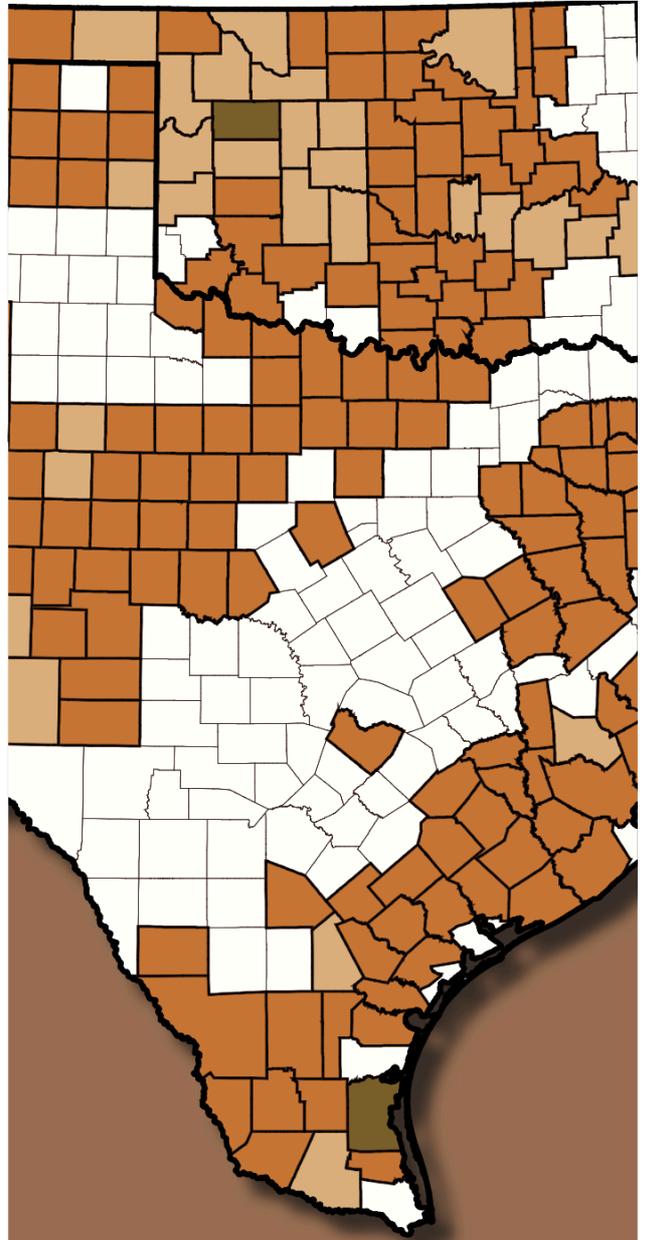


SABINE ROYALTY TRUST



1st

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 March 31, 2021 was \$8,959,060 or \$0.61 per Unit. Royalty income for the three months ended March 31, 2021 amounted to \$9,742,684 while interest income was \$1,363. General and administrative expenses totaled \$784,987 for the three months ended March 31, 2021.

Distributions during the period were \$0.167140, \$0.155290 and \$0.210990 per Unit payable to Unit holders of record on January 15, February 16, and March 15, 2021, respectively.

Royalty income for the quarter ended March 31, 2021 decreased approximately \$1,545,000 or 14% compared with the first quarter of 2020. This decrease was primarily the result of lower prices for oil (\$2.1 million), lower production for oil and natural gas (\$0.2 million) and higher operating expenses (\$0.1 million). These decreases were offset somewhat by an increase in the price of natural gas (\$0.6 million) and lower taxes (\$0.2 million).

Compared to the preceding quarter ended December 31, 2020, royalty income increased approximately \$2,883,000 or 42%, due mainly to an increase in the price of both oil and natural gas (\$2.0 million) along with lower taxes (\$1.3 million) due mainly to the timing of payment of ad valorem taxes. These increases to royalty income were offset somewhat by higher operating expenses (\$0.1 million), and lower production for both oil and natural gas (\$0.4 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, 2021	March 31, 2020	December 31, 2020
Production			
Oil (Bbls)	148,967	153,638	156,221
Gas (Mcf)	2,021,184	2,021,572	2,042,933
Average Price			
Oil (per Bbl)	\$ 43.22	\$ 56.85	\$ 37.45
Gas (per Mcf)	\$ 2.28	\$ 1.97	\$ 1.73

