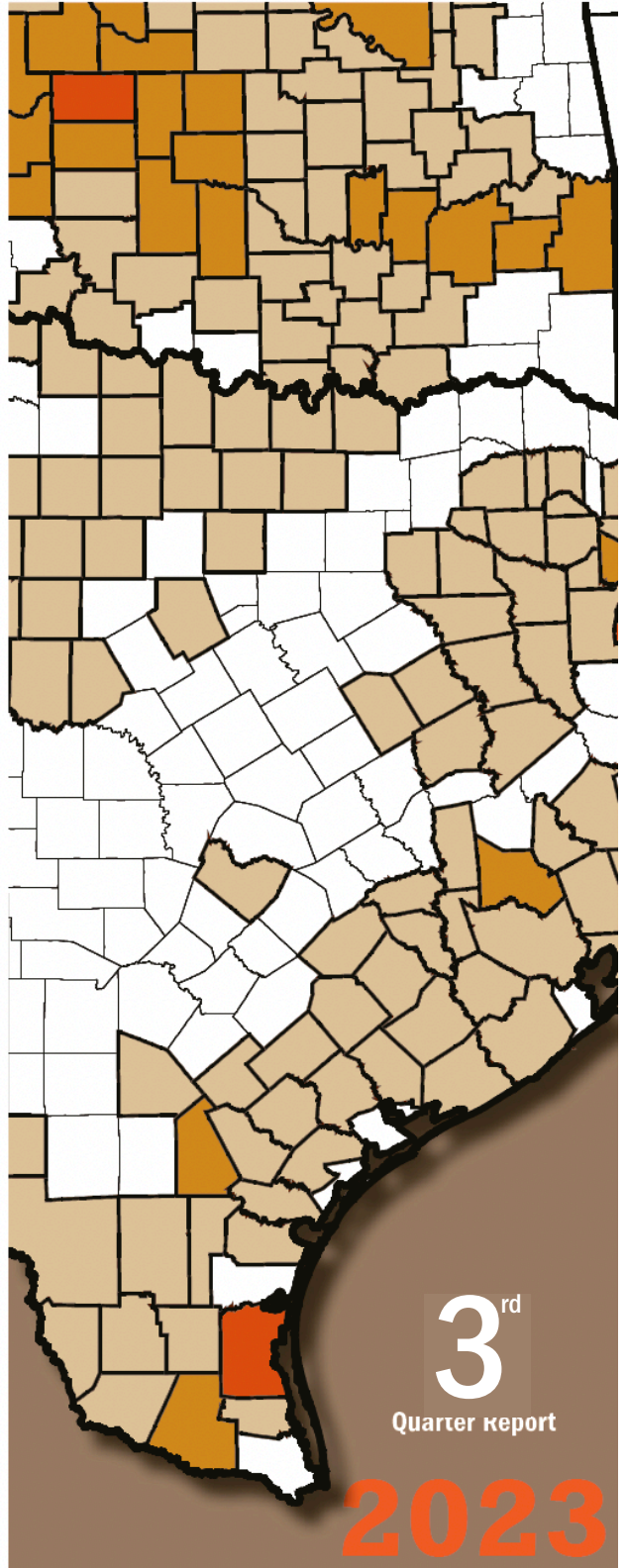


SABINE ROYALTY TRUST



3rd

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 September 30, 2023, was \$13,727,461, or \$0.94 per Unit. Royalty income for the three months ended September 30, 2023 amounted to \$14,364,695 while interest income was \$128,927. General and administrative expenses totaled \$766,161 for the three months ended September 30, 2023.

Distributions during the period were \$0.320470, \$0.298580, and \$0.364300 per Unit payable to Unit holders of record on July 17, August 15, and September 15, 2023, respectively.

Royalty income for the quarter ended September 30, 2023, decreased approximately \$25,585,000 or 64%, compared with the third quarter of 2022. This decrease was primarily the result of lower prices for both oil and natural gas (\$23.8 million), and lower production for both oil and natural gas (\$3.6 million), partially offset by lower taxes and operating expenses (\$1.9 million).

Compared to the preceding quarter ended June 30, 2023, royalty income decreased approximately \$3,069,000 or 18%, due mainly to lower natural gas prices (\$2.7 million) and a decrease in the production of oil (\$1.4 million). These decreases were offset somewhat by an increase in the production of natural gas (\$0.8 million), higher oil prices (\$0.2 million), and lower taxes and operating expenses (\$0.1 million).

Royalty income for the nine months ended September 30, 2023, decreased approximately \$33,000,000 or 36% compared to the same time period in 2022. This decrease was mainly due to lower natural gas and oil prices (\$29.7 million), and lower natural gas production and oil production (\$5.3 million). These decreases

were tempered somewhat by an increase to royalty income in the form of lower taxes and operating expenses (\$2.0 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, 2023	September 30, 2022	June 30, 2023
Production			
Oil (Bbls)	140,084	166,010	159,548
Gas (Mcf)	3,061,615	3,962,021	2,676,099
Average Price			
Oil (per Bbl)	\$ 71.83	\$ 103.89	\$ 70.83
Gas (per Mcf)	\$ 1.96	\$ 6.63	\$ 2.98
	Nine Months Ended		
	September 30, 2023	September 30, 2022	
Production			
Oil (Bbls)	460,435		471,490
Gas (Mcf)	9,093,788		10,415,053
Average Price			
Oil (per Bbl)	\$ 74.46		\$ 90.71
Gas (per Mcf)	\$ 3.38		\$ 5.50

