

Credit Suisse Oil & Gas Royalty Mineral Investor Day

September 2020



BLACK STONE
MINERALS

www.blackstoneminerals.com | NYSE: BSM

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BSM

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- ▲ 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 Value¹

~\$1.8 B

Current Yield²

~9.5% (Distribution)

~20% (DCF)

2Q20 Production

42.6 Mboe/d

Inside Ownership

> 25% Insiders

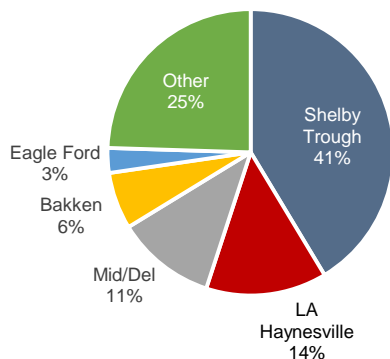
> 80% Legacy Owners

1) Enterprise value includes pref. equity and assumes unit price of \$6.32 per unit on September 14, 2020

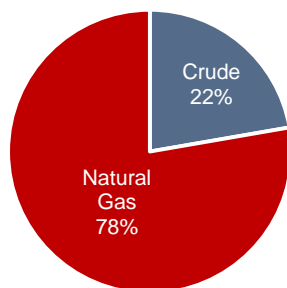
2) Distribution yield calculated by annualizing the common distribution for 2Q20 of \$0.15 per unit and DCF yield calculated by annualizing DCF per unit for 2Q20 of \$0.31; respective yields calculated using the unit price of \$6.32 per unit on September 14, 2020

- ▲ Black Stone benefits from the size and significant diversity of its mineral portfolio
 - ▲ Broad exposure to new discoveries and development activity
 - ▲ Acreage in every resource play, with large positions in several of the most active resource plays

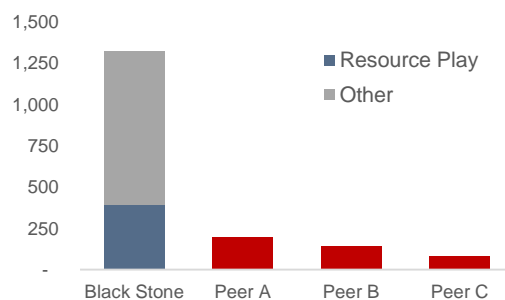
2Q'20 Production Mix



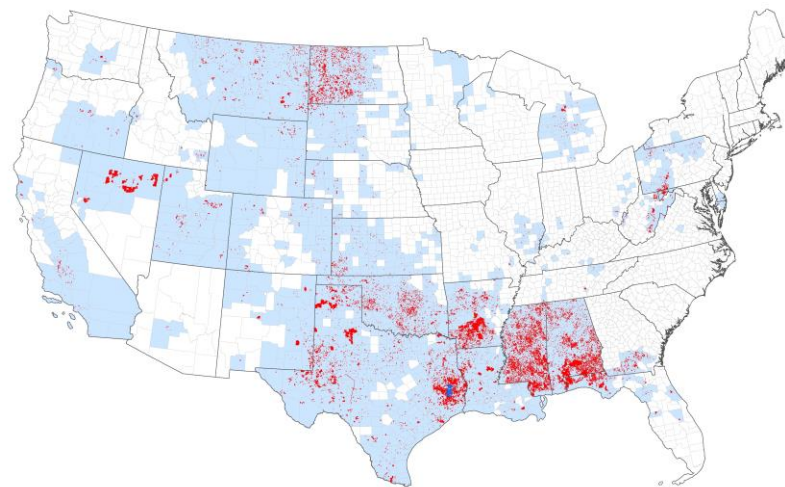
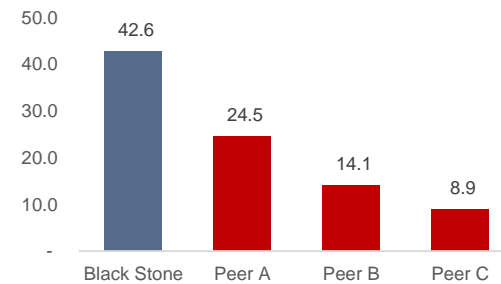
2Q'20 Product Mix



Net Royalty Acres (000s) ⁽¹⁾



Production (MBoe/d)



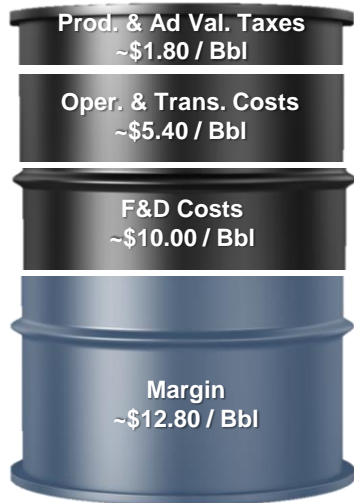
1) Net Royalty Acres represents leased acreage in resource and non-resource plays

