

Scotia Howard Weil 47th Annual Energy Conference

March 25, 2019



BLACK STONE
MINERALS

www.blackstoneminerals.com | NYSE: BSM

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 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 and 64 producing basins

Enterprise Value¹

~\$4.4 B

Current Yield²

~8.2% (Distribution)

~10.5% (DCF)

4Q18 Production

49.7 Mboe/d

Inside Ownership

> 25% Insiders

> 80% Legacy Owners

1) Adjusted enterprise value includes pref. equity and assumes conversion of 100% of subordinated units into common units; unit price of \$17.99 per unit on March 20, 2019
2) Distribution yield calculated by annualizing the common distribution for 4Q18 of \$0.37 per unit and DCF yield calculated by annualizing DCF per unit for 4Q18 of \$0.4715; respective yields calculated using the unit price of \$17.99 on March 20, 2019

Benefits of Mineral Ownership



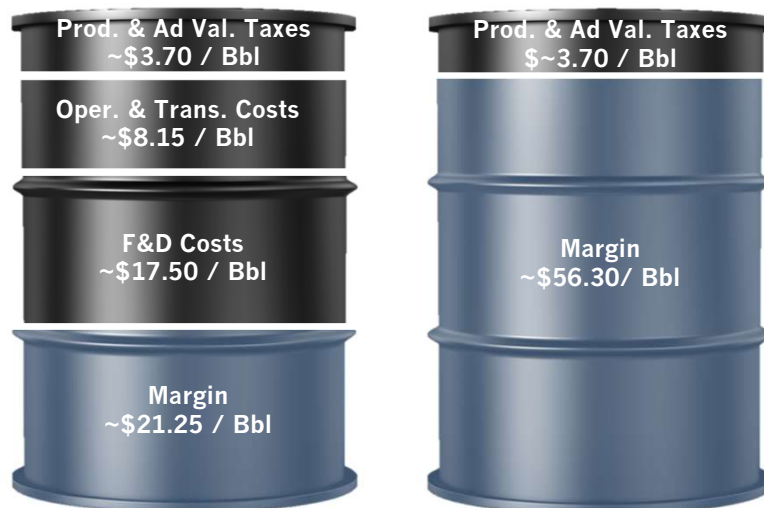
- ▲ Oil and gas exposure with no operating cost or capital spending requirements
- ▲ Direct benefit from technology advances to enhance recovery and well economics
- ▲ Represents perpetual call option on future oil & gas development activity
- ▲ Scale facilitates opportunities to partner with operators to initiate or accelerate drilling

Comparative Well Economics

Illustrative Margin¹ (Assuming \$60 Bbl)

\$30.65 / 51%

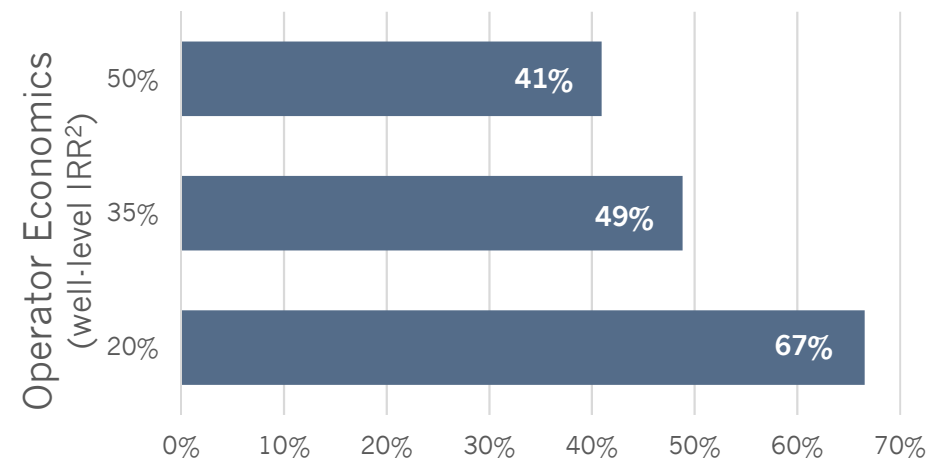
\$56.40 / 94%



Working Interest

Royalty

% of PV10 to Royalty Owner



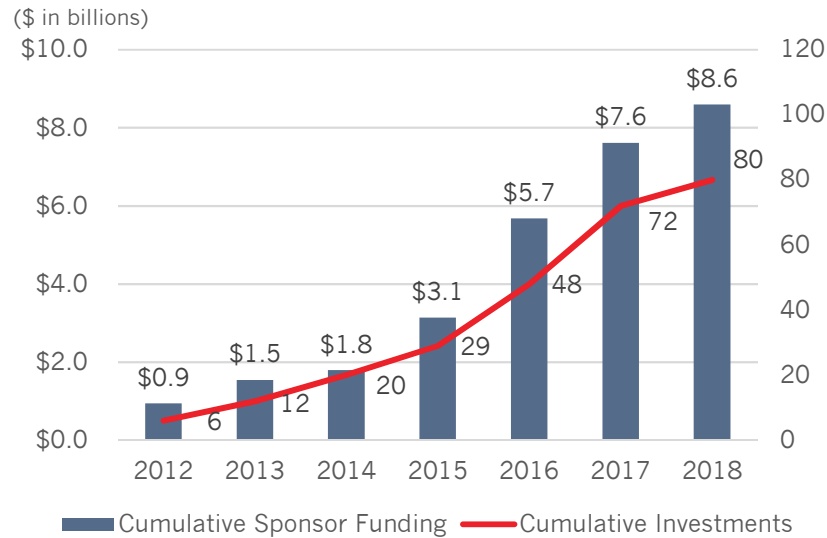
1) Illustrative example.

2) Illustrative well economics assuming 20% royalty; excluding royalty acquisition costs and operator leasing costs.

Evolution of the Minerals Market

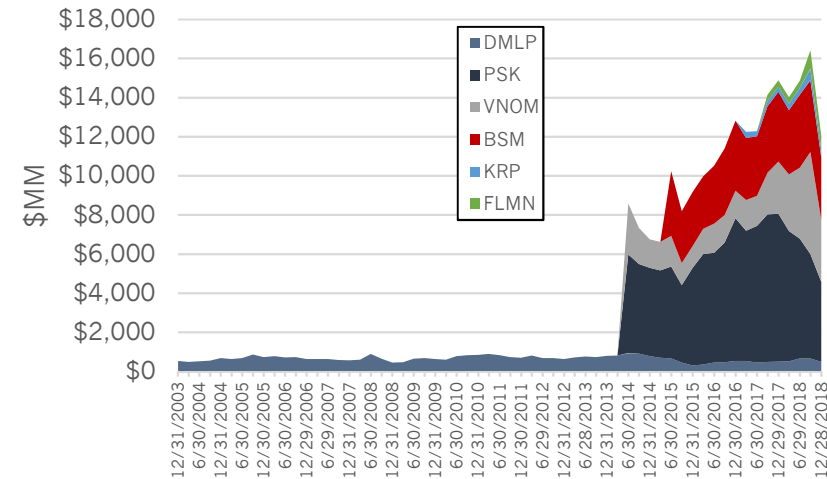


Sponsors Continue to Ramp-Up Exposure

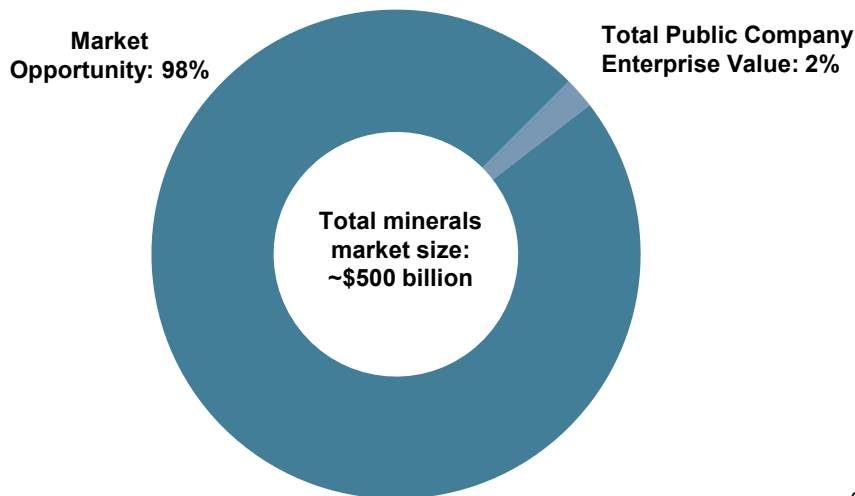


Public Minerals Sector Expanding

Public Mineral & Royalty Mkt Cap (excl Trusts)



