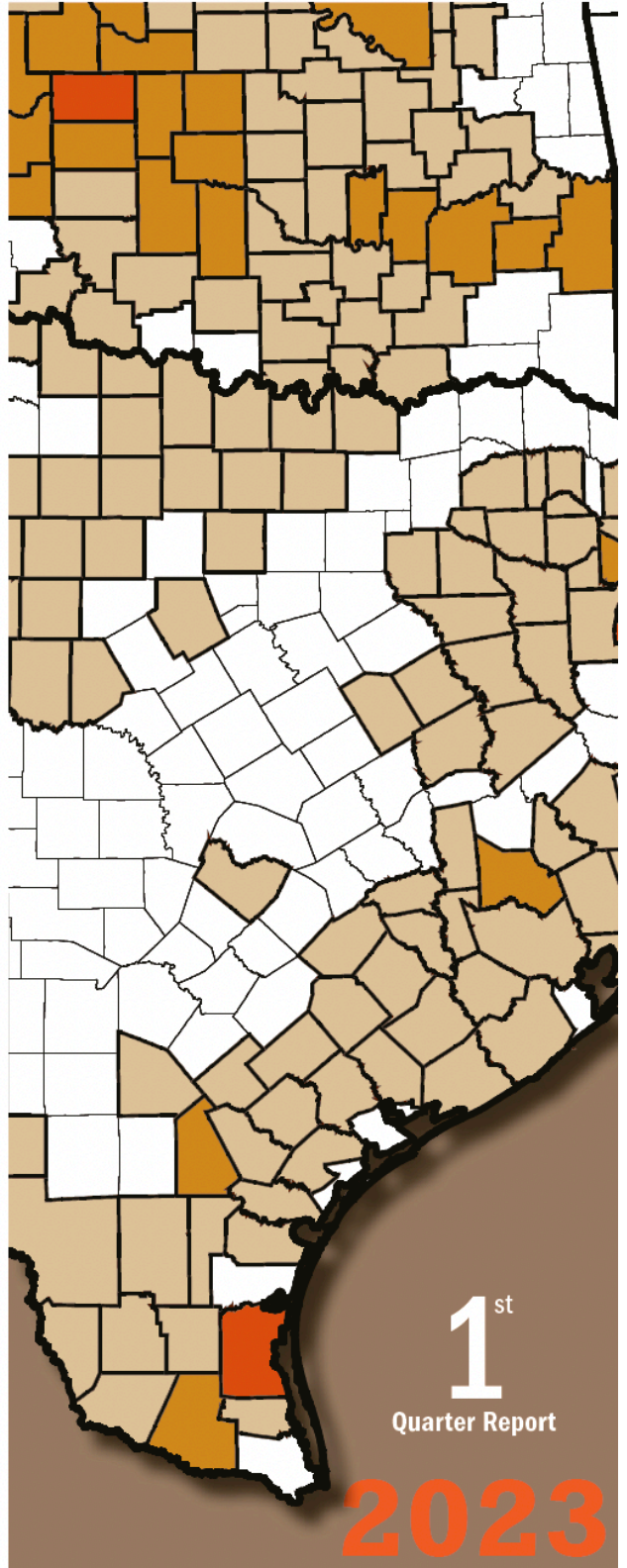


SABINE ROYALTY TRUST



1st

Quarter Report

2023

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 March 31, 2023 was \$26,276,500 or \$1.80 per Unit. Royalty income for the three months ended March 31, 2023 amounted to \$27,135,286 while interest income was \$247,016. General and administrative expenses totaled \$1,105,802 for the three months ended March 31, 2023.

Distributions during the period were \$0.631510, \$0.637300 and \$0.465470 per Unit payable to Unit holders of record on January 17, February 15, and March 15, 2023, respectively.

Royalty income for the quarter ended March 31, 2023 increased approximately \$3,205,000 or 13% compared with the first quarter of 2022. This increase was primarily the result of higher prices for oil (\$1.2 million), higher production for both oil and natural gas (\$2.4 million), and lower taxes and operating expenses (\$0.4 million).

Compared to the preceding quarter ended December 31, 2022, royalty income decreased approximately \$6,707,000 or 20%, due mainly to decreases in the price of both oil and natural gas (\$9.2 million), and a decrease in the production of natural gas (\$2.0 million). These decreases were offset somewhat by an increase in the production of oil (\$1.9 million) and lower taxes and operating expenses (\$2.7 million).

