



NATURAL RESOURCE PARTNERS L.P.

Wells Fargo Securities

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Forward Looking Statement

The statements made by representatives of Natural Resource Partners L.P. (“NRP”) during the course of this presentation that are not historical facts are forward-looking statements. Although NRP believes that the assumptions underlying these statements are reasonable, investors are cautioned that such forward-looking statements are inherently uncertain and necessarily involve risks that may affect NRP’s business prospects and performance, causing actual results to differ from those discussed during the presentation.

Such risks and uncertainties include, by way of example and not of limitation: general business and economic conditions; decreases in demand for coal; changes in our lessees’ operating conditions and costs; changes in the level of costs related to environmental protection and operational safety; unanticipated geologic problems; problems related to force majeure; potential labor relations problems; changes in the legislative or regulatory environment; and lessee production cuts.

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Coal – Still Fastest Growing Fuel in the World

For the 6th Straight Year – Coal is the fastest growing major fuel in the world

Global coal consumption for 2008 rose by 3.1% to 3.3 billion tons

Three largest global consumers of coal in 2008

China – 43%

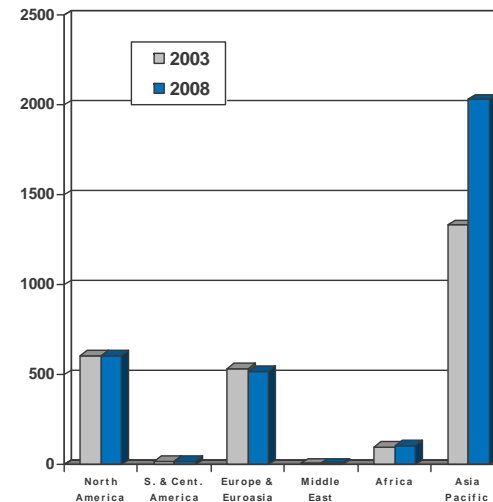
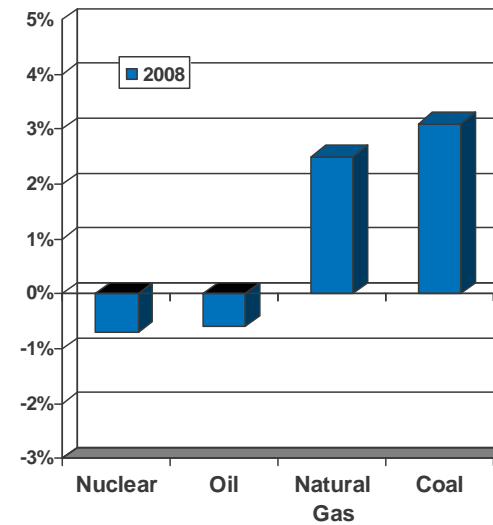
U.S. – 17%

