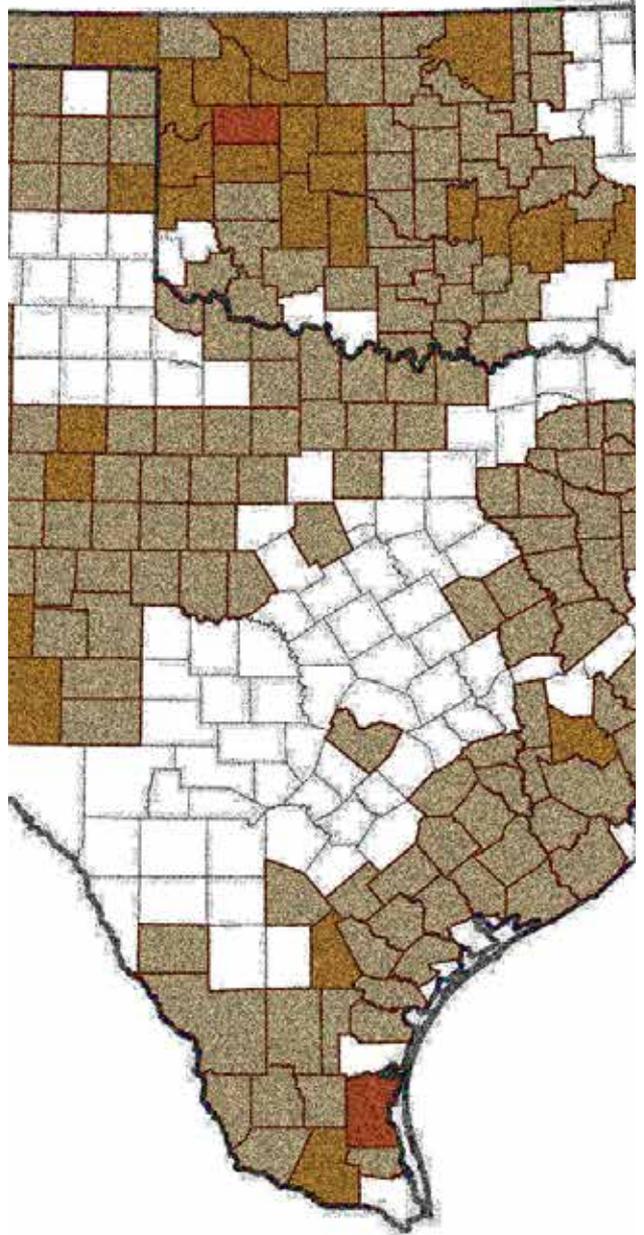


SABINE ROYALTY TRUST



1st
Quarter Report
2020

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 March 31, 2020 was \$10,405,023 or \$0.71 per Unit. Royalty income for the three months ended March 31, 2020 amounted to \$11,287,740 while interest income was \$23,625. General and administrative expenses totaled \$906,342 for the three months ended March 31, 2020.

Distributions during the period were \$0.303290, \$0.218910 and \$0.236560 per Unit payable to Unit holders of record on January 15, February 18, and March 16, 2020, respectively.

Royalty income for the quarter ended March 31, 2020 decreased approximately \$2,405,000 or 18% compared with the first quarter of 2019. This decrease was primarily the result of lower prices for natural gas (\$2.0 million), lower production for oil (\$1.4 million) and the absence of the state withholding tax refunds from Oklahoma and New Mexico (\$0.8 million). These decreases were offset somewhat by an increase in the price of oil (\$1.4 million), higher production for natural gas (\$0.2 million), and lower taxes (\$0.2 million).

Compared to the preceding quarter ended December 31, 2019, royalty income decreased approximately \$182,000 or 2%, due mainly to a decrease in the production of both oil and natural gas (\$2.7 million). This decrease was offset somewhat by the timing of payment of ad valorem taxes in the fourth quarter of 2019 (\$1.5 million), higher

prices for both oil and natural gas (\$0.9 million), and lower taxes and operating expenses (\$0.1 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, 2020	March 31, 2019	December 31, 2019
Production			
Oil (Bbls)	153,638	179,016	199,254
Gas (Mcfs)	2,021,572	1,909,586	2,085,318
Average Price			
Oil (per Bbl)	\$ 56.85	\$ 49.07	\$ 52.44
Gas (per Mcf)	\$ 1.97	\$ 3.00	\$ 1.95

