
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2024
OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to
Commission File Number: 001-41585



Sitio Royalties Corp.

(Exact Name of Registrant as Specified in its Charter)

Delaware

88-4140242

(State or other jurisdiction of
incorporation or organization)

(I.R.S. Employer
Identification No.)

1401 Lawrence Street

Suite 1750

Denver

CO

80202

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code: (720) 640-7620

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A common stock, par value \$0.0001 per share	STR	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule

12b-2 of the Exchange Act.

Accelerated filer

Large accelerated filer

Non-accelerated filer

Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of August 2, 2024, there were

80,538,109

shares of the registrant's Class A Common Stock, par value \$0.0001 per share, outstanding and there were

73,718,361

shares of the registrant's Class C Common Stock, par value \$0.0001 per share, outstanding.

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GLOSSARY

The following are abbreviations and definitions of certain terms used in this document, which are commonly used in the oil and natural gas industry:

Barrel or Bbl. Stock tank barrel, or 42 U.S. gallons liquid volume, used in this quarterly report in reference to crude oil or other liquid hydrocarbons.

Basin. A large natural depression on the earth's surface in which sediments generally brought by water accumulate.

BOE. One barrel of oil equivalent, calculated by converting natural gas to oil equivalent barrels at a ratio of six Mcf of natural gas to one Bbl of crude oil. This is an energy content correlation and does not reflect a value or price relationship between the commodities.

BOE/d. BOE per day.

British thermal unit or Btu. The quantity of heat required to raise the temperature of one pound of water by one degree Fahrenheit.

Completion. The process of treating a drilled well followed by the installation of permanent equipment for the production of natural gas or oil, or in the case of a dry hole, the reporting of abandonment to the appropriate agency.

Crude oil. Liquid hydrocarbons retrieved from geological structures underground to be refined into fuel sources.

Development costs. Costs incurred to obtain access to proved reserves and to provide facilities for extracting, treating, gathering and storing crude oil, natural gas and NGLs. For a complete definition of development costs, refer to the SEC's Regulation S-X, Rule 4-10(a)(7).

Development project. The means by which petroleum resources are brought to the status of economically producible. As examples, the development of a single reservoir or field, an incremental development in a producing field or the integrated development of a group of several fields and associated facilities with a common ownership may constitute a development project.

Differential. An adjustment to the price of crude oil, natural gas or natural gas liquids from an established spot market price to reflect differences in the quality and/or location of crude oil or natural gas.

Dry hole. A well found to be incapable of producing hydrocarbons in sufficient quantities such that proceeds from the sale of such production exceed production expenses and taxes.

E&P. Exploration and production.

Economically producible. The term economically producible, as it relates to a resource, means a resource that generates revenue that exceeds, or is reasonably expected to exceed, the costs of the operation. For a complete definition of economically producible, refer to the SEC's Regulation S-X, Rule 4-10(a)(10).

Field. An area consisting of a single reservoir or multiple reservoirs all grouped on, or related to, the same individual geological structural feature or stratigraphic condition. The field name refers to the surface area, although it may refer to both the surface and the underground productive formations. For a complete definition of field, refer to the SEC's Regulation S-X, Rule 4-10(a)(15).

Formation. A layer of rock that has distinct characteristics that differs from nearby rock.

GAAP. Generally accepted accounting principles in the United States.

Gross wells. The number of wells, normalized to a 5,000 foot lateral length basis, where we have ownership in a mineral or royalty interest.

Horizontal drilling. A drilling technique used in certain formations where a well is drilled vertically to a certain depth and then drilled at a right angle within a specified interval.

Horizontal wells. The number of horizontal wells, normalized to a 5,000 foot lateral length basis, where we have ownership in a mineral or royalty interest.

MBbl. Thousand barrels of crude oil or other liquid hydrocarbons.

MBOE. One thousand BOE.

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Mcf. One thousand cubic feet of natural gas.

Mcf/d. Mcf per day.

MMBtu. One million British thermal units.

MMcf. One million cubic feet of natural gas.

Natural gas liquids or NGLs. Hydrocarbons found in natural gas that may be extracted as liquefied petroleum gas and natural gasoline.

Net royalty acres or NRAs. Mineral ownership standardized to a 12.5%, or 1/8th, royalty interest.

Operator. The individual or company responsible for the development and/or production of a crude oil or natural gas well or lease.

Play. A geographic area with hydrocarbon potential.

Proved reserves. Those quantities of crude oil, natural gas and NGLs that, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be economically producible—from a given date forward, from known reservoirs, and under existing economic conditions, operating methods and government regulations—prior to the time at which contracts providing the right to operate expire, unless evidence indicates that renewal is reasonably certain, regardless of whether deterministic or probabilistic methods are used for the estimation. The project to extract the hydrocarbons must have commenced or the E&P operator must be reasonably certain that it will commence the project within a reasonable time. For a complete definition of proved crude oil and natural gas reserves, refer to the SEC's Regulation S-X, Rule 4-10(a)(22).

Realized price. The cash market price less all expected quality, transportation and demand adjustments.

Reasonable certainty. A high degree of confidence that quantities will be recovered. For a complete definition of reasonable certainty, refer to the SEC's Regulation S-X, Rule 4-10(a)(24).

Reserves. Estimated remaining quantities of crude oil and natural gas and related substances anticipated to be economically producible, as of a given date, by application of development projects to known accumulations. In addition, there must exist, or there must be a reasonable expectation that there will exist, the legal right to produce or a revenue interest in the production, installed means of delivering crude oil and natural gas or related substances to market and all permits and financing required to implement the project. Reserves should not be assigned to adjacent reservoirs isolated by major, potentially sealing, faults until those reservoirs are penetrated and evaluated as economically producible. Reserves should not be assigned to areas that are clearly separated from a known accumulation by a non-productive reservoir (i.e., absence of reservoir, structurally low reservoir or negative test results). Such areas may contain prospective resources (i.e., potentially recoverable resources from undiscovered accumulations).

Reservoir. A porous and permeable underground formation containing a natural accumulation of producible crude oil and/or natural gas that is confined by impermeable rock or water barriers and is individual and separate from other reservoirs.

Resources. Quantities of crude oil, natural gas and NGLs estimated to exist in naturally occurring accumulations. A portion of the resources may be estimated to be recoverable and another portion may be considered to be unrecoverable. Resources include both discovered and undiscovered accumulations.

Royalty. An interest in a crude oil and natural gas lease that gives the owner the right to receive a portion of the production from the leased acreage (or of the proceeds from the sale thereof), but does not require the owner to pay any portion of the production or development costs on the leased acreage. Royalties may be either landowner's royalties, which are reserved by the owner of the leased acreage at the time the lease is granted, or overriding royalties, which are usually reserved by an owner of the leasehold in connection with a transfer to a subsequent owner.

SEC. U.S. Securities and Exchange Commission.

SOFR or Term SOFR rate. A borrowing rate equal to the secured overnight financing rate as administered by the Federal Reserve Bank of New York.

Spot market price. The cash market price without reduction for expected quality, transportation and demand adjustments.

Standardized measure. Discounted future net cash flows estimated by applying year end prices to the estimated future production of year-end proved reserves. Future cash inflows are reduced by estimated future production and development costs based on period-end costs to determine pre-tax cash inflows. Future income taxes, if applicable, are computed by applying the statutory tax rate to the excess

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of pre-tax cash inflows over our tax basis in the crude oil, natural gas and NGLs properties. Future net cash inflows after income taxes are discounted using a 10% annual discount rate.

Working interest. The right granted to the lessee of a property to develop, produce and own crude oil, natural gas, NGLs or other minerals. The working interest owners bear the exploration, development and operating expenses on either a cash, penalty or carried basis.

WTI. West Texas Intermediate, a grade of crude oil used as a benchmark in oil pricing.