India – 7%

Global coal consumption increased 27% between 2003 and 2008

China increased ~65%

India increased ~48%



Source: BP Statistical Review of World Energy June 2009



Coal Outlook – Near term

2009

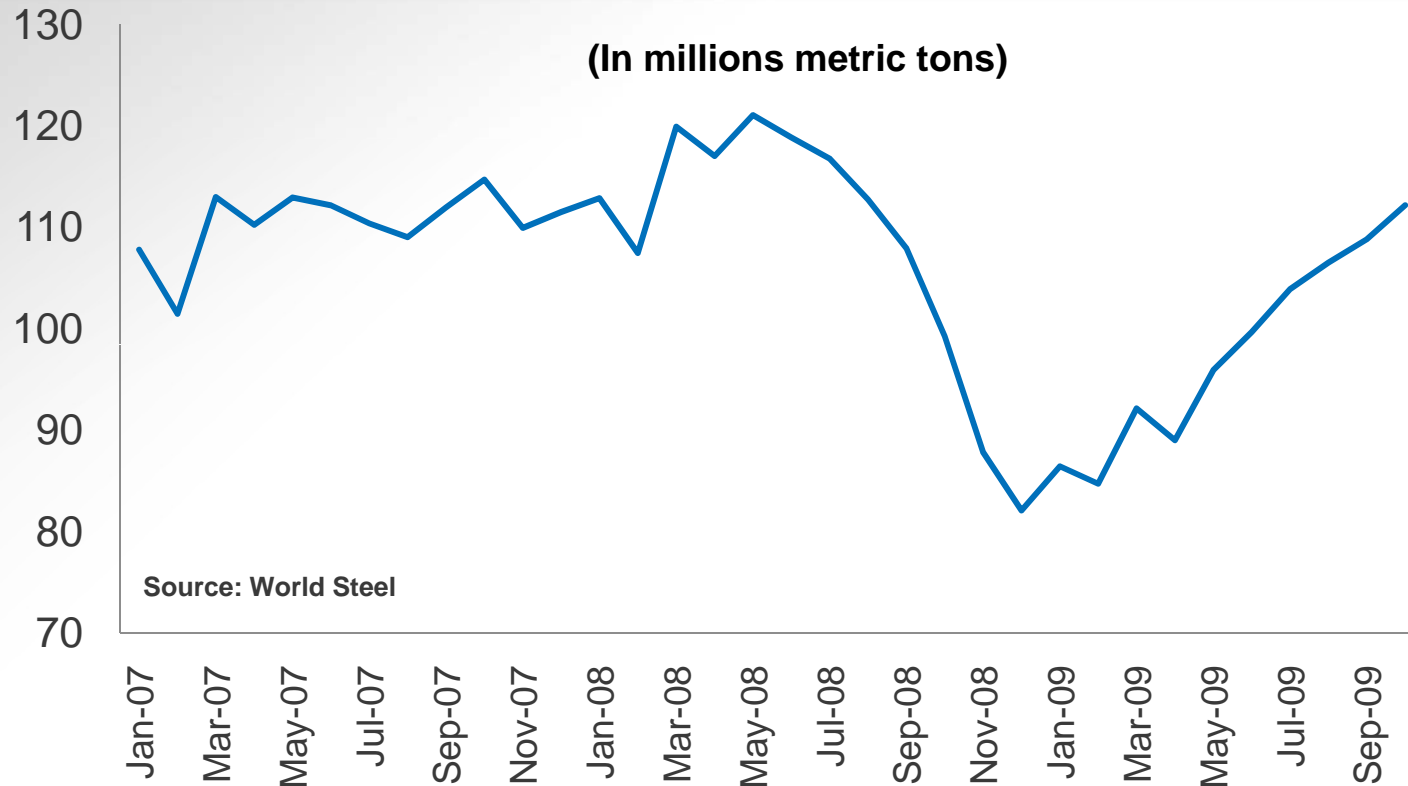
- Nearly half of the electricity in the U.S. is generated through coal-fired plants
- ~90% of coal produced in the U.S. is used for power generation
- Demand for electricity and steel and hence coal is lower than in prior years
- Large stockpiles of steam coal at both the utilities and mines
- Need for met coal is improving as economies around the globe improve

2010 and Beyond

- Demand for steam coal should remain weak in 2010 but grow after that
- Demand for met coal & crossover coals will depend upon recovering economies
- Longer-term – increased development by developing nations will create strong demand for met coal as well as steam coal



Global Steel Production



- While still not at the highs before the economic downturn, we are seeing improvements in global steel output
- China is importing more coking coal



NRP - Metallurgical Exposure

- **20-25% of all the metallurgical coal produced in the U.S. is produced from NRP properties.**
 - In 2006, it was as high as 30%
- **Historically metallurgical coal has made up a significant portion of NRP's coal royalty revenue**
 - 21% to 28% of production
 - 28% to 37% of coal royalty revenues
- **With the cut backs in metallurgical coal production, met coal still made up 23% of NRP's production for the first nine months of 2009 and 28% of the third quarter**
- **15 lessees currently produce metallurgical coal from NRP properties**
- **Increases in metallurgical demand can have a profound impact on NRP**



Current Steam Coal Market

- **Coal prices increased in early to mid-2008 and contracts signed by coal industry in 2008 for 2009 and 2010 were at higher prices; however demand is very weak**
 - **Some utilities have requested pushback on deliveries until 2010 but at higher prices than originally contracted**
 - **Significant build in inventories at steam generators**
- **World economic indicators point toward increased global steam coal demand in spite of slow economies today.**
 - **Additional coal plants are being constructed daily in many countries around the world**
 - **New plants under construction could increase global consumption by ~ 1 billion tons per year**



