

BHP BILLITON LTD
Form 6-K
July 22, 2015
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
Form 6-K
REPORT OF FOREIGN PRIVATE ISSUER
PURSUANT TO RULE 13a-16 OR 15d-16
UNDER THE SECURITIES EXCHANGE ACT OF 1934
July 22, 2015

BHP BILLITON LIMITED

(ABN 49 004 028 077)

(Exact name of Registrant as specified in its charter)

VICTORIA, AUSTRALIA

(Jurisdiction of incorporation or organisation)

171 COLLINS STREET, MELBOURNE,

VICTORIA

3000 AUSTRALIA

(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F: Form 20-F Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

BHP BILLITON PLC

(REG. NO. 3196209)

(Exact name of Registrant as specified in its charter)

ENGLAND AND WALES

(Jurisdiction of incorporation or organisation)

NEATHOUSE PLACE, VICTORIA, LONDON,

UNITED KINGDOM

(Address of principal executive offices)

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Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934: Yes No

If Yes is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): n/a

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22 July 2015

To: Australian Securities Exchange
London Stock Exchange

cc: New York Stock Exchange
JSE Limited

REPUBLISHED FINANCIAL AND SUPPLEMENTARY INFORMATION

BHP Billiton today republished financial information for the year ended 30 June 2014, the year ended 30 June 2013 and half year ended 31 December 2014 to restate previously published information for the effect of the application of IFRS 5/AASB 5 Non-current Assets Held for Sale and Discontinued Operations following the demerger of South32. Supplementary financial information has been republished for the year ended 30 June 2014 and half year ended 31 December 2014.

BHP Billiton's financial results for the year ended 30 June 2015 will be reported on 25 August 2015.

Further information on BHP Billiton can be found at: www.bhpbilliton.com.

Rachel Agnew

Company Secretary

BHP Billiton Limited ABN 49 004 028 077
Registered in Australia
Registered Office: 171 Collins Street Melbourne Victoria
3000

BHP Billiton Plc Registration number 3196209
Registered in England and Wales
Registered Office: Neathouse Place, London SW1V
1LH United Kingdom

The BHP Billiton Group is headquartered in Australia

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BHP Billiton restated financial information

Basis of preparation of restated financial information

This financial information for the year ended 30 June 2014, the year ended 30 June 2013 and half year ended 31 December 2014 for the BHP Billiton Group (the Group) is not audited and has been prepared to restate previously published information for the effects of the application of IFRS 5/AASB 5 Non-current Assets Held for Sale and Discontinued Operations following the demerger of South32. The nature of each change reflected in the attached restated financial information is as follows:

All income and expense items relating to South32 have been removed from the individual line items in the Consolidated Income Statement. The post-tax profit or loss of South32 is presented as a single amount in the line item entitled Profit/(loss) after taxation from discontinued operations ; and

All cash flows and other items relating to South32 have been removed from the individual line items in the Consolidated Cash Flow Statement. The net cash flows attributable to the operating, investing and financing activities of South32 are each disclosed in single amounts in each section of the Consolidated Cash Flow Statement.

The Consolidated Balance Sheet, the Consolidated Statement of Comprehensive Income and the Consolidated Statement of Changes in Equity for these periods are not required to be restated.

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BHP Billiton restated financial information

Consolidated Income Statement Restated

	Year ended 30 June 2014 US\$M	Year ended 30 June 2013 US\$M	Half year ended 31 Dec 2014 US\$M
Continuing operations			
Revenue			
Group production	55,045	52,637	24,230
Third party products	1,717	1,223	630
Revenue	56,762	53,860	24,860
Other income	1,225	3,804	284
Expenses excluding net finance costs	(36,523)	(36,829)	(17,549)
Share of operating profit of equity accounted investments	1,185	1,142	335
Profit from operations	22,649	21,977	7,930
Comprising:			
Group production	22,634	21,913	7,929
Third party products	15	64	1
	22,649	21,977	7,930
Financial income	81	80	41
Financial expenses	(995)	(1,229)	(275)
Net finance costs	(914)	(1,149)	(234)
Profit before taxation	21,735	20,828	7,696
Income tax expense	(6,266)	(5,646)	(2,456)
Royalty-related taxation (net of income tax benefit)	(514)	(1,050)	(848)
Total taxation expense	(6,780)	(6,696)	(3,304)

Profit after taxation from continuing operations	14,955	14,132	4,392
Profit/(loss) after taxation from discontinued operations	269	(1,312)	401
Profit after taxation	15,224	12,820	4,793
Attributable to non-controlling interests	1,392	1,597	528
Attributable to members of BHP Billiton Group	13,832	11,223	4,265
Earnings per ordinary share (basic) (US cents)	260.0	210.9	80.2
Earnings per ordinary share (diluted) (US cents)	259.1	210.2	80.0
Earnings from continuing operations per ordinary share (basic) (US cents)	256.5	238.6	73.6
Earnings from continuing operations per ordinary share (diluted) (US cents)	255.7	237.8	73.4
Dividends per ordinary share paid during the period (US cents)	118.0	114.0	62.0
Dividends per ordinary share determined in respect of the period (US cents)	121.0	116.0	62.0

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BHP Billiton restated financial information

Consolidated Statement of Comprehensive Income

	Year ended 30 June 2014 US\$M	Year ended 30 June 2013 US\$M	Half year ended 31 Dec 2014 US\$M
Profit after taxation	15,224	12,820	4,793
Other comprehensive income			
<u>Items that may be reclassified subsequently to the income statement:</u>			
Available for sale investments:			
Net valuation losses taken to equity	(15)	(101)	(19)
Net valuation gains transferred to the income statement	(14)	(1)	(1)
Cash flow hedges:			
Gains/(losses) taken to equity	681	223	(1,296)
(Gains)/losses transferred to the income statement	(678)	73	1,283
Exchange fluctuations on translation of foreign operations taken to equity	(1)	2	(2)
Tax recognised within other comprehensive income	3	(76)	6
Total items that may be reclassified subsequently to the income statement	(24)	120	(29)
<u>Items that will not be reclassified to the income statement:</u>			
Actuarial gains/(losses) on pension and medical schemes	57	61	(29)
Tax recognised within other comprehensive income	12	(16)	13
Total items that will not be reclassified to the income statement	69	45	(16)
Total other comprehensive income/(loss)	45	165	(45)
Total comprehensive income	15,269	12,985	4,748
Attributable to non-controlling interests	1,392	1,599	533

Attributable to members of BHP Billiton Group	13,877	11,386	4,215
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BHP Billiton restated financial information

Consolidated Balance Sheet

	30 June 2014 US\$M	30 June 2013 US\$M	31 Dec 2014 US\$M
ASSETS			
Current assets			
Cash and cash equivalents	8,803	5,677	6,130
Trade and other receivables	6,741	6,310	5,584
Other financial assets	87	161	81
Inventories	6,013	5,821	6,149
Assets classified as held for sale		286	
Current tax assets	318	267	630
Other	334	431	327
Total current assets	22,296	18,953	18,901
Non-current assets			
Trade and other receivables	1,867	1,998	1,716
Other financial assets	2,349	1,719	2,150
Inventories	463	619	476
Property, plant and equipment	108,787	100,565	108,771
Intangible assets	5,439	5,496	5,289
Investments accounted for using the equity method	3,664	3,675	3,550
Deferred tax assets	6,396	6,069	5,080
Other	152	84	148
Total non-current assets	129,117	120,225	127,180
Total assets	151,413	139,178	146,081
LIABILITIES			
Current liabilities			
Trade and other payables	10,145	10,860	8,338
Interest bearing liabilities	4,262	5,088	2,459
Liabilities classified as held for sale		220	
Other financial liabilities	16	210	14
Current tax payable	919	1,158	407
Provisions	2,504	2,372	1,943
Deferred income	218	231	189