[Table of Contents](#)**PART I—FINANCIAL INFORMATION****Item 1. Financial Statements.****Sitio Royalties Corp.
Condensed Consolidated Balance Sheets
(In thousands, except par and share amounts)**

	June 30, 2024 (Unaudited)	December 31, 2023
ASSETS		
Current assets		
Cash and cash equivalents	\$ 16,348	\$ 15,195
Accrued revenue and accounts receivable	129,454	107,347
Prepaid assets	1,839	12,362
Derivative asset	5,547	19,080
Total current assets	153,188	153,984
Property and equipment		
Oil and natural gas properties, successful efforts method:		
Unproved properties	2,579,583	2,698,991
Proved properties	2,674,068	2,377,196
Other property and equipment	3,601	3,711
Accumulated depreciation, depletion, amortization, and impairment	(660,139)	(498,531)
Total property and equipment, net	4,597,113	4,581,367
Long-term assets		
Deferred financing costs	9,689	11,205
Long-term derivative asset	—	3,440
Operating lease right-of-use asset	5,240	5,970
Other long-term assets	2,781	2,835
Total long-term assets	17,710	23,450

TOTAL ASSETS

	4,768,011	4,758,801
	\$	\$
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable and accrued expenses		
	27,081	30,050
Operating lease liability	\$	\$
	1,596	1,725
Total current liabilities		
	28,677	31,775
Long-term liabilities		
Long-term debt		
	1,049,338	865,338
Deferred tax liability		
	252,450	259,870
Non-current operating lease liability		
	4,804	5,394
Other long-term liabilities		
	1,150	1,150
Total long-term liabilities		
	1,307,742	1,131,752
Total liabilities		
	1,336,419	1,163,527
Commitments and contingencies (see Note 14)		
Equity		
Class A Common Stock, par value \$		
0.0001		
per share;		
240,000,000		
shares authorized;		
82,825,703		
and		
82,451,397		
shares issued and		
80,595,566		
and		
82,451,397	8	8
outstanding at June 30, 2024 and December 31, 2023, respectively		

Class C Common Stock, par value \$

0.0001

per share:

120,000,000

shares authorized:

73,771,109

and

74,965,217

shares issued and

73,718,361

and

74,939,080

outstanding at June 30, 2024 and December 31, 2023, respectively

7

8

Additional paid-in capital

1,737,960 1,796,147

Accumulated deficit

() ()

166,416 187,738

Class A Treasury Shares,

2,230,137

and

()

0

shares at June 30, 2024 and December 31, 2023, respectively

54,583 () —

Class C Treasury Shares,

52,748

and

() ()

26,137

shares at June 30, 2024 and December 31, 2023, respectively

1,265 () 677

Noncontrolling interest

1,915,881 1,987,526

Total equity

3,431,592 3,595,274

TOTAL LIABILITIES AND EQUITY

4,768,011 4,758,801

\$ _____ \$ _____

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

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Sitio Royalties Corp.
Condensed Consolidated Statements of Operations
(In thousands, except per share amounts)
(Unaudited)

	Three Months Ended June 30, 2024		Six Months Ended June 30, 2024	
	2024	2023	2024	2023
Revenues:				
Oil, natural gas and natural gas liquids revenues	\$ 165,516	\$ 132,567	\$ 313,487	\$ 278,121
Lease bonus and other income	3,032	3,899	6,452	9,171
Total revenues	168,548	136,466	319,939	287,292
Operating expenses:				
Depreciation, depletion and amortization	85,485	74,239	161,803	142,002
General and administrative	13,456	14,066	26,467	25,742
Severance and ad valorem taxes	12,433	10,344	24,459	20,803
Impairment of oil and gas properties	—	25,617	—	25,617
Total operating expenses	111,374	124,266	212,729	214,164
Net income from operations				
	57,174	12,200	107,210	73,128
Other income (expense):				
Interest expense, net	(22,688)	(23,159)	(41,198)	(45,362)
Change in fair value of warrant liability	—	584	—	2,942
Loss on extinguishment of debt	—	—	—	(783)
Commodity derivatives gains (losses)	(607)	6,112	10,657	20,875
Interest rate derivative gains	—	607	—	447
Net income (loss) before taxes	(33,879)	3,656)	55,355	51,247

Income tax (expense) benefit	((((
	4,838	683	7,622	6,501
Net income (loss)		(
	29,041	2,973	47,733	44,746
Net (income) loss attributable to noncontrolling interest	((((
	16,187	2,177	26,411	22,889
Net income (loss) attributable to Class A stockholders		(
	<u>\$ 12,854</u>	<u>\$ 796</u>	<u>\$ 21,322</u>	<u>\$ 21,857</u>
Net income (loss) per share of Class A Common Stock		(
Basic				
	\$ 0.16	\$ 0.01	\$ 0.25	\$ 0.26
Diluted		(
	\$ 0.15	\$ 0.01	\$ 0.25	\$ 0.26
Weighted average Class A Common Stock outstanding				
Basic				
	80,751	81,044	81,578	80,614
Diluted				
	80,879	81,044	81,761	80,614

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

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Sitio Royalties Corp.
Condensed Consolidated Statements of Cash Flows
(In thousands)
(Unaudited)

	Six Months Ended June 30, 2024	2023
Cash flows from operating activities:		
Net income	\$ 47,733	\$ 44,746
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, depletion and amortization	161,803	142,002
Amortization of deferred financing costs and long-term debt discount	2,603	2,793
Share-based compensation	11,307	10,106
Change in fair value of warrant liability	—	2,942
Loss on extinguishment of debt	—	783
Impairment of oil and gas properties	—	25,617
Commodity derivatives (gains) losses	10,657	20,875
Net cash received for commodity derivatives settlements	6,316	13,659
Interest rate derivative gains	—	447
Net cash paid for interest rate derivative settlements	—	93
Deferred tax benefit	7,494	7,421
Change in operating assets and liabilities:		
Accrued revenue and accounts receivable	22,107	23,900
Prepaid assets	10,547	7,187
Other long-term assets	667	1,622
Accounts payable and accrued expenses	3,487	7,654
Operating lease liabilities and other long-term liabilities	493	492

Net cash provided by operating activities	218,052	232,677
Cash flows from investing activities:		
Purchases of oil and gas properties, net of post-close adjustments	177,424	5,689
Deposits for property acquisitions	—	17,947
Other, net	237	19
Net cash used in investing activities	177,661	12,277
Cash flows from financing activities:		
Borrowings on credit facilities	279,000	619,500
Repayments on credit facilities	96,000	643,500
Repayments on 2026 Senior Notes	—	22,500
Debt issuance costs	126	8,196
Distributions to noncontrolling interest	68,402	91,162
Dividends paid to Class A stockholders	75,016	88,850
Dividend equivalent rights paid	707	783
Repurchases of Class A Common Stock	54,075	—
Repurchases of Sito OpCo Partnership Units (including associated Class C Common Shares)	22,142	—
Cash paid for taxes related to net settlement of share-based compensation awards	1,770	3,379
Net cash used in financing activities	39,238	238,870
Net change in cash and cash equivalents	1,153	18,470
Cash and cash equivalents, beginning of period	15,195	18,818
Cash and cash equivalents, end of period	<u>\$ 16,348</u>	<u>\$ 348</u>

Supplemental disclosure of non-cash transactions:

			66,526
Oil and gas properties acquired through issuance of Class C Common Stock and Sitio OpCo Partnership Units:	\$	—	\$
Supplemental disclosure of cash flow information:			
Cash paid for income taxes:	\$	2,769	\$ 8,811
Cash paid for interest expense:		41,230	43,555

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.
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Sitio Royalties Corp.
Condensed Consolidated Statements of Equity
(In thousands, except per share amounts)
(Uaudited)