- ▲ 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 Margin (Assuming \$30 Bbl)

\$12.80 / 43%



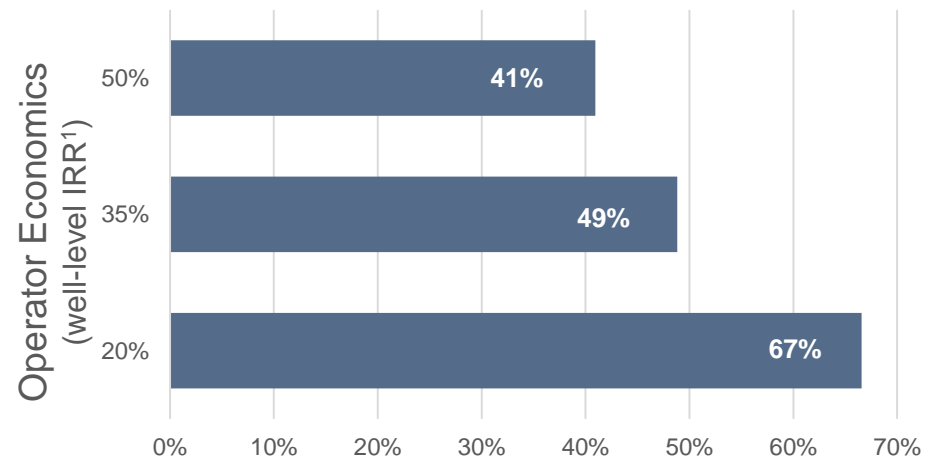
Working Interest

\$28.20 / 94%



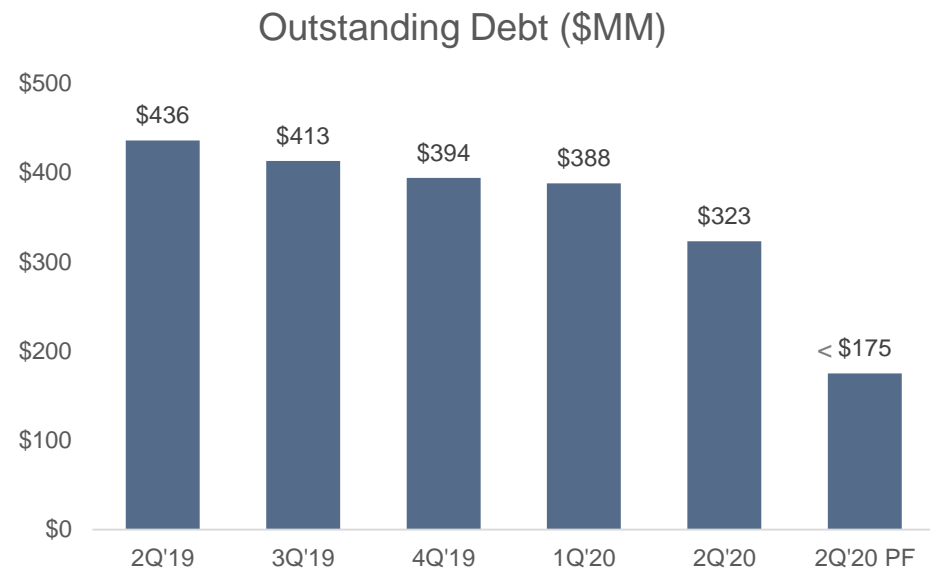
Royalty

% of PV10 to Royalty Owner

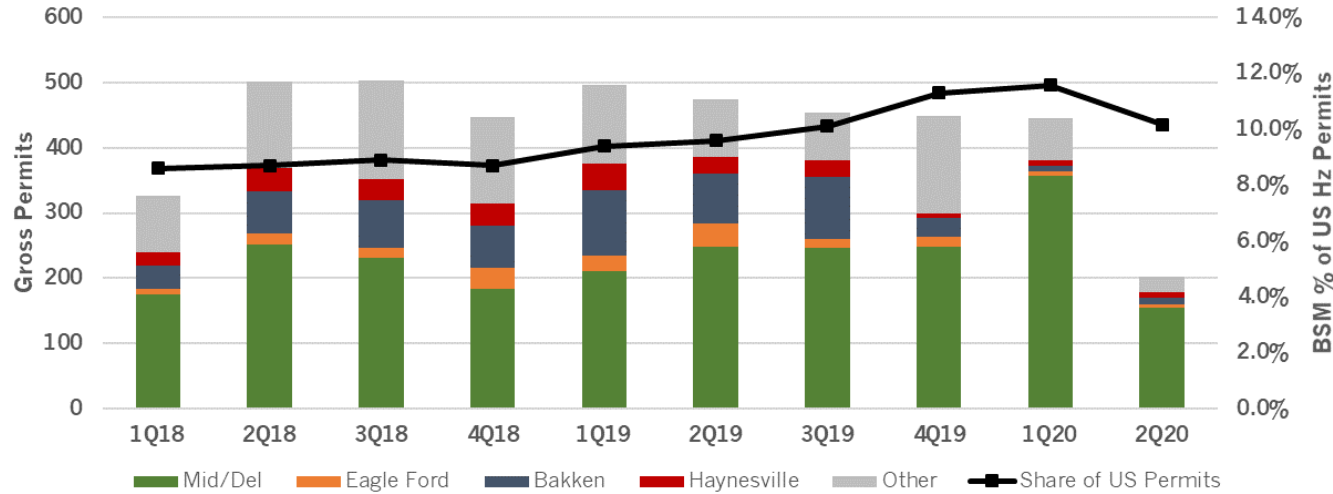


1) Illustrative well economics assuming 20% royalty; excluding royalty acquisition costs and operator leasing costs

- ▲ 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
