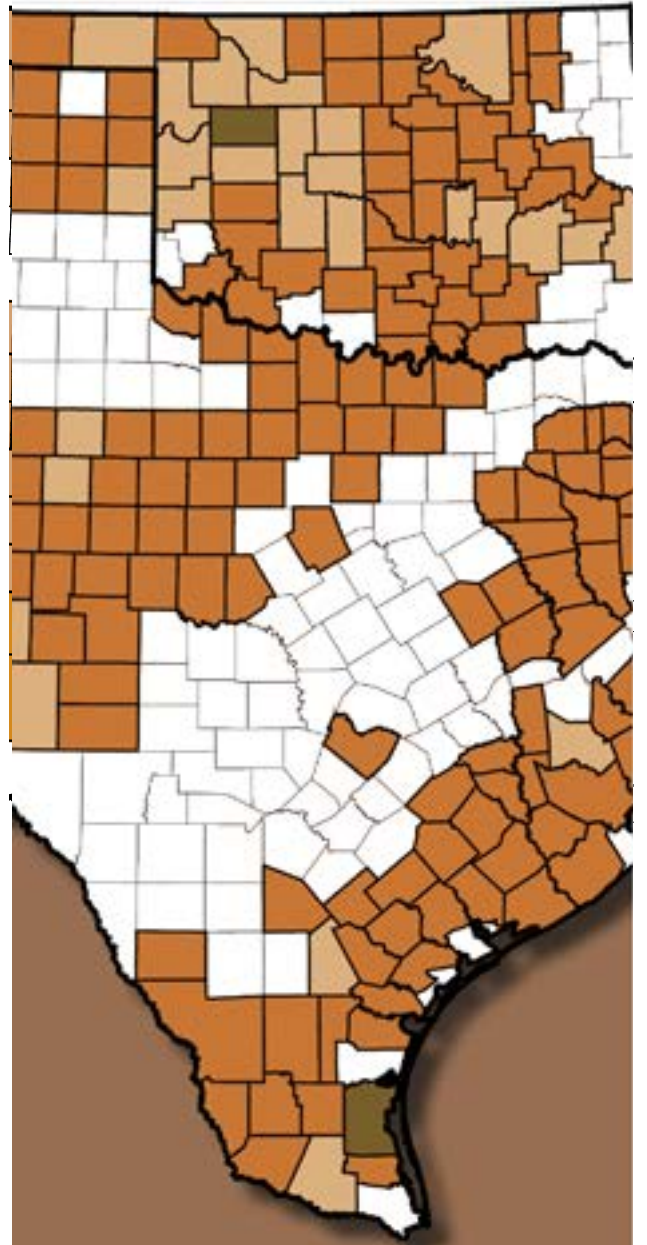


SABINE ROYALTY TRUST



2nd
Quarter Report
2021

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, 2021 was \$12,158,987 or \$0.83 per Unit. Royalty income for the three months ended June 30, 2021 amounted to \$12,950,456 while interest income was \$1,436. General and administrative expenses totaled \$792,905 for the three months ended June 30, 2021.

Distributions during the period were \$0.237940, \$0.251570 and \$0.293880 per Unit payable to Unit holders of record on April 15, May 17, and June 15, 2021, respectively.

Royalty income for the quarter ended June 30, 2021 increased approximately \$3,013,000 or 30% compared with the second quarter of 2020. This increase was primarily the result of higher prices for both oil and natural gas (\$5.6 million). This increase was offset somewhat by lower production for both oil and natural gas (\$2.4 million), and higher taxes and operating expenses (\$0.2 million).

Compared to the preceding quarter ended March 31, 2021, royalty income increased approximately \$3,208,000 or 33%, due mainly to an increase in the price of both oil and natural gas (\$3.5 million), along with an increase in the production of oil (\$0.1 million). These increases were offset somewhat by a decrease in the production natural gas (\$0.2 million) and a decrease in taxes and operating expenses (\$0.2 million).

Royalty income for the six months ended June 30, 2021 increased \$1,468,000 or 7% compared with the same time period in 2020. This increase was due mainly to higher natural gas and oil prices (\$4.0 million). This increase was tempered somewhat by a decrease in the production of both

oil and natural gas (\$2.4 million) and an increase in taxes and operating expenses (\$0.1 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, 2021	June 30, 2020	March 31, 2021
Production			
Oil (Bbls)	151,116	191,252	148,967
Gas (Mcfs)	1,962,250	2,049,830	2,021,184
Average Price			
Oil (per Bbl)	\$ 53.48	\$ 41.33	\$ 43.22
Gas (per Mcf)	\$ 3.23	\$ 1.61	\$ 2.28
	Six Months Ended		
	June 30, 2021		June 30, 2020
Production			
Oil (Bbls)	300,083		344,890
Gas (Mcfs)	3,983,434		4,071,402
Average Price			
Oil (per Bbl)	\$ 48.38		\$ 48.24
Gas (per Mcf)	\$ 2.75		\$ 1.79