Total current liabilities	18,064	20,139	13,350
Non-current liabilities			
Trade and other payables	113	286	77
Interest bearing liabilities	30,327	28,099	28,610
Other financial liabilities	303	582	559
Deferred tax liabilities	7,066	6,312	7,493
Provisions	9,891	8,178	9,467
Deferred income	267	291	275
Total non-current liabilities	47,967	43,748	46,481
Total liabilities	66,031	63,887	59,831
Net assets	85,382	75,291	86,250
EQUITY			
Share capital BHP Billiton Limited	1,186	1,186	1,186
Share capital BHP Billiton Plc	1,069	1,069	1,057
Treasury shares	(587)	(540)	(230)
Reserves	2,927	1,970	2,842
Retained earnings	74,548	66,982	74,990
Total equity attributable to members of BHP Billiton Group	79,143	70,667	79,845
Non-controlling interests	6,239	4,624	6,405
Total equity	85,382	75,291	86,250

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BHP Billiton restated financial information

Consolidated Cash Flow Statement Restated

Compensation Setting Process

With limited exception, our CEO has broad discretion to establish the composition and amount of compensation for the employees of the operating partnership, including the named executive officers with the Advisory Committee approving the CEO's compensation. Employee compensation includes salary, insurance benefits (including medical, dental, vision, life, and disability coverage), a SEP-IRA program, and discretionary merit bonuses awarded in the form of cash or DMLP units. The CEO consults with senior management (including the CFO and COO) and department managers no less frequently than annually to assess employee performance, attitude and collaboration when determining compensation. Compensation levels are to some extent impacted by the formulaic limitations on general and administrative expense reimbursement set forth in our partnership agreement.

The CEO annually reports to the Board of Managers on compensation matters including the proposed salary and benefits. The Advisory committee is required to approve compensation for any employee who is also a member of the Board of Managers. Since our formation in 2003, Mr. McManemin's compensation has been subject to the approval of the Advisory Committee. The compensation of Ms. Moriyama and Mr. Ehrman is determined by Mr. McManemin.

Compensation Philosophy

The Advisory Committee and CEO believe in rewarding our named executive officers based on individual performance as well as aligning the interests of our named executive officers with those of our common unitholders. The CEO and the Advisory Committee believe our compensation package (including salaries, insurance benefits, SEP-IRA program and discretionary merit bonuses) of our employees including our named executive officers are appropriate and sufficient to attract, retain, incentivize and properly reward our employees.

Elements and Objectives of Compensation

Salary and Discretionary Cash Bonuses. Our CEO determines employee salaries and discretionary cash bonuses, in consultation with senior management including the CFO and the COO and from time to time the Advisory Committee. The operating partnership does not have a formulaic salary schedule or bonus plan. The CEO has broad discretion to consider a wide range of factors in determining compensation including but not limited to performance, loyalty, collaboration and attitude. The CEO and the Advisory Committee do not benchmark compensation, but consider the operating partnership and the named executive officers' compensation to be appropriate. The objective of our salary determinations is to attract and retain our named executive officers with the goal of retaining long-term unitholder value, and the objective of discretionary cash bonuses is to reward the efforts of our named executive officers on the basis of their annual performance.

Equity Awards. Our named executive officers are eligible to participate in the Dorchester Minerals Operating LP Equity Incentive Program (the "Equity Incentive Program") and are eligible to receive common unit awards granted by Dorchester Minerals Operating GP LLC, the administrator of the Equity Incentive Program. In determining the number of common units to be awarded to the CFO and COO, the CEO takes into account the named executive officer's position, scope of responsibility and value creation in the Partnership.

Determination of 2017 Compensation

Mr. McManemin. The Advisory Committee maintained the salary of Mr. McManemin at \$96,000 per year during 2017. This decision was in recognition of the service he provides in managing the day-to-day affairs necessary to our partnership and the operating partnership. This arrangement has been in place since the partnership began operations on January 31, 2003, and Mr. McManemin has received the same \$96,000 annual salary since then. Mr. McManemin did not receive a cash bonus or any equity awards during 2017. Given his respective ownership interests in the general partner of our general partner and holdings of common units, the Board of Managers and the Advisory Committee believe that he is adequately compensated and aligned with common unitholder interests.

Ms. Moriyama. As our Chief Financial Officer, Ms. Moriyama's base salary is \$181,800 per year, based on our CEO's subjective determination of the appropriate salary for someone with her business and financial experience in the oil and gas industry. Ms. Moriyama received a cash bonus of \$40,000, and a common unit award under the Equity Incentive Program of 2,500 common units during 2017.

Mr. Ehrman. As our Chief Operating Officer, Mr. Ehrman's base salary is \$196,950 per year, based on his level of education and extensive history of managing the properties held by our partnership. Mr. Ehrman received a cash bonus of \$50,000, and a common unit award under the Equity Incentive Program of 2,500 common units during 2017.

Both Ms. Moriyama and Mr. Ehrman's cash bonus and common unit awards were determined by the CEO based on a subjective assessment of the applicable executive's business impact, including value creation, leadership and teamwork, among other factors.

Response to Say-on-Pay Vote

The Advisory Committee and the Board of Managers considered the results of our most recent unitholder advisory vote on executive compensation at our 2017 Annual Meeting. Our unitholders overwhelmingly approved the compensation of our named executive officers, with over 96% of the common units present at the meeting voting in favor of such compensation. Accordingly, the Advisory Committee and the Board of Managers have not changed our executive compensation decisions and policies following the 2017 Annual Meeting.

SUMMARY COMPENSATION TABLE

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Stock Awards (\$)	All Other Compensation(1) (\$)	Total (\$)
William Casey McManemin Chairman and Chief Executive Officer	2017 2016 2015	\$96,000 \$96,000 \$96,000			\$ 19,200 \$ 19,200 \$ 19,200	\$115,200 \$115,200 \$115,200
Leslie A. Moriyama Chief Financial Officer May 18, 2015-Present	2017 2016 2015	\$180,000 \$150,000 \$93,750	\$40,000 \$30,000 \$28,750	\$37,500 \$41,625 \$22,700	\$ 51,500 \$ 52,941 \$ 33,088	\$309,000 \$274,566 \$178,358
Bradley J. Ehrman Chief Operating Officer May 18, 2015-Present	2017 2016 2015	\$195,000 \$188,700 \$178,079	\$50,000 \$10,000 \$19,435	\$37,500 \$41,625 \$22,770	\$ 54,000 \$ 48,065 \$ 44,057	\$336,500 \$288,390 \$264,341

(1) Compensation for Retirement Benefits

GRANTS OF PLAN-BASED AWARDS

Name	Grant Date	All Other Stock Awards: Number of Shares of Stock or Units (#)	Grant Date Fair Value of Stock and Option Awards (\$)(1)
Leslie A. Moriyama	11/27/2017(2)	2,500	\$37,500
Bradley J. Ehrman	11/27/2017(2)	2,500	\$37,500

(1) The amounts in this column are the grant date fair value of unit awards.