- ▲ Closed on two asset sales in July 2020 for net proceeds of ~\$150 million

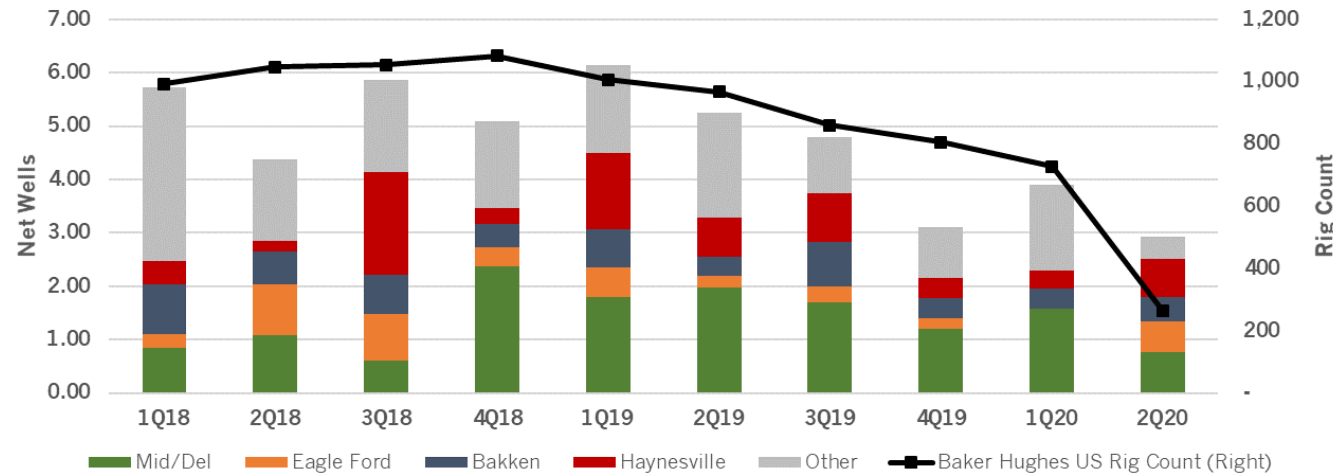


Permitting Activity



- ▲ Black Stone's diverse asset footprint helps moderate volatility of industry activity
- ▲ Horizontal permitting in 2Q'20 decreased significantly in response to the global pandemic while BSM's share of those permits remained in line with historical averages
- ▲ Net well additions have slowed across BSM's acreage as rig counts have dropped in the Lower 48