Gas royalty income received for the three months ended March 31, 2020, related primarily to production for October through December 2019. The average price of gas reported by the Henry Hub for the same time period was \$2.15 per Mcf. The average price of gas for the Henry Hub was \$1.71 per Mcf for January through March 2020. Oil royalty income for the three months ended March 31, 2020 related primarily to production for November 2019 through January 2020. The average price of oil as reported by NYMEX for that time period was \$58.16 per barrel. The average price of oil was \$45.54 per barrel for January through March 2020. As of April 27, 2020, the average price of gas for the Henry Hub was \$1.51 per Mcf and the average price of oil reported by NYMEX was \$12.17 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, 2020 decreased \$25,600 compared with the first quarter of 2019. Compared to the preceding quarter ended December 31, 2019, interest income decreased \$7,200. 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, 2020 increased by approximately \$13,000 compared to the same quarter of 2019 primarily due to increases in Escrow Agent/Trustee fees of approximately \$22,200, printing and unitholder fees of approximately \$9,100 and an increase in the New York Stock Exchange

listing fee of \$3,000. These increases were offset somewhat by a decrease in legal and professional fees of approximately \$21,200.

Compared to the previous quarter ended December 31, 2019, general and administrative expenses increased approximately \$315,100 primarily due to increases due to the timing of payment of legal and professional fees of approximately \$191,800, the timing of payment of the New York Stock Exchange listing fee of \$71,000 and the timing of payment of printing and unitholder services of approximately \$51,800.

For the calendar year 2020 the Bank's Administration Expenses are estimated to be \$1,260,000 which would result in fees payable to

the Bank of approximately \$1,800,000. These fees include both a reimbursement for costs and a margin of profit. The Trust incurs substantial costs and expenses in addition to the Bank's fees which are estimated to be approximately \$1,200,000 for the calendar year 2020.

Sabine Royalty Trust
By Simmons Bank, Trustee



By Ron E. Hooper
SVP, Royalty Trust Management

May 15, 2020

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 2020 have been as follows (stated in dollars per Unit):

Month of Payment	Amount	Month of Payment	Amount
January	\$.303290	April	\$.258220
February	\$.218910	May	\$.151710
March	\$.236560		

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 2020 in March 2021. Monthly schedules of income tax information for January through March 2020 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

	March 31, 2020 <i>(Unaudited)</i>	December 31, 2019
Assets		
Cash and short-term investments	\$ 8,363,732	\$ 6,725,823
Royalty interests in oil and gas properties (less accumulated amortization of \$22,216,256 and \$22,209,220 at March 31, 2020 and December 31, 2019).....	178,929	185,965
TOTAL.....	<u>\$ 8,542,661</u>	<u>\$ 6,911,788</u>
Liabilities and Trust Corpus		
Trust expenses payable	\$ 302,816	\$ 175,843
Other payables	3,256,320	1,088,182
	<u>3,559,136</u>	<u>1,264,025</u>
Trust corpus – 14,579,345 units of beneficial interest authorized and outstanding	4,983,525	5,647,763
TOTAL.....	<u>\$ 8,542,661</u>	<u>\$ 6,911,788</u>

Condensed Statements of Changes in Trust Corpus (Unaudited)

	Three Months Ended March 31,	
	2020	2019
Trust corpus, beginning of period	\$ 5,647,763	\$ 5,666,265
Amortization of royalty interest	(7,036)	(8,099)
Distributable income.....	10,405,023	12,848,406
Distributions.....	(11,062,225)	(12,134,098)
Trust corpus, end of period.....	<u>\$ 4,983,525</u>	<u>\$ 6,372,474</u>
Distributions per unit (14,579,345 units).....	<u>\$.76</u>	<u>\$.83</u>

Condensed Statements of Distributable Income (Unaudited)

	Three Months Ended March 31,	
	2020	2019
Royalty Income.....	\$11,287,740	\$13,692,528
Interest income	23,625	49,237
Total	11,311,365	13,741,765
General and administrative expenses.....	(906,342)	(893,359)
Distributable income.....	<u>\$10,405,023</u>	<u>\$12,848,406</u>
Distributable income per unit (14,579,345 units).....	<u>\$.71</u>	<u>\$.88</u>