(2) These common unit awards were awards of fully-vested common units granted to the named executive officers pursuant to the Dorchester Minerals Operating LP Equity Incentive Program.

PAY RATIO DISCLOSURE

Pursuant to the Dodd-Frank Act, the Securities and Exchange Commission adopted a rule requiring annual disclosure of the ratio of the total annual compensation of the principal executive officer (“PEO”) to the median employee’s annual total compensation. Mr. William Casey McManemin is the Partnership’s Chief Executive Officer. In the pay ratio table below, Mr. McManemin’s total compensation as reflected in the foregoing Summary Compensation Table contained within this proxy statement, is compared to the median employee’s total compensation. For simplicity, the value of the Partnership’s retirement plan was excluded for Mr. McManemin and all permanent employees, as all employees, including the PEO, are offered the same benefits. In determining the median employee, a listing was prepared of all employees that were actively employed as of December 31, 2017, with the exception of Mr. McManemin. All wages, bonuses and stock awards paid to each employee were deemed to be the employee’s total compensation. If a permanent employee was not employed by the Partnership for the entirety of the year, an annualized total compensation was calculated for that employee. The below table presents the ratio of median of the annual total compensation of all employees, except Mr. McManemin, to the annual total compensation of the Partnership’s Principal Executive Officer:

Mr. William Casey McManemin (PEO) total annual compensation	\$96,000
Median Employee total annual compensation	\$106,385
Ratio of PEO to Median Employee total annual compensation	0.90:1.00

COMPENSATION OF DIRECTORS

Appointed Managers receive no remuneration for serving on the Board of Managers, but each member of the Advisory Committee received an annual retainer fee of \$35,000 during 2017 and will receive \$35,000 during 2018. In addition, members of the Advisory Committee receive \$1,500 for each meeting of any special committees. In 2017, no special committee meetings were held. In January, 2018, the Board of Managers approved paying Advisory Committee members compensation by issuing common units under the Equity Incentive Program.

DIRECTOR COMPENSATION FOR 2017

Name	Fees Earned	
	or Paid in Cash (\$)	Total (\$)
Buford P. Berry ⁽¹⁾	\$29,167	\$29,167
Allen D. Lassiter ⁽²⁾	\$ 5,833	\$ 5,833
C.W. ("Bill") Russell	\$35,000	\$35,000
Ronald P. Trout	\$35,000	\$35,000

(1) Mr. Berry passed away on October 2, 2017

(2) Mr. Lassiter was appointed as a Manager on November 29, 2017

COMPENSATION COMMITTEE REPORT

The Advisory Committee has reviewed and discussed the Compensation Discussion and Analysis with management and based on that review and discussion recommends to the Board of Managers its inclusion in the Proxy Statement.

March 8, 2018

C.W. (“Bill”) Russell

Allen D. Lassiter

Ronald P. Trout

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

None of our executive officers serves as a member of the board or compensation committee of any entity that has one or more of its executive officers serving as a member of the Board of Managers or the Advisory Committee, which functions as our compensation committee.

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REPORT OF THE AUDIT COMMITTEE

As members of the Audit Committee of the Board of Managers, we are responsible for helping to ensure the reliability of the Partnership's consolidated financial statements. In keeping with this goal, the Board of Managers has adopted a written charter for the Audit Committee to follow. The Audit Committee reviewed and reassessed the charter's adequacy on March 8, 2018.

Independence of Audit Committee Members. All of the members of the Audit Committee are independent as defined by Rule 5605(a)(2) of the NASDAQ Marketplace Rules and the most recent interpretations of those standards.

Review and Discussions. The Audit Committee has reviewed and discussed the Partnership's audited consolidated financial statements with management. It has also discussed with the independent auditors the matters required to be discussed by Auditing Standard No. 1301 Communications with Audit Committees. Additionally, the Audit Committee has received the written disclosures and the letter from the independent accountants at Grant Thornton LLP, as required by the Public Company Accounting Oversight Board Ethics and Independence Rule 3526 (Communication With Audit Committees Concerning Independence), and has discussed with the independent accountants their independence.

Recommendation to Include Audited Consolidated Financial Statements in Annual Report. Based on the Audit Committee's discussions with management and the independent accountants and its review of the representation of management and the report of the independent accountants to the Audit Committee, the Audit Committee recommended that the Board of Managers include the audited consolidated financial statements in the Partnership's Annual Report on Form 10-K for the year ended December 31, 2017 filed with the Securities and Exchange Commission.

March 8, 2018

Allen D. Lassiter

C.W. ("Bill") Russell

Ronald P. Trout

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

In 2017, the Partnership and our wholly-owned subsidiaries reimbursed certain direct and indirect expenses to the operating partnership and our general partner. The reimbursements were made pursuant to the Partnership Agreement and Administrative Services Agreements or office lease agreements between the operating partnership and Dorchester Minerals Oklahoma LP or Maecenas Minerals, L.L.P., both wholly-owned subsidiaries of the Partnership. No management fees or any other type of compensation is paid by or to any related party, other than compensation reported pursuant to Item 402 of Regulation S-K.

Reimbursement of Our General Partner

Our general partner was reimbursed \$2,245,391 for expenses incurred in 2017 pursuant to our Partnership Agreement. Our general partner is not compensated for services provided in acting as our general partner. However, we reimburse our general partner on a monthly basis for all expenses incurred or payments made on our behalf, and all other necessary or appropriate expenses allocable to us. Such expenses include both direct expenses and management expenses. Pursuant to our Partnership Agreement, direct expenses include

- professional fees and expenses, such as audit, tax, legal and engineering costs;
- regulatory fees and expenses;
- ad valorem taxes;
- severance taxes;
- the fees and expenses of independent managers of our general partner and its general partner; and
- premiums for officers' and managers' liability insurance;
- expenses of the General Partner related to professional and regulatory matters.

Management expenses are expenses of the general partner and its affiliates incurred on our behalf and include:

- rent, wages, salaries and the cost of employee benefit plans provided to employees and officers that are properly allocable to us; and
- all other necessary or appropriate expenses allocable to us but do not include items classified as direct expenses or production costs.

As a result of the limitation on management expenses discussed below, recovery of additional expenses may occur by changing the classification of the expenses only to the extent that (i) a portion of management expense is reduced by shifting certain costs to direct expenses or production cost, and (ii) such classification change impacts a period when management expense could otherwise exceed the 5% cap and (iii) such excess above the cap cannot be recovered in future or past fiscal years.

Our reimbursements to our general partner of management expenses (excluding overhead expenses included in production costs that are deducted in determining net profits interests) during any fiscal year are limited to an amount not greater than 5% of the sum of our distributions to our partners for that fiscal year, adjusted for changes in cash reserves, plus expenses paid by us for that year for direct and management expenses and production costs which are capital in nature and charged against the net profits interests, and increases in taxes and regulatory compliance costs.

To the extent that actual reimbursement for management expenses in any fiscal year is less than five percent (5%) of this sum, our reimbursement to our general partner may exceed the 5% limitation by the amount of that difference at any time during the succeeding three fiscal years. If reimbursement to our general partner was limited by the 5% limitation during the preceding three fiscal years, the amount by which the management expenses are less than the 5% limitation in the current year may be used to permit our general partner to recoup the deficit from the preceding years.