Current Coal Statistics

- Electricity output down ~4.0% year-to-date through mid-November
 - Central Industrial down ~6%, Southeast down ~4%, South Central down ~1%
- Industrial electricity demand down ~ 12%
- Coal fired electricity down ~ 13%
- Coal production down ~7% year-to-date through mid-November compared to 2008 in response to lower demand
 - Appalachia is down ~9% or 30 million tons year-to-date
 - Western is down ~8% or 44 million tons year-to-date
 - Interior is up ~1% or 1 million tons year-to-date
- Exports are down (Jan through Sep)
 - Metallurgical coal 6.8 mm tons or 21%
 - Steam coal 10.7 mm tons or 40%
- Imports (Jan through Aug) are down 32%

Source: EIA, NMA and industry estimates



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NRP





NRP Investment Considerations

A Proxy for the Coal Industry

- **Landholding company**
 - Lease reserves to coal mining companies
 - Receive royalty on production based on a % of the gross selling price
 - No operating expenses
 - Nominal capital expenditures
- **2.1 billion tons of coal reserves (22% metallurgical and 78% steam)**
- **75 lessees produce approximately 5% of U.S. production from NRP's 206 leases**
- **NRP's lessees produce approximately 20%-25% of all U.S. met production**
- **Three major coal producing regions**
- **2009 estimated production: 41- 50 million tons**
- **Coal royalty accounts for approximately 78% of NRP's revenue stream**

Continue to Diversify Income Stream

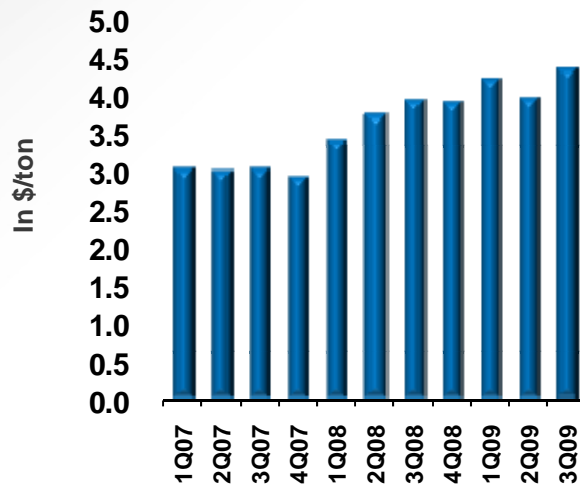
- **Infrastructure and Transportation**
- **Aggregate Royalties**
- **Oil and Gas Royalties, Timber, Wheelage and other**



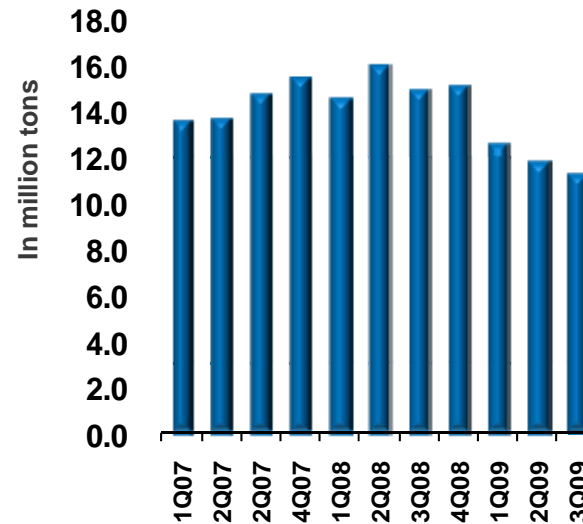
Historical Performance - Quarterly

- While production is down due to demand
- Coal royalty revenues/ton still strong due to contracts
- 3Q09 increased metallurgical production improves pricing average

