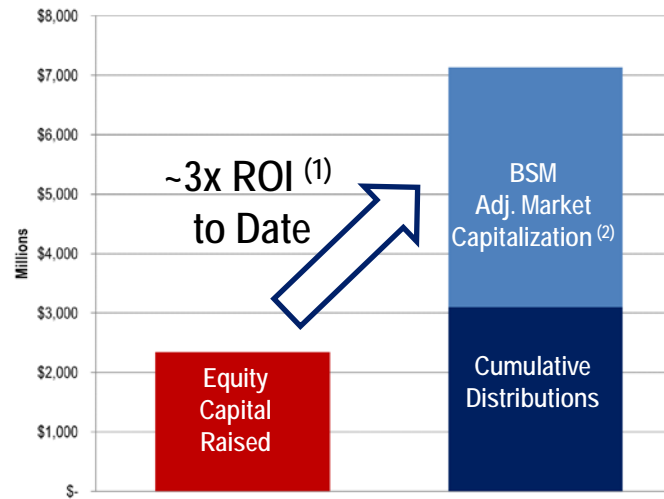
Long History of Creating Value



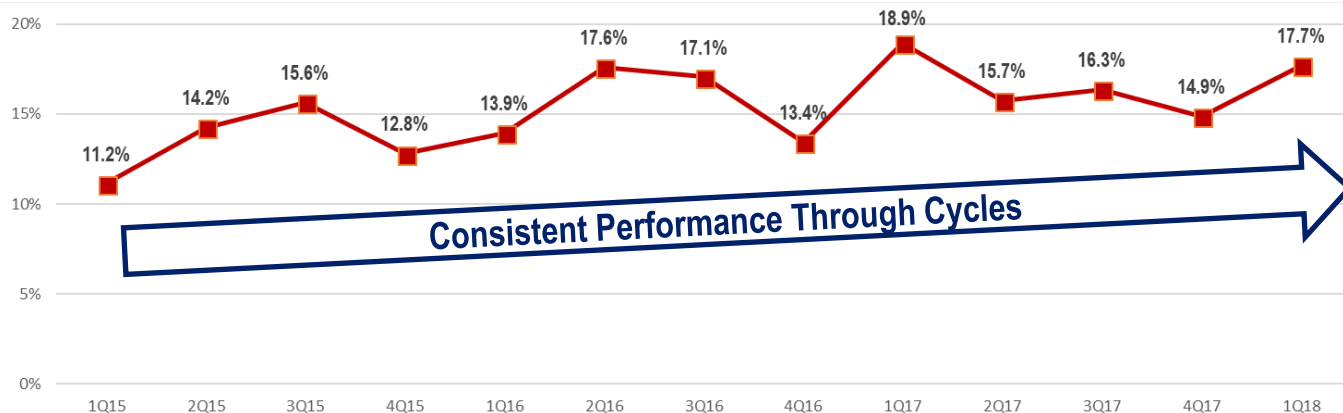
Cumulative Distributions to Date



Total Return to Date



Return on Average Capital Employed (3)



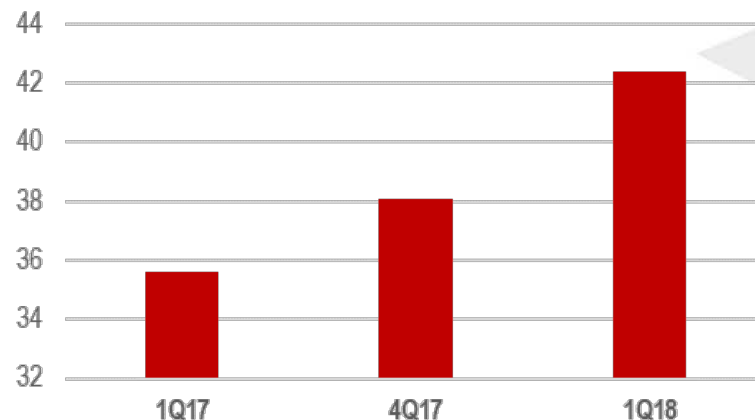
BLACK STONE MINERALS, L.P. 1) Return on Investment (ROI) calculated as (Cumulative Distributions + Adj. BSM Market Cap) / Capital Raised through June 8, 2018
 2) BSM adjusted market capitalization includes pref. equity and assumes conversion of 100% of subordinated units into common units; unit price of \$18.52 per unit on June 8, 2018
 3) ROACE calculated as the annualized quotient of quarterly EBIT (Adjusted EBITDA plus 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