Net Well Additions

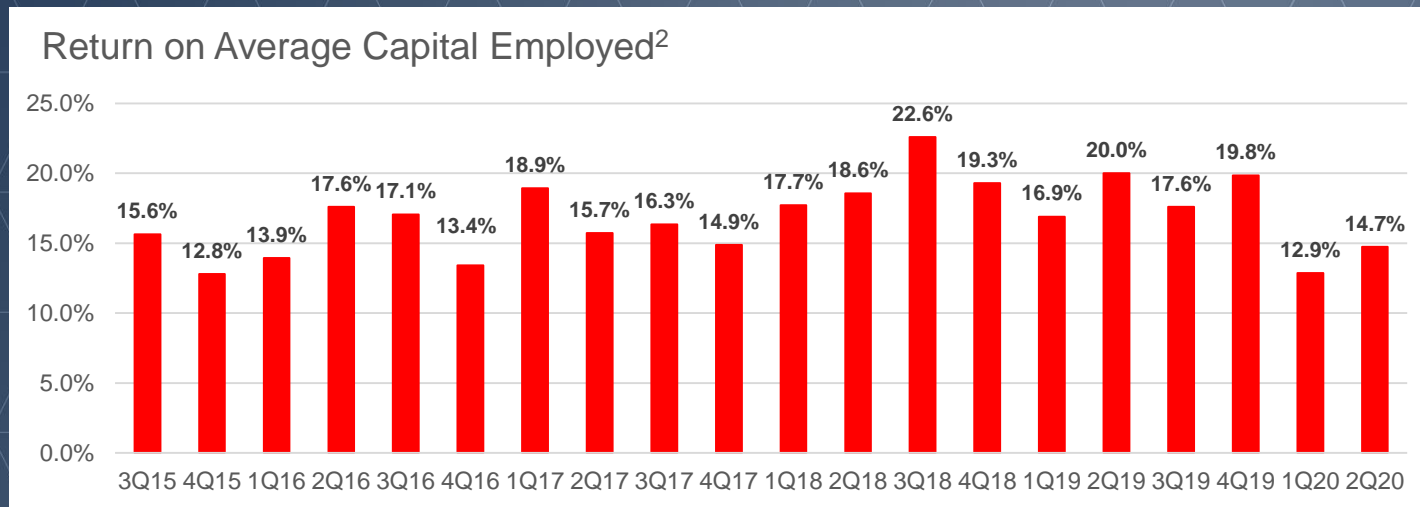


1) Permit counts exclude all Wyoming permits

▲ Long history of returning cash to equity holders

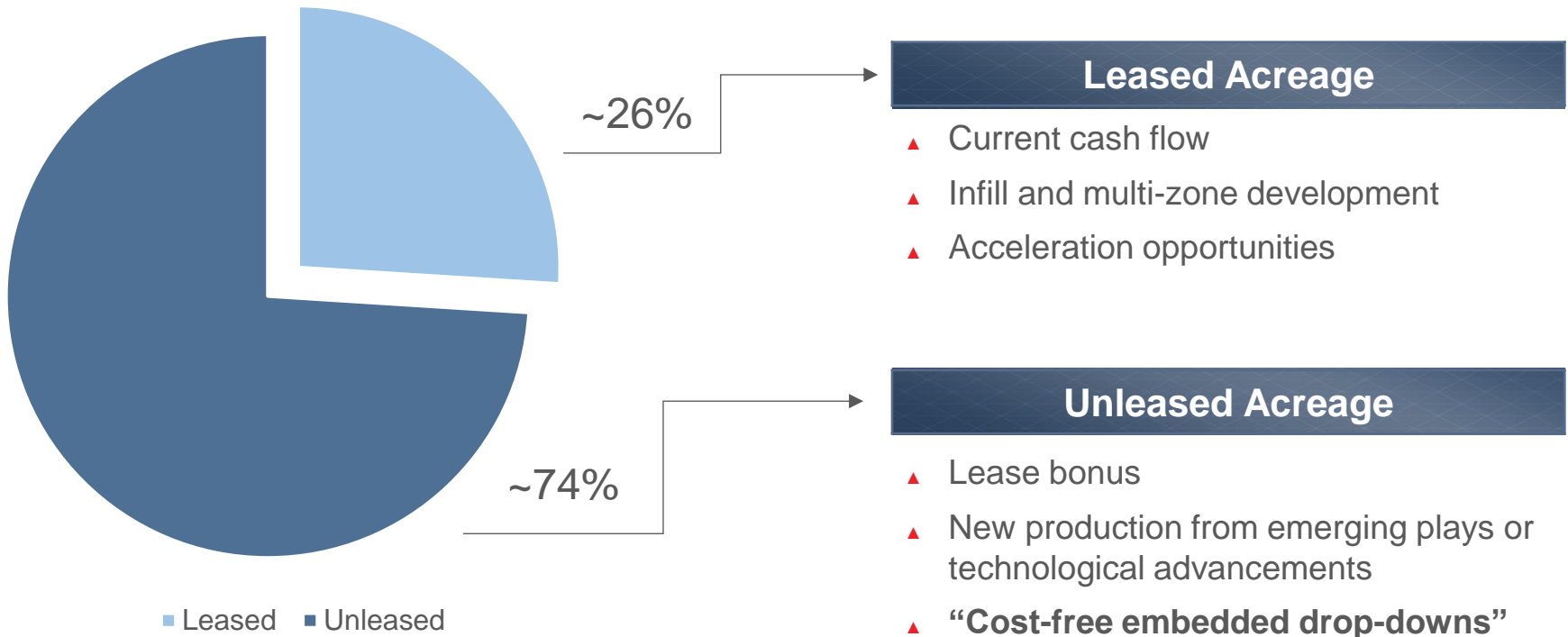
- ▲ Distribution yield supported by coverage
- ▲ ~\$3.6 billion returned to investors through distributions over the past 20 years
- ▲ ~2.2x return on invested capital to date¹

▲ Consistent return performance across commodity cycles



1) Return on Investment (ROI) calculated as (Cumulative Distributions + Adj. BSM Market Cap) / Capital Raised through December 31, 2019
 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