Gas royalty income received for the three months ended September 30, 2023, related primarily to production for April through June 2023. The average price of gas reported by the Henry Hub for the same time period was \$1.95 per Mcf. The average price of gas for the Henry Hub was \$2.22 per Mcf for January through September 2023. Oil royalty income for the three months ended September 30, 2023, related primarily to production for May through July 2023. The average price of oil as reported by NYMEX for that time period was \$72.56 per barrel. The average price of oil was \$77.27 per barrel for January through September 2023. As of October 30, 2023, the average price of gas for the Henry Hub was \$2.85 per Mcf and the average price of oil reported by NYMEX was \$83.03 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 September 30, 2023, increased \$22,600 compared with the third quarter of 2022. Compared to the preceding quarter ended June 30, 2023, interest income decreased \$25,800. Interest income for the nine months ended September 30, 2023, increased approximately \$407,200 compared to the same period in 2022. 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, 2023, decreased by approximately \$200,000 compared to the same quarter of 2022 primar-

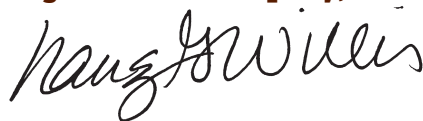
ily due to decreases in legal and professional services of approximately \$271,600 and printing and Unit holder information services of approximately \$35,900. These decreases were partially offset by an increase in Escrow Agent/Trustee fees of approximately \$107,500.

Compared to the previous quarter ended June 30, 2023, general and administrative expenses decreased approximately \$123,600 primarily due to decreases in printing and Unit holder information services of approximately \$169,700. These decreases were offset somewhat by an increase in legal and professional services of approximately \$44,200, along with an increase in Escrow Agent/Trustee fees of approximately \$1,900.

General and administrative expenses increased approximately \$143,100 for the nine months ended September 30, 2023, compared to the same time period in 2022 due

primarily to an increase in Escrow Agent/Trustee fees of approximately \$361,800 and an increase in printing and unitholder information services of approximately \$123,800. These increases were tempered somewhat by a decrease in legal and professional services of approximately \$342,500.

Sabine Royalty Trust
By Argent Trust Company, Trustee



By Nancy Willis
Vice President

November 13, 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	July	\$.320470
February	\$.637300	August	\$.298580
March	\$.465470	September	\$.364300
April	\$.699540	October	\$.278690
May	\$.499000	November	\$.720840
June	\$.325910		

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 September 2023 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, Argent Trust Company, 3838 Oak Lawn Ave, Ste 1720, Dallas, TX 75219-4518, 1 (855) 588-7839. Our website is www.sbr-sabine.com.

Condensed Statements of Assets, Liabilities and Trust Corpus

	September 30, 2023 (Unaudited)	December 31, 2022
Assets		
Cash and short-term investments	\$ 9,649,086	\$ 16,170,491
Royalty interests in oil and gas properties (less accumulated amortization of \$22,298,735 and \$22,282,693 at September 30, 2023 and December 31, 2022).....	96,450	112,492
TOTAL	<u>\$ 9,745,536</u>	<u>\$ 16,282,983</u>
Liabilities and Trust Corpus		
Trust expenses payable.....	\$ 295,161	\$ 210,757
Other payables	3,200,863	4,662,720
	<u>3,496,024</u>	<u>4,873,477</u>
Trust corpus – 14,579,345 units of beneficial interest authorized and outstanding.....	6,249,512	11,409,506
TOTAL	<u>\$ 9,745,536</u>	<u>\$ 16,282,983</u>

Condensed Statements of Changes in Trust Corpus (Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Trust corpus, beginning of period.....	\$ 6,863,930	\$ 10,230,753	\$ 11,409,506	\$ 14,909,990
Amortization of royalty interests	(5,280)	(8,588)	(16,042)	(22,939)
Distributable income	13,727,461	39,090,079	56,702,797	89,412,069
Distributions	(14,336,599)	(32,298,937)	(61,846,749)	(87,285,813)
Trust corpus, end of period	<u>\$ 6,249,512</u>	<u>\$ 17,013,307</u>	<u>\$ 6,249,512</u>	<u>\$ 17,013,307</u>
Distributions per unit (14,579,345 units) ..	<u>\$.98</u>	<u>\$ 2.22</u>	<u>\$ 4.24</u>	<u>\$ 5.99</u>

Condensed Statements of Distributable Income (Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Royalty income	\$ 14,364,695	\$ 39,949,876	\$ 58,933,827	\$ 91,907,275
Interest income	128,927	106,335	530,652	123,405
Total	14,493,622	40,056,211	59,464,479	92,030,680
General and administrative expenses	(766,161)	(966,132)	(2,761,682)	(2,618,611)
Distributable income	<u>\$ 13,727,461</u>	<u>\$ 39,090,079</u>	<u>\$ 56,702,797</u>	<u>\$ 89,412,069</u>
Distributable income per unit (14,579,345 units) ..	<u>\$.94</u>	<u>\$ 2.68</u>	<u>\$ 3.89</u>	<u>\$ 6.13</u>