Strong Start to 2018

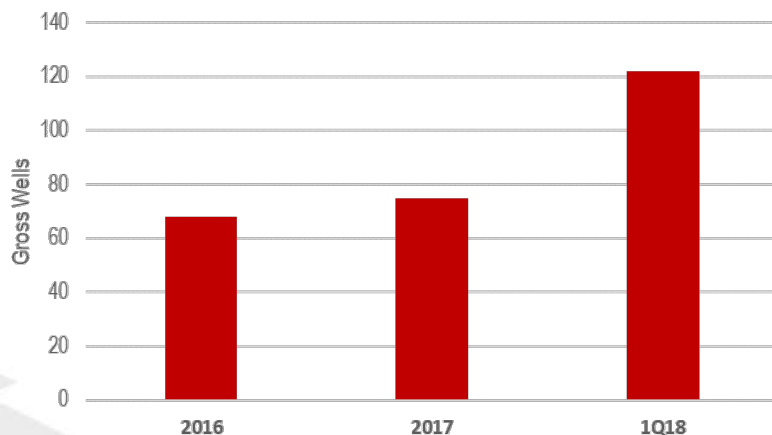


- The solid momentum BSM enjoyed last year continued into the first quarter of 2018
 - Average monthly 1Q18 gross well additions meaningfully above prior year levels
 - Daily production and Adjusted EBITDA reached new quarterly records
 - Acquired approximately \$32 million of mineral and royalty assets in the Permian and Haynesville

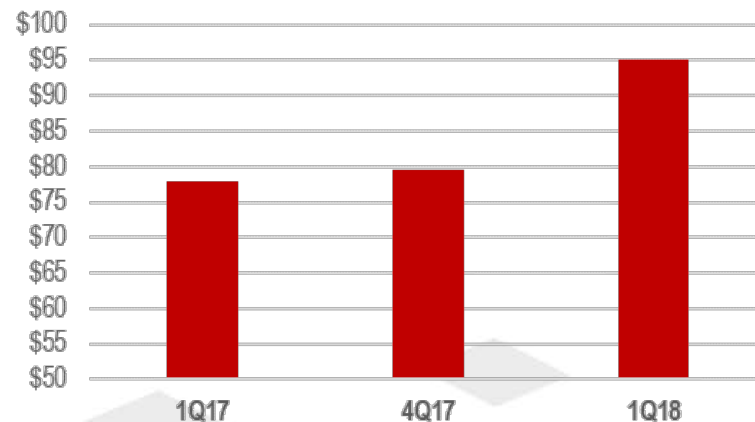
Avg. Daily Production (MBOE/d)



Average Monthly Wells Added



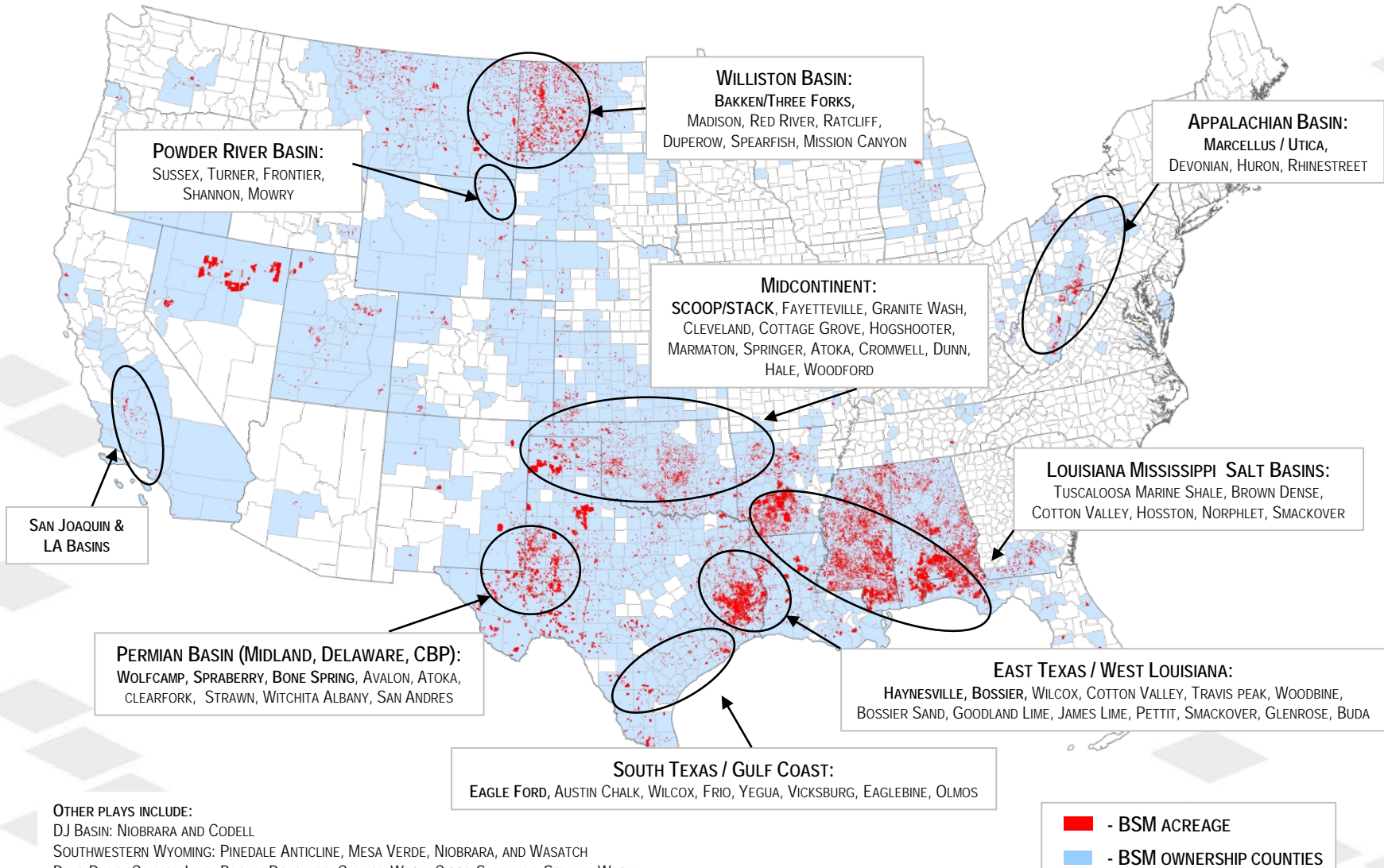
Adj. EBITDA (\$MM)