Our Partnership Agreement generally may not be amended to increase the 5% limitation on the reimbursement of management expenses unless approved by a majority of the Partnership's unitholders.

Reimbursement to the Operating Partnership

In 2017, the operating partnership was reimbursed an aggregate of \$421,588 from Dorchester Minerals Oklahoma LP and Maecenas Minerals, L.L.P., our wholly-owned subsidiaries, pursuant to Administrative Service Agreements or office lease agreements. The operating partnership provided the wholly-owned subsidiaries services related to accounting, internal controls, management of data processing systems, preparation of all federal and state tax reports, service as paymaster, preparation of periodic financial statements and banking and other financial relationships. The operating partnership was reimbursed for the payment of all direct and indirect costs and expenses incurred in the performance of the services provided, including without limitation, (i) attributable telephone, office rent and other office expenses, (ii) attributable salaries and other compensation expenses of employees, officers and directors, (iii) other attributable administrative expenses, (iv) travel expenses, (v) legal and accounting costs and expenses and (vi) expenses incurred in providing or obtaining such other professional, technical, administrative services and advice as deemed necessary or desirable. Reimbursements made pursuant to the Administrative Service Agreements were not also made pursuant to the Partnership Agreement.

Review, Approval or Ratification of Transactions with Related Persons

Whenever any potential conflict of interest exists or arises between our general partner or any of its affiliates and us or any of our partners, our general partner resolves that conflict. Our Partnership Agreement requires our general partner to seek approval of a majority of the members of the Advisory Committee of the general partner of our general partner as to a proposed resolution of the conflict. In addition to approval by the Advisory Committee the resolution of the conflict of interest must also be fair and reasonable to us. Any resolution of a conflict of interest shall also be conclusively deemed fair and reasonable to us if such resolution is:

on terms no less favorable to us than those generally being provided to or available from unrelated third parties, or fair to us, taking into account the totality of the relationships between the parties involved (including other transactions that may be particularly favorable or advantageous to us).

Our general partner, or its general partner's Advisory Committee if its approval is sought, is authorized, in connection with its determination of what is fair and reasonable to us, and in connection with its resolution of any conflict of interest, to consider:

the relative interests of any party to such conflict, agreement, transaction or situation and the benefits and burdens relating to such interest,
any customary or accepted industry practices and any customary or historical dealings with a particular person,
any applicable generally accepted accounting practices or principles, and
such additional factors as our general partner's, or its general partner's Advisory Committee, determines in its sole discretion to be relevant, reasonable or appropriate under the circumstances.

Whenever our Partnership Agreement requires that a particular transaction, arrangement or resolution of a conflict of interest be fair and reasonable, the fair and reasonable nature of that transaction, arrangement, or resolution shall be considered in the context of all similar or related transactions.

On June 28, 2017, the Partnership entered into a Contribution, Exchange and Purchase Agreement with DSD Royalty, LLC (the “DSD Agreement”) pursuant to which the Partnership would acquire an undivided 50% interest in certain mineral and royalty interests (the “Properties”) in exchange for cash (the “Cash Purchase Right”) and the remaining 50% undivided interest in the Properties in exchange for the Partnership’s common units of limited partnership interests (the “Units”) for aggregate consideration of approximately \$23,183,000. Immediately after execution of the DSD Agreement, the Partnership entered into a Participation Agreement with related parties of the Partnership, including 1307, LTD., Mr. James E. Raley, a manager on the Board of Managers, Quiscalus Ventures, LLC, Ms. Leslie A. Moriyama, the Partnership’s Chief Financial Officer, 2011 Pete & Kay Allen Family Trust, Vaughn Petroleum (DMLP), LLC, Rokeby Investment L.P., Browning C. Vaughn and MARI GST Non-Exempt Trust, along with parties unrelated to the Partnership, collectively, (the “Participants”) pursuant to which the Partnership assigned the Cash Purchase Right to the Participants in exchange for the Participants’ assumption of the obligation to pay the cash consideration in connection with the consummation of the transactions contemplated by the DSD Agreement. Mr. William Casey McManemin, the Partnership’s Chairman and Chief Executive Officer and a manager on the Board of Managers, is the sole manager of Cabana Management, LLC, the sole general partner of 1307, Ltd. Mr. Bradley J. Ehrman, the Partnership’s Chief Operating Officer, is the sole member of Quiscalus Ventures, LLC. Mr. H.C. Allen, Jr., a manager on the Board of Managers, is a trustee of the Pete & Kay Allen Family Trust. Mr. Robert C. Vaughn, a manager on the Board of Managers, and his spouse are the only unit holders of Vaughn Petroleum (DMLP), LLC. Mr. Vaughn’s son, Robert C. Vaughn, Jr., is the sole manager of Prevelly Investments, LLC, the general partner of Rokeby Investment, L.P. Browning C. Vaughn is Mr. Vaughn’s daughter. Ms. Martha Rochelle, a manager on the Board of Managers is a trustee of the MARI GST Non-Exempt Trust. On June 30, 2017, The Partnership entered into a Contribution and Exchange Agreement with the Participants (the “Participant Contribution Agreements”), pursuant to which each Participant acquired Units in exchange for the assets received by the Participant pursuant to the rights assigned to the Participant in the Participation Agreement. The quantity of Units issued to the Participants was equal to the quantity issued pursuant to the DSD Agreement. The Advisory Committee reviewed the transactions and found them to be fair and reasonable and approved the terms of the Participation Agreement and the Participant Contribution Agreements and the transactions contemplated thereby. Each related party’s approximate payment obligation under the Participation Agreement is set forth below, which represents the approximate dollar value of each related person’s interest in this transaction is as set forth below:

Name	Dollar Value of Interest
1307, Ltd.	\$2,350,000.00
MARI GST Non-Exempt Trust	\$1,000,000.00
Vaughn Petroleum (DMLP), LLC	\$800,000.00
James E. Raley	\$300,000.00
2011 Pete & Kay Allen Family Trust	\$300,000.00
Leslie A. Moriyama	\$100,000.00
Rokeby Investments, L.P.	\$100,000.00

Browning C. Vaughn	\$ 100,000.00
Quiscalus Ventures, LLC	\$ 50,000.00

EXECUTIVE OFFICERS AND MEMBERS OF THE BOARD OF MANAGERS

William Casey McManemin, age 57, has served as Chief Executive Officer and as a manager of Dorchester Minerals Management GP LLC and as Chief Executive Officer of Dorchester Minerals Operating GP LLC and Dorchester Minerals, L.P. since 2001. He was also appointed Chairman of the Board of Managers in May, 2015. He received his Bachelor of Science degree in Petroleum Engineering from Texas A&M University in 1984 and is a Registered Professional Engineer in the State of Texas. The members of the general partner of our general partner have determined that Mr. McManemin's extensive and varied professional experience in petroleum engineering, extensive history of managing the majority of the properties held by the Partnership, as well as his strong executive management skills, qualify him to continue to serve on the Board of Managers.