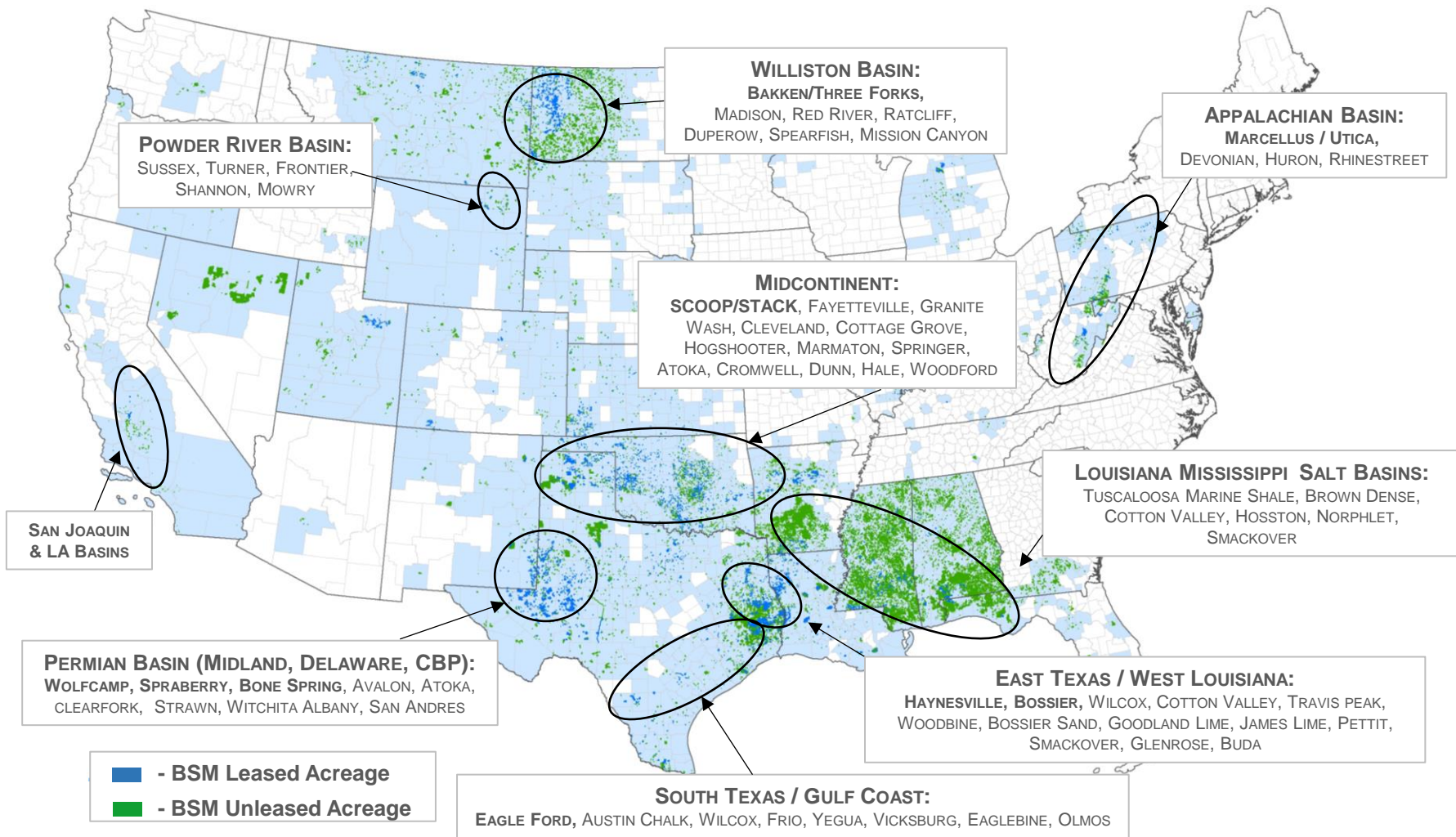
- ▲ **20 million gross acres (7.4 million net) of opportunity leads to organic growth with no incremental capital requirements**
 - ▲ Black Stone’s team of landmen, engineers and geologists actively promote its acreage to industry operators
 - ▲ Most recent example is partnering with Aethon Energy to 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