Black Stone Exposure to Lower 48



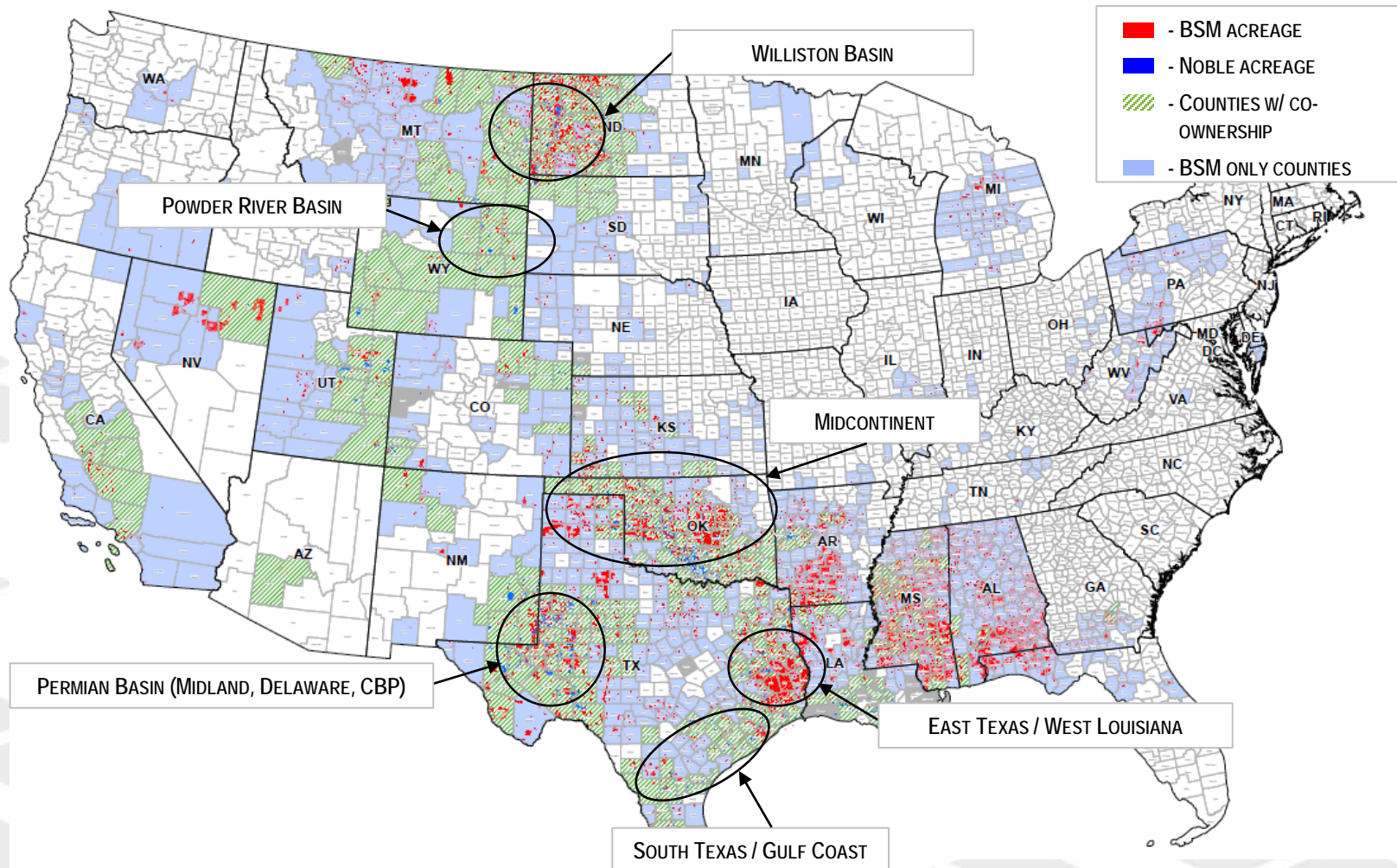
- Black Stone has leading positions in several of today's most active resource plays, as well as a perpetual call option across the lower 48 in dozens of prospective plays