Gas royalty income received for the three months ended June 30, 2021, related primarily to production for January through March 2021. The average price of gas reported by the Henry Hub for the same time period was \$3.15 per Mcf. The average price of gas for the Henry Hub was \$2.90 per Mcf for January through June 2021. Oil royalty income for the three months ended June 30, 2021 related primarily to production for February through April 2021. The average price of oil as reported by NYMEX for that time period was \$61.14 per barrel. The average price of oil was \$62.21 per barrel for January through June 2021. As of August 2, 2021, the average price of gas for the Henry Hub was \$3.62 per Mcf and the average price of oil reported by NYMEX was \$71.31 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, 2021 decreased approximately \$2,700 compared with the second quarter of 2020. Compared to the preceding quarter ended March 31, 2021, interest income increased \$70. Interest income for the six months ended June 30, 2021 decreased approximately \$25,000 over the same time period in 2020. 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, 2021 increased by approximately \$152,700

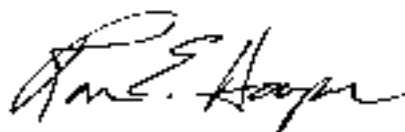
compared to the same quarter of 2020 primarily due to an increase in legal and professional services of approximately \$123,800 and an increase in the Escrow Agent/Trustee fees of approximately \$106,100. These increases were offset somewhat by a decrease in printing and unitholder services of approximately \$77,000

Compared to the previous quarter ended March 31, 2021, general and administrative expenses increased approximately \$7,900 primarily due to increases in the Trustee/Escrow Agent fees of approximately \$65,700 and the timing of payment of legal and professional services of approximately \$3,900. These increases were offset somewhat by a decrease due to the timing of payment of printing and unitholder services of approximately \$61,700.

Administrative expenses increased approximately \$31,300 for the six months ended June 30, 2021 compared

to the same time period in 2020 due primarily to an increase in Escrow Agent/Trustee fees of approximately \$112,800. This increase was tempered somewhat by decreases in printing and unitholder services of approximately \$65,500 and legal and professional fees of approximately \$16,000.

Sabine Royalty Trust
By Simmons Bank, Trustee



By Ron E. Hooper
SVP, Royalty Trust Management

August 23, 2021

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 2021 have been as follows (stated in dollars per Unit):

Month of Payment	Amount	Month of Payment	Amount
January	\$.167140	June	\$.293880
February	\$.155290	July	\$.278250
March	\$.210990	August	\$.318130
April	\$.237940		
May	\$.251570		

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 2021 in March 2022. Monthly schedules of income tax information for January through June 2021 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, 2021 (Unaudited)	December 31, 2020
Assets		
Cash and short-term investments	\$ 7,426,626	\$ 4,792,795
Royalty interests in oil and gas properties (less accumulated amortization of \$22,246,396 and \$22,234,457 at June 30, 2021 and December 31, 2020)	148,789	160,728
TOTAL	<u>\$ 7,575,415</u>	<u>\$ 4,953,523</u>
Liabilities and Trust Corpus		
Trust expenses payable	\$ 227,039	\$ 202,805
Other payables.....	1,452,933	763,154
Trust corpus – 14,579,345 units of beneficial interest authorized and outstanding	1,679,972	965,959
TOTAL	<u>5,895,443</u>	<u>3,987,564</u>
	<u>\$ 7,575,415</u>	<u>\$ 4,953,523</u>

Condensed Statements of Changes in Trust Corpus (Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Trust corpus, beginning of period.....	\$ 5,163,692	\$ 4,983,525	\$ 3,987,564	\$ 5,647,763
Amortization of royalty interests.....	(5,922)	(7,643)	(11,939)	(14,679)
Distributable income	12,158,987	9,301,762	21,118,047	19,706,785
Distributions.....	(11,421,314)	(8,244,328)	(19,198,229)	(19,306,553)
Trust corpus, end of period.....	<u>\$ 5,895,443</u>	<u>\$ 6,033,316</u>	<u>\$ 5,895,443</u>	<u>\$ 6,033,316</u>
Distributions per unit (14,579,345 units)	<u>\$.78</u>	<u>\$.57</u>	<u>\$ 1.32</u>	<u>\$ 1.32</u>

Condensed Statements of Distributable Income (Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Royalty income	\$ 12,950,456	\$ 9,937,797	\$ 22,693,140	\$ 21,225,537
Interest income	1,436	4,172	2,799	27,797
Total	12,951,892	9,941,969	22,695,939	21,253,334
General and administrative expenses	(792,905)	(640,207)	(1,577,892)	(1,546,549)
Distributable income	<u>\$ 12,158,987</u>	<u>\$ 9,301,762</u>	<u>\$ 21,118,047</u>	<u>\$ 19,706,785</u>
Distributable income per unit (14,579,345 units).	<u>\$.83</u>	<u>\$.64</u>	<u>\$ 1.45</u>	<u>\$ 1.35</u>