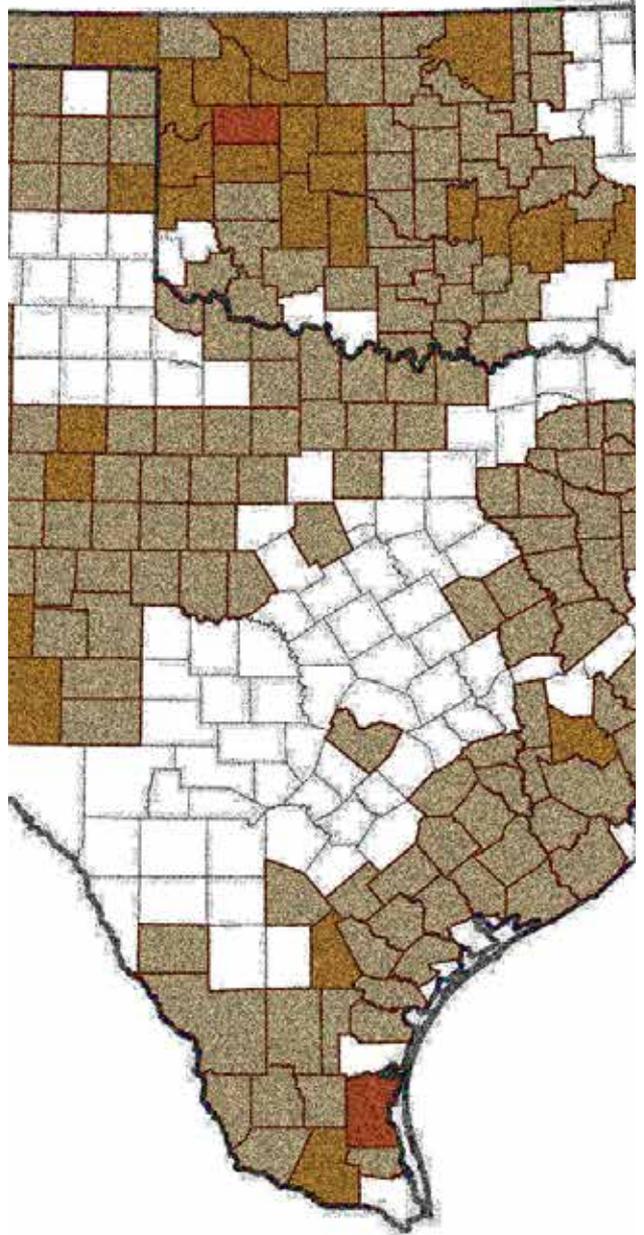


SABINE ROYALTY TRUST



2nd
Quarter Report
2020

To Unit holders:

Sabine Royalty Trust (the "Trust") makes monthly distributions to the holders of units of beneficial interest in the Trust ("Units") of the excess of the preceding month's revenues received over expenses incurred. Upon receipt, royalty income is invested in short-term investments until its subsequent distribution. In accordance with the Trust Agreement, the Trust's only long-term assets consist of royalty interests in producing and proved undeveloped oil and gas properties. Although the Trust is permitted to borrow funds if necessary to continue its operations, borrowings are not anticipated in the foreseeable future.

Distributable income consists of royalty income plus interest income plus any decrease in cash reserves established by the Trustee less general and administrative expenses of the Trust less any increase in cash reserves established by the Trustee. Distributable income for the three months ended June 30, 2020 was \$9,301,762 or \$0.64 per Unit. Royalty income for the three months ended June 30, 2020 amounted to \$9,937,797 while interest income was \$4,172. General and administrative expenses totaled \$640,207 for the three months ended June 30, 2020.

Distributions during the period were \$0.258220, \$0.151710 and \$0.155550 per Unit payable to Unit holders of record on April 15, May 15, and June 15, 2020, respectively.

Royalty income for the quarter ended June 30, 2020 decreased approximately \$514,000 or 5% compared with the second quarter of 2019. This decrease was primarily the result of lower prices for both oil and natural gas (\$2.9 million); along with an increase in taxes and operating expenses (\$0.2 million). Higher production for both oil and natural gas (\$2.5 million) offset the decreases somewhat.