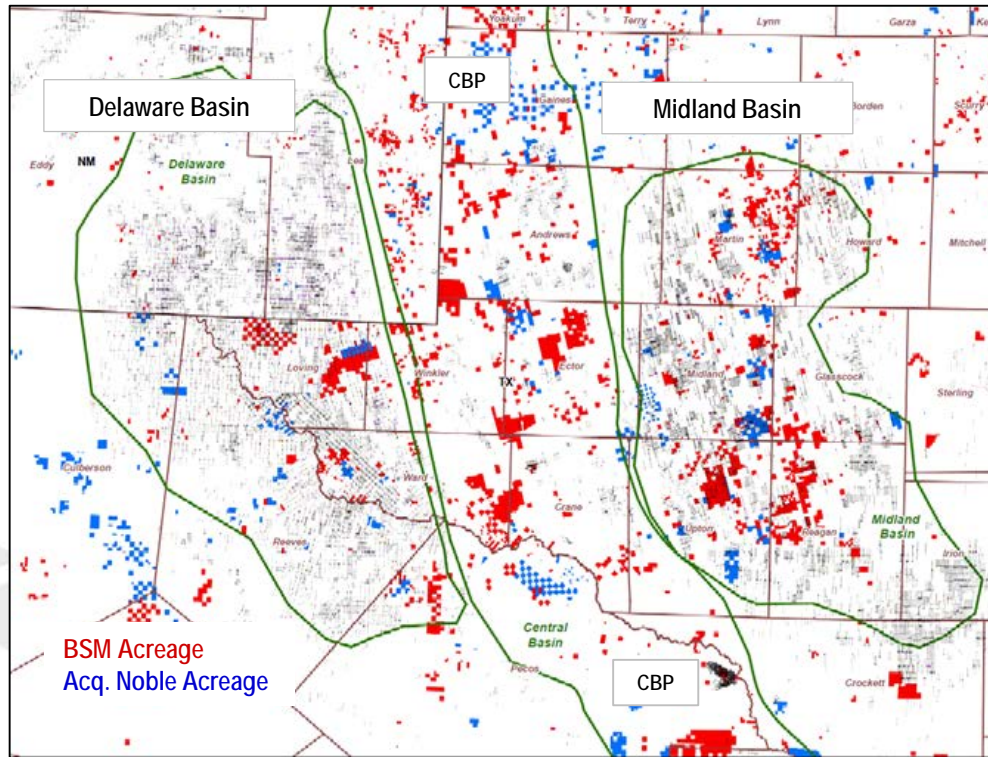
Highly Complementary Noble Acquisition



- 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 nearly 380 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 bolsters 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	~730,000
Net Royalty Acres ^{1,2}	~56,000
Permits on BSM last 12 mos ³	703
% Permits on BSM acreage last 12 mos ³	12%

