



**NATURAL RESOURCE PARTNERS L.P.**

# FBR Capital Markets

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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.

These and other applicable risks and uncertainties have been described more fully in NRP’s 2007 Annual Report on Form 10-K. NRP undertakes no obligation to publicly update any forward-looking statements, whether as a result of new information or future events.



## 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)
- 68 lessees produce approximately 5% of U.S. production from NRP's 194 leases
- NRP's lessees produce approximately 25% of all U.S. met production
- Three major coal producing regions in eleven states
- 2008 estimated production: 59 million tons to 65 million tons
- Coal royalty accounts for approximately 78% of NRP's revenue stream

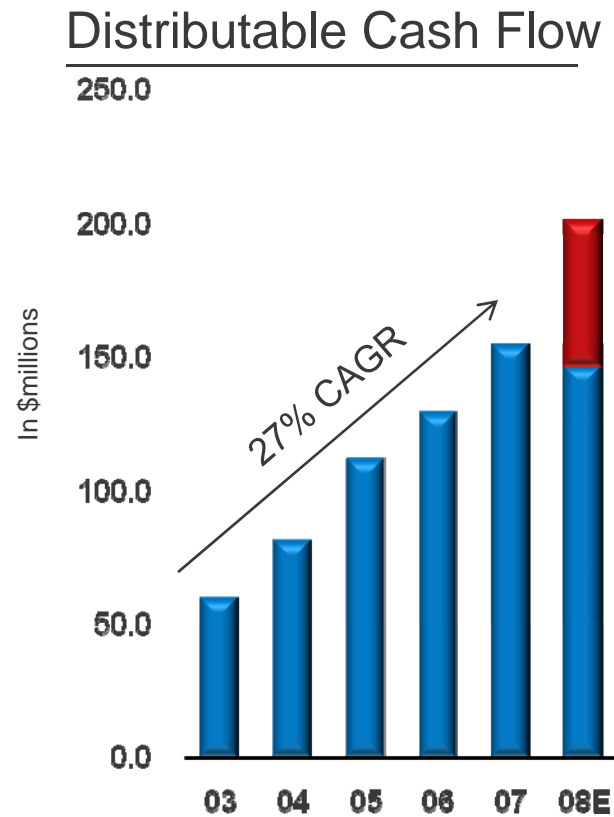
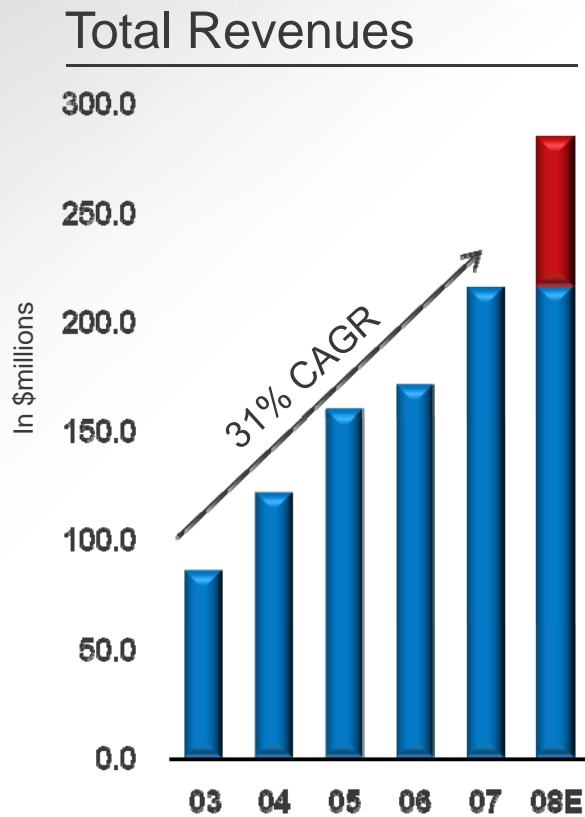
### Continue to Diversify Income Stream