Compared to the preceding quarter ended March 31, 2020, royalty income decreased approximately \$1,350,000 or 12%, due primarily to a decrease in the price of both oil and natural gas (\$3.1 million). This decrease was offset somewhat by an increase in the production of both oil and natural gas (\$1.6 million) and a decrease in taxes and operating expenses (\$0.2 million).

Royalty income for the six months ended June 30, 2020 decreased \$2,919,000 or 12% compared with the same time period in 2019. This decrease was due mainly to lower natural gas and oil prices (\$4.0 million) and an increase in operating expenses (\$0.8 million).

These decreases were tempered somewhat by an increase in the production of both natural gas and oil (\$1.9 million).

The following tables illustrate average prices received for the periods discussed above and the related oil and gas production volume:

	Quarter Ended		
	June 30, 2020	June 30, 2019	March 31, 2020
Production			
Oil (Bbls)	191,252	151,652	153,638
Gas (Mcfs)	2,049,830	1,494,636	2,021,572
Average Price			
Oil (per Bbl)	\$ 41.33	\$ 51.46	\$ 56.85
Gas (per Mcf)	\$ 1.61	\$ 2.50	\$ 1.97
	Six Months Ended		
	June 30, 2020	June 30, 2019	
Production			
Oil (Bbls)	344,890	330,668	
Gas (Mcfs)	4,071,402	3,404,222	
Average Price			
Oil (per Bbl)	\$ 48.24	\$ 50.17	
Gas (per Mcf)	\$ 1.79	\$ 2.78	

Gas royalty income received for the three months ended June 30, 2020, related primarily to production for January through March 2020. The average price of gas reported by the Henry Hub for the same time period was \$1.90 per Mcf. The average price of gas for the Henry Hub was \$1.80 per Mcf for January through June 2020. Oil royalty income for the three months ended June 30, 2020 related primarily to production for February through April 2020. The average price of oil as reported by NYMEX for that time period was \$31.46 per barrel. The average price of oil was \$36.58 per barrel for January through June 2020. As of August 3, 2020, the average price of gas for the Henry Hub was \$1.76 per Mcf and the average price of oil reported by NYMEX was \$40.83 per barrel. It is difficult to estimate future prices of oil and gas, and any assumptions concerning future prices may prove to be incorrect.

Interest income for the quarter ended June 30, 2020 decreased approximately \$40,600 compared with the second quarter of 2019. Compared to the preceding quarter ended March 31, 2020, interest income decreased \$19,500. Interest income for the six months ended June 30, 2020 decreased approximately \$66,200 over the same time period in 2019. Changes in interest income are the result of changes in interest rates and funds available for investment.

General and administrative expenses for the quarter ended June 30, 2020 increased by approximately \$85,200 compared to the same quarter of 2019 primarily due to an increase in printing and unitholder services of approximately \$59,000 and an increase in legal and professional services of approximately \$37,800. These increases were offset somewhat by a decrease in Escrow Agent/Trustee fees of approximately \$11,400.

Compared to the previous quarter ended March 31, 2020, general and administrative expenses decreased approximately \$266,100 primarily due to decreases in the timing of payment of legal and professional services of approximately \$259,600 and a decrease in Escrow Agent/Trustee fees of approximately \$33,600. These decreases were offset somewhat by an increase in unitholder services of approximately \$27,100.

Administrative expenses increased approximately \$98,200 for the six months ended June 30, 2020 compared to the same time period in 2019 due primarily to an increase in printing and unitholder services of approximately \$75,500 along with an increase in legal and professional fees of approximately \$12,300 and an increase in Escrow Agent/Trustee fees of approximately \$10,700.

Sabine Royalty Trust
By Simmons Bank, Trustee



By Ron E. Hooper
SVP, Royalty Trust Management

August 21, 2020

Information About The Trust

Sabine Royalty Trust (the "Trust"), formed effective December 31, 1982, is an express trust existing under the Sabine Corporation Royalty Trust Agreement. All units of beneficial interest (the "Units") in the Trust were distributed to Sabine Corporation's shareholders of record on December 23, 1982 on the basis of one Unit for each outstanding share of Sabine Corporation's common stock. Pacific Enterprise Oil Company (USA), as successor to Sabine Corporation, has assumed by operation of law all of Sabine Corporation's rights and obligations with respect to the Trust. The Units are traded on the New York Stock Exchange under the symbol "SBR". The Trust has a December 31 fiscal year end.