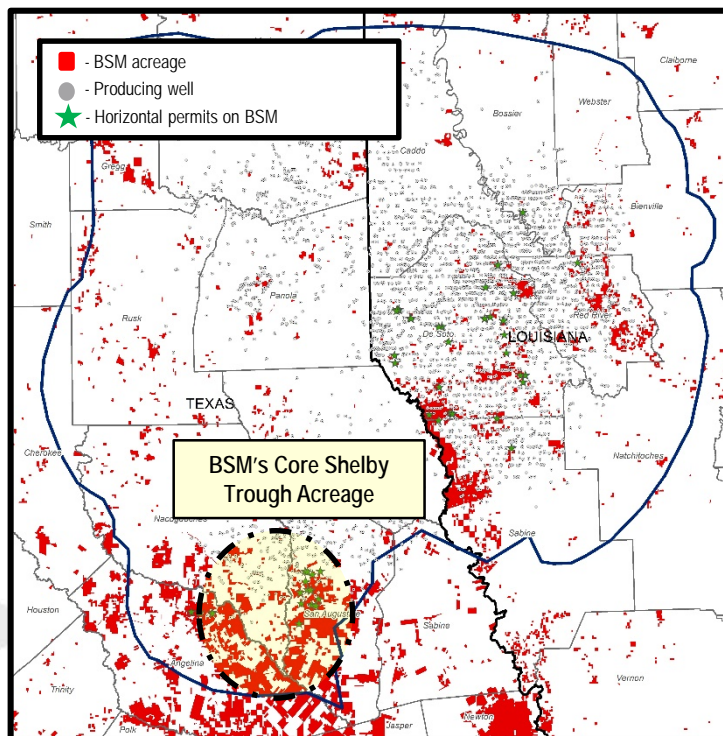
1) As of 5/7/18, inclusive of mineral interests, NPRIs, and ORRIs

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 3/31/18; includes permits on Noble acreage

4) Per RSEG report dated 05/01/18, source data provided by RigData

Haynesville / Bossier Position Driving Growth



- 52 active horizontal rigs⁴ across the play, up 330% 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 Haynesville/Bossier 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	82
% Permits on BSM acreage last 12 mos ³	19%

Active Operators



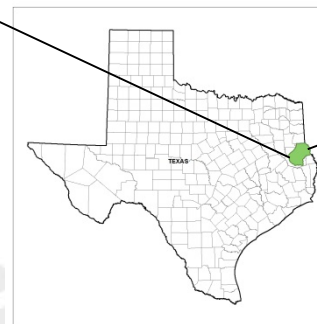
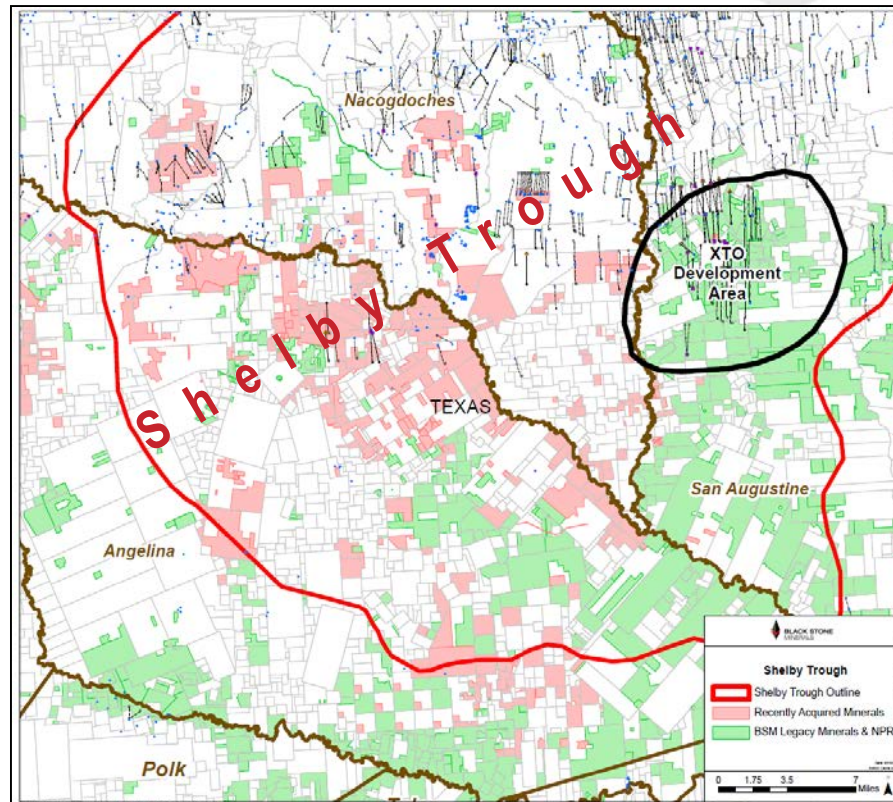
1) Includes only Haynesville acreage from 2017 10-K and includes mineral interests, NPRIs, and ORRIs
 2) A net royalty acre is defined as one surface acre leased at a 1/8th royalty
 Permit data sourced from IHS and represents permits filed through 3/31/18; includes permits on Noble acreage
 4) Per RSEG report dated 5/01/18, source data provided by RigData