Sizing the U.S. Minerals Market



Robust Acquisition Environment

- ▲ Very early stages of consolidation; market remains highly fragmented
- ▲ Monetization options for sellers include sale to a larger public or private entity, or an IPO
- ▲ Private equity's need for liquidity and value enhancement should lead to continued consolidation

2018 Year in Review



2017 2018

Total Production
(MBoe/d)

↑ ~25%

37.0

46.3

Royalty Production
(MBoe/d)

↑ ~45%

22.1

32.1

Adjusted EBITDA
(\$MM)

↑ ~35%

\$310

\$419

Distributable Cash Flow
(\$MM)

↑ ~35%

\$273

\$368

Common Distribution
(\$ per unit)

↑ ~13%

\$1.23

\$1.39

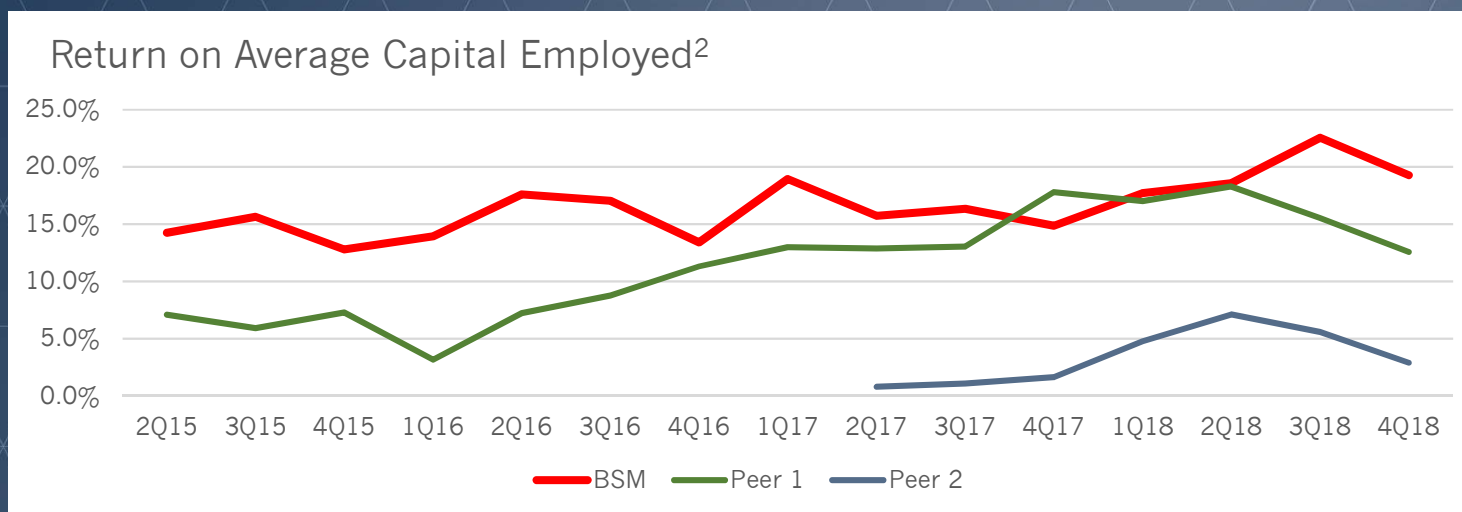
Generating Returns to Shareholders



▲ Long history of returning cash to equity holders

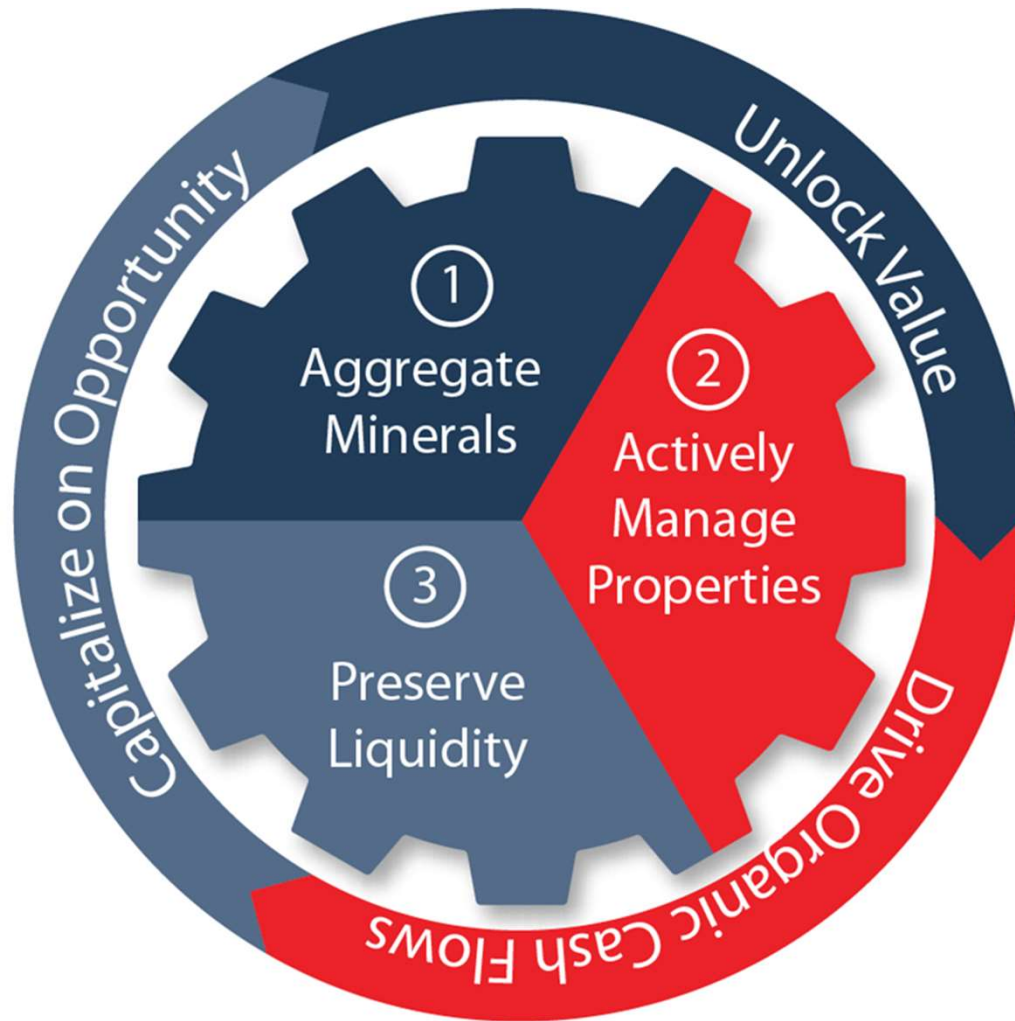
- ▲ >8% cash yield supported by growing free cash flows
- ▲ >\$3 billion returned to investors through distributions over the past 20 years
- ▲ ~3x return on invested capital to date¹