The Trust's assets consist of royalty and mineral interests, including landowner's royalties and overriding royalty interests, in producing and proved undeveloped oil and gas properties in Florida, Louisiana, Mississippi, New Mexico, Oklahoma and Texas (the "Royalties"). Revenues of the Trust are directly dependent upon the price of oil and gas as well as the quantities produced. The Trust does not participate in any exploration or development projects and does not have any working interest revenues or expenses.

The Trust makes monthly distributions of net income to Unit holders of record on the monthly record date (generally the 15th of each calendar month).

Distributions are mailed to Unit holders on or about the 29th of each month. Distributions by the Trust in 2020 have been as follows (stated in dollars per Unit):

Month of Payment	Amount	Month of Payment	Amount
January	\$.303290	June	\$.155550
February	\$.218910	July	\$.327320
March	\$.236560	August	\$.101730
April	\$.258220		
May	\$.151710		

The Trust's monthly distributions include cash received by the Trustee, acting as Escrow Agent on the record date for such distribution, which represents cash attributable to the Royalties, and interest thereon, collected by the Trustee, acting as Escrow Agent, during the preceding calendar month.

Schedules of information on a per Unit basis for preparation of federal and state income tax returns will be provided in booklet form for calendar year 2020 in March 2021. Monthly schedules of income tax information for January through June 2020 are available now for those Unit holders who file fiscal year tax returns and need this information. Please request to be placed on a special mailing list if you need this interim tax information by writing to Tax Mailing List, Sabine Royalty Trust, Simmons Bank, 2911 Turtle Creek Blvd Ste 850, Dallas, TX 75219, 1 (855) 588-7839. Our website is www.sbr-sabine.com.

Condensed Statements of Assets, Liabilities and Trust Corpus

	June 30, 2020 <i>(Unaudited)</i>	December 31, 2019
Assets		
Cash and short-term investments	\$ 7,164,625	\$ 6,725,823
Royalty interests in oil and gas properties (less accumulated amortization of \$22,223,899 and \$22,209,220 at June 30, 2020 and December 31, 2019).....	<u>171,286</u>	<u>185,965</u>
TOTAL.....	<u>\$ 7,335,911</u>	<u>\$ 6,911,788</u>
Liabilities and Trust Corpus		
Trust expenses payable.....	\$ 140,517	\$ 175,843
Other payables.....	<u>1,162,078</u>	<u>1,088,182</u>
	1,302,595	1,264,025
Trust corpus – 14,579,345 units of beneficial interest authorized and outstanding.....	<u>6,033,316</u>	<u>5,647,763</u>
TOTAL.....	<u>\$ 7,335,911</u>	<u>\$ 6,911,788</u>

Condensed Statements of Changes in Trust Corpus (Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Trust corpus, beginning of period.....	\$ 4,983,525	\$ 6,372,474	\$ 5,647,763	\$ 5,666,265
Amortization of royalty interest	(7,643)	(6,527)	(14,679)	(14,626)
Distributable income.....	9,301,762	9,941,594	19,706,785	22,790,000
Distributions.....	(8,244,328)	(12,497,125)	(19,306,553)	(24,631,223)
Trust corpus, end of period.....	<u>\$ 6,033,316</u>	<u>\$ 3,810,416</u>	<u>\$ 6,033,316</u>	<u>\$ 3,810,416</u>
Distributions per unit (14,579,345 units).....	<u>\$.57</u>	<u>\$.86</u>	<u>\$ 1.32</u>	<u>\$ 1.69</u>

Condensed Statements of Distributable Income (Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Royalty Income.....	\$ 9,937,797	\$10,451,812	\$21,225,537	\$24,144,340
Interest income.....	4,172	44,752	27,797	93,989
Total.....	<u>9,941,969</u>	<u>10,496,564</u>	<u>21,253,334</u>	<u>24,238,329</u>
General and administrative expenses.....	(640,207)	(554,970)	(1,546,549)	(1,448,329)
Distributable income.....	<u>\$ 9,301,762</u>	<u>\$ 9,941,594</u>	<u>\$19,706,785</u>	<u>\$22,790,000</u>
Distributable income per unit (14,579,345 units)	<u>\$.64</u>	<u>\$.68</u>	<u>\$ 1.35</u>	<u>\$ 1.56</u>