The Benefit of Active Minerals Management

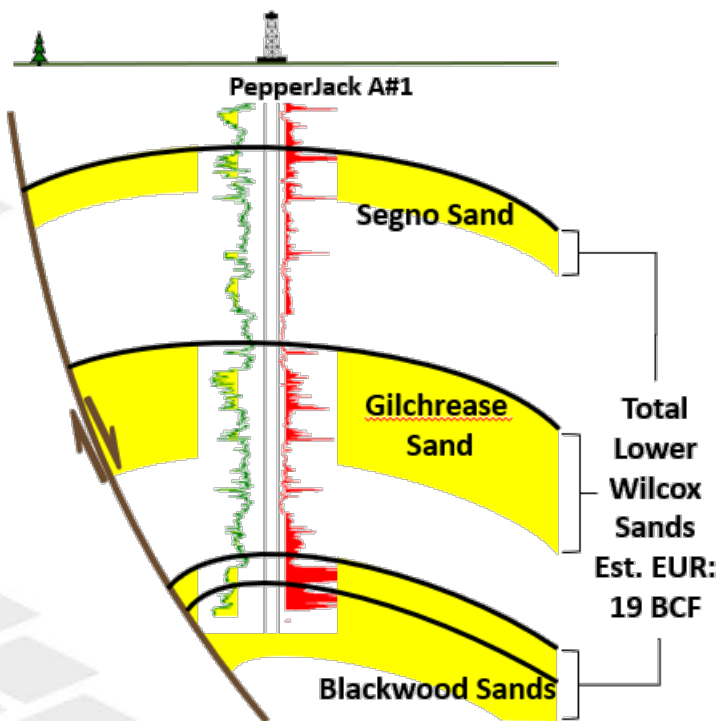
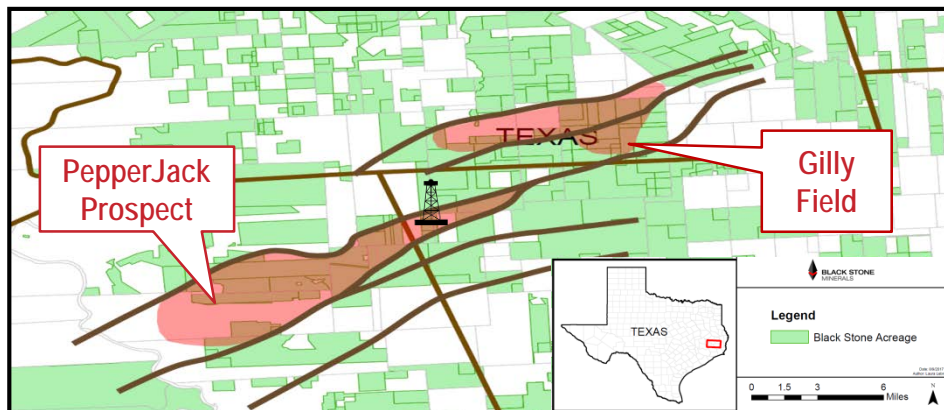
Incubation Example: The Shelby Trough



- In 2014, the southern portion of 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 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**