▲ Consistent return performance across commodity cycles



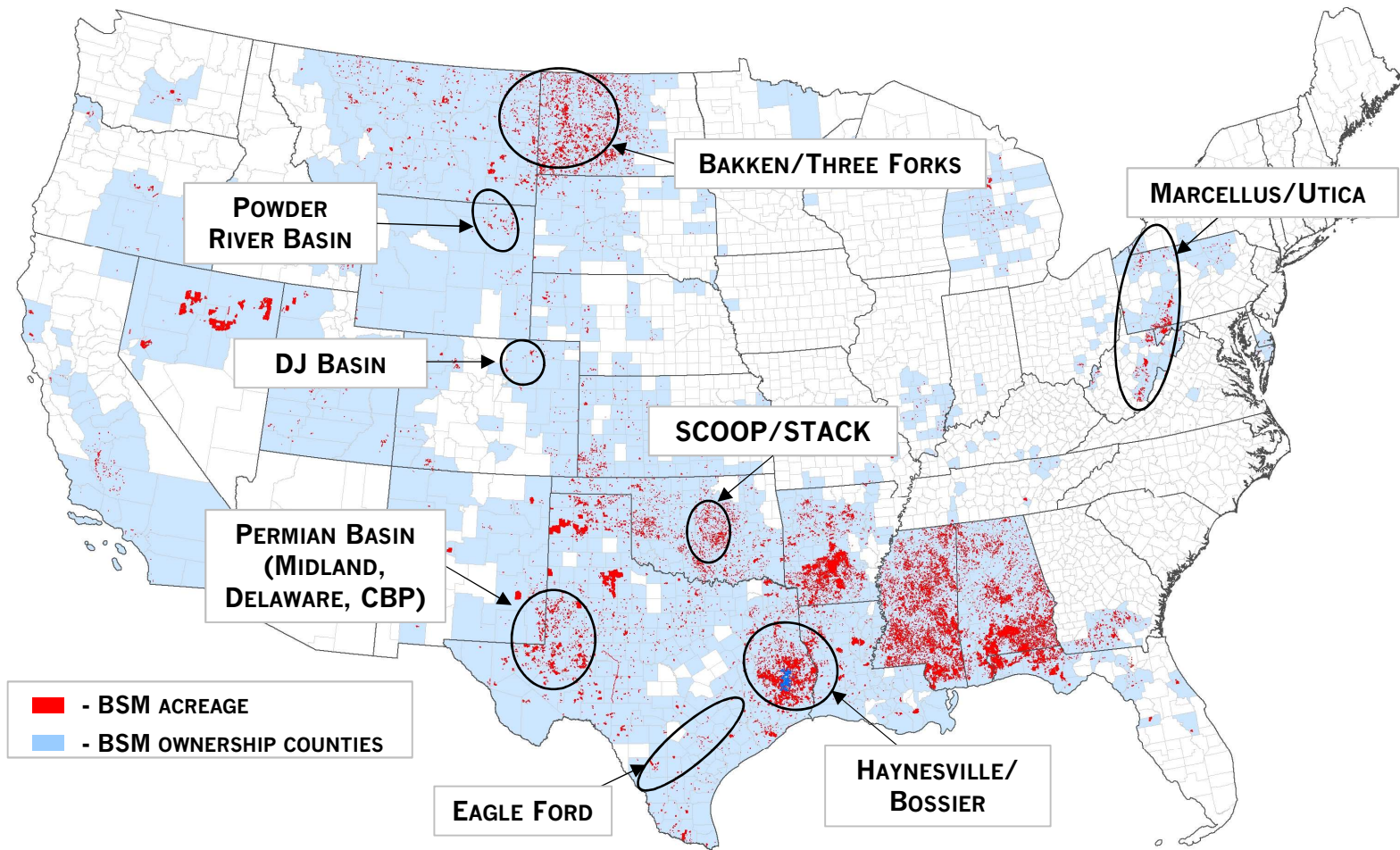
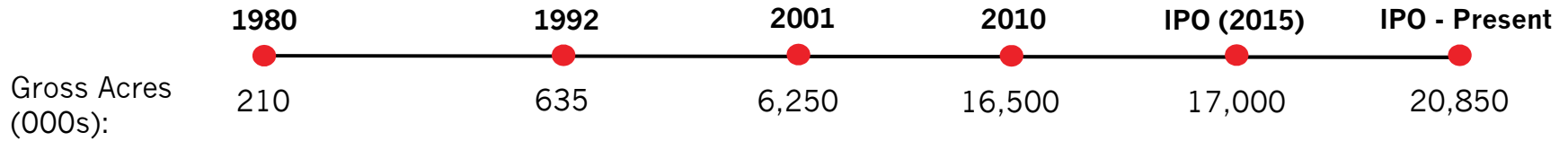
1) Return on Investment (ROI) calculated as (Cumulative Distributions + Adj. BSM Market Cap) / Capital Raised through March 20, 2019
2) Peers group consists of VNOM and KRP; ROACE calculated as the annualized quotient of quarterly EBIT (Adjusted EBITDA less DD&A) divided by average capital employed during the period; capital employed is defined as the sum of long-term debt, preferred equity, and equity as reported on consolidated quarterly balance sheets

The Black Stone Business Model



- 1 Continue to enhance scale with an emphasis on building up core positions
- 2 Unlock value of acquired properties through in-house Land, Engineering and Geology groups
- 3 Maintain low leverage levels and ample liquidity to capitalize on acquisition opportunities

Acquisitions Over Time

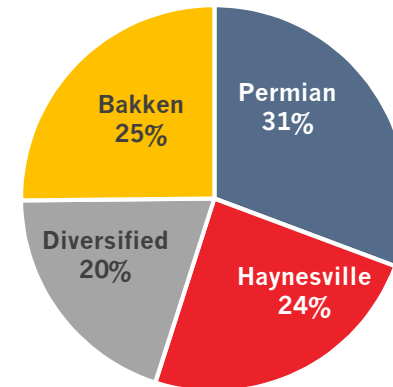


Recent Acquisition History



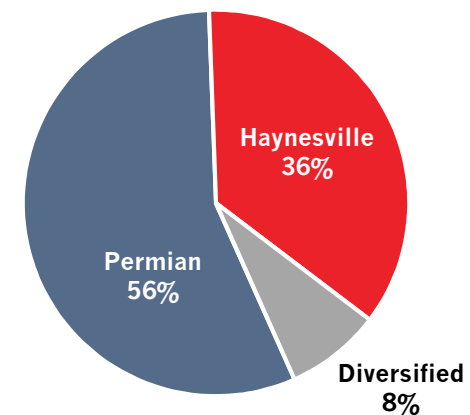
- ▲ Black Stone has added to its core positions while opportunistically pursuing large, diversified mineral packages