H.C. Allen, Jr., age 79, has served as a manager of Dorchester Minerals Management GP LLC since 2001 and as Chief Financial Officer of Dorchester Minerals Operating GP LLC and Dorchester Minerals, L.P. from 2001 – May 2015. He co-founded SASI Minerals Company, Republic Royalty Company, Spinnaker Royalty Company, L.P. and CERES Resource Partners, LP with Mr. McManemin in 1988, 1993, 1996 and 1998, respectively. He received his Bachelor of Business Administration degree from the University of Texas in 1962 and his Master of Business Administration degree from the University of North Texas in 1963. The members of the general partner of our general partner have determined that Mr. Allen's business and financial experience with the Partnership and other companies within our industry and his extensive history of managing the majority of the properties held by the Partnership qualifies him to continue to serve on the Board of Managers.

Bradley J. Ehrman, age 41, has served as Chief Operating Officer of Dorchester Minerals Operating GP LLC and Dorchester Minerals, L.P. since May 2015. He previously served as the Engineering Manager of Dorchester Minerals Operating LP from 2004 to 2011 and Vice President of Operations from 2011 to May 2015. He received a Bachelor of Science degree in Petroleum Engineering from the University of Alberta in 1999 and received a Master of Business Administration from Rice University in 2004.

Leslie A. Moriyama, age 39, has served as Chief Financial Officer of Dorchester Minerals Operating GP LLC and Dorchester Minerals, L.P. since May 2015. She received a Bachelor of Commerce in Accounting and a Bachelor of Arts in Economics from the University of Calgary and is a Chartered Accountant. She previously served as a Director of Capital Markets and Accounting Advisory Services at PricewaterhouseCoopers LLC from 2014 to 2015 and as Manager-Financial Reporting and Director-Accounting of the Mid-Continent Business Unit of Encana Oil & Gas (USA) Inc. from 2009 to 2014.

James E. Raley, age 78, is currently Vice Chairman and has been a manager of Dorchester Minerals Management GP LLC since 2001. Previously Mr. Raley served as Chief Operating Officer of Dorchester Minerals Operating GP LLC and Dorchester Minerals, L.P. from 2001 – May 2015. He had served as a general partner of Dorchester Hugoton since 1990. He received a Bachelor of Science degree in Mechanical Engineering from Texas Tech University in 1962. The members of the general partner of our general partner have determined that Mr. Raley's extensive history of managing a portion of the properties held by the Partnership, as well as his long standing management experience with the Partnership, provides our Board of Managers with considerable knowledge and understanding of the Partnership's properties and its strategic matters and qualifies him to continue to serve on the Board of Managers.

Martha P. Rochelle, age 64, has served as a manager of Dorchester Minerals Management GP LLC since 2013. Ms. Rochelle earned a Bachelor of Arts with High Honors from the University of Texas in 1974 and a Juris Doctor from Southern Methodist University School of Law in 1976. Following law school, she clerked for a federal judge and then entered private practice. For a period of more than twenty years, her practice focused on corporate and tax-exempt finance. Ms. Rochelle continues to serve as an advisor to tax-exempt entities. The members of the general partner of our general partner have determined that Ms. Rochelle's extensive legal experience in corporate and finance matters and other business experience qualifies her to continue to serve on the Board of Managers.

Robert C. Vaughn, age 62, has served as a manager of Dorchester Minerals Management GP LLC since 2001. Mr. Vaughn has served in various capacities with Vaughn Petroleum (DMLP), LLC and affiliated entities since 1979, including as Chairman, President and Chief Executive Officer. He co-founded Republic Royalty Company in 1993 and Dorchester Minerals, L.P. in 2003. He received his Bachelor of Business Administration from the University of Texas at Austin. He currently serves on the Board of Trustees of the Culver Educational Foundation, the Development Board of The University of Texas at Austin and the Board of Visitors of the McDonald Observatory and Department of Astronomy of the University of Texas at Austin. The members of the general partner of our general partner have determined that Mr. Vaughn's education and experience as a founder and executive of the Partnership and of other companies within our industry provides our Board of Managers with considerable knowledge and understanding of strategic matters and qualifies him to continue to serve on the Board of Managers.

BOARD OF MANAGERS QUALIFICATIONS

In considering whether to recommend any candidate for inclusion in the Board's slate of recommended nominees, the members of the general partner of our general partner consider criteria such as the candidate's integrity, business acumen, age, experience, commitment, diligence, conflicts of interest and the ability to act in the interests of all limited partners. We seek nominees with a diversity of experience, professions, skills, geographic representation and backgrounds. The members of the general partner of our general partner do not assign specific weights to particular criteria and no particular criterion is necessarily applicable to all prospective nominees. We believe that the backgrounds and qualifications of the managers, considered as a group, should provide a significant composite mix of experience, knowledge and abilities that will allow the Board of Managers to fulfill its responsibilities.

ELECTION OF MANAGERS TO THE BOARD OF MANAGERS

WHO WILL BE APPOINTED TO THE ADVISORY COMMITTEE

(PROPOSAL NO. 1 ON THE PROXY CARD)

Unitholders are entitled to elect three managers to the Board of Managers who will also be appointed to serve on the Advisory Committee. Nominations for the election of these managers listed below were made by the members of the general partner of our general partner and approved by its Board of Managers. If elected, all nominees are expected to serve until the 2019 Annual Meeting of Limited Partners or until their successors are duly elected.

NOMINEES FOR ELECTION

Allen D. Lassiter, age 69, has served as a manager and an Advisory Committee Member of Dorchester Minerals Management GP LLC since November 2017. He served as Vice Chairman – Investment Banking from 2016 to 2017 and as Managing Director and Energy Group Head from 1994 to 2016 at Raymond James and Associates, Inc., an investment banking firm. Mr. Lassiter previously served as Managing Director and Group Head of Southwest Investment Banking for Kemper Securities, Inc. from 1992 to 1994 and in various positions, including Managing Director and Energy Investment Banking Group Co-Head at Smith Barney, Inc. from 1973 to 1992. Mr. Lassiter received a Bachelor of Arts degree from the University of North Carolina in 1970 and a Master of Business Administration degree from the Wharton School of Finance at the University of Pennsylvania in 1975. The members of the general partner of our general partner have determined that Mr. Lassiter's extensive experience in financial advisory work with, and financial transactions for, companies engaged in the oil and gas industry, qualify him to continue to serve on our Board of Managers.

C. W. "Bill" Russell, age 76, has served as a manager and an Advisory Committee Member of Dorchester Minerals Management GP LLC since May 2004. Mr. Russell was employed by KPMG, LLP and predecessor firms from 1967 until his retirement in 1995. Elected as a partner in 1974, Mr. Russell concentrated in the field of energy taxation and served in various capacities at KPMG including as National Director, technical tax services – energy and chairman of the KPMG International Petroleum Group. He co-authored *Income Taxation of Natural Resources*, from 1986 to 2000. He currently performs tax services and related accounting functions for independent oil and gas producers and individuals. Mr. Russell is a graduate of the University of Texas at Arlington and is a certified public accountant. The members of the general partner of our general partner have determined that Mr. Russell's extensive financial and accounting background brings considerable financial experience to the Board of Managers and qualifies him to continue to serve on our Board of Managers.