	Class A		Class C		Additional I		Class A		Class C		Noncontrolli ng Interest	Total
	Common Stock Shares	Amount	Common Stock Shares	Amount	Paid-in Capital	Accumulat ed Deficit	Treasury Shares Shares	Amount	Treasury Shares Shares	Amount		
Balance at January 1, 2023	80,805	8	74,347	7	1,750,6 40	9,203	633	19,0 85	—	—	2,164,228	3,886,59 5
Net income	—	—	—	—	—	22,653	—	—	—	—	25,066	47,719
Share-based compensation	—	—	—	—	4,129	—	—	—	—	—	555	4,684
Conversion of Class C Common Stock to Class A Common Stock	6	—	6	—	183	—	—	—	—	—	183	—
Issuance of Class A Common Stock upon vesting of share-based awards, net of shares withheld for income taxes	6	—	—	—	44	—	—	—	—	—	44	—
Change in deferred taxes from conversion of Class C Common Stock to Class A Common Stock	—	—	—	—	36	—	—	—	—	—	36	—
Dividends to Class A stockholders	—	—	—	—	48,107	—	—	—	—	—	48,107	—
Dividend equivalent rights	—	—	—	—	400	—	—	—	—	—	400	—
Distributions to noncontrolling interest	—	—	—	—	—	—	—	—	—	—	49,206	49,206
Cancellation of Treasury Shares	633	—	—	—	19,085	—	633	19,0 85	—	—	—	—
Balance at March 31, 2023	80,184	8	74,341	7	1,735,8 59	35,057	—	—	—	—	2,140,460	3,841,27 7
Net loss	—	—	—	—	796	—	—	—	—	—	2,177	2,973
Share-based compensation	—	—	—	—	4,861	—	—	—	—	—	561	5,422

	((
Conversion of Class C Common Stock to Class A Common Stock	1,310	1,310	37,865
	—)	—
		(
Issuance of Class A Common Stock upon vesting of share-based awards, net of shares withheld for income taxes	166	2,658	2,658
	—)	—
		((
Class C Common Stock withheld for income taxes upon vesting of RSAs and held in treasury	—	—	26
	—	—	677
	—)	—
		()
Change in deferred taxes from conversion of Class C Common Stock to Class A Common Stock	—	7,523	7,523
	—	—	—
Issuance of Class C Common Stock in connection with acquisition	2,508	1	66,525
	—	—	66,526
		((
Dividends to Class A stockholders	—	40,743	40,743
	—)	—
		((
Dividend equivalent rights	—	383	383
	—)	—
		((
Distributions to noncontrolling interest	—	41,956	41,956
	—)	—
		((
81,660	8	75,539	8
	\$	\$	\$
1,783,4			
50		76,979	
	\$	\$	\$
26		677	2,125,548
	\$	\$	\$
3,831,35			
Balance at June 30, 2023	8		
	\$		\$

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	Class A	Class C	Additional	Accumul	Class A	Class C	Noncontrol	Total
	Common Stock Shares	Common Stock Shares	Paid-in Capital	ated Deficit	Treasury Shares Shares	Treasury Shares Shares	ling Interest	Equity
Balance at January 1, 2024	82,45 1 \$	74,96 5 \$	1,796,1 47 \$	187,738) \$	— — \$	26 677 \$	1,987,526) \$	3,595,2 74 \$
Net income	—	—	—	8,468	—	—	—	10,224 18,692
Share-based compensation	—	—	—	4,543	—	—	—	561 5,104
Conversion of Class C Common Stock to Class A Common Stock	135	135) —	—	3,265	—	—	—	3,265) —
Issuance of Class A Common Stock upon vesting of share-based awards, net of shares withheld for income taxes	50	—	—	607) (—	—	—	607) (
Change in deferred taxes from conversion of Class C Common Stock to Class A Common Stock	—	—	—	73) (—	—	—	73) (
Dividends to Class A stockholders	—	—	—	41,950) (—	—	—	41,950) (
Dividend equivalent rights	—	—	—	376) (—	—	—	376) (
Distributions to noncontrolling interest	—	—	—	—	—	—	—	38,157) 38,157) (
Repurchases of Class A Common Stock	—	—	—	—	546) (57) (—	13,057) —
Balance at March 31, 2024	82,63 6 \$	74,83 0 \$	1,760,9 49 \$	179,270) \$	546) \$	13,0 57 \$	26 677 \$	3,524,8 50 \$
Net income	—	—	—	12,854	—	—	—	16,187 29,041
Share-based compensation	—	—	—	5,642	—	—	—	561 6,203
Conversion of Class C Common Stock to Class A Common Stock	162	162) —	—	3,820	—	—	—	3,820) —

Issuance of Class A Common Stock upon vesting of share-based awards, net of shares withheld for income taxes	28	—	—	—	—	382	—	—	—	—	—	—	382	
Class C Common Stock withheld for income taxes upon vesting of RSAs and held in treasury	—	—	—	—	—	—	—	—	—	—	27	588	588	
Change in deferred taxes from conversion of Class C Common Stock to Class A Common Stock	—	—	—	—	—	—	1	—	—	—	—	—	1	
Dividends to Class A stockholders	—	—	—	—	—	33,066	—	—	—	—	—	—	33,066	
Dividend equivalent rights	—	—	—	—	—	331	—	—	—	—	—	—	331	
Distributions to noncontrolling interest	—	—	—	—	—	—	—	—	—	—	—	—	30,245	
Repurchases of Class A Common Stock	—	—	—	—	—	—	1,684	—	41,5	—	—	—	41,526	
Repurchases of Sitio OpCo Partnership Units (including associated Class C Common Shares)	—	—	897	1	—	1,329	—	—	26	—	—	—	23,691	
Balance at June 30, 2024	82,82	6	73,77	1	7	1,737,9	60	166,416	2,230	54,5	83	53	1,26	3,431,5
	82,82	6	73,77	1	7	1,737,9	60	166,416	2,230	54,5	83	53	1,26	3,431,5
	82,82	6	73,77	1	7	1,737,9	60	166,416	2,230	54,5	83	53	1,26	3,431,5
	82,82	6	73,77	1	7	1,737,9	60	166,416	2,230	54,5	83	53	1,26	3,431,5
	82,82	6	73,77	1	7	1,737,9	60	166,416	2,230	54,5	83	53	1,26	3,431,5
	82,82	6	73,77	1	7	1,737,9	60	166,416	2,230	54,5	83	53	1,26	3,431,5
	82,82	6	73,77	1	7	1,737,9	60	166,416	2,230	54,5	83	53	1,26	3,431,5
	82,82	6	73,77	1	7	1,737,9	60	166,416	2,230	54,5	83	53	1,26	3,431,5
	82,82	6	73,77	1	7	1,737,9	60	166,416	2,230	54,5	83	53	1,26	3,431,5
	82,82	6	73,77	1	7	1,737,9	60	166,416	2,230	54,5	83	53	1,26	3,431,5
	82,82	6	73,77	1	7	1,737,9	60	166,416	2,230	54,5	83	53	1,26	3,431,5
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	82,82	6	73,77	1	7	1,737,9	60	166,416	2,230	54,5	83	53	1,26	3,431,5
	82,82	6	73,77	1	7	1,737,9	60	166,416	2,230	54,5	83			

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

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Sitio Royalties Corp. Notes to Unaudited Condensed Consolidated Financial Statements

1. Basis of Presentation

The unaudited condensed consolidated financial statements of Sitio Royalties Corp., together with its wholly-owned subsidiaries and any entities in which the company owns a controlling interest (collectively, "Sitio" or the "Company"), including Sitio Royalties Operating Partnership, LP ("Sitio OpCo"), have been prepared pursuant to the rules and regulations of the SEC applicable to interim financial information. Accordingly, such consolidated financial statements reflect all adjustments (consisting of normal and recurring accruals) which are, in the opinion of management, necessary for a fair presentation of the financial results for the interim periods presented. Certain information and notes normally included in financial statements prepared in accordance with GAAP have been condensed or omitted pursuant to such rules and regulations. However, management believes that the disclosures included either on the face of the financial statements or in these notes are sufficient to make the interim information presented not misleading. The accompanying unaudited condensed consolidated financial statements and notes thereto should be read in conjunction with the financial statements and notes thereto in our Annual Report on Form 10-K for the year ended December 31, 2023, filed with the SEC on February 29, 2024 (the "Annual Report").

The preparation of unaudited condensed consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the unaudited condensed consolidated financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates. The results of operations for the three and six months ended June 30, 2024 are not necessarily indicative of the results to be expected for the entire fiscal year ending December 31, 2024.