2017 Acquisition Profile

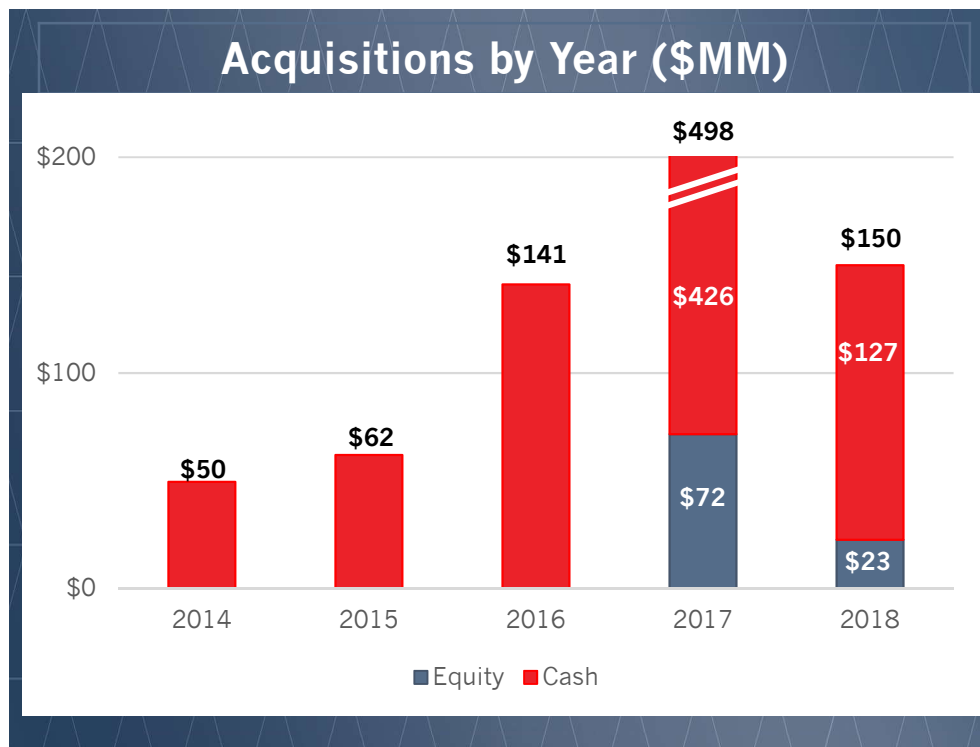


\$498 million

2018 Acquisition Profile

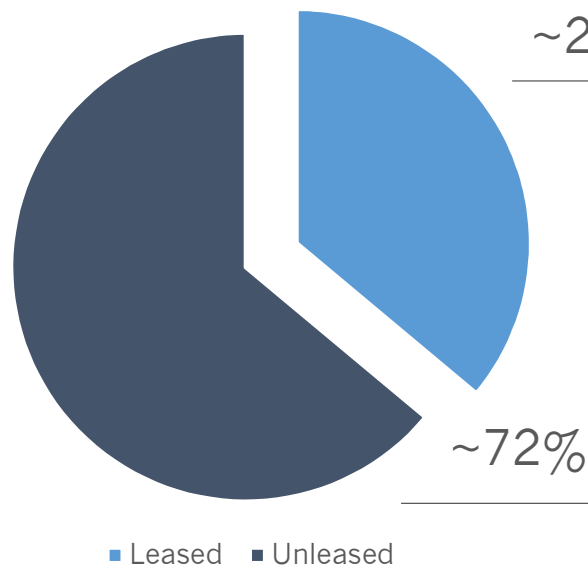


\$150 million



- ▲ **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

BSM Acreage by Status¹



Leased Acreage

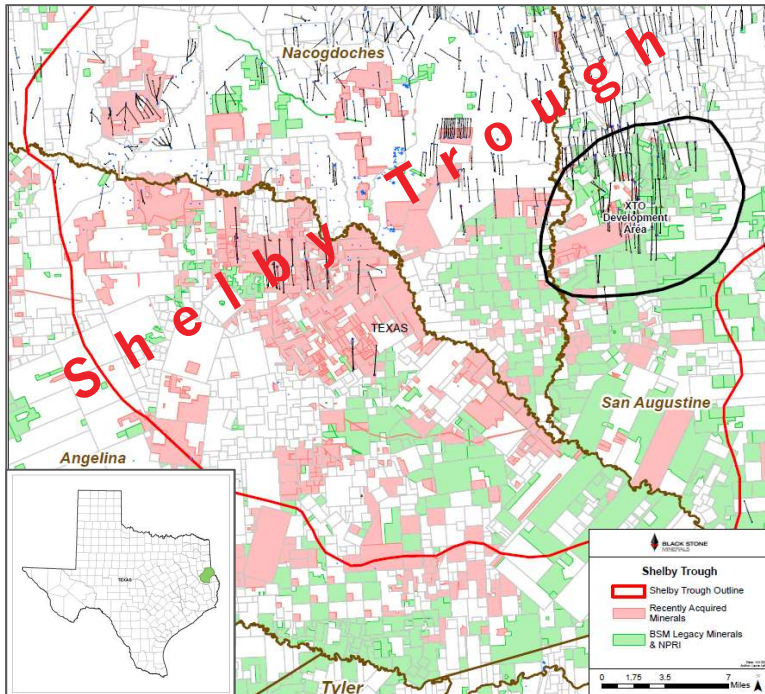
- ▲ Current cash flow
- ▲ Infill and multi-zone development
- ▲ Acceleration opportunities

Unleased Acreage

- ▲ Lease bonus
- ▲ New production from emerging plays or technological advancements
- ▲ **“Cost-free embedded drop-downs”**

1) As of December 31, 2018; based on gross acres for all interest types

Mineral Management – Shelby Trough

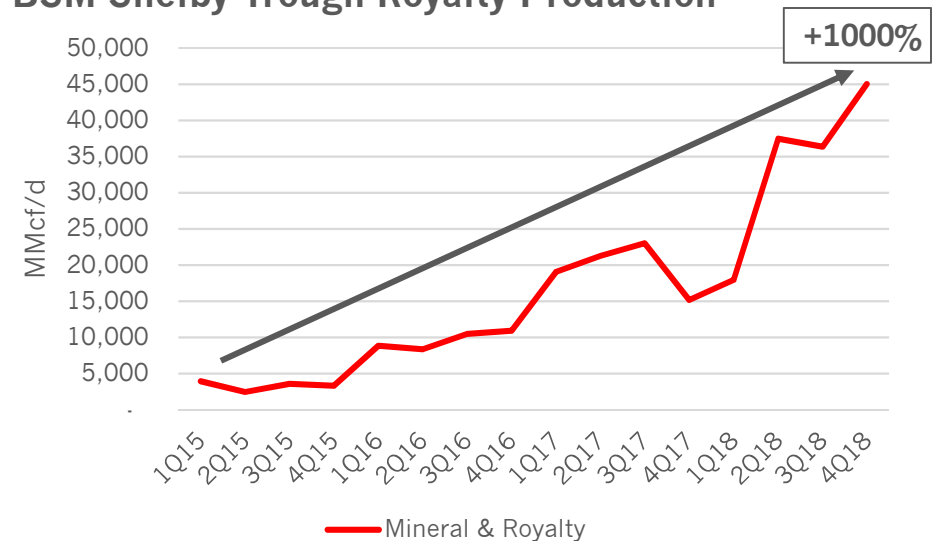


- ▲ In 2014, the southern portion of the Shelby Trough was relatively undeveloped compared to the rest of the Haynesville / Bossier play
- ▲ BSM invested with XTO to initiate activity and then structured mutually beneficial incentive agreements with XTO and BP
- ▲ Active mineral acquisition program benefitted Black Stone and development partners