Ronald P. Trout, age 78, has served as a manager and an Advisory Committee Member of Dorchester Minerals Management GP LLC since February 2008. Mr. Trout currently serves on the Board of Trustees and Audit Committee of The Cushing MLP Total Return Fund, a New York Stock Exchange listed closed-end investment company. Mr. Trout previously served as an Advisor and Audit Committee member of Dorchester Hugoton, Ltd., one of our predecessors, from 2001 through 2003 and a Director of Galaxy Energy Corporation from November 2006 through December 2008. He was a Senior Vice President and one of the founding partners of Hourglass Capital Management Corp., a Texas-based investment management company until his retirement in April 2001. Prior to the formation of Hourglass, he was a Senior Vice President of Mercantile Securities Corp., the trust investment arm of Mercantile Bank. Mr. Trout has been a Chartered Financial Analyst since 1970 and is a current member of the Dallas Association of Investment Analysts and past President of the Oklahoma Chapter of the Analysts Society. Mr. Trout received a B.S. and M.S. in Business Administration with a major in Finance from the University of Missouri. The members of the general partner of our general partner have determined that Mr. Trout's extensive financial background brings considerable financial experience to the Board of Managers and qualifies him to continue to serve on our Board of Managers.

THE BOARD OF MANAGERS RECOMMENDS THAT UNITHOLDERS VOTE "FOR" THE ELECTION OF EACH OF THE BOARD OF MANAGERS' NOMINEES.

APPOINTMENT OF INDEPENDENT PUBLIC ACCOUNTANTS**(PROPOSAL NO. 2 ON THE PROXY CARD)**

The Board of Managers recommends the approval of the appointment of Grant Thornton LLP as our independent registered public accounting firm for the year ending December 31, 2018. Grant Thornton LLP has been the independent public registered accounting firm of one of our predecessors, Dorchester Hugoton, Ltd., since 1998 and the Partnership's independent registered public accounting firm since 2003..

Representatives of Grant Thornton LLP are expected to be present at the Annual Meeting of Unitholders and will be given the opportunity to make a statement, if they desire to do so, and to respond to appropriate questions. Although unitholder approval of the appointment of Grant Thornton LLP is not required, the Board believes that it is appropriate to seek unitholder approval of this appointment. If the unitholders fail to approve the appointment, the Advisory Committee and the Board of Managers will consider whether or not to retain Grant Thornton LLP. Even if the appointment is approved, the Board of Managers, at its discretion, may direct the appointment of a different independent registered accounting firm at any time during the year if it determines that such a change would be in our best interest and the best interests of our unitholders.

During 2017 and 2016, the Partnership incurred the following fees with Grant Thornton:

	Year Ended December 31, (in thousands)	
	2017	2016
Audit Fees ⁽¹⁾	\$297	\$259
Audit-related fees ⁽²⁾	-	-
Tax Fees ⁽³⁾	-	-
All Other Fees ⁽⁴⁾	-	-
Total	\$297	\$259

- Audit fees represent amounts billed for each of the periods presented for professional services rendered in
- (1) connection with those services normally provided in connection with statutory and regulatory filings or engagements including comfort letters, consents and other services related to SEC matters.
 - (2) Audit-related fees represent amounts billed in each of the years presented for assurance and related services that are reasonably related to the performance of the annual audit or quarterly reviews.
 - (3) Tax fees represent amounts billed in each of the years presented for professional services rendered in connection with tax compliance, tax advice, and tax planning.
 - (4) All other fees represent amounts billed in each of the years presented for services not classifiable under the other categories listed in the table above

The Advisory Committee has adopted procedures for pre-approving all audit and permitted non-audit services provided by our independent auditor. Part of this approval process includes making a determination on whether non-audit services are consistent with the Securities and Exchange Commission's rules on auditor independence. The Advisory Committee periodically monitors the services rendered and actual fees paid to the independent auditors to ensure such services are within the parameters approved.

Unless unitholders specify otherwise in the proxy, proxies solicited by the Board of Managers will be voted by the persons named in the proxy at the Annual Meeting of Unitholders to approve the appointment of Grant Thornton LLP as our independent registered accounting firm for 2018.

THE BOARD OF MANAGERS RECOMMENDS THAT UNITHOLDERS VOTE "FOR" THE APPOINTMENT OF GRANT THORNTON LLP.

PROPOSAL TO APPROVE AMENDMENT NO. 2 TO AMENDED AND RESTATED PARTNERSHIP AGREEMENT OF DORCHESTER MINERALS, L.P.

(PROPOSAL NO. 3 ON THE PROXY CARD)

THE PROPOSAL

We propose to amend certain provisions of our Partnership Agreement in the manner specifically set forth in Amendment No. 2 to the Amended and Restated Partnership Agreement of Dorchester Minerals, L.P., a copy of which is attached hereto as Annex A (with blackline marks indicating the proposed changes to the specific provisions of the Partnership Agreement) (this “Amendment”), to:

clarify certain provisions of the Partnership Agreement related to the inclusion of certain expenses of our general partner as Direct Expenses, consistent with Section 7.4 of the Partnership Agreement (which governs reimbursement of our general partner) and our general partner’s historical interpretation of the Partnership Agreement and accounting practices; and

allow our general partner to have greater flexibility to efficiently acquire oil and gas property interests by causing the Partnership to acquire oil and gas property interests in exchange for cash proceeds of any public or private sale of the Partnership’s securities.

Our general partner evaluates many opportunities to cause the Partnership to acquire oil and gas properties. Most recently, on June 30, 2017, our general partner caused the Partnership to consummate the acquisition of certain oil and gas assets from DSD Royalty, LLC. In such acquisition, the Partnership spent extensive time, effort and expense structuring around the burdensome provisions of the Partnership Agreement that did not provide the ability for the Partnership to raise capital for an acquisition by selling Partnership securities, either publicly or privately. This Amendment is necessary to allow the Partnership to be competitive in the market and act with quickness and efficiency in executing transactions.

The following is a summary of the effect of each proposed amendment in this Amendment:

The amendment to subsection (a) of the definition of “Available Cash” would allow the Partnership to publicly or privately sell Partnership’s securities, without the Partnership Agreement requiring that the Partnership distribute the proceeds back to the unitholders. Accordingly, the Partnership would be able to use such proceeds for proper Partnership purposes, including acquiring oil and gas property interests.

The amendment to the definition of “Direct Expenses” would clarify that Direct Expenses includes expenses of the General Partner (including, without limitation, compensation expenses and rent) related to professional (including, without limitation, audit, tax, legal and engineering) and regulatory matters of the Partnership, which our general partner believes is consistent with Section 7.4 of the Partnership Agreement (which governs reimbursement of our general partner) and our general partner’s historical interpretation of the Partnership Agreement and accounting practices.

The amendment to Section 2.4 of the Partnership Agreement would clarify that raising capital through the public or private offer and sale of Partnership securities (subject to Nasdaq rules) is a proper purpose of the Partnership.

The amendment to Section 5.7(a) of the Partnership Agreement would give our general partner the ability to cause the Partnership to issue common units up to an amount that immediately after giving effect to such issuance would represent over 40% of the outstanding common units (instead of 20% of the outstanding common units, as currently provided), without seeking unitholder approval. This amendment would allow our general partner greater flexibility to quickly and efficiently enable the Partnership to raise capital to execute acquisitions of oil and gas properties.

The amendment to Section 6.3(b) of the Partnership Agreement would fix an inadvertent typographical error.

The amendment to Section 7.3(c) would allow our general partner, without seeking unitholder approval, to enable the Partnership to acquire oil and gas properties in exchange for cash proceeds of any public or private sale of Partnership securities, subject to the restrictions of Section 5.7 which would require unitholder approval for our general partner to cause the Partnership to issue common units in an amount that immediately after giving effect to such issuance would represent over 40% of the outstanding common units.