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

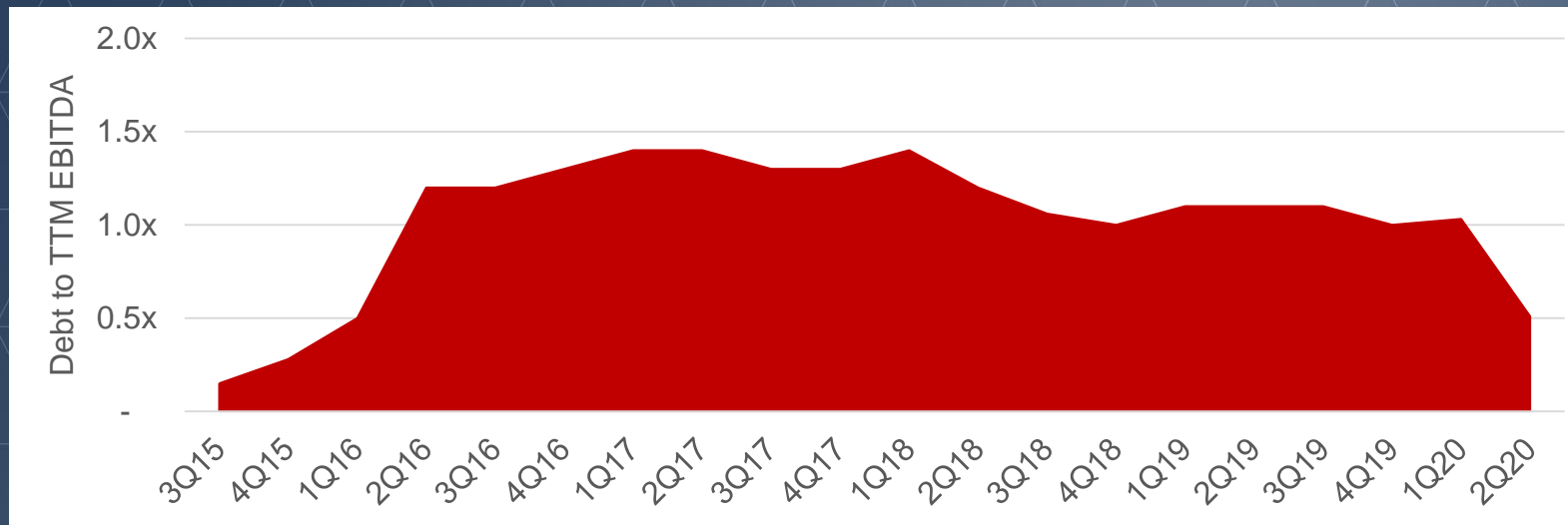


Strategy: Maximize financing flexibility for new acquisition opportunities

▲ 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 4Q19
- ▲ Credit facility availability – BSM regularly maintains \$100 to \$200 million of dry powder

▲ BSM has maintained a strong balance sheet through cycles





Black Stone responded decisively to industry downturn by strengthening balance sheet, enhancing liquidity and lowering cost structure



Low-cost, high-margin mineral and royalty business model is a port in the storm during challenging times for broader energy industry



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



Black Stone is well-positioned to benefit from sustained recovery in natural gas with core positions in the Haynesville and other Gulf Coast plays with close proximity to industrial demand and LNG exports



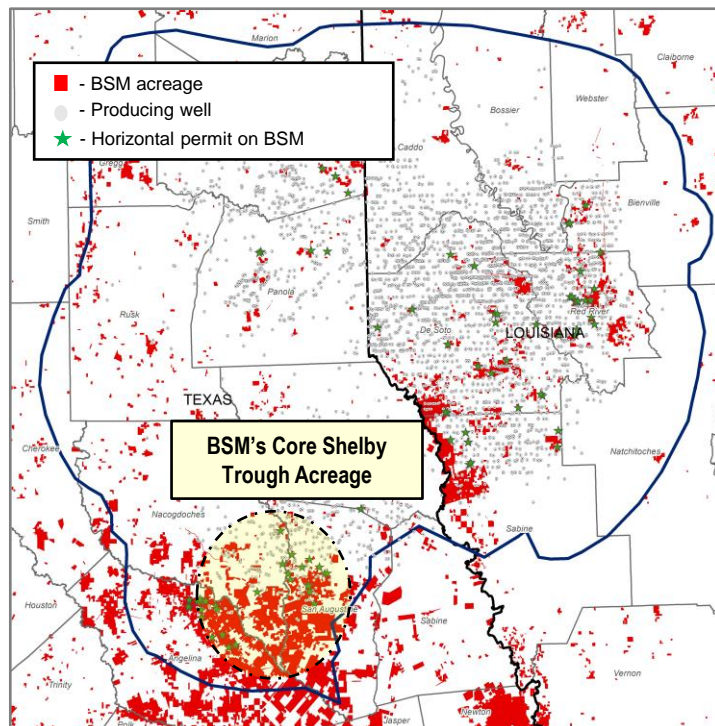
Black Stone has a long history of delivering solid returns on capital employed and returning strong cash flow yield to investors