Development Partners



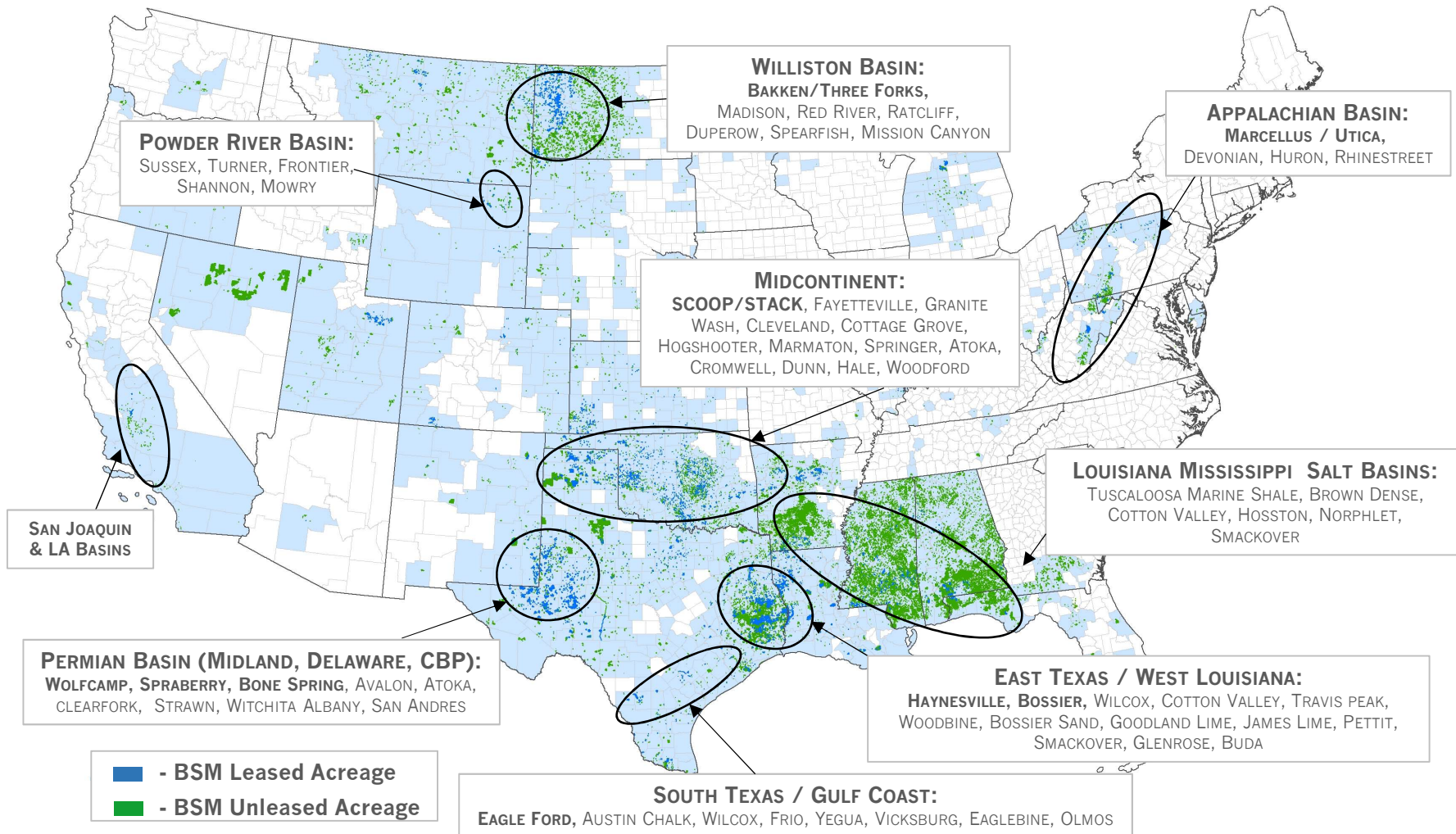
BSM Shelby Trough Royalty Production



Active Management – Opportunities



- ▲ 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



Strong Balance Sheet Through Cycles

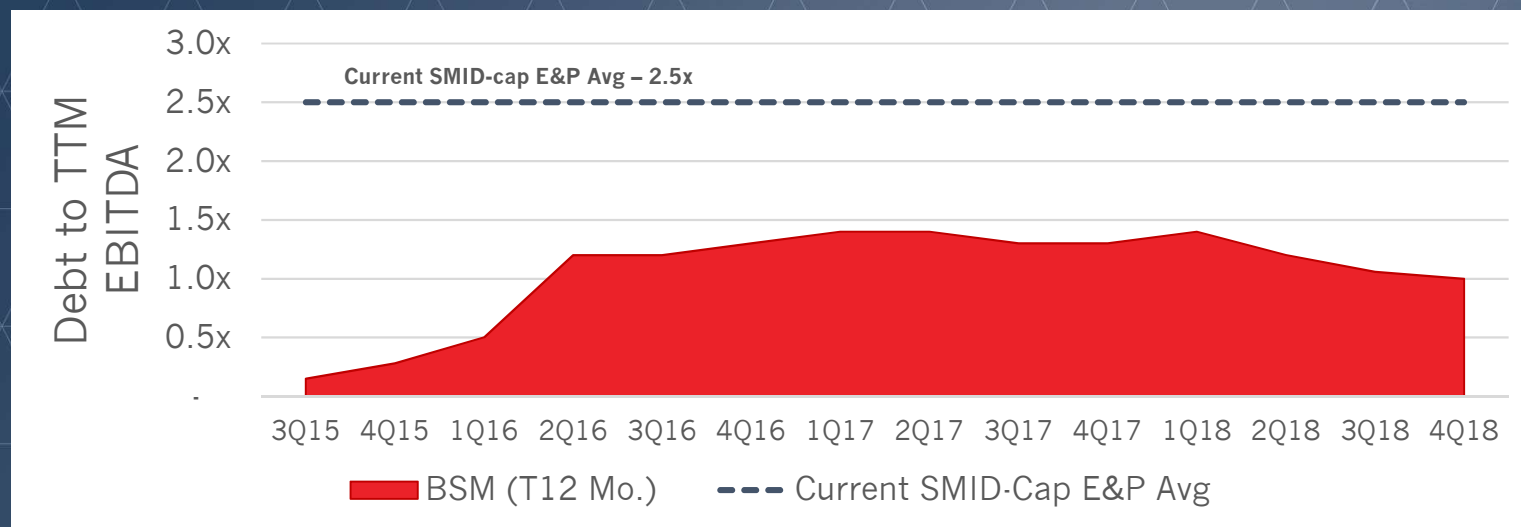


Strategy: Maximize financing flexibility for new acquisition opportunities

▲ Funding sources

- ▲ Public markets – Approx. \$73 million issued through ATM since through 2018
- ▲ Private capital – \$300 million convertible preferred issued in November 2017
- ▲ Equity issued directly to sellers – Since beginning of 2017, approx. \$95 million issued through 2018
- ▲ Credit facility availability – BSM regularly maintains \$100 to \$200 million of dry powder

▲ BSM has maintained a strong balance sheet through cycles

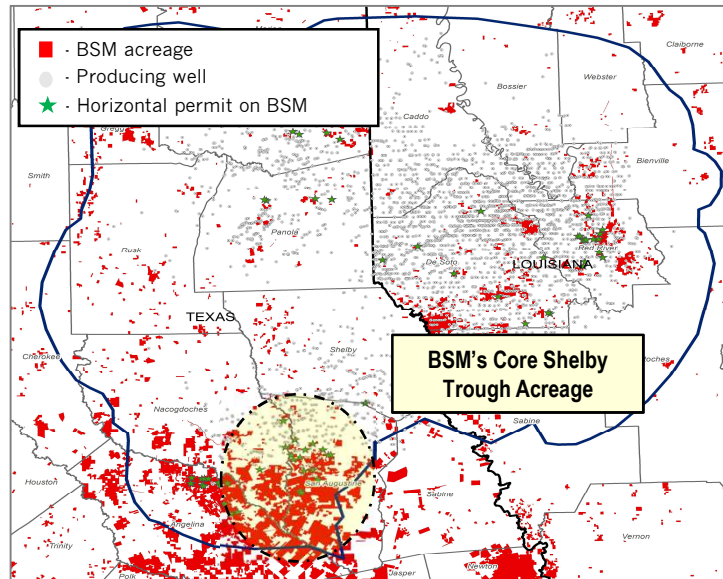


Near Term Growth Drivers



Haynesville/Bossier

- ▲ Minerals position concentrated in Shelby Trough, which is delivering among the best economics across the entire play
- ▲ Additional exposure across Texas and Louisiana
- ▲ Proximity to major natural gas hubs and export markets