The amendment to Section 7.14(b) would clarify that compensation paid to officers and employees of the Partnership's affiliates may be reimbursed by the Partnership, as Direct Expenses, Management Expenses or charged against any overriding royalty interest as production costs, which our general partner believes is consistent with Section 7.4 of the Partnership Agreement (which governs reimbursement of our general partner) and our general partner's historical interpretation of the Partnership Agreement and accounting practices.

INTEREST OF CERTAIN PERSONS IN THIS PROPOSAL

Each of our Appointed Managers is associated with one or more of the members of our general partner. Our general partner and the owners of our general partner have a pecuniary interest in whether expenses of the Partnership and its affiliates are classified as Direct Expenses or Management Expenses, because Management Expenses are subject to the limitations on reimbursement set forth in the Partnership Agreement (as discussed in further detail above in "Certain Relationships and Related Transactions"), whereas Direct Expenses are not subject to limitations on reimbursement. Although our general partner believes that the amendments contained in this Amendment relating to the allocation of Direct Expenses and Management Expenses are clarifying in nature and consistent with Section 7.4 of the Partnership Agreement (which governs reimbursement of our general partner) and our general partner's historical interpretation of the Partnership Agreement and accounting practices, for the avoidance of doubt of any conflict of interest, the Advisory Committee has reviewed this Amendment and found it to be fair, reasonable and in accordance with good accounting practices and has approved the terms of this Amendment.

THE BOARD OF MANAGERS RECOMMENDS THAT UNITHOLDERS VOTE "FOR" THIS AMENDMENT.

OTHER MATTERS

The Board of Managers does not intend to present any other matters at the 2018 Annual Meeting and knows of no other matters that will be presented. However, if any other matters come before the 2018 Annual Meeting, it is the intention of the persons named in the enclosed proxy to vote in accordance with their judgment on such matters.

By Order of the Board of Managers of Dorchester Minerals Management GP LLC,

/s/ William Casey McManemin

William Casey McManemin

Chairman and Chief Executive Officer

April 9, 2018

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ANNEX A

AMENDMENT NO. 2

TO

AMENDED AND RESTATED PARTNERSHIP AGREEMENT

OF

DORCHESTER MINERALS, L.P.

May 16, 2018

This Amendment No. 2 (this “*Amendment*”) to the Amended and Restated Partnership Agreement of Dorchester Minerals, L.P., a Delaware limited partnership (the “*Partnership*”), dated as of February 1, 2003 (the “*Partnership Agreement*”), is entered into effective as of May 16, 2018, by Dorchester Minerals Management LP, a Delaware limited partnership (the “*General Partner*”), as the general partner of the Partnership, on behalf of itself and the Limited Partners of the Partnership. Capitalized terms used but not defined herein are used as defined in the Partnership Agreement.

RECITALS

WHEREAS, the General Partner is the sole general partner of the Partnership that is governed by the Partnership Agreement;

WHEREAS, the General Partner deems it necessary, advisable and in the best interest of the Partnership and the Partners to amend the Partnership Agreement as provided herein;

WHEREAS, the holders of a Unit Majority have approved this Amendment;

NOW, THEREFORE, the Partnership Agreement is hereby amended as follows:

AMENDMENT

1. *Amendment to Section 1.1 (Definitions).*

(a) Subsection (a) of the definition of “Available Cash” in Section 1.1 of the Partnership Agreement is hereby amended and restated in its entirety as follows:

(a) all cash and cash equivalents of the Partnership on hand at the end of such Quarter (other than cash proceeds received by the Partnership from a public or private offering of securities of the Partnership), less

(b) The definition of “Direct Expenses” in Section 1.1 of the Partnership Agreement is hereby amended and restated in its entirety as follows:

“Direct Expenses” means expenses that are properly paid directly from the Partnership (even if paid on behalf of the Partnership by the General Partner or an Affiliate thereof and reimbursed by the Partnership), including, without limitation, professional (e.g. audit, tax, legal, engineering) and regulatory fees and expenses, ad valorem taxes, severance taxes, the fees of independent managers or directors of the General Partner (or its general partner), and premiums for officers’ and managers’ liability insurance, as well as expenses of the General Partner (including, without limitation, compensation expenses and rent) related to professional (including, without limitation, audit, tax, legal and engineering) and regulatory matters of the Partnership.

2. *Amendment to Section 2.4 (Purpose and Business)*. Section 2.4 is hereby amended and restated in its entirety as follows:

SECTION 2.4. Purpose and Business.

The purpose and nature of the business to be conducted by the Partnership shall be to (a) acquire, manage, operate, and sell the Assets and any similar assets or properties now or hereafter acquired by the Partnership and to distribute all Available Cash to owners of Partnership Interests according to their respective Percentage Interests, (b) engage directly in or enter into or form any corporation, partnership, joint venture, limited liability company or other entity or arrangement to engage indirectly in, any business activity that the General Partner approves and which lawfully may be conducted by a limited partnership organized pursuant to the Delaware Act and, in connection therewith, to exercise all of the rights and powers conferred upon the Partnership pursuant to the agreements relating to such business activity; provided, however, that the General Partner reasonably determines, as of the date of the acquisition or commencement of such activity, that the income generated by such activity is (i) “qualifying income” (as such term is defined pursuant to Section 7704 of the Code), and (ii) enhances the operations of an activity of the Partnership, ~~and~~ (c) raise capital through the public or private offer and sale of Partnership Securities and options, rights, warrants and appreciation rights relating to the Partnership Securities for any Partnership purpose and (d) do anything necessary or appropriate to accomplish the foregoing. In managing the business of the Partnership, the General Partner shall use all reasonable efforts to prevent the Partnership from realizing income that would be treated as “unrelated business taxable income” (as such term is defined in Section 512 of the Code) to a Limited Partner or Assignee that is otherwise exempt from United States federal income tax. The General Partner has no obligation or duty to the Partnership, the Limited Partners or the Assignees to propose or approve, and in its discretion may decline to propose or approve, the conduct by the Partnership of any business, except as provided for in Section 7.3.

3. *Amendment to Section 5.7 (Limitations on Issuance of Additional Partnership Securities)*. Section 5.7(a) is hereby amended and restated in its entirety as follows:

(a) Without approval of a Unit Majority, the Partnership shall not issue in a single transaction or group of related transactions any Partnership Securities representing Limited Partner Interests if, immediately after giving effect to such issuance, such newly issued Partnership Securities would represent over ~~240~~% of the outstanding Limited Partner Interests.

4. *Amendment to Section 6.3 (Requirement and Characterization of Distributions; Distributions to Record Holders)*. Section 6.3(b) is hereby amended and restated in its entirety as follows:

(b) Notwithstanding Section 6.3(a), in the event of the dissolution and liquidation of the Partnership, all receipts received during or after the Quarter in which the Liquidation Date occurs, other than from borrowings described in (a)(ii) of the definition of Available Cash, shall be applied and distributed solely in accordance with, and subject to the terms and conditions of, Section 12.4.