Gas royalty income received for the three months ended March 31, 2021, related primarily to production for October through December 2020. The average price of gas reported by the Henry Hub for the same time period was \$2.27 per Mcf. The average price of gas for the Henry Hub was \$3.15 per Mcf for January through March 2021. Oil royalty income for the three months ended March 31, 2021 related primarily to production for November 2020 through January 2021. The average price of oil as reported by NYMEX for that time period was \$46.68 per barrel. The average price of oil was \$58.09 per barrel for January through March 2021. As of May 3, 2021, the average price of gas for the Henry Hub was \$2.66 per Mcf and the average price of oil reported by NYMEX was \$64.46 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, 2021 decreased \$22,300 compared with the first quarter of 2020. Compared to the preceding quarter ended December 31, 2020, interest income was relatively unchanged, increasing only \$15. 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, 2021 decreased by approximately \$121,400 compared to the same quarter of 2020 primarily due to decreases in legal and professional fees of approximately \$140,500, and the timing of payment of revenue processing fees of approximately \$34,300. These decreases were offset somewhat by increases in services for digitizing certain trust files of approximately \$30,400, printing and unitholder information services of approximately \$18,100 and an increase in

Escrow Agent/Trustee fees of approximately \$6,800.

Compared to the previous quarter ended December 31, 2020, general and administrative expenses increased approximately \$70,100 primarily due to increases in printing and unitholder information services of approximately \$76,800 and the timing of payment of the New York Stock Exchange listing fee of \$71,000. These increases were offset somewhat by decreases due to the timing of payment of revenue processing fees of approximately \$31,000, a decrease in the Escrow Agent/Trustee fees of approximately \$24,900 and a decrease due to the timing of payment of legal and professional fees of approximately \$23,000.

For the calendar year 2021 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 \$1,400,000 for the calendar year 2021.

Sabine Royalty Trust
By Simmons Bank, Trustee



By Ron E. Hooper
SVP, Royalty Trust Management
May 24, 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 (gener-

ally 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	April	\$.237940
February	\$.155290	May	\$.251570
March	\$.210990		

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 March 2021 will be available by June 15, 2021 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, 2021 (Unaudited)	December 31, 2020
Assets		
Cash and short-term investments	\$ 6,197,559	\$ 4,792,795
Royalty interests in oil and gas properties (less accumulated amortization of \$22,240,474 and \$22,234,457 at March 31, 2021 and December 31, 2020)	<u>154,711</u>	<u>160,728</u>
TOTAL	<u>\$ 6,352,270</u>	<u>\$ 4,953,523</u>
Liabilities and Trust Corpus		
Trust expenses payable	\$ 222,619	\$ 202,805
Other payables.....	<u>965,959</u>	<u>763,154</u>
	1,188,578	965,959
Trust corpus – 14,579,345 units of beneficial interest authorized and outstanding	<u>5,163,692</u>	<u>3,987,564</u>
TOTAL	<u>\$ 6,352,270</u>	<u>\$ 4,953,523</u>

Condensed Statements of Changes in Trust Corpus (Unaudited)

	Three Months Ended March 31,	
	2021	2020
Trust corpus, beginning of period.....	\$ 3,987,564	\$ 5,647,763
Amortization of royalty interests.....	(6,017)	(7,036)
Distributable income	8,959,060	10,405,023
Distributions.....	<u>(7,776,915)</u>	<u>(11,062,225)</u>
Trust corpus, end of period	<u>\$ 5,163,692</u>	<u>\$ 4,983,525</u>
Distributions per unit (14,579,345 units)	<u>\$.53</u>	<u>\$.76</u>

Condensed Statements of Distributable Income (Unaudited)

	Three Months Ended March 31,	
	2021	2020
Royalty income	\$ 9,742,684	\$ 11,287,740
Interest income	1,363	23,625
Total	<u>9,744,047</u>	<u>11,311,365</u>
General and administrative expenses	<u>(784,987)</u>	<u>(906,342)</u>
Distributable income	<u>\$ 8,959,060</u>	<u>\$ 10,405,023</u>
Distributable income per unit (14,579,345 units).....	<u>\$.61</u>	<u>\$.71</u>