



**NATURAL RESOURCE PARTNERS L.P.**

**MINExpo 2008**

*Is There a Master Limited Partnership in Your Future?*

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**Las Vegas, Nevada**

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## Profile

### Landholding company

- Lease reserves to coal mining companies and aggregate producers
- Receive royalty on production
- Receive royalty on infrastructure assets
- **Coal and Coal Infrastructure**
  - 2.1 billion tons of coal reserves
  - 66 lessees produce approximately 5% of the US production from our 191 leases
  - Three major coal producing regions in eleven states
  - 2008 estimated production: 59 million tons to 65 million tons  
(metallurgical – 26% steam – 74%)
  - Coal Infrastructure – 5 Coal Preparation Plants, Beltlines and Load-outs
- **Aggregates**
  - Approximately 70 million tons of reserves
  - Properties in Washington State and West Virginia
  - Production approximately 5 million tons



## Evolution Since Natural Resource Partners' IPO

	IPO (10/11/2002)	Current
Reserves:	~1.2 billion tons	~2.1 billion tons <sup>(1)</sup>
Annual Production: <sup>(2)</sup>	30.5 million tons	~62 million tons E
Number of Leases:	62	191 <sup>(3)</sup>
Number of Lessees:	31	66 <sup>(3)</sup>
Annual Revenues:	\$50 million	~\$285 million E
Market Capitalization:	\$454 million	\$2.2 billion <sup>(4)</sup>

<sup>(1)</sup> As of 12/31/2007

<sup>(2)</sup> For 2002 and 2008E, respectively

<sup>(3)</sup> As of 6/30/2008

<sup>(4)</sup> Based on \$34 per unit



## Active Acquisition History

### Over the last six years

- **Completed 32 acquisitions totaling ~\$1.1 billion**
- **Diversified portfolio of properties and lessees**
- **Acquisitions included**
  - Coal reserves
  - Coal preparation plants
  - Coal load-outs & transportation assets
  - Aggregates

## Characteristics of MLP Transactions





## Qualifying Income for MLPs

### **Natural Resource Activity**

- Mining
- Transportation
- Storage
- Production
- Processing
- Marketing

### **Other Qualifying Income**

- Real Property
  - Rents
  - Income from sale of property
- Gain from sale of assets generating qualifying income
- Interest (not from financial/insurance)
- Dividends
- Gain from sale of stock
- Gain from commodities



# Non-Reserve Opportunities

## •Examples

- Mine Construction
- Belt Structure
- Loadouts
- Preparation Plants
- Natural Resource Handling Facilities
- Railroad
- Barge
- Trucking
- Power Plants
- Joint Ventures

## •Issues

- Operations
- Capital Expenditure Needs
- Risks
- Due Diligence
- Personnel
- Financing
- Partners
- Regulatory
- Accounting



# MLP Transactions

## •Advantages

- No repayment obligation
- Flexible
- Management retains control
- Product/Price denominated
- Risk sharing
- Project specific – not company
- Lower payments per annum
- Non-dilutive to shareholders

## •Disadvantages

- Long-lived cost
- Upside subject to royalty
- Component of cash cost



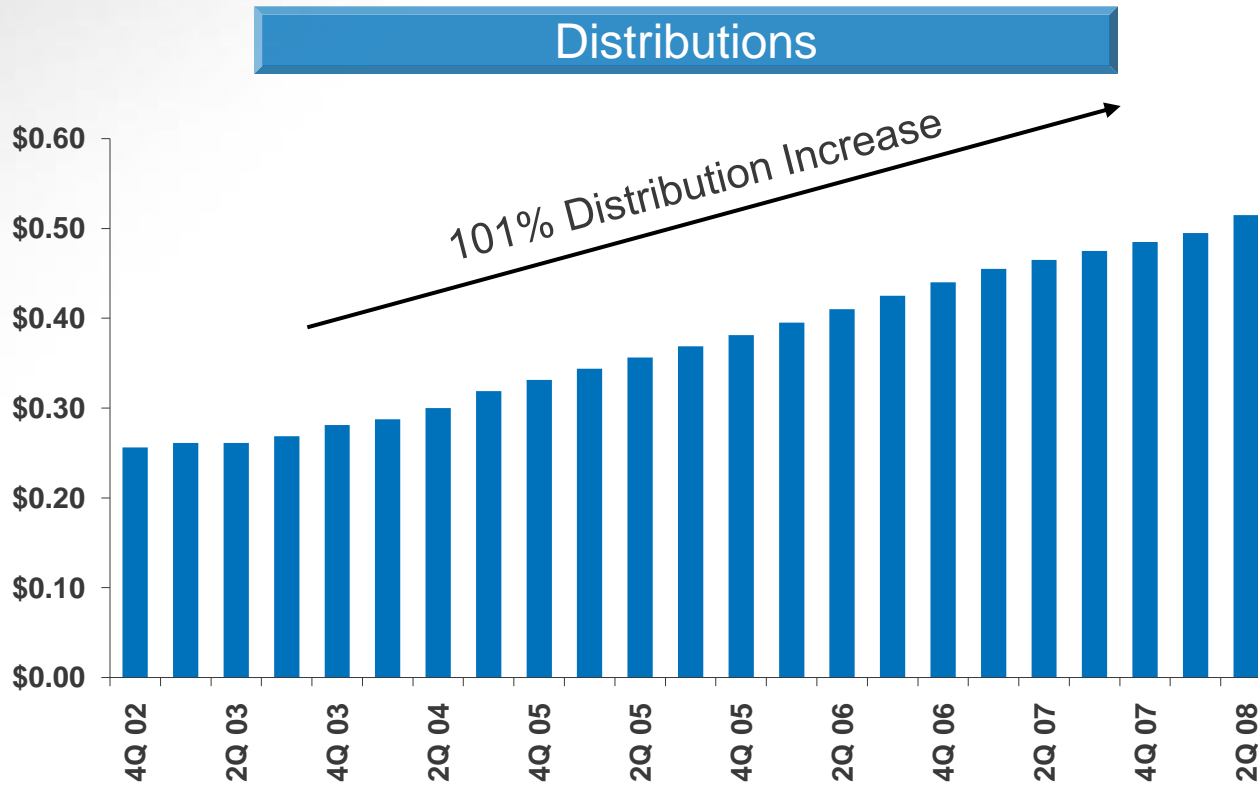
## Forms of Transaction

- **Consideration options to seller**
  - Cash
  - Cash and units
  
- **Benefits of taking units**
  - Non-taxable transaction to seller at time of sale
  - Quarterly distributions paid on units
  - Helpful in estate planning
    - Especially with numerous heirs
    - Gives heirs option to retain or sell units after lockup period



# Increased Quarterly Distributions

- Increased distributions last 20 consecutive quarters, 101% overall





## Contact Information

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