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



# Historical Performance

Increasing revenue stream provides for growing distributions



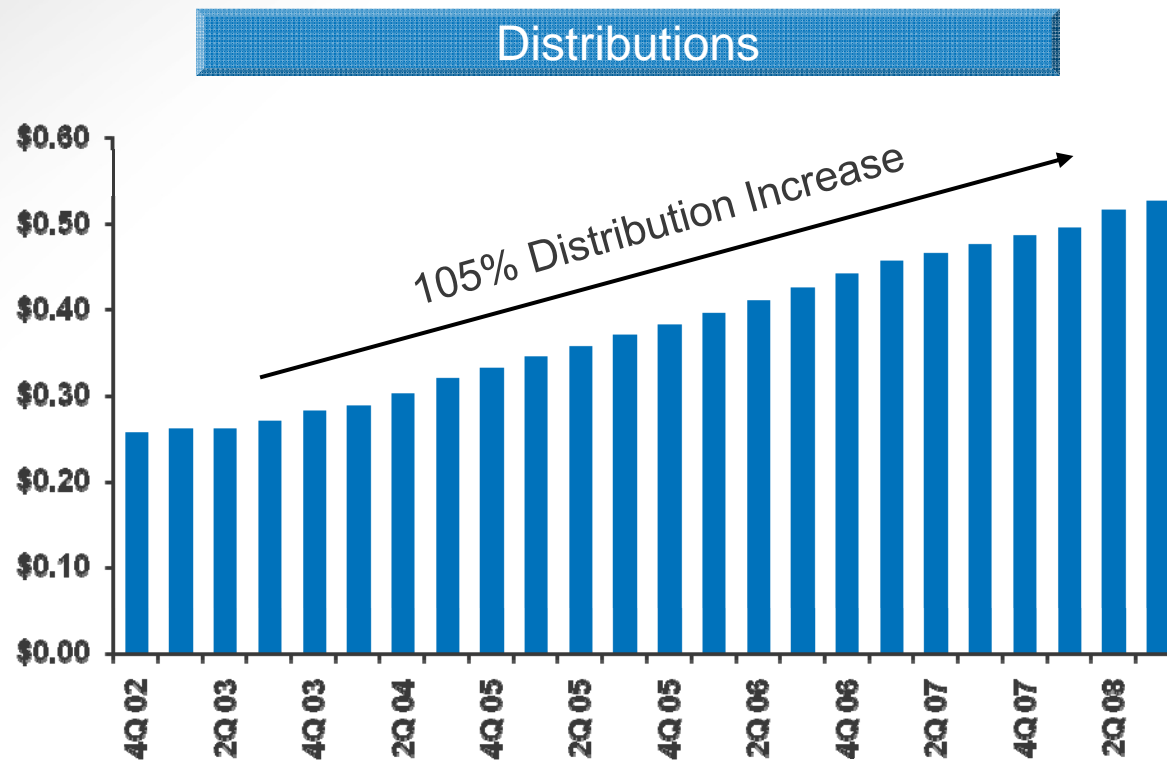
Actual

Midpoint of guidance for 2008 less 9/30/08 YTD



## Increased Quarterly Distributions

- Increased distributions last 21 consecutive quarters, 105% overall





## Current Coal Market

- Coal prices increased in 2008 and contracts signed by coal industry in 2008 for 2009 and 2010 are at higher prices than those received in 2008
- U.S. coal pricing with global coal
- World economic indicators point toward increased global steam coal demand over time in spite of slowing economies
  - Steam demand only modestly affected in 2009 by slowing economies while met demand will be weaker
  - Additional steam 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
- International Energy Agency in its World Energy Outlook 2008 presentation to the press on 11-12-08 projected that coal will account for more than a third of incremental global energy demand to 2030
- Bodes well longer-term for U.S. coal industry and NRP



## 3Q Announcements – Future Coal Prices

- **Alpha, the largest exporter of U.S. metallurgical coal and NRP's largest met producer**
  - 43% of planned met production has been committed and priced for 2009
    - at ~ \$194 per ton versus \$112.90 for met for the first nine months of 2008 (72% increase)
  - 94% of planned thermal coal production has been committed and priced for 2009
    - at ~\$70 versus \$51.31 per ton for the first nine months of 2008 (36% increase)
- **Patriot Coal**
  - **Met Production**
    - Two-thirds of met production priced at \$134 for 2009
    - One-third of met production for 2010 at \$166 per ton
  - **Appalachia thermal coal**
    - \$57 for 2009
    - \$59 for 2010



## 3Q Announcements – Future Coal Prices cont.

- **Consol Energy**

- Recent deals for high-btu, Eastern steam coal and metallurgical coal for 2009 delivery continue to reflect a robust pricing environment.
- During the quarter they settled at a weighted average price of more than \$100 per ton of steam coal .
- They also contracted metallurgical coal for prices in a range of \$285-\$310 per short ton at the mine for 2009 delivery.

- **Massey Energy**

- **Guidance for average prices**
  - 2008            \$64 to \$65 per ton
  - 2009            \$78 to \$82 per ton
  - 2010            \$90 to \$130 per ton



## Met Coal Outlook

### 2009

- **Steel Demand is weakening due to slowing economies**
- **Need for low vol (high quality) met coal remains stable**
- **As reported by public coal companies – over half of met coal is already contracted for 2009 at higher prices than 2008**
- **Year of weaker demand for marginal met coal (high vol crossover coals) – likely go back into the steam market**
- **With weaker demand, unpriced and uncommitted met coal will likely sell at prices higher than the average for 2008, but significantly lower than the peak in 2008**

### 2010 and Beyond

- **Demand for low vol met coal should remain strong**
- **Demand for crossover coals will depend upon recovering economies**
- **Longer-term – increased development by developing nations will create strong demand for met coal**



## Summary of the Current Markets

- As reported by public coal companies, significant portion of 2009 coal sales are already contracted at prices in excess of 2008
- Steam coal or thermal coal demand used for generation of electricity should remain relatively unchanged for 2009 and start growing due to worldwide demand in later years
- 2009 impact appears to be modest for steam coal and impact on met coal, particularly export, unknown
- Uncertain impact of slowing world wide economies has caused a volatile stock market in spite of a more stable coal market
- NRP is monitoring the situation and will reflect the latest outlook in 2009 guidance to be issued in early 2009 when it has better visibility on the market conditions