Except as otherwise indicated or required by the context, all references in this quarterly report to the "Company," "Sitio," "we," "us," "our" or similar terms refer to (i) for periods prior to the closing of the Company's merger with Falcon Minerals Corporation in June 2022 (the "Falcon Merger"), the Company's predecessor and its subsidiaries and (ii) for periods subsequent to the closing of the Falcon Merger, Sitio Royalties Corp. and its subsidiaries. All references in this Quarterly Report on Form 10-Q to "Falcon" refer to Sitio Royalties Corp. and its subsidiaries for periods prior to the Falcon Merger.

2. Summary of Significant Accounting Policies

Significant accounting policies are disclosed in the Company's consolidated financial statements and notes thereto for the year ended December 31, 2023, presented in the Annual Report. There have been no material changes in such policies or the application of such policies during the six months ended June 30, 2024.

Accounts Payable and Accrued Expenses

The Company's accounts payable and accrued expenses consisted of the following as of the dates indicated (in thousands):

	June 30, 2024	December 31, 2023
Accrued interest expense	\$ 9,522	\$ 12,178
Ad valorem taxes payable	7,539	10,364
Payable to buyer for post-effective monies	1,031	1,427
Accrued general and administrative	3,392	1,889
Payable to sellers for pre-effective monies	2,251	2,268
Other taxes payable	3,227	1,592
Other	119	332
Total accounts payable and accrued expenses	\$ 27,081	\$ 30,050

3. Revenue from Contracts with Customers

Oil, natural gas, and natural gas liquids revenues

Oil, natural gas and NGL sales revenues are generally recognized when control of the product is transferred to the customer, the performance

obligations under the terms of the contracts with customers are satisfied and collectability is reasonably assured. All of the Company's oil, natural gas and NGL sales are made under contracts with customers (operators). The performance obligations for the Company's contracts with operators are satisfied at a point in time when control transfers to the operator at the wellhead, at which point payment is unconditional. Accordingly, the Company's contracts do not give rise to contract assets or liabilities. The Company typically receives payment for oil, natural gas and NGL sales within 30 to 90 days of the month of delivery after initial production from the well. Such periods can extend longer due to factors outside of our control. The Company's leasing contracts with operators are standard

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industry agreements that include variable consideration based on the monthly index price and adjustments that may include counterparty-specific provisions related to volumes, price differentials, discounts and other adjustments and deductions, including charges for gathering and transportation.

During the three and six months ended June 30, 2024 and 2023, the disaggregated revenues from sales of oil, natural gas and NGLs were as follows (in thousands):

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2024	2023	2024	2023
Crude oil sales				
	\$ 143,496	\$ 111,993	\$ 270,789	\$ 229,738
Natural gas sales				
	5,945	8,522	11,732	23,176
NGL sales				
	16,075	12,052	30,966	25,207
Total royalty revenues				
	\$ 165,516	\$ 132,567	\$ 313,487	\$ 278,121

Lease bonus and other income

The Company also earns revenue from lease bonuses, delay rentals, and right-of-way payments. The Company generates lease bonus revenue by leasing its mineral interests to E&P companies. A mineral lease agreement represents our contract with an operator and generally transfers the rights, for a specified period of time, to explore for and develop any oil, natural gas and NGL discovered, grants us a specified royalty interest in the hydrocarbons produced from the leased property, and requires that drilling and completion operations commence within a specified time period. The Company recognizes lease bonus revenues when the lease agreement has been executed and payment is determined to be collectible. At the time the Company executes the lease agreement, the lease bonus payment is delivered to the Company. Upon receipt of the lease bonus payment, the Company will release the recordable original lease documents to the operator. The Company also recognizes revenue from delay rentals to the extent drilling has not started within the specified period and payment has been received. Right-of-way payments are recorded when the agreement has been executed and payment is determined to be collectable. Payments for lease bonus and other income become unconditional upon the execution of an associated agreement. Accordingly, the Company's lease bonus and other income transactions do not give rise to contract assets or liabilities.

Allocation of transaction price to remaining performance obligations

Oil and natural gas sales

The Company's right to royalty income does not originate until production occurs and, therefore, is not considered to exist beyond each day's production. Therefore, there are no remaining performance obligations under any of our royalty income contracts.

Lease bonus and other income

Given that the Company does not recognize lease bonus or other income until an agreement has been executed, at which point its performance obligation has been satisfied, the Company does not record revenue for unsatisfied or partially unsatisfied performance obligations as of the end of the reporting period.

Prior-period performance obligations

The Company records revenue in the month production is delivered to the customer. As a royalty interest owner, the Company has limited visibility into the timing of when new wells start producing as production statements may not be received for 30 to 90 days or more after the date production is delivered. As a result, the Company is required to estimate the amount of production delivered to the customer and the price that will be received for the sale of the product. The expected sales volumes and prices for these properties are estimated and recorded within accrued revenue and accounts receivable in the accompanying consolidated balance sheets. The difference between the Company's estimates of royalty income and the actual amounts received for oil and natural gas sales are recorded in the month that the royalty payment is received from the operator. For the three and six months ended June 30, 2024 and 2023, revenue recognized related to performance obligations satisfied in prior reporting periods was primarily attributable to production revisions by operators or amounts for which the information was not available at the time when revenue was estimated.

4. Oil and Natural Gas Properties

The Company owns mineral rights across multiple onshore basins in the United States. These basins include the Permian Basin in West Texas and Southeast New Mexico, the Eagle Ford in South Texas, the DJ Basin in Colorado and Wyoming, and the Williston Basin in North Dakota and Montana. The following is a summary of oil and natural gas properties as of June 30, 2024 and December 31, 2023 (in thousands):

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	June 30, 2024	December 31, 2023
Oil and natural gas properties:		
Unproved properties		
	2,579,583	2,698,991
\$	\$	\$
Proved properties		
	2,674,068	2,377,196
Oil and natural gas properties, gross		
	5,253,651	5,076,187
Accumulated depletion and impairment	((
	658,417	496,879
)))
Oil and natural gas properties, net		
	\$ 4,595,234	\$ 4,579,308
	<u>\$</u>	<u>\$</u>

As presented in the unaudited condensed consolidated statements of cash flows for the six months ended June 30, 2024, the Company paid \$ 189.0 million for purchases of oil and gas properties, and received purchase price adjustments from acquisitions of \$ 11.6 million. For the six months ended June 30, 2023, the Company received proceeds of \$ 5.7 million related to purchase price adjustments from acquisitions, net of amounts paid for purchases of oil and gas properties, and paid \$ 17.9 million in deposits for property acquisitions.

The Company uses the successful efforts method of accounting for its oil and natural gas properties. Capitalized costs are depleted on a unit of production basis based on proved oil and natural gas reserves. Depletion expense was \$

85.4 million and \$

161.5 million for the three and six months ended June 30, 2024, respectively. Depletion expense was \$

74.1 million and \$

141.7 million for the three and six months ended June 30, 2023, respectively.

5. Acquisitions and Divestitures

For the six months ended June 30, 2024, the Company closed on the acquisition of oil and gas properties for an aggregate purchase price of \$ 189.0 million.

In December 2023, the Company divested all of its mineral and royalty interests in the SCOOP and STACK plays in the Anadarko Basin in Oklahoma and the Appalachian Basin in Pennsylvania, Ohio and West Virginia for \$

113.3 million, net of third-party transaction costs. The proceeds were used to fund repayments on the Company's credit facility and for general corporate purposes.

6. Debt

The following is a summary of long-term debt as of June 30, 2024 and December 31, 2023 (in thousands):

	As of June 30, 2024	As of December 31, 2023
Sitio Revolving Credit Facility	\$ 460,000	\$ 277,000

	600,000	600,000
Less: 2028 Senior Notes unamortized issuance costs	(10,662)	(11,662)
Total long-term debt		
	1,049,338	865,338
	\$	\$

Sitio Revolving Credit Facility

Sitio OpCo maintains a revolving credit facility (the "Sitio Revolving Credit Facility") with a syndicate of financial institutions. As of June 30, 2024 and December 31, 2023, the borrowing base under the Sitio Revolving Credit Facility as determined by the lenders was \$

850.0

million and the outstanding balance under the Sitio Revolving Credit Facility was \$

460.0
million and \$

277.0
million, respectively.