5. *Amendment to Section 7.3 (Restrictions on General Partner's Authority).* Section 7.3(c) is hereby amended and restated in its entirety as follows:

(c) After consummation of the transactions contemplated by the Combination Agreement, the General Partner may not, without written approval of a Unit Majority, cause the Partnership to acquire or obtain any oil or gas property interest (including mineral fee interests, royalty and overriding royalty interests) unless such acquisition is complementary to the Partnership's objectives and is made either (A) in exchange for Partnership Interests (other than General Partner Interests, and subject to the restrictions described in Section 5.7) ~~or (B) in exchange for cash, provided this clause (B)~~ (B) in exchange for cash proceeds of any public or private offer and sale of Partnership Securities or options, rights, warrants or appreciation rights relating to the Partnership Securities or (C) in exchange for other cash from the operations of the Partnership ("Operating Cash"), provided this clause (C) shall only be available to the extent the aggregate cost of any acquisitions (including acquisition expenses) made in exchange for ~~cash~~ Operating Cash during the 12-month period ending on the first to occur of the execution of a definitive agreement for such acquisition and its consummation (the "Determination Date") is equal to or less than 10% of the Partnership's aggregate cash distributions made pursuant to Section 6.3(a) with respect to the four most recent Quarters for which such cash distributions have been made as of the Determination Date. The Partnership Interests referred to in this Section 7.3(c) include but are not limited to Common Units. Notwithstanding any provision to the contrary in this Agreement (including Section 5.7 and this 7.3(c)), in the event that the Partnership acquires properties for a combination of ~~cash~~ Operating Cash and Partnership Interests, (i) the ~~cash~~ Operating Cash component of the acquisition consideration shall be equal to or less than 5% of the aggregate cash distributions made by the Partnership for the four most recent Quarters and (ii) the amount of Partnership Interests to be issued in such acquisition, after giving effect to such issuance, shall not exceed 10% of the outstanding Limited Partnership Interests.

6. *Amendment to Section 7.14 (Officers; Compensation; Terms.).* Section 7.14(b) is hereby amended and restated in its entirety as follows:

(b) Compensation. No officer of the Partnership will be compensated for serving as an officer or employee of the Partnership, but such Persons may hold positions with the General Partner or one or more of its Affiliates and may be compensated thereby and such compensation may be reimbursed by the Partnership as Direct Expenses, Management Expenses or charged against any ORRI as Production Costs.

7. *Ratification of Partnership Agreement.* Except as expressly modified and amended herein, all of the terms and conditions of the Partnership Agreement shall remain in full force and effect.

8. *Governing Law.* This Amendment will be governed by and construed in accordance with the laws of the State of Delaware, without regard to the principles of conflicts of law.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the General Partner has executed and delivered this Amendment in accordance with the Partnership Agreement, and as of the date first written above.

GENERAL PARTNER:

Dorchester Minerals Management LP

By: Dorchester Minerals
Management GP LLC,
its General Partner

By: _____

Name: _____

Title: _____

LIMITED PARTNERS:

On behalf of all Limited Partners, as attorney-in-fact, pursuant to the power of attorney in Section 2.6 of the Partnership Agreement:

Dorchester Minerals Management LP

By: Dorchester Minerals
Management GP LLC,

its General Partner

By: _____

Name: _____

Title: _____

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PROXY

DORCHESTER MINERALS, L.P.

PROXY FOR 2018 ANNUAL MEETING OF LIMITED PARTNERS

THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF MANAGERS

The undersigned hereby appoints each of William Casey McManemin and James E. Raley proxy and attorney in-fact with full power of substitution, on behalf and in the name of the undersigned, to represent the undersigned and to vote as specified on the reverse side all common units of Dorchester Minerals, L.P., which the undersigned is entitled to vote at the Annual Meeting of Limited Partners on May 16, 2018 at 2:00 p.m. Central Time at the office of Thompson & Knight LLP, One Arts Plaza, 1722 Routh Street, Suite 1500, Dallas, TX 75201 or any adjournments or postponements thereof.

UNLESS A CONTRARY DIRECTION IS INDICATED, THIS PROXY WILL BE VOTED FOR ALL NOMINEES LISTED IN PROPOSAL ONE AND FOR PROPOSALS TWO AND THREE AS MORE SPECIFICALLY DESCRIBED IN THE PROXY STATEMENT. IF SPECIFIC INSTRUCTIONS ARE INDICATED, THIS PROXY WILL BE VOTED IN ACCORDANCE THEREWITH.

Continued and to be marked, dated and signed on the reverse side and returned in the enclosed envelope, voted telephonically or voted via the internet.

VOTE BY INTERNET – www.proxyvote.com

Use the internet to transmit your voting instructions and for electronic delivery of information up until 11:59 P.M. Eastern Time the day before the cut-off date or meeting date. Have your proxy card in hand when you access the web site and follow the instructions to obtain your records and to create an electronic voting instruction form.

Electronic Delivery of Future PROXY MATERIALS

If you would like to reduce the costs incurred by our partnership in mailing proxy materials, you can consent to receiving all future proxy statements, proxy cards and annual reports electronically via e-mail or the Internet. To sign up for electronic delivery, please follow the instructions above to vote using the Internet and, when prompted, indicate that you agree to receive or access proxy materials electronically in future years.

VOTE BY PHONE – 1-800-690-6903

Use any touch-tone telephone to transmit your voting instructions up until 11:59 P.M. Eastern Time the day before the cut-off date or meeting date. Have your proxy card in hand when you call and then follow the instructions.

VOTE BY MAIL

Mark, sign and date your proxy card and return it in the postage-paid envelope we have provided or return it to Vote Processing, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717

TO VOTE, MARK BLOCKS BELOW IN BLUE OR BLACK INK AS FOLLOWS:

KEEP THIS PORTION FOR YOUR RECORDS

DETACH AND RETURN THIS PORTION ONLY

THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED.

The Board of Managers recommend that you vote FOR the following:

	For	Withhold	For All
	All	All	Except

1. Election of Managers with subsequent appointment to the Advisory Committee

01 Allen D. Lassiter

To withhold authority to vote for any individual nominee(s), mark "For All Except" and write the number(s) of the nominee(s) on the line below

02 C.W. (Bill) Russell _____

03 Ronald P. Trout

The Board of Managers recommend that you vote FOR the following: For Against Abstain

- Approval of the appointment of Grant Thornton LLP as our independent registered public accounting firm for the year ending December 31, 2018

The Board of Managers recommend that you vote FOR the following: For Against Abstain

- Approval of Amendment No. 2 to Amended 3. and Restated Partnership Agreement of Dorchester Minerals, L.P.

- Such other business as may properly come 4. before the meeting or any adjournment or postponement thereof.

THIS PROXY, WHEN PROPERLY EXECUTED, WILL BE VOTED AS DIRECTED OR, IF NO DIRECTION IS INDICATED, WILL BE VOTED “FOR” PROPOSAL NOS. 1, 2 AND 3, AND IN THE DISCRETION OF THE PROXIES ON SUCH OTHER MATTERS AS MAY PROPERLY COME BEFORE THE MEETING, INCLUDING, AMONG OTHER THINGS, CONSIDERATION OF ANY MOTION MADE FOR ADJOURNMENT OR POSTPONEMENT OF THE MEETING.

Please sign exactly as your name(s) appear(s) hereon. When signing as attorney, executor, administrator, or other fiduciary, please give full title as such. Joint owners should each sign personally. All holders must sign. If a corporation or partnership, please sign in full corporate or partnership name, by authorized officer.

Signature (PLEASE SIGN WITHIN BOX)	Date	Signature (PLEASE SIGN Date WITHIN BOX)
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