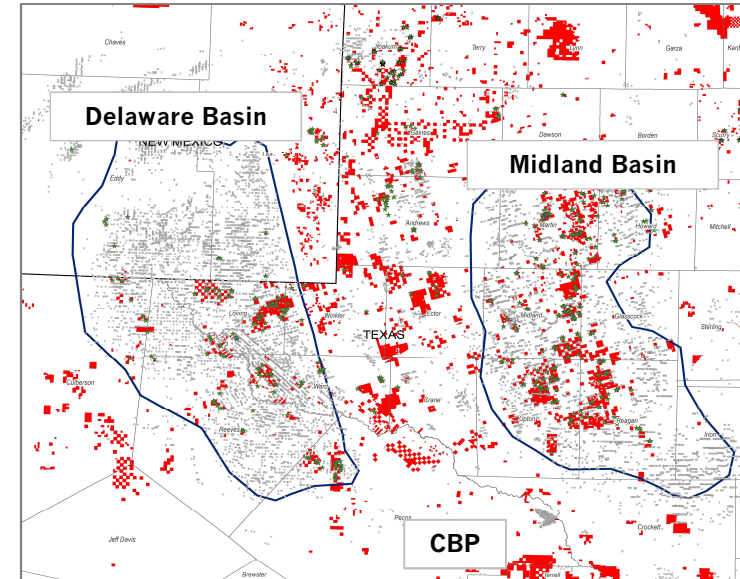


Active Operators



Permian

- ▲ Black Stone has a high quality position in the core of the Midland and Delaware basins
- ▲ Significant position in the Central Basin Platform ("CBP") with exposure to emerging plays such as the horizontal San Andres



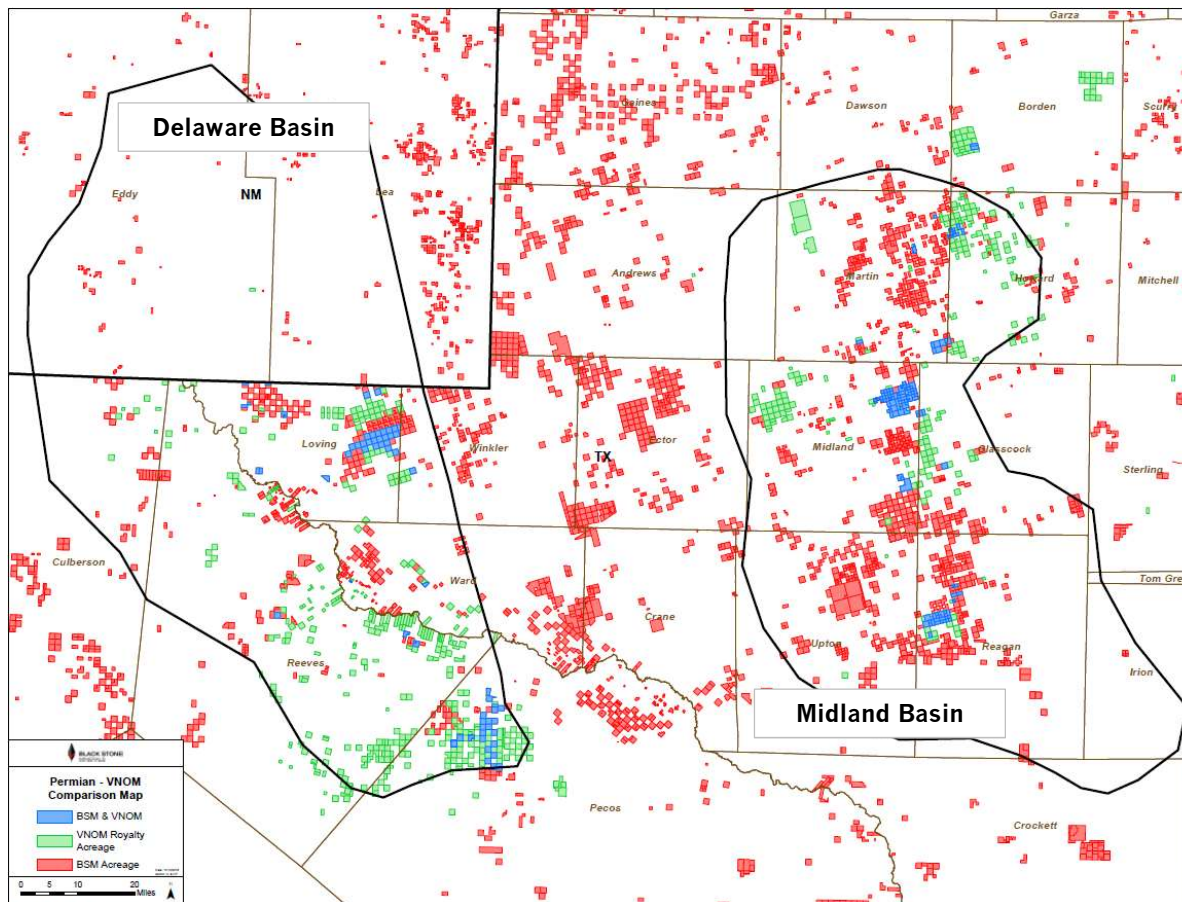
Active Operators



High Quality Permian Position



BSM and VNOM Permian Royalty Acreage



- ▲ Black Stone has meaningful exposure to the rapid development occurring in the Midland and Delaware basins
- ▲ Permian acquisitions have been the largest part of our acquisition effort since IPO, with over \$440 million of assets purchased
- ▲ The Partnership has ~62,000 net royalty acres¹ in the Midland and Delaware Basin (excluding CBP acreage); our position compares favorably with Permian pure play competitors

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

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 increase 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



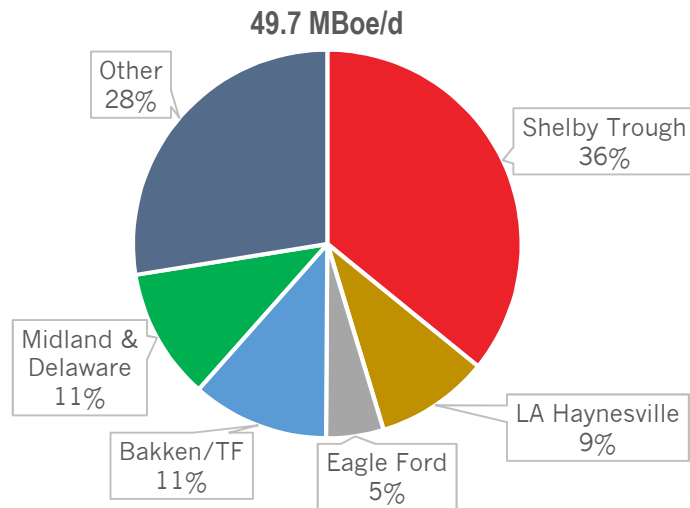
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Appendix

4Q18 Production by Play



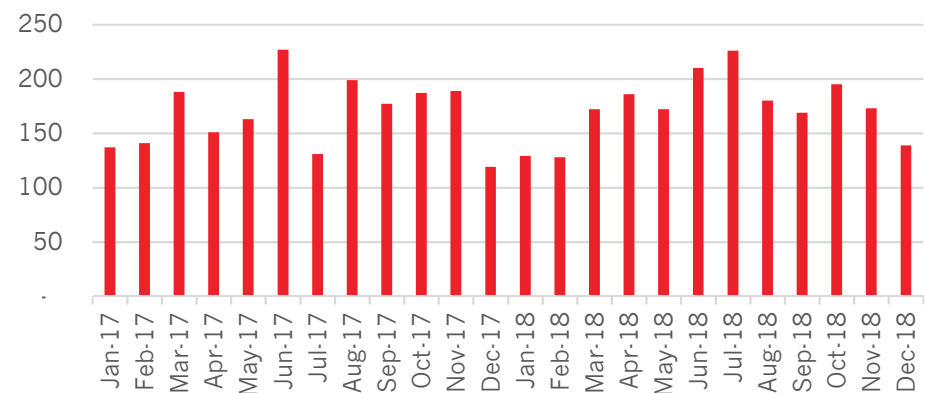
▲ Black Stone benefits from the significant diversity of its asset base

- ▲ BSM tracks activity at a play level for approximately 40 individual plays
- ▲ Broad exposure to new discoveries and development activity
- ▲ Acreage in every resource play, with large positions in several of the most active resource plays

▲ Black Stone consistently sees meaningful permitting activity across its acreage position