As of June 30, 2024 and December 31, 2023, the weighted average interest rate related to our outstanding borrowings under the Sitio Revolving Credit Facility was

8.44
% and

8.21
, respectively. As of June 30, 2024 and December 31, 2023, the Company had unamortized debt issuance costs of \$

9.7
million and \$

11.2
million, respectively, in connection with its entry into the Sitio Revolving Credit Facility and subsequent amendments. Such costs are capitalized as deferred financing costs within long-term assets and are amortized over the life of the facility. For the three months ended June 30, 2024 and 2023, the Company recognized \$

804,000
and \$

732,000
, respectively, in interest expense related to the amortization of deferred financing costs under the Sitio Revolving Credit Facility. For the six months ended June 30, 2024 and 2023, the Company recognized \$

1.6
million and \$

1.3
million, respectively, in interest expense related to the amortization of deferred financing costs under the Sitio Revolving Credit Facility. In connection with the amendment and restatement of the Sitio Revolving Credit Facility in February 2023, certain lenders did not elect to remain a party to the facility. As such, \$

783,000
of previously capitalized deferred financing costs were written off during the six months ended June 30, 2023.

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The Sitio Revolving Credit Facility contains customary affirmative and negative covenants. The Company was in compliance with the terms and covenants of the Sitio Revolving Credit Facility as of June 30, 2024 and December 31, 2023.

2028 Senior Notes

As of June 30, 2024 and December 31, 2023, Sitio OpCo had \$

600.0

million aggregate principal amount of

7.875

% senior notes due 2028 (the "2028 Senior Notes"). The 2028 Senior Notes bear interest at an annual rate of

7.875

%, which accrued from October 3, 2023 and is payable semi-annually in arrears on May 1 and November 1 of each year, commencing on May 1, 2024. As of June 30, 2024 and December 31, 2023, the Company had unamortized debt issuance costs of \$

10.7

million and \$

11.7

million, respectively, in connection with the issuance of the 2028 Senior Notes. Debt issuance costs are reported as a reduction to long-term debt on our consolidated balance sheets and are amortized over the life of the 2028 Senior Notes. For the three and six months ended June 30, 2024, the Company recognized \$

505,000

and \$

1.0

million, respectively, of interest expense attributable to the amortization of debt issuance costs related to the 2028 Senior Notes.

No

such expense was recognized for the three and six months ended June 30, 2023.

The 2028 Senior Notes contain covenants that limit Sitio OpCo's ability and the ability of Sitio OpCo's restricted subsidiaries to engage in certain transactions and activities. The Company was in compliance with the terms and covenants of the 2028 Senior Notes as of June 30, 2024 and December 31, 2023.

2026 Senior Notes

In October 2023, the Company redeemed all of its senior notes due 2026 (the "2026 Senior Notes"). For the three and six months ended June 30, 2023, the Company recognized \$

716,000

and \$

1.4

million, respectively, of interest expense attributable to the amortization of discount and issuance costs related to the 2026 Senior Notes.

No

such expense was recognized for the three and six months ended June 30, 2024.

7. Equity

Class A Common Stock

Holders of Class A Common Stock, par value \$

0.0001

per share ("Class A Common Stock"), are entitled to one vote per share on all matters to be voted upon by the stockholders and are entitled to ratably receive dividends when and if declared by the Company's board of directors (the "Board").

Class C Common Stock

Shares of Class C Common Stock, par value \$

0.0001

per share ("Class C Common Stock" and, together with Class A Common Stock, the "Common Stock"), are non-economic but entitle the holder to one vote per share. Current holders of Class C Common Stock also hold an equivalent number of common units representing limited partner interests in Sitio OpCo (the "Sitio OpCo Partnership Units") which receive pro rata distributions. Sitio OpCo Partnership Units are redeemable, at the option of the holder, on a one-for-one basis for shares of Class A Common Stock or, at our election, cash on terms and conditions set forth in the Second Amended and Restated Limited Partnership Agreement of Sitio OpCo. Upon the redemption by any holder of Sitio OpCo Partnership Units for shares of Class A Common Stock, a corresponding number of shares of Class C Common Stock held by such holder will be canceled. During the six months ended June 30, 2024,

296,651

Sitio OpCo Partnership Units were redeemed for shares of Class A Common Stock, and an equivalent number of shares of Class C Common Stock were canceled. During the six months ended June 30, 2023,

1,316,216

Sitio OpCo Partnership Units were redeemed for shares of Class A Common Stock, and an equivalent number of shares of Class C Common Stock were canceled.

Share Repurchase Program

On February 28, 2024, the Board authorized a share repurchase program that allows us to repurchase up to \$

200.0

million of our Class A Common Stock and Sitio OpCo Partnership Units (the "Share Repurchase Program"). The shares may be repurchased from time to time through various methods including but not limited to in the open market transactions, through privately negotiated transactions or by other means in accordance with applicable securities laws, certain of which may be made pursuant to trading plans meeting the requirements of Rule 10b5-1 and 10b-18 under the Securities Exchange Act of 1934 (the "Exchange Act"). The

1

% U.S. federal excise tax on certain repurchases of stock by publicly traded U.S. corporations enacted as part of the Inflation Reduction Act of 2022 (the "IRA 2022") applies to repurchases of our Class A Common Stock and Sitio OpCo Partnership Units pursuant to our Share Repurchase Program. The excise tax is reflected as a component of the repurchased amounts within our Condensed Consolidated Statements of Equity. The timing of repurchases under the program, as well as the number and value of shares repurchased under the program, will be determined by the Company at its discretion and will depend on a variety of factors, including the market price of our common stock, oil and gas commodity prices, general market and economic conditions, available liquidity, compliance with the Company's debt and other agreements, applicable legal requirements and other considerations. The exact number of shares to be

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repurchased by us is

no

not guaranteed, and the program may be modified, suspended or discontinued at any time without prior notice. The Company is

no

not obligated to repurchase any dollar amount or number of shares under the program.

For the three and six months ended June 30, 2024, the Company repurchased

1,684,610

and

2,230,137

shares of its Class A Common Stock, respectively, in connection with the Share Repurchase Program. The shares were recorded at a weighted average price of \$

24.41

and \$

24.25

, respectively upon repurchase by the Company, inclusive of third-party commissions.

For the three and six months ended June 30, 2024, the Company repurchased and immediately canceled

897,457

Sitio OpCo Partnership Units together with an equivalent number of shares of Class C Common Stock under our Share Repurchase Program. The repurchased Sitio OpCo Partnership Units were recorded at a weighted average price of \$

24.67

Class A Treasury Shares

As of June 30, 2024,

2,230,137

shares of Class A Common Stock were held in treasury at a weighted average price of \$

24.25

Class C Treasury Shares

As of June 30, 2024,

52,748

shares of Class C Common Stock were held in treasury at a weighted average price of \$

24.19

Cash Dividends

The following table summarizes the quarterly dividends related to the Company's quarterly financial results (in thousands, except per share data):

Quarter Ended	Total Quarterly Dividend per Class A Common Share	Class A Cash Dividends Paid	Payment Date	Stockholder Record Date
March 31, 2024	\$ 0.41	\$ 33,066	May 31, 2024	May 21, 2024
December 31, 2023	\$ 0.51	\$ 41,950	March 28, 2024	March 15, 2024
September 30, 2023	\$ 0.49	\$ 40,396	November 30, 2023	November 21, 2023
June 30, 2023	\$ 0.40	\$ 32,705	August 31, 2023	August 18, 2023

March 31, 2023	\$ 0.50	\$ 40,743	May 31, 2023	May 19, 2023
December 31, 2022	\$ 0.60	\$ 48,107	March 31, 2023	March 17, 2023
September 30, 2022	\$ 0.72	\$ 9,148	November 30, 2022	November 21, 2022
June 30, 2022	\$ 0.71	\$ 9,017	August 31, 2022	August 18, 2022

See "Note 15 – Subsequent Events" for additional information regarding cash dividends.

Earnings per Share

Earnings per share is computed using the two-class method. The two-class method determines earnings per share of common stock and participating securities according to dividends or dividend equivalents and their respective participation rights in undistributed earnings. Participating securities represent certain equity-based compensation awards in which the recipients have non-forfeitable rights to dividend equivalents during the performance period.