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

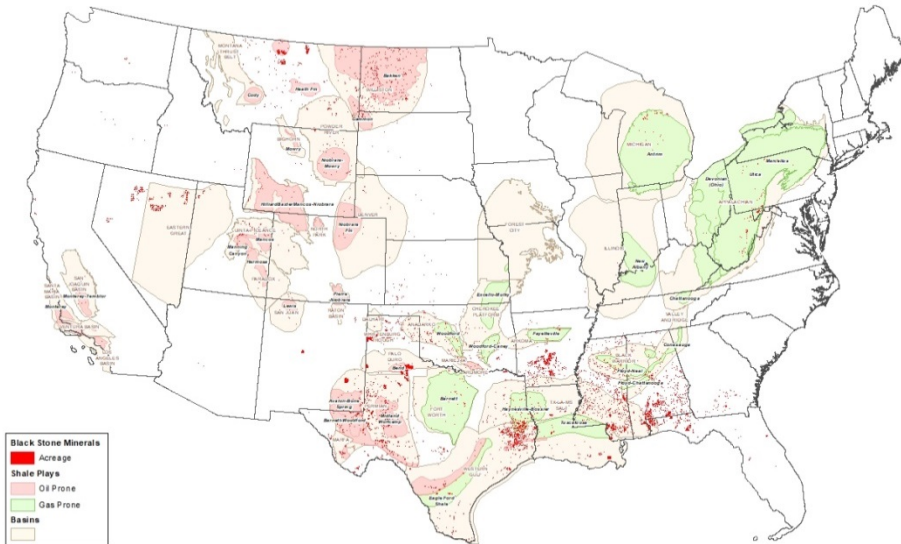


Appendix

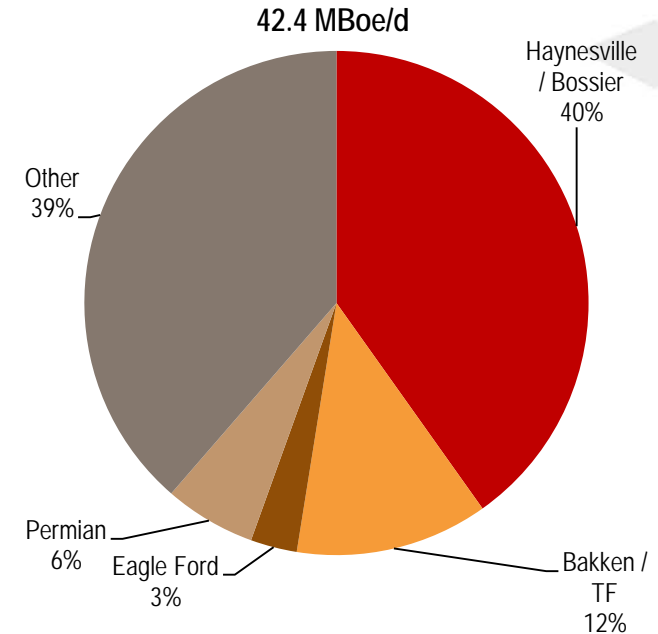
Industry-Leading Mineral and Royalty Portfolio



BSM Acreage Position > 20 MM Gross Acres



1Q18 Production by Play



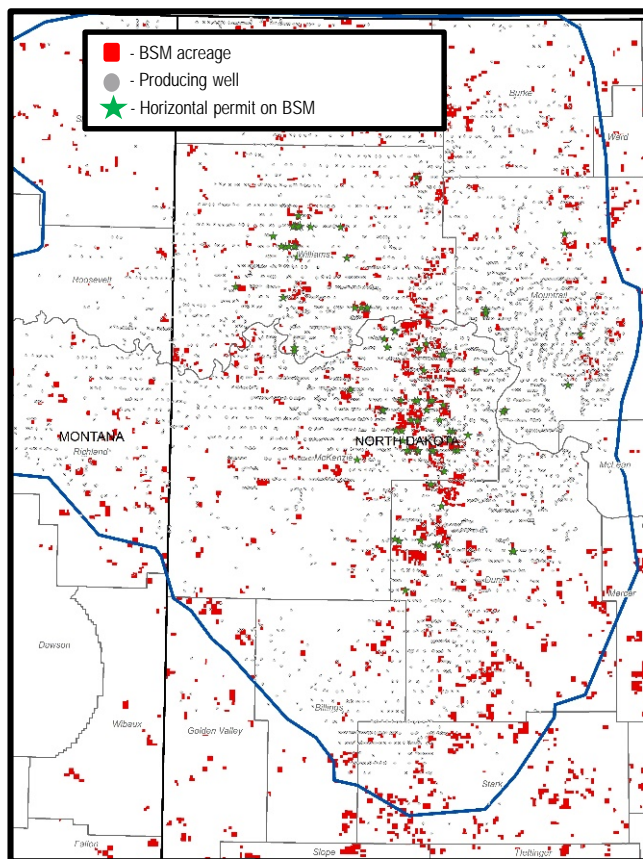
- Black Stone consistently sees meaningful activity across its acreage position
 - Trailing 12 month permits filed as of March 31, 2018 stands at ~1,975 permits¹
 - Approximately 8% of all permits¹ filed in the Lower 48 over the last 12 months have been on BSM acreage

Lower 48 Permitting Activity¹



¹ Permit counts include those on recently acquired Noble acquisition properties; excludes all Wyoming permits

Bakken / Three Forks Position



- 53 active horizontal rigs⁴ across the play, up approximately 140% 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