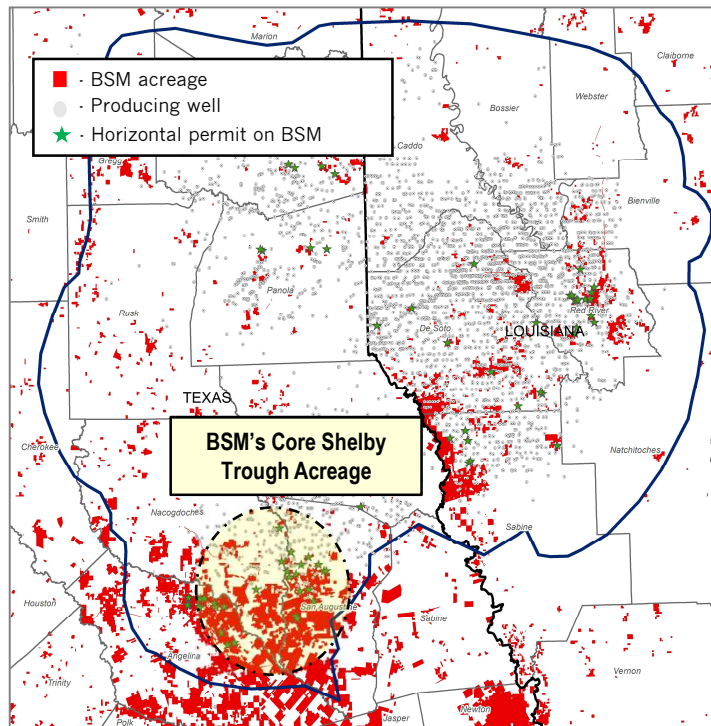
- ▲ Trailing 12-month permits filed as of December 31, 2018 stands at ~2,100 permits¹
- ▲ Approximately 8% of all permits filed in the Lower 48 over the last 12 months have been on BSM acreage

Lower 48 Permitting Activity¹



1) Permit counts include those on acreage acquired from Noble in 2017; excludes all Wyoming permits

Haynesville/Bossier Position



Key Statistics

Gross Mineral and Royalty Acres ¹	~450,000
Net Royalty Acres ^{1,2}	~405,000
Permits on BSM last 12 mos ³	123
% Permits on BSM acreage last 12 mos ³	25%

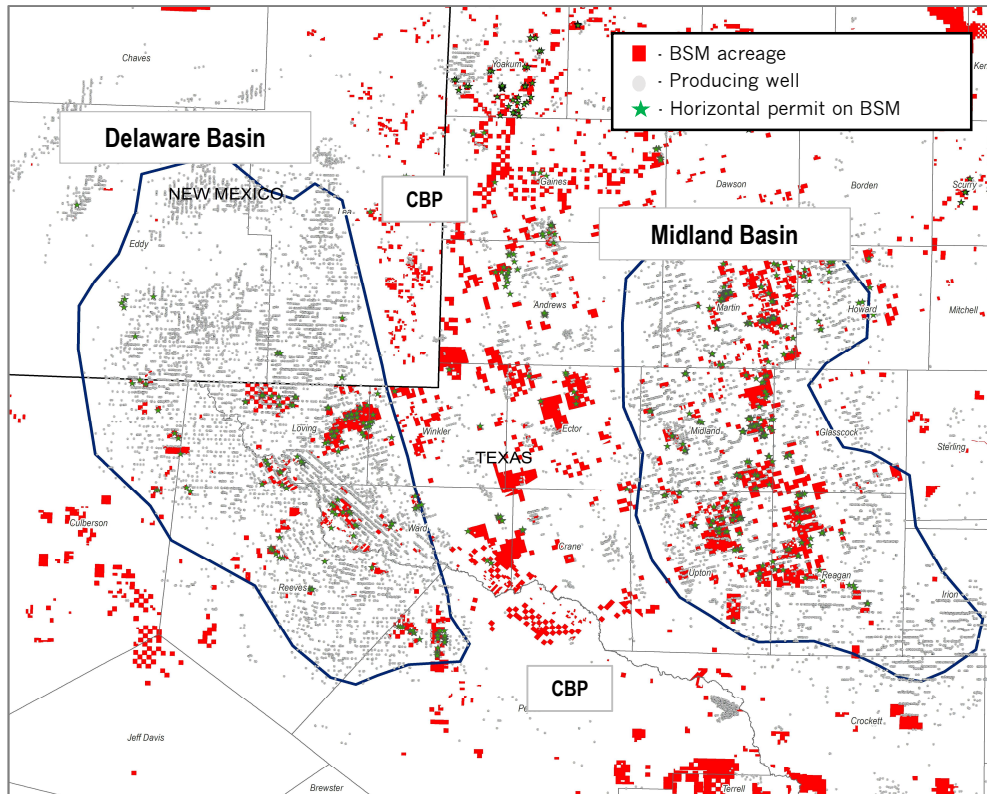
- ▲ There were 12 rigs running on acreage in which BSM has an interest as of February 28, 2019
- ▲ Improved completions and a favorable regional gas market have brought the Haynesville/Bossier into the top quartile of US oil and gas plays
- ▲ Black Stone believes its Shelby Trough position in East Texas to be the best part of the Haynesville/Bossier play in terms of ultimate recoveries and economics
 - ▲ Recent results demonstrate EURs ranging from 2.5 – 3.0+ Bcf / 1,000' of lateral
 - ▲ Operators continue to improve and optimize completion designs
- ▲ BSM is also significantly exposed to the Louisiana Haynesville/Bossier

Active Operators



1) As of 12/31/18 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 12/31/18

Permian Position



- ▲ As of February 28, 2019, there were 45 and 31 drilling rigs operating on BSM interests in the Midland and Delaware basin, respectively
- ▲ 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 with exposure to emerging plays such as the horizontal San Andres, Wichita/Albany, and Mississippian plays

Key Statistics (Midland and Delaware only)

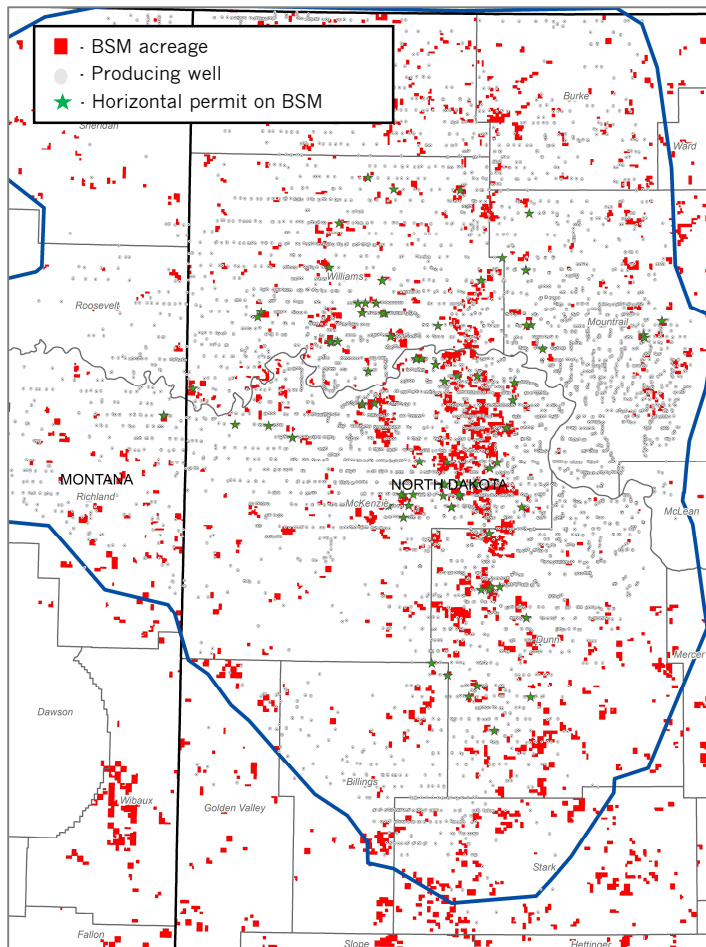
Gross Mineral and Royalty Acres ¹	~725,000
Net Royalty Acres ^{1,2}	~62,000
Permits on BSM last 12 mos ³	841
% Permits on BSM acreage last 12 mos ³	13%