The following table sets forth the calculation of basic and diluted earnings per share for the periods indicated (in thousands, except per share data):

	For the Three Months Ended June 30, 2024		For the Six Months Ended June 30, 2024	
	2024	2023	2024	2023
Numerator:				
Net income (loss) attributable to Class A stockholders				
	\$ 12,854	\$ 796	\$ 21,322	\$ 21,857
Less: Earnings allocated to participating securities	(331)	(383)	(707)	(783)
Net income (loss) attributable to Class A stockholders - basic and diluted				
	\$ 12,523	\$ 1,179	\$ 20,615	\$ 21,074
Denominator:				
Weighted average shares outstanding - basic	80,751	81,044	81,578	80,614
Effect of dilutive securities	128	—	183	—
Weighted average shares outstanding - diluted	80,879	81,044	81,761	80,614
Net income (loss) per common share - basic	\$ 0.16	\$ 0.01	\$ 0.25	\$ 0.26
Net income (loss) per common share - diluted	\$ 0.15	\$ 0.01	\$ 0.25	\$ 0.26

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The Company had the following shares that were excluded from the computation of diluted earnings per share because their inclusion would have been anti-dilutive for the periods presented but could potentially dilute basic earnings per share in future periods (in thousands):

	Three Months Ended June 30, 2024		Six Months Ended June 30, 2024	
	2024	2023	2024	2023
Warrants			5,312	5,312
Unvested share-based compensation awards	—	—	—	—
Shares of Class C Common Stock if converted	1,225	1,463	1,441	1,057
Total	73,883	—	74,380	—
	75,108	6,775	75,821	6,369
	—————	—————	—————	—————

Diluted net income per share also excludes the effects of Sitio OpCo Partnership Units (and related Class C Common Stock) associated with the earn-out, which are convertible into Class A Common Stock, because they are considered contingently issuable shares and the conditions for issuance were not satisfied as of June 30, 2024.

Earn-Out

Contributors of Falcon's initial assets in 2018 will be entitled to receive earn-out consideration to be paid in the form of Sitio OpCo Partnership Units (with a corresponding number of shares of Class C Common Stock) if the volume-weighted average price of the trading days during any thirty (30) calendar days (the "30-Day VWAP") of the Class A Common Stock equals or exceeds certain hurdles set forth in the Contribution Agreement, dated as of June 3, 2018, by and among Falcon and the other parties thereto. If the 30-Day VWAP of the Class A Common Stock is \$50.00 or more per share (on a split-adjusted basis) at any time within the seven years following the 2018 closing, the contributors will receive (a) an additional 2.5 million Sitio OpCo Partnership Units (and an equivalent number of shares of Class C Common Stock), plus (b) an amount of Sitio OpCo Partnership Units (and an equivalent number of shares of Class C Common Stock) equal to (i) the amount by which annual cash dividends paid on each share of Class A Common Stock exceeds \$2.00 in each year between the closing and the date the first earn-out is achieved (with any dividends paid in the stub year in which the first earn-out is achieved annualized for purposes of determining what portion of such dividends would have, on an annual basis, exceeded \$2.00), multiplied by 2.5 million, (ii) divided by \$50.00. If the 30-Day VWAP of the Class A Common Stock is \$60.00 or more per share (on a split-adjusted basis) at any time within the seven years following the closing (which \$60.00 threshold will be reduced by the amount by which annual cash dividends paid on each share of Class A Common Stock exceeds \$2.00 in each year between the closing and the date the earn-out is achieved, but not below \$50.00), the contributors will receive an additional

2.5 million Sitio OpCo Partnership Units (and an equivalent number of shares of Class C Common Stock). Upon recognition of the earn-out, as there is no

consideration received, the Company would record the payment of the earn-out as adjustments through equity (noncontrolling interest and additional-paid-in-capital).

8. Noncontrolling Interest

Noncontrolling interest represents the

47.8

% economic interest of Sitio OpCo Partnership Units not owned by Sitio as of June 30, 2024. These interests are held in the form of Class C Common Stock and Sitio OpCo Partnership Units. Each share of Class C Common Stock has no economic rights, but entitles the holder to one vote for each share of Class C Common Stock. Each Sitio OpCo Partnership Unit holder, subject to certain limitations, has a redemption right to cause Sitio to acquire all or a portion of its Sitio OpCo Partnership Units for, at Sitio's election, (i) shares of our Class A Common Stock at a redemption ratio of one share of Class A Common Stock for together, one Sitio OpCo Partnership Unit and one share of Class C Common Stock, or (ii) an equivalent amount of cash.

Noncontrolling interest is recorded at its carrying value. During the period from December 31, 2023 through June 30, 2024, the Company recorded adjustments to the value of noncontrolling interest as presented in the table below (in thousands):

	Noncontrolling Interest
Balance – January 1, 2024	1,987,526
Net income	\$ 26,411
Share-based compensation	1,122

Conversion of Class C Common Stock to Class A Common Stock	(
	7,085
Distributions to noncontrolling interest)
	(
	68,402
Repurchases of Sitio OpCo Partnership Units (including associated Class C Common Stock))
	23,691
Balance – June 30, 2024)
	1,915,881
	<u>\$</u>

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9. Share-Based Compensation

In connection with the Falcon Merger, the Company adopted the Sito Royalties Corp. Long Term Incentive Plan (the "Plan"). An aggregate of

8,384,083

shares of Class A Common Stock are available for issuance under the Plan. The Plan permits the grant of stock options, stock appreciation rights, restricted stock, restricted stock units ("RSUs"), stock awards, dividend equivalents, other stock-based awards, cash awards, and substitute awards to eligible executive officers, employees, consultants, and non-employee directors of the Company (collectively, the "Eligible Persons"). Shares that are canceled, forfeited, exchanged, settled in cash or otherwise terminated will be available for delivery pursuant to other awards. Dividend equivalent rights ("DERs") are also available for grant under the Plan, either alone or in tandem with other specific awards, which will entitle the recipient to receive an amount equal to dividends paid on a share of Class A Common Stock. Dividends paid in connection with the DERs are accounted for as a reduction in retained earnings for those awards that are expected to vest. Awards that are forfeited could cause a reclassification of any previously recognized DERs payments from a reduction in retained earnings to additional compensation cost. The Plan is administered by the Compensation Committee of the Board (the "Compensation Committee"). As of June 30, 2024, a total of

5,923,903

shares of Class A Common Stock remain available for future grant under the Plan.

Share-based compensation expense is included in general and administrative expense in the accompanying unaudited condensed consolidated statements of operations. The following table summarizes the share-based compensation expense recorded for each type of award for the three and six months ended June 30, 2024 and 2023 (in thousands):

	Three Months Ended June 30, 2024	2023	Six Months Ended June 30, 2024	2023
RSUs	\$ 1,565	2,226	\$ 2,893	4,566
PSUs	\$ 3,375	2,084	\$ 5,912	3,432
DSUs	614	470	1,205	818
Sito OpCo Restricted Stock Awards	561	561	1,122	1,117
RSUs Converted in the Brigham Merger	62	61	123	122
PSUs Converted in the Brigham Merger	26	20	52	51
Total	\$ 6,203	5,422	\$ 11,307	10,106

Restricted Stock Units

In accordance with the Plan, the Compensation Committee is authorized to issue RSUs to Eligible Persons. The Company estimates the fair value of the RSUs as the closing price of the Company's Class A Common Stock on the grant date of the award, which is expensed over the applicable service period. RSUs granted by the Company include DERs, which entitle the holder to receive payments as if the unvested awards were shares of Class A Common Stock of record as of the dividend record dates. Such amounts are paid simultaneously with the general dividend to our stockholders.

The Company has granted RSUs to certain employees, which represent the right to receive shares of Class A Common Stock at the end of the service periods in an amount equal to the number of RSUs that vest. The RSUs issued to employees generally vest in one-third increments over a three-year period. RSUs are subject to forfeiture if the award recipient ceases providing services to the Company prior to the date the award vests.

The following table summarizes activity related to unvested RSUs for the six months ended June 30, 2024.