Coal Royalty Revenues/ton



Production





Acquisitions to date

Total Acquisitions to date – 38 acquisitions for ~ \$1.6 billion

2009 Acquisitions to date

- **January – Cline Macoupin acquisition - \$147.3 million –**
 - Illinois steam coal and infrastructure
- **March – Massey Jewell Smokeless - \$12.5 million**
 - Central Appalachia metallurgical coal
- **May – Cline Ohio acquisition – 4,560,000 units**
 - Northern Appalachia steam coal
- **July – Blue Star Materials - \$24 million**
 - Limestone aggregates – TX
 - \$9 million funded at closing, rest to be funded in 2009
- **September – Cline Deer Run acquisition – \$255 million**
 - Agreement to purchase reserves over next three years - \$10 million paid at closing
 - Illinois steam coal ~ 200 million tons



Deer Run Acquisition in Illinois Basin – September 10

- **Definitive agreement to purchase ~200 million tons of Illinois Basin reserves at Deer run mine for \$255 million or \$240 million net**
 - GP and holders of incentive distribution rights agreed to forgo \$14.7 million of distributions over the third and fourth quarters of 2009
 - Deer Run longwall mine anticipated to be one of lowest cost producers with a 20 year life
 - Average revenue in excess of \$40 million to NRP when at full production
 - Further diversifies NRP assets in Illinois Basin
- **Development nature of project led to favorable risk mitigation for NRP**
 - 7 additional transactions over 3 years based on development milestones
 - Only \$10 million paid at closing – no further payments in 2009
 - Ultimate royalty rate tied to timing of longwall startup
 - Short term revenue generation of \$12.4 million to avoid dilution
 - Minimum payments cover 2/3 of projected production and create non-dilutive base return
 - Full exposure to upside prices



Growth Opportunities

- **Coal reserves and infrastructure**
 - From our sponsors – own 20 billion tons of coal reserves predominantly in Powder River Basin
 - Sponsor recently announced a lease of 731 million tons of coal reserves in Montana
 - development within the next seven to ten years
 - will be offered to NRP after the property is in production
 - From the Cline Group – own or control 3 billion tons of coal reserves in the Illinois Basin
 - Through the open market with our lessees and others in the coal industry
 - From the memorandum of understanding with Taggart Global – infrastructure
- **Aggregate reserves and infrastructure**
 - Looking at multiple opportunities
 - Developing reputation with brokers
 - Nationwide opportunities



NRP Proxy for Illinois Basin Growth

- In 2005 decided to increase exposure to Illinois Basin higher sulfur coal
- Production from Illinois Basin has increased from 5% of total production to 14% of total production today and is expected to grow significantly as production from recent acquisitions is brought on stream and continues to grow.
- Have invested ~\$275 million in Illinois Basin assets with obligations to invest another \$245 million in the next 26 months.
- Agreement with Cline Resources affords opportunity to buy or have revenue generating assets on up to 3 billion tons of Illinois Basin coal.
- Illinois Basin coal well situated
 - Additional scrubbers are being installed to handle the higher sulfur Ill Basin coal
 - Has transportation and BTU advantage over PRB coals
 - Much thicker coal seams than Appalachian with very low operating costs compared to APP.



Quality of NRP's lessees and Contract Safeguards

- NRP has 75 lessees that mine coal on 206 leases on NRP property
- Coal royalty revenues through September 2009 –
 - 87% from public and well capitalized companies – 19 companies
 - 63% generated from publicly owned U.S. corporations
 - 4% generated from foreign owned public corporations
 - 19% from two large, well-capitalized private companies
- Each NRP lease has two types of minimums built into the lease
 - Minimum royalties that must be paid whether or not there is any production on the lease
 - Generates cash flows available for distribution even when no production
 - Currently \$74 million/year growing to \$92 million/year in 2010
 - Minimum royalty revenue per ton
 - Protects NRP in times of lower prices – gives a downside support for prices
 - Establishes floor with no ceiling on prices



Investment Highlights

- **Proxy for the coal industry**
 - 75 lessees and over 200 leases in three major producing basins
 - Heavily weighted towards metallurgical coal
 - ~25% of all U.S. production from NRP's properties
 - Growing Illinois Basin presence
- **Small but growing aggregate business**
- **Demonstrated ability to grow asset base and distributable cash flow**
- **Well positioned for future growth via coal, aggregate and infrastructure acquisitions as well as market recovery**



"Ms. Green, send in someone to curb my optimism."

Roy Delgado



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