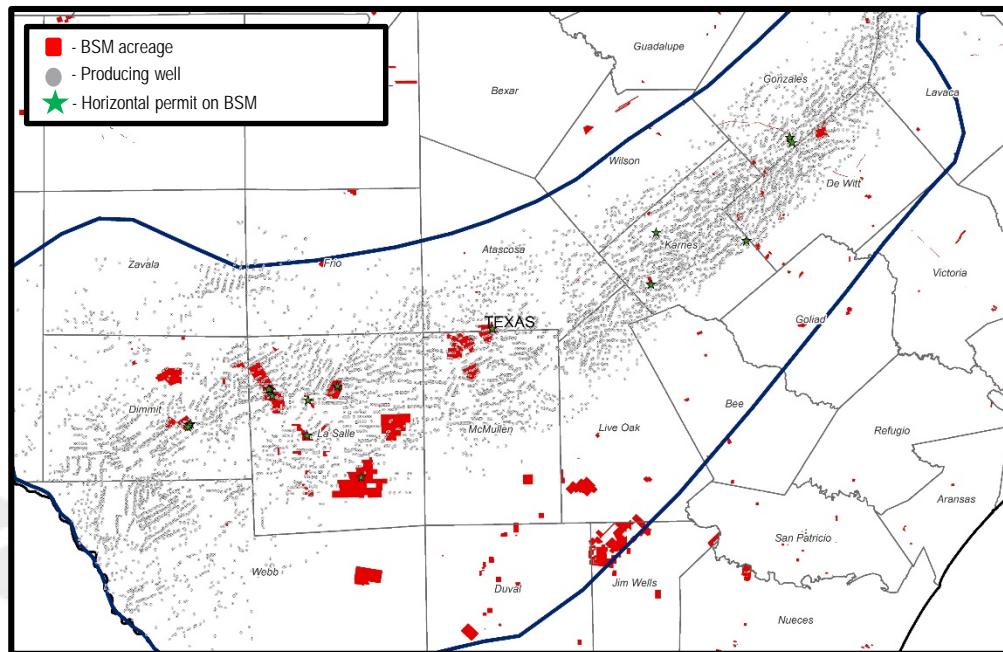
eog resources



Key Statistics	
Gross Mineral and Royalty Acres ¹	~420,000
Net Royalty Acres ^{1,2}	~107,000
Permits on BSM last 12 mos ³	347
% Permits on BSM acreage last 12 mos ³	29%

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 3/31/18; includes permits on Noble acreage
 4) Per RSEG report dated 5/01/18, 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	90
% Permits on BSM acreage last 12 mos ³	5%

Financial Summary



Current 2018 Guidance

Average daily production (Mboe/d)	41 - 43
Percentage natural gas	~75%
Percentage royalty	~65%
Lease bonus and other income (\$MM)	\$30 - \$40
Lease operating expense (\$MM)	\$15 - \$19
Production costs and ad valorem taxes (as % of oil & gas revenue)	12% - 14%
Exploration expense	\$1.5 - \$2.4
G&A – cash (\$MM)	\$45 - \$47
G&A – non-cash (\$MM)	\$28 - \$30
G&A – TOTAL (\$MM)	\$73 - \$77
DD&A (\$/Boe)	\$7.50 - \$8.50

Financial Position

(\$ in millions)	As of 3/31/18	As of 5/4/18
Cash	\$6.3	\$12.5
Borrowing base	\$550	\$600
Borrowings under credit facility	436	394
Remaining availability	114	206
Liquidity	\$120.3	\$218.5
Debt to TTM EBITDAX	1.4x	

Hedging Summary

	Rem. 2018	2019
Oil volumes hedged (MBbl)	2,544	1,980
Approximate % of production	83%	48%
Average price (\$/Bbl)	\$55.24	\$56.57
Gas volumes hedged (MMcf)	40,890	29,000
Approximate % of production	74%	39%
Average price (\$/Bbl)	\$3.01	\$2.86

Adjusted EBITDA and Distributable Cash Flow reconciliation



	Three Months Ended March 31,	
	2018	2017
	(Unaudited) (In thousands)	
Net income	\$ 41,957	\$ 61,583
Adjustments to reconcile to Adjusted EBITDA:		
Depreciation, depletion and amortization	28,570	26,379
Interest expense	4,521	3,507
Income tax expense	1,507	—
Accretion of asset retirement obligations	269	247
Equity-based compensation	6,226	4,661
Unrealized (gain) loss on commodity derivative instruments	11,958	(18,447)
Adjusted EBITDA	95,008	77,930
Adjustments to reconcile to distributable cash flow:		
Deferred revenue	1,303	(325)
Cash interest expense	(4,316)	(3,292)
(Gain) loss on sale of assets, net	(2)	(924)
Estimated replacement capital expenditures ¹	(3,250)	(3,750)
Cash paid to noncontrolling interests	(52)	(25)
Preferred unit distributions	(5,275)	(1,114)
Distributable cash flow	\$ 83,416	\$ 68,500

- 1) 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.