	Restricted Stock Units		
	Number of Shares	Grant Date Fair Value	
Unvested at January 1, 2024			25.65
Granted	468,112	\$ 236,715	22.11

Forfeited	(
	30,021		24.65
Vested)		
	(
	115,594		26.03
Unvested at June 30, 2024)		
	559,212		24.13
		\$	

As of June 30, 2024, there was approximately \$

11.5 million of unamortized equity-based compensation expense related to unvested RSUs, which is expected to be recognized over a weighted average period of approximately 2.2 years.

Deferred Share Units

In accordance with the Plan, the Compensation Committee is authorized to issue deferred share units ("DSUs") to Eligible Persons. DSUs represent the right to receive shares of Class A Common Stock upon a deferred settlement date in an amount equal to the number

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of DSUs that have previously vested. The Company estimates the fair value of the DSUs as the closing price of the Company's Class A Common Stock on the grant date of the award, which is expensed over the applicable service period. DSUs generally vest in equal quarterly installments over the one-year period beginning on the grant date. Vested DSUs must be held for the duration of service and are settled in shares of Class A Common Stock when a recipient's service relationship is terminated for any reason.

The following table summarizes activity related to unvested DSUs for the six months ended June 30, 2024.

	Deferred Share Units	
	Number of Shares	Grant Date Fair Value
Unvested at January 1, 2024	93,680	\$ 25.38
Granted	101,440	24.12
Forfeited	—	—
Vested	(93,680)	25.38
Unvested at June 30, 2024	101,440	\$ 24.12

As of June 30, 2024, there was approximately \$

2.1 million of unamortized equity-based compensation expense related to unvested DSUs, which is expected to be recognized over a weighted average period of 0.9 years.

Performance Stock Units

In accordance with the Plan, the Compensation Committee is authorized to issue performance stock units ("PSUs") to Eligible Persons. The PSUs are eligible to be earned based on achievement of certain pre-established goals for annualized absolute Total Shareholder Return ("TSR") over a three-year performance period.

The performance targets associated with outstanding PSU awards are outlined below:

	Annualized Absolute TSR Goal	Percentage of Target PSUs Earned
Base of Range	Less than 0 %	0 %
Threshold	0 %	50 %
Target	10 %	100 %
Maximum	20 %	200 %

For purposes of determining our annualized absolute TSR over the performance period, the beginning stock price is based on our 20-day volume weighted average stock price beginning on the applicable grant date or a date specified by the award agreement. The ending price is generally based on the 20-day volume weighted average stock price ending on the last day of the performance period. PSU payouts for results that fall in between a stated threshold will be interpolated linearly.

The grant date fair values of the PSUs were determined using Monte Carlo simulations, which use a probabilistic approach for estimating the fair value of the awards. The expected volatility was derived from the historical volatility of Falcon and Sito. The risk-free interest rate was determined using the yield for zero-coupon U.S. Treasury bills that is commensurate with the performance measurement periods. The PSU award agreements provide that TSR will be calculated assuming dividends distributed will be reinvested over the performance period. As such, we have applied a dividend yield of

0.00 %, which is mathematically equivalent to reinvesting dividends.

The following table summarizes the assumptions used to determine the fair values of the PSUs:

Grant Year	Average Expected Volatility	Risk-Free Interest Rate	Expected Dividend Yield
------------	-----------------------------	-------------------------	-------------------------

	43.57 % -	3.97 % -	
2023	52.71 %	4.60 %	0.00 %
2024	39.76 %	4.41 %	

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The following table summarizes activity related to unvested PSUs for the six months ended June 30, 2024.

	Number of Shares	Grant Date Fair Value	Performance Stock Units
Unvested at January 1, 2024			
	830,188	\$ 30.82	
Granted			
	566,568	24.71	
Forfeited			
	(10,848)	32.86	
Vested			
Unvested at June 30, 2024			
	1,385,908	\$ 28.31	

As of June 30, 2024, there was approximately \$

23.5 million of unamortized equity-based compensation expense related to unvested PSUs, which is expected to be recognized over a weighted average period of 2.0 years.

Restricted Stock Units Converted in the Brigham Merger

In connection with the Company's merger with Brigham Minerals, Inc. ("Brigham") in December 2022 (the "Brigham Merger"), several legacy Brigham employees joined Sitio. Legacy Brigham RSUs held by such legacy Brigham employees were converted to Sitio RSUs in connection with the Brigham Merger at an exchange ratio of

1.133

Sitio RSUs for each Brigham RSU. These converted RSUs retained the original vesting schedules of the Brigham RSUs, which vest in one-third increments on the anniversaries of the original grant dates of the Brigham RSUs. The Company estimated the fair value of the converted RSUs as the closing price of the Company's Class A Common Stock on the grant date of the award, which is expensed over the applicable service period.

The following table summarizes activity related to unvested RSUs converted in the Brigham Merger for the six months ended June 30, 2024.

	Number of Shares	Grant Date Fair Value	Restricted Stock Units Converted in Brigham Merger
Unvested at January 1, 2024			
	11,040	\$ 30.15	
Granted			
Forfeited			
Vested			
Unvested at June 30, 2024			
	5,518)	30.15	
	5,522	\$ 30.15	

As of June 30, 2024, there was approximately \$

177,000 of unamortized equity-based compensation expense related to unvested RSUs converted in the Brigham Merger, which is expected to be recognized over a weighted average period of approximately 0.7 years.

Performance Stock Units Converted in the Brigham Merger

Brigham PSUs held by legacy Brigham employees who joined Sitio were converted to Sitio PSUs in connection with the Brigham Merger at an exchange ratio of

1.133

Sitio PSUs for each Brigham PSU. The converted PSUs retained and carried over the remainder of the initial vesting periods. The performance targets associated with the Brigham PSUs were deemed to have been achieved at

200

% as of the date of the Brigham Merger. Because all performance targets were achieved prior to conversion and the number of Class A Common Shares to be issued upon satisfaction of the service requirements is known, the Company estimated the fair value of the converted PSUs as the closing price of the Company's Class A Common Stock on the grant date of the awards, which is expensed over the applicable service period.

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The following table summarizes activity related to unvested PSUs converted in the Brigham Merger for the six months ended June 30, 2024.

	Performance Stock Units Converted in Brigham Merger	
	Number of Shares	Grant Date Fair Value
Unvested at January 1, 2024		
	7,638	\$ 30.15
Granted	—	—
Forfeited	—	—
Vested	—	—
Unvested at June 30, 2024		
	7,638	\$ 30.15
<hr/>		

As of June 30, 2024, there was approximately \$

75,000 million of unamortized equity-based compensation expense related to unvested PSUs converted in the Brigham Merger, which is expected to be recognized over a weighted average period of 0.7 years.

Sitio OpCo Restricted Stock Awards

In connection with the Falcon Merger, legacy owners of the Company's predecessor desired to assign, transfer and convey their rights to receive a portion of their Falcon Merger consideration to our executive officers as an incentive to continue to serve as executive officers following the Falcon Merger. The Falcon Merger consideration consisted of Sitio OpCo Partnership Units and an equal number of shares of Class C Common Stock. The conveyance of Falcon Merger consideration is deemed to be a grant of restricted stock awards (each, an "RSA") to our executive officers. Each Sitio OpCo RSA is expected to vest in equal installments on the first four anniversaries of June 6, 2022. The Company estimated the fair value of the RSAs as the closing price of the Company's Class A Common Stock on the grant date of the award, which is expensed over the applicable service period.

The following table summarizes activity related to unvested Sitio OpCo RSAs for the six months ended June 30, 2024.

	Sitio OpCo Restricted Stock Awards	
	Number of Shares	Grant Date Fair Value
Unvested at January 1, 2024		
	232,145	\$ 29.12
Granted	—	—
Forfeited	—	—
Vested	(
	77,382	29.12
Unvested at June 30, 2024		
	154,763	\$ 29.12
<hr/>		

As of June 30, 2024, there was approximately \$

4.4 million of unamortized equity-based compensation expense related to the unvested Sitio OpCo RSAs, which is expected to be recognized over a weighted average period of approximately 1.9 years.

