



3rd
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 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 September 30, 2022 was \$39,090,079 or \$2.68 per Unit. Royalty income for the three months ended September 30, 2022 amounted to \$39,949,876 while interest income was \$106,335. General and administrative expenses totaled \$966,132 for the three months ended September 30, 2022.

Distributions during the period were \$0.549990, \$0.829410 and \$0.835990 per Unit payable to Unit holders of record on July 15, August 15, and September 15, 2022, respectively.

Royalty income for the quarter ended September 30, 2022 increased approximately \$25,463,000 or 176% compared with the third quarter of 2021. This increase was primarily the result of higher prices for both oil and natural gas (\$15.1 million) and higher production for oil and natural gas (\$12.5 million). These increases were offset somewhat by higher taxes due mainly to the increase in revenues (\$2.1 million). Included in the above increases were approximately \$6.0 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 1,037,000 Mcf of gas newly produced for this quarter compared to the third quarter of 2021.

Compared to the preceding quarter ended June 30, 2022, royalty income increased approximately \$11,923,000 or 43%, due mainly to an increase in the price of both oil and natural gas (\$8.4 million), and an increase in the production of both oil and natural gas (\$4.7 million). These increases were offset somewhat by an increase in taxes and operating expenses (\$1.1 million).

Royalty income for the nine months ended September 30, 2022 increased \$54,727,000 or 147% compared with the same time period in 2021. This increase was

due mainly to higher natural gas and oil prices (\$34.1 million), and an increase in the production of both oil and natural gas (\$24.5 million). These increases were tempered somewhat by additional operating expenses and taxes (\$3.9 million).

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

	Quarter Ended		
	September 30, 2022	September 30, 2021	June 30, 2022
Production			
Oil (Bbls)	166,010	155,639	153,940
Gas (Mcfs)	3,962,021	2,241,298	3,436,772
Average Price			
Oil (per Bbl) \$	103.89	\$ 63.05	\$ 94.23
Gas (per Mcf) \$	6.63	\$ 2.74	\$ 4.63
	Nine Months Ended		
	September 30, 2022	September 30, 2021	
Production			
Oil (Bbls)	471,490	455,722	
Gas (Mcfs)	10,415,053	6,224,732	
Average Price			
Oil (per Bbl) \$	90.71	\$ 53.39	
Gas (per Mcf) \$	5.50	\$ 2.75	

Gas royalty income received for the three months ended September 30, 2022, related primarily to production for April through June 2022. The average price of gas reported by the Henry Hub for the same time period was \$6.75 per Mcf. The average price of gas for the Henry Hub was \$6.07 per Mcf for January through September 2022. Oil royalty income for the three months ended September 30, 2022 related primarily to production for May through July 2022. The average price of oil as reported by NYMEX for that time period was \$108.78 per barrel. The average price of oil was \$98.96 per barrel for January through September 2022. As of October 31, 2022, the average price of gas for the Henry Hub was \$4.52 per Mcf and the average price of oil reported by NYMEX was \$86.54 per barrel. It is difficult to estimate future prices of oil and gas, and any assumptions concerning future prices may prove to be incorrect.

Recent significant activity in Panola County, Texas has resulted in approximately \$6 million in gas revenue for the quarter ended September 30, 2022.

Interest income for the quarter ended September 30, 2022 increased \$104,900 compared with the third quarter of 2021. Compared to the preceding quarter ended June 30, 2022, interest income increased \$92,000. Interest income for the nine months ended September 30, 2022 increased approximately \$119,100 over the same time 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 September 30, 2022 increased by approximately \$254,100 compared to the same quarter of 2021 primarily due to the timing of payment of legal and professional services of approximately \$231,500, the timing of payment of printing and unitholder information services of approximately \$2,600, and an increase in the Escrow Agent/Trustee fees of approximately \$20,000.

Compared to the previous quarter ended June 30, 2022, general and administrative expenses increased approximately \$232,200 primarily due to the timing of payment of legal and professional services of approximately \$207,700, and the timing of payment of printing and unitholder information services of approximately \$36,200. These increases were offset somewhat by a decrease in the Escrow Agent/Trustee fees of approximately \$11,700.

Administrative expenses increased approximately \$328,700 for the nine months ended September 30, 2022 compared to the same time period in 2021 due primarily to increases in legal and professional services of approximately \$343,100 and an increase in printing and unitholder services of approximately \$14,900. These increases were tempered somewhat by a decrease in the Escrow Agent/Trustee fees of approximately \$32,400.

Sabine Royalty Trust
By Simmons Bank, Trustee



By Ron E. Hooper
SVP, Royalty Trust Management

November 22, 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	\$ 0.876810	July	\$ 0.549990
February	\$ 0.374350	August	\$ 0.829410
March	\$ 0.467170	September	\$ 0.835990
April	\$ 0.730190	October	\$ 1.016680
May	\$ 0.603540	November	\$ 0.582550
June	\$ 0.719500		

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 September 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

	September 30, 2022 (Unaudited)	December 31, 2021
Assets		
Cash and short-term investments	\$20,479,648	\$ 16,187,221
Royalty interests in oil and gas properties (less accumulated amortization of \$22,281,514 and \$22,258,575 at September 30, 2022 and December 31, 2021) ...	113,671	136,610
TOTAL	<u>\$20,593,319</u>	<u>\$ 16,323,831</u>
Liabilities and Trust Corpus		
Trust expenses payable.....	\$ 488,237	\$ 246,150
Other payables	3,091,775	1,167,691
	3,580,012	1,413,841
Trust corpus – 14,579,345 units of beneficial interest authorized and outstanding.....	17,013,307	14,909,990
TOTAL	<u>\$20,593,319</u>	<u>\$ 16,323,831</u>

Condensed Statements of Changes in Trust Corpus (Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Trust corpus, beginning of period.....	\$10,230,753	\$ 5,895,443	\$14,909,990	\$ 3,987,564
Amortization of royalty interests	(8,588)	(6,554)	(22,939)	(18,493)
Distributable income.....	39,090,079	13,776,711	89,412,069	34,894,758
Distributions	(32,298,937)	(12,703,276)	(87,285,813)	(31,901,505)
Trust corpus, end of period.....	<u>\$17,013,307</u>	<u>\$ 6,962,324</u>	<u>\$17,013,307</u>	<u>\$ 6,962,324</u>
Distributions per unit (14,579,345 units).....	<u>\$ 2.22</u>	<u>\$.87</u>	<u>\$ 5.99</u>	<u>\$ 2.19</u>

Condensed Statements of Distributable Income (Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Royalty income.....	\$39,949,876	\$14,487,262	\$ 91,907,275	\$37,180,402
Interest income	106,335	1,457	123,405	4,256
Total.....	40,056,211	14,488,719	92,030,680	37,184,658
General and administrative expenses	(966,132)	(712,008)	(2,618,611)	(2,289,900)
Distributable income.....	<u>\$39,090,079</u>	<u>\$13,776,711</u>	<u>\$ 89,412,069</u>	<u>\$34,894,758</u>
Distributable income per unit (14,579,345 units).	<u>\$ 2.68</u>	<u>\$.94</u>	<u>\$ 6.13</u>	<u>\$ 2.39</u>