



2nd
Quarter Report
2022

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 royalty income 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, 2022 was \$27,307,510 or \$1.87 per Unit. Royalty income for the three months ended June 30, 2022 amounted to \$28,027,084 while interest income was \$14,322. General and administrative expenses totaled \$733,896 for the three months ended June 30, 2022.

Distributions during the period were \$0.730190, \$0.603540 and \$0.719500 per Unit payable to Unit holders of record on April 18, May 16, and June 15, 2022, respectively.

Royalty income for the quarter ended June 30, 2022 increased approximately \$15,077,000 or 116% compared with the second quarter of 2021. This increase was primarily the result of higher prices for both oil and natural gas (\$8.9 million) and higher production for oil and natural gas (\$7.1 million). These increases were offset somewhat by higher taxes due mainly to the increase in revenues (\$0.9 million). Included in the above increases were approximately \$5.5 million in gross royalty income that was the result of 16 new horizontal wells in Panola County, Texas in the Haynesville shale zone. This would reflect an additional 1,296,000 Mcf of gas newly produced for this quarter compared to the second quarter of 2021

Compared to the preceding quarter ended March 31, 2022, royalty income increased approximately \$4,097,000 or 17%, due mainly to an increase in the price of oil (\$3.3 million), and an increase in the production of both oil and natural gas (\$2.2 million). These increases were offset somewhat by a decrease in the price of natural gas (\$1.1 million) and an increase in the taxes and operating expenses (\$0.2 million).

Royalty income for the six months ended June 30,

2022 increased \$29,264,000 or 129% compared with the same time period in 2021. This increase was due mainly to higher natural gas and oil prices (\$18.7 million) and an increase in the production of both oil and natural gas (\$12.3 million). These increases were tempered somewhat by additional operating expenses and taxes (\$1.8 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, 2022	June 30, 2021	March 31, 2022
Production			
Oil (Bbls)	153,940	151,116	151,540
Gas (Mcfs)	3,436,772	1,962,250	3,016,260
Average Price			
Oil (per Bbl) \$	94.23	53.48	72.70
Gas (per Mcf) \$	4.63	3.23	5.00
	Six Months Ended		
	June 30, 2022	June 30, 2021	
Production			
Oil (Bbls)	305,480		300,083
Gas (Mcfs)	6,453,032		3,983,434
Average Price			
Oil (per Bbl) \$	83.55		48.38
Gas (per Mcf) \$	4.80		2.75

Gas royalty income received for the three months ended June 30, 2022, related primarily to production for January through March 2022. The average price of gas reported by the Henry Hub for the same time period was \$4.67 per Mcf. The average price of gas for the Henry Hub was \$5.47 per Mcf for January through June 2022. Oil royalty income for the three months ended June 30, 2022 related primarily to production for February through April 2022. The average price of oil as reported by NYMEX for that time period was \$101.17 per barrel. The average price of oil was \$102.01 per barrel for January through June 2022. As of August 1, 2022, the average price of gas for the Henry Hub was \$7.38 per Mcf and the average price of oil reported by NYMEX was \$96.59 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, 2022 increased \$12,900 compared with the second quarter of 2021. Compared to the preceding quarter ended March 31, 2022, interest income increased \$11,600. Interest income for the six months ended June 30, 2022 increased approximately \$14,300 compared to the same period in 2021. 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, 2022 decreased by approximately \$59,000 compared to the same quarter of 2021 primarily due to the timing of payment of legal and professional services of approximately \$30,600 and a decrease in the Escrow Agent/Trustee fees of approximately \$56,700. These decreases were offset somewhat by an increase due to the timing of payment of printing and unitholder information services of approximately \$28,300.

Compared to the previous quarter ended March 31, 2022, general and administrative expenses decreased approximately \$184,700 primarily due to the timing of payment of the New York Stock Exchange fee of \$74,000, the timing of payment of legal and professional services of approximately \$99,000, and the timing of payment of payment of printing and unitholder services of approximately \$17,400. These decreases were offset somewhat by an increase in the Escrow Agent/Trustee fees of approximately \$4,800.

Administrative expenses increased approximately \$74,600 for the six months ended June 30, 2022 compared to the same time period in 2021 due primarily to an increase in legal and professional services of approximately \$114,700 and an increase in printing and unitholder services of approximately \$12,300. These increases were tempered somewhat by a decrease in Escrow Agent/Trustee fees of approximately \$52,500.

Sabine Royalty Trust
By Simmons Bank, Trustee



By Ron E. Hooper
SVP, Royalty Trust Management

August 19, 2022

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 2022 have been as follows (stated in dollars per Unit):

Month of Payment	Amount	Month of Payment	Amount
January	\$.876810	May	\$.603540
February	\$.374350	June	\$.719500
March	\$.467170	July	\$.549990
April	\$.730190	August	\$.829410

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 2022 in March 2023. Monthly schedules of income tax information for January through June 2022 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, 2022 (Unaudited)	December 31, 2021
Assets		
Cash and short-term investments	\$11,222,320	\$ 16,187,221
Royalty interests in oil and gas properties (less accumulated amortization of \$22,272,926 and \$22,258,575 at June 30, 2022 and December 31, 2021)	<u>122,259</u>	<u>136,610</u>
TOTAL	<u>\$11,344,579</u>	<u>\$ 16,323,831</u>
Liabilities and Trust Corpus		
Trust expenses payable.....	\$ 213,066	\$ 246,150
Other payables	<u>900,760</u>	<u>1,167,691</u>
	1,113,826	1,413,841
Trust corpus – 14,579,345 units of beneficial interest authorized and outstanding.....	<u>10,230,753</u>	<u>14,909,990</u>
TOTAL	<u>\$11,344,579</u>	<u>\$ 16,323,831</u>

Condensed Statements of Changes in Trust Corpus (Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Trust corpus, beginning of period.....	\$12,865,544	\$ 5,163,692	\$14,909,990	\$ 3,987,564
Amortization of royalty interests	(7,552)	(5,922)	(14,351)	(11,939)
Distributable income.....	27,307,510	12,158,987	50,321,990	21,118,047
Distributions	(29,934,749)	(11,421,314)	(54,986,876)	(19,198,229)
Trust corpus, end of period.....	<u>\$10,230,753</u>	<u>\$ 5,895,443</u>	<u>\$10,230,753</u>	<u>\$ 5,895,443</u>
Distributions per unit (14,579,345 units).....	<u>\$ 2.05</u>	<u>\$.78</u>	<u>\$ 3.77</u>	<u>\$ 1.32</u>

Condensed Statements of Distributable Income (Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Royalty income.....	\$28,027,084	\$12,950,456	\$51,957,399	\$22,693,140
Interest income	14,322	1,436	17,070	2,799
Total	<u>28,041,406</u>	<u>12,951,892</u>	<u>51,974,469</u>	<u>22,695,939</u>
General and administrative expenses	(733,896)	(792,905)	(1,652,479)	(1,577,892)
Distributable income.....	<u>\$27,307,510</u>	<u>\$12,158,987</u>	<u>\$50,321,990</u>	<u>\$21,118,047</u>
Distributable income per unit (14,579,345 units).....	<u>\$ 1.87</u>	<u>\$.83</u>	<u>\$ 3.45</u>	<u>\$ 1.45</u>