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Appendix



Key Statistics

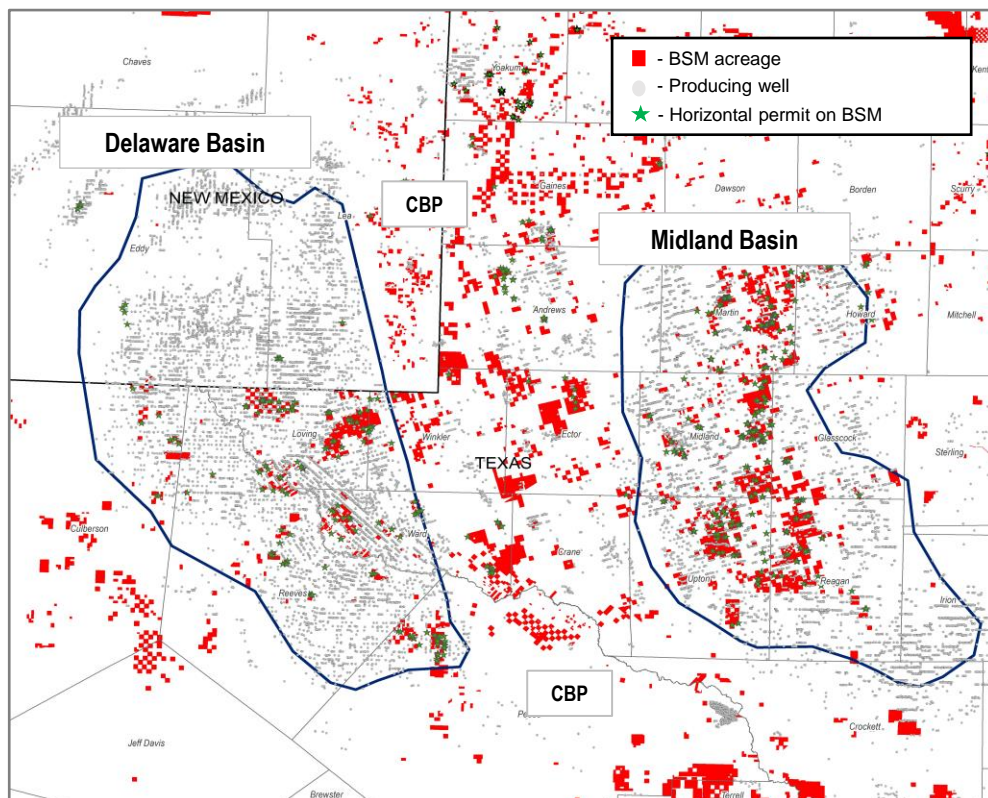
Gross Mineral and Royalty Acres ¹	~459,000
Net Royalty Acres ^{1,2}	~387,000
Permits on BSM last 12 mos ³	60
% Permits on BSM acreage last 12 mos ³	19%

- ▲ 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
 - ▲ In May, 2020, entered into new agreement with Aethon Energy to restart development in Angelina County
 - ▲ In June 2020, XTO Energy agreed to complete and turn to sales 13 existing DUCs by March 31, 2021
- ▲ BSM is also significantly exposed to the Louisiana Haynesville/Bossier

Active Operators



1) As of 12/31/19 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 6/30/20



- ▲ As of March 31, 2020, there were 47 drilling rigs operating on BSM interests in the Midland and Delaware basin
- ▲ 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

Active Operators

PIONEER
NATURAL RESOURCES

CIMAREX

CONCHO

DIAMONDBACK
Energy

PARSLEY ENERGY

OXY

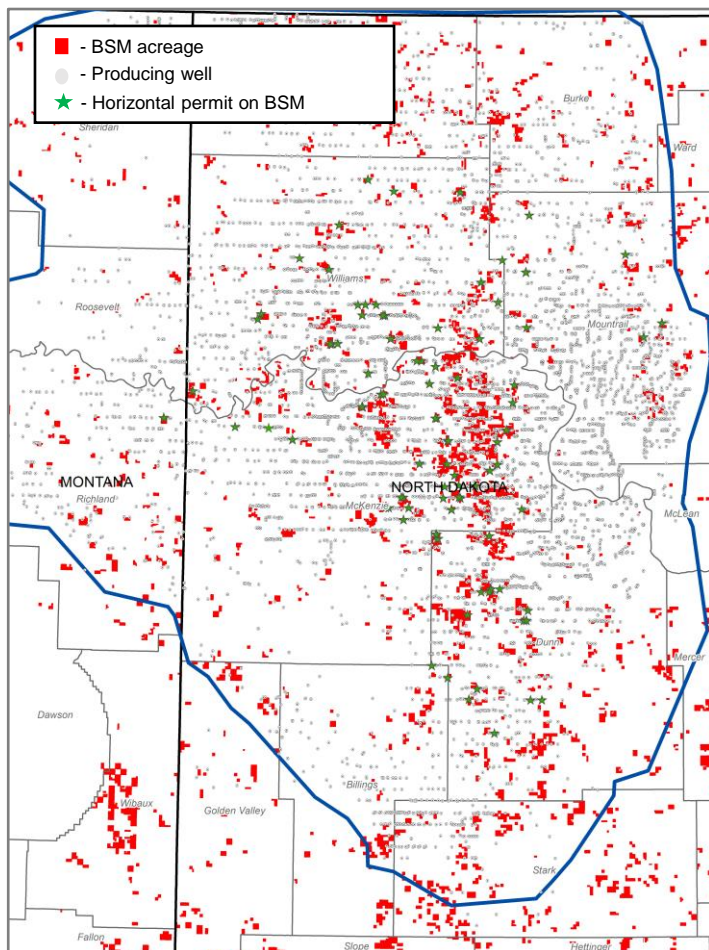
Apache

Key Statistics (Midland and Delaware only)