1) As of 12/31/18, 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 12/31/18

Active Operators



Bakken/Three Forks Position



- ▲ As of February 28, 2019, 4 drilling rigs were operating on acreage where BSM has an interest
- ▲ Black Stone's concentration in the core, attractive pricing differentials, and improved completion designs continue to drive strong Bakken/Three Forks performance

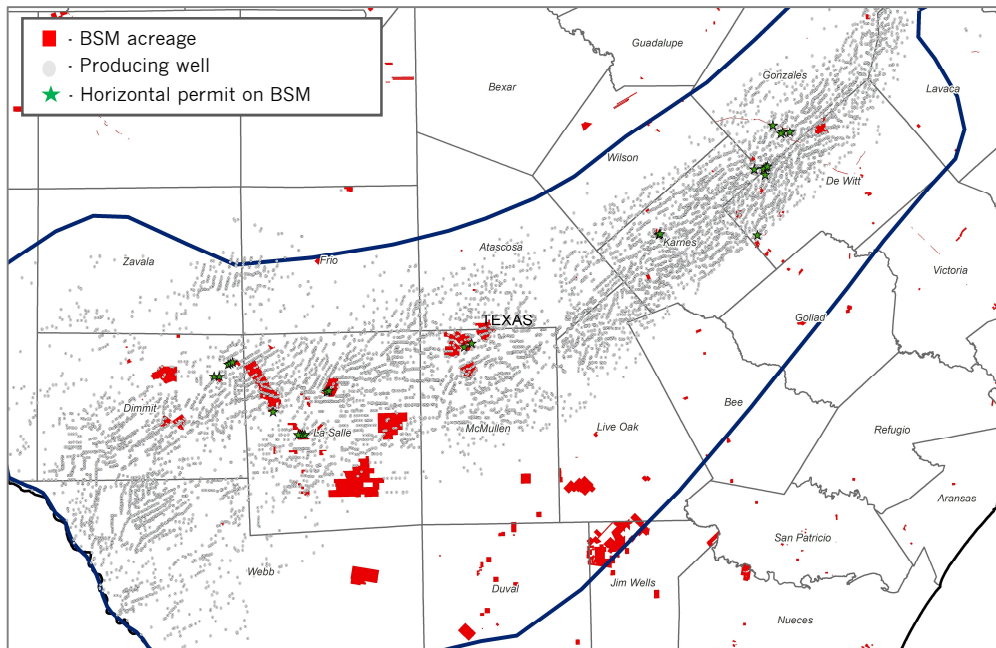
Key Statistics	
Gross Mineral and Royalty Acres ¹	~455,000
Net Royalty Acres ^{1,2}	~114,000
Permits on BSM last 12 mos ³	237
% Permits on BSM acreage last 12 mos ³	17%

Active Operators



1) As of 12/31/18, 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 12/31/18

Eagle Ford Position



- ▲ On February 28, 2019, 5 drilling rigs were operating on BSM acreage
- ▲ 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}	~35,000
Permits on BSM last 12 mos ³	73
% Permits on BSM acreage last 12 mos ³	4%

1) As of 12/31/18, 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 12/31/18

Financial Summary



2019 Guidance	
Average daily production (Mboe/d)	45 – 48
Percentage natural gas	~71%
Percentage royalty	~77%
Lease bonus and other income (\$MM)	\$30 · \$40
Lease operating expense (\$MM)	\$17 · \$19
Production costs and ad valorem taxes (as % of total oil & gas revenue)	11% · 13%
Exploration expense	\$1.0 · \$2.0
G&A – cash (\$MM)	\$45 · \$47
G&A – non-cash (\$MM)	\$21 · \$23
G&A – TOTAL (\$MM)	\$66 · \$70
DD&A (\$/Boe)	\$7.00 · \$8.00

Financial Position		
(\$ in millions)	As of 12/31/18	As of 2/22/19
Cash	\$5.4	\$12.1
Borrowing base	\$675	\$675
Borrowings under credit facility	410	381
Remaining availability	265	294
Liquidity	\$270.4	\$306.1
Debt to TTM EBITDAX	1.0x	

Hedging Summary (as of 2/19/19)					
Oil Hedge Position					
	Oil Swap (MBbl)	Swap Price (\$/Bbl)	Costless Collars (MBbl)	Collar Floor (\$/Bbl)	Collar Ceiling (\$/Bbl)
1Q19	685	\$58.62	60	\$65.00	\$74.00
2Q19	765	\$58.54	60	\$65.00	\$74.00
3Q19	765	\$58.15	60	\$65.00	\$74.00
4Q19	765	\$58.15	60	\$65.00	\$74.00
1Q20	180	\$57.48	210	\$56.43	\$67.14
2Q20	180	\$57.48	210	\$56.43	\$67.14
3Q20	180	\$57.48	210	\$56.43	\$67.14
4Q20	180	\$57.48	210	\$56.43	\$67.14
Gas Hedge Position					
	Gas Swap (MMcf)	Swap Price (\$/MMcf)			
1Q19	14,400	\$2.96			
2Q19	14,520	\$2.96			
3Q19	14,640	\$2.96			
4Q19	14,640	\$2.96			
1Q20	6,370	\$2.72			
2Q20	6,370	\$2.72			
3Q20	6,440	\$2.72			
4Q20	6,440	\$2.72			

Adjusted EBITDA and Distributable Cash Flow Reconciliation



	Three Months Ended December 31,		Year Ended December 31,	
	2018	2017	2018	2017
	(Unaudited) (In thousands, except per unit amounts)			
Net income	\$ 164,138	\$ 19,360	\$ 295,560	\$ 157,153
Adjustments to reconcile to Adjusted EBITDA:				
Depreciation, depletion, and amortization	34,518	30,051	122,653	114,534
Interest expense	5,437	4,034	20,756	15,694
Income tax expense	1,250	—	2,309	—
Accretion of asset retirement obligations	283	266	1,103	1,026
Equity-based compensation	5,187	14,431	30,134	33,045
Unrealized (gain) loss on commodity derivative instruments	(100,799)	11,357	(53,066)	(11,691)
Adjusted EBITDA	100,014	79,499	419,449	309,761
Adjustments to reconcile to distributable cash flow:				
Change in deferred revenue	(40)	(416)	1,260	(2,086)
Cash interest expense	(5,186)	(3,818)	(19,757)	(14,817)
(Gain) loss on sale of assets, net	(1)	—	(3)	(931)
Estimated replacement capital expenditures ¹	(2,750)	(3,250)	(11,500)	(13,500)
Cash paid to noncontrolling interests	(50)	(30)	(211)	(120)
Preferred unit distributions	(5,250)	(2,590)	(21,025)	(5,042)
Distributable cash flow	\$ 96,737	\$ 69,395	\$ 368,213	\$ 273,265
Total units outstanding ²	205,180	199,647		
Distributable cash flow per unit	\$ 0.471	\$ 0.348		
Common unit price as March 20, 2019	\$ 17.99			
Implied distributable cash flow yield	10.5 %			

- 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. 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. On April 27, 2018, the Board established a replacement capital expenditure estimate of \$11.0 million for the period of April 1, 2018 to March 31, 2019.
- The distribution attributable to the three months ended December 31, 2018 is estimated using 108,851,353 common units and 96,328,836 subordinated units as of February 19, 2019. Distributions attributable to the three months ended December 31, 2017 were calculated using 104,258,290 common units and 95,388,424 subordinated units as of the record date of February 20, 2018.