The following table illustrates average prices

received for the periods discussed above and the related oil and gas production volume:

	Quarter Ended		
	March 31, 2023	March 31, 2022	December 31, 2022
Production			
Oil (Bbls)	160,803	151,540	136,649
Gas (Mcfs)	3,356,074	3,016,260	3,761,498
Average Price			
Oil (per Bbl) \$	80.35	\$ 72.70	\$ 89.39
Gas (per Mcf) \$	4.99	\$ 5.00	\$ 7.12

Gas royalty income received for the three months ended March 31, 2023, related primarily to production for October through December 2022. The average price of gas reported by the Henry Hub for the same time period was \$4.99 per Mcf. The average price of gas for the Henry Hub was \$2.36 per Mcf for January through March 2023. Oil royalty income for the three months ended March 31, 2023 related primarily to production for November 2022 through January 2023. The average price of oil as reported by NYMEX for that time period was \$79.67 per barrel. The average price of oil was \$75.93 per barrel for January through March 2023. As of May 1, 2023, the average price of gas for the Henry Hub was \$2.02 per Mcf and the average price of oil reported by NYMEX was \$75.65 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 March 31, 2023 increased \$244,300 compared with the first quarter of 2022. Compared to the preceding quarter ended December 31, 2022, interest income increased \$138,500. 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 March 31, 2023 increased by approximately \$187,200 compared to the same quarter of 2022 primarily due to an increase in Escrow Agent/Trustee fees of approximately \$160,300, and an increase due to the timing of payment of legal and professional services of approximately \$37,300. These increases were offset somewhat by a decrease due to the timing of payment of printing and unitholder information services of approximately \$10,400.

Compared to the previous quarter ended

December 31, 2022, general and administrative expenses increased approximately \$437,000 primarily due to an increase in the Escrow Agent/Trustee fees of approximately \$176,500, an increase due to the timing of payment of legal and professional services of approximately \$158,300, an increase due to the timing of payment of the annual New York Stock Exchange listing fee of \$80,000 and the timing of payment of printing and unitholder information services of approximately \$22,200.

For the calendar year 2023, Argent's Administration Expenses are estimated to be \$1,400,000, which would result in fees payable to Argent of approximately \$2,000,000. These fees include both a reimbursement for costs and a margin of profit. The Trust incurs substan-

tial costs and expenses in addition to Argent's fees which are estimated to be approximately \$1,600,000 for the calendar year 2023.

Sabine Royalty Trust
By Argent Trust Company, Trustee



By Ron E. Hooper
SVP, Royalty Trust Services

May 15, 2023

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 2023 have been as follows (stated in dollars per Unit):

Month of Payment	Amount	Month of Payment	Amount
January	\$.631510	April	\$.699540
February	\$.637300	May	\$.499000
March	\$.465470		

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 2023 in March 2024. Monthly schedules of income tax information for January through March 2023 will be available by June 2023 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, Argent Trust Company, 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

	March 31, 2023 (Unaudited)	December 31, 2022
Assets		
Cash and short-term investments	\$ 14,436,850	\$ 16,170,491
Royalty interests in oil and gas properties (less accumulated amortization of \$22,288,539 and \$22,282,693 at March 31, 2023 and December 31, 2022).....	<u>106,646</u>	<u>112,492</u>
TOTAL	<u>\$ 14,543,496</u>	<u>\$ 16,282,983</u>
Liabilities and Trust Corpus		
Trust expenses payable.....	\$ 458,952	\$ 210,757
Other payables	<u>1,689,051</u>	<u>4,662,720</u>
	2,148,003	4,873,477
Trust corpus – 14,579,345 units of beneficial interest authorized and outstanding.....	<u>12,395,493</u>	<u>11,409,506</u>
TOTAL	<u>\$ 14,543,496</u>	<u>\$ 16,282,983</u>

Condensed Statements of Changes in Trust Corpus (Unaudited)

	Three Months Ended March 31,	
	2023	2022
Trust corpus, beginning of period	\$ 11,409,506	\$ 14,909,990
Amortization of royalty interests	(5,846)	(6,799)
Distributable income	26,276,500	23,014,480
Distributions	<u>(25,284,667)</u>	<u>(25,052,127)</u>
Trust corpus, end of period	<u>\$ 12,395,493</u>	<u>\$ 12,865,544</u>
Distributions per unit (14,579,345 units)	<u>\$ 1.73</u>	<u>\$ 1.72</u>

Condensed Statements of Distributable Income (Unaudited)

	Three Months Ended March 31,	
	2023	2022
Royalty income	\$ 27,135,286	\$ 23,930,315
Interest income	247,016	2,748
Total	<u>27,382,302</u>	<u>23,933,063</u>
General and administrative expenses	<u>(1,105,802)</u>	<u>(918,583)</u>
Distributable income	<u>\$ 26,276,500</u>	<u>\$ 23,014,480</u>
Distributable income per unit (14,579,345 units).....	<u>\$ 1.80</u>	<u>\$ 1.58</u>