Gross Mineral and Royalty Acres ¹	~653,000
Net Royalty Acres ^{1,2}	~67,000
Permits on BSM last 12 mos ³	1,067
% Permits on BSM acreage last 12 mos ³	17%

1) As of 12/31/19, 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 6/30/20

Bakken/Three Forks Position



▲ Black Stone’s concentration in the core, attractive pricing differentials, and improved completion designs continue to drive strong Bakken/Three Forks performance

Active Operators

ConocoPhillips



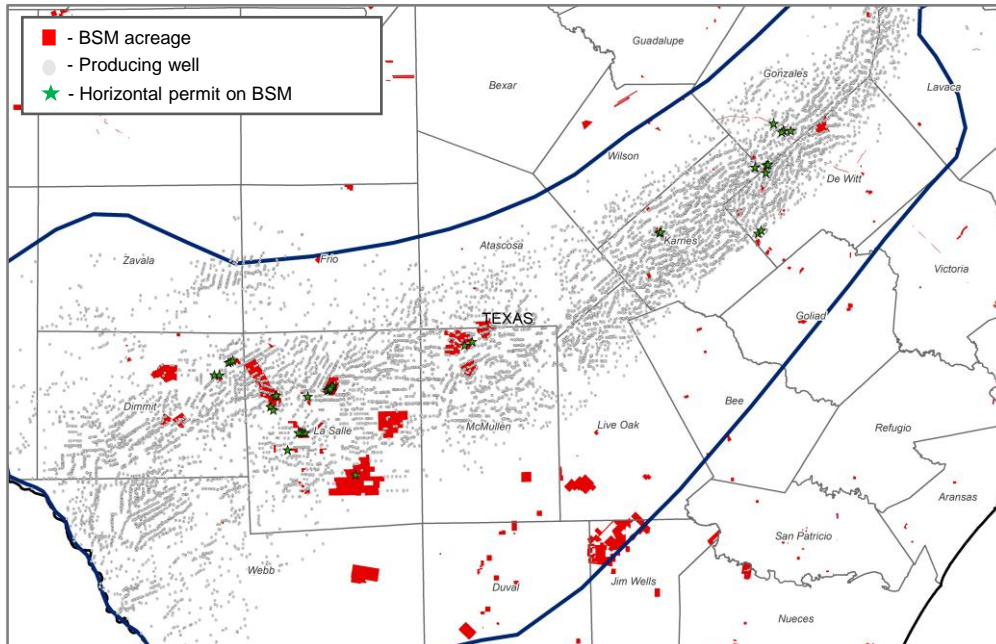
eog resources



Key Statistics

Gross Mineral and Royalty Acres ¹	~450,000
Net Royalty Acres ^{1,2}	~99,000
Permits on BSM last 12 mos ³	158
% Permits on BSM acreage last 12 mos ³	15%

1) As of 12/31/19, 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 6/30/20



▲ BSM exposed to some of the best parts of the Eagle Ford play

Active Operators



Key Statistics

Gross Mineral and Royalty Acres ¹	~222,000
Net Royalty Acres ^{1,2}	~34,000
Permits on BSM last 12 mos ³	49
% Permits on BSM acreage last 12 mos ³	3%

1) As of 12/31/19, 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 6/30/20

Financial Position

(\$ in millions)	As of 6/30/20	As of 9/1/20
Cash	\$3	\$1
Borrowing base	\$460	\$430
Borrowings under credit facility	323	168
Remaining availability	137	262
Liquidity	\$139	\$263
Debt to TTM EBITDAX	1.0x	

Hedging Summary: Crude Oil (as of September 1, 2020)

	Oil Swap (MBbl)	Swap Price (\$/Bbl)	Costless Collars (MBbl)	Collar Floor (\$/Bbl)	Collar Ceiling (\$/Bbl)
3Q20	560	\$57.32	210	\$56.43	\$67.14
4Q20	840	\$57.32	210	\$56.43	\$67.14
1Q21	480	\$36.18			
2Q21	480	\$36.18			
3Q21	480	\$36.18			
4Q21	480	\$36.18			

Hedging Summary: Natural Gas (as of September 1, 2020)

	Gas Swap (MMcf)	Swap Price (\$/MMcf)
3Q20	3,300	\$2.69
4Q20	10,120	\$2.69
1Q21	9,000	\$2.65
2Q21	9,100	\$2.65
3Q21	9,200	\$2.65
4Q21	9,200	\$2.65