10. Warrants

The warrants described below expired in August 2023 and are

no longer outstanding. In July 2017, Falcon consummated its IPO of units, each consisting of one share of Class A Common Stock and one-half of one warrant.

The Company accounted for the warrants in accordance with ASC 815 – *Derivatives and Hedging* ("ASC 815"). ASC 815 provides guidance for determining whether an equity-linked financial instrument (or embedded feature) is indexed to an entity's own stock. This applies to any freestanding financial instrument or embedded feature that has all the characteristics of a derivative under ASC 815, including any freestanding financial instrument that is potentially settled in an entity's own stock.

Due to certain circumstances that could have required the Company to settle the warrants in cash, the warrants were classified as derivative liabilities, as opposed to an equity contract. Therefore, the warrants were remeasured at fair value each reporting period with the change in fair value recorded in the unaudited condensed consolidated statements of operations. During the three and six months ended June 30, 2023, the Company recognized a gain of \$

584,000 and \$

2.9 million, respectively, attributable to a decrease in the fair value of the warrants.

No

such expense was recognized for the three and six months ended June 30, 2024 due to the aforementioned expiration of the warrants in August 2023.

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11. Derivative Instruments

Commodity Derivatives

The Company may enter into commodity derivative contracts to manage its exposure to oil and gas price volatility associated with its production. These derivatives are not entered into for trading or speculative purposes. While the use of these instruments limits the downside risk of adverse commodity price changes, their use may also limit future cash flows from favorable commodity price changes. Depending on acquisitions consummated, changes in oil and gas futures markets, and management's view of underlying supply and demand trends, the Company may increase or decrease its derivative positions. The Company's commodity derivative contracts have not been designated as hedges for accounting purposes; therefore, all gains and losses on commodity derivatives are recognized in the Company's unaudited condensed consolidated statements of operations.

The Company may utilize fixed price swaps, basis swaps, and two- and three-way collars to manage commodity price risk. The Company may enter into these contracts when management believes that favorable future sales prices for the Company's production can be secured and acquisitions consummated are accretive. Under fixed price swap agreements, when actual commodity prices upon settlement exceed the fixed price provided by the swap contracts, the Company pays the difference to the counterparty. When actual commodity prices upon settlement are less than the contractually provided fixed price, the Company receives the difference from the counterparty. The Company may also enter into basis swap contracts in order to hedge the difference between the New York Mercantile Exchange ("NYMEX") index price and a local index price that is representative of the price received by many of our operators. Under collar agreements, the Company receives the difference between the published index price and a floor price if the index price is below the floor price or the Company pays the difference between the ceiling price and the index price if the index price is above the ceiling price. No amounts are paid or received if the index is between the floor and the ceiling. By utilizing a collar, the Company has fixed the minimum and maximum prices received on the underlying production.

The Company's oil and gas swap contracts as of June 30, 2024 are summarized below:

Remaining Term	Oil (NYMEX WTI)	Weighted Average Price per Bbl
July 2024 - December 2024	Bbl per Day	per Bbl
	3,300	\$ 82.66
January 2025 - June 2025	1,100	\$ 74.65
Remaining Term	Gas (NYMEX Henry Hub)	Weighted Average Price per MMBtu
July 2024 - December 2024	MMBtu per Day	per MMBtu
	500	\$ 3.41

The Company's oil and gas two-way commodity collar contracts as of June 30, 2024 are summarized below:

Remaining Term	Oil (NYMEX WTI)	Weighted Average Ceiling Price per Bbl
January 2025 - June 2025	Bbl per Day	Floor Price per Bbl
	2,000	\$ 60.00
	\$	\$ 93.20
Remaining Term	Gas (NYMEX Henry Hub)	Weighted Average Ceiling Price per MMBtu
July 2024 - December 2024	MMBtu per Day	per MMBtu
	11,400	\$ 4.00
	\$	\$ 7.24
January 2025 - June 2025	11,600	3.31
	\$	\$ 10.34

The Company was not party to any basis swaps or three-way collar contracts as of June 30, 2024 and December 31, 2023.

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Financial Summary

The following table presents a summary of the Company's derivative instruments and where such values are recorded on the unaudited condensed consolidated balance sheets as of June 30, 2024 and December 31, 2023 (in thousands):

	Balance sheet location	June 30, 2024	December 31, 2023
		Fair value	Fair value
Asset derivatives not designated as hedges for accounting purposes:			
Commodity contracts			
	Current assets	5,547	19,080
	\$	\$	
Commodity contracts	Long-term assets	—	3,440
Total asset derivatives			
		5,547	22,520
	\$	\$	
Liability derivatives not designated as hedges for accounting purposes:			
Commodity contracts	Current liabilities	\$	—
Commodity contracts	Long-term liabilities	—	—
Total liability derivatives	\$	—	—
Net derivatives			
		5,547	22,520
	\$	\$	

The following table presents the gross fair values of recognized derivative assets and liabilities, the amounts offset under master netting arrangements with counterparties, and the resulting net amounts presented on the unaudited condensed consolidated balance sheets (in thousands):

	Gross Fair Value	June 30, 2024		December 31, 2023	
		Gross Amounts Offset	Net Fair Value	Gross Fair Value	Gross Amounts Offset
Commodity derivative assets		((
	\$ 6,610	\$ 1,063)	\$ 5,547	\$ 23,401	\$ 881)
Commodity derivative liabilities		((
	1,063)	1,063	—	881)	881
					—

The following table is a summary of derivative gains and losses, and where such values are recorded in the unaudited condensed consolidated statements of operations for the three and six months ended June 30, 2024 and 2023 (in thousands):

	Statement of income location	Three Months Ended		Six Months Ended June 30,	
		June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
Commodity derivatives gains (losses)	Other income	((
		607)	\$ 6,112	10,657)	\$ 20,875
Interest rate derivative gains	Other income	—	607	—	\$ 447

The fair values of commodity derivative and interest rate derivative instruments were determined using Level 2 inputs.

Credit Risk in Derivative Instruments

The Company is exposed to credit risk to the extent of nonperformance by the counterparties in the derivative contracts discussed above. All commodity derivative counterparties are current lenders under the Sitio Revolving Credit Facility. Accordingly, the Company is not required to provide any credit support to its derivative counterparties other than cross collateralization with the properties securing the Sitio Revolving Credit Facility. The Company's derivative contracts are documented with industry standard contracts known as a Schedule to the Master Agreement and International Swaps and Derivative Association, Inc. Master Agreement ("ISDA"). Typical terms for each ISDA include credit support requirements, cross default provisions, termination events, and set-off provisions. The Company has set-off provisions with its lenders that, in the event of counterparty default, allow the Company to set-off amounts owed under the Sitio Revolving Credit Facility or other general obligations against amounts owed to the Company for derivative contract assets.

12. Fair Value Measurement

The Company is subject to ASC 820 – Fair Value Measurement ("ASC 820"). ASC 820 establishes a fair value hierarchy that prioritizes the inputs to

valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk. Inputs may include price information, volatility statistics, specific and broad credit data, liquidity statistics, and other factors. A financial instrument's level within the fair value hierarchy is based

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on the lowest level of any input that is significant to the fair value measurement. However, the determination of what constitutes "observable" requires significant judgment by management. Management considers observable data to be market data which is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market. The categorization of a financial instrument within the hierarchy is based upon the pricing transparency of the instrument and does not necessarily correspond to management's perceived risk of that instrument.

Level 1 – Fair values are based on unadjusted quoted prices in active markets that are accessible at the measurement date of identical, unrestricted assets.

Level 2 – Fair values are based on quoted prices for markets that are not active or financial instruments for which all significant inputs are observable, either directly or indirectly.

Level 3 – Inputs that are unobservable and significant to the overall fair value measurement and include situations where there is little, if any, market activity for the asset or liability.

The Company's proved oil and gas properties are assessed for impairment on a periodic basis. If the Company's proved properties are determined to be impaired, the carrying basis of the properties is adjusted down to fair value. This represents a fair value measurement that would qualify as a non-recurring Level 3 fair value measurement. During the three and six months ended June 30, 2023, the Company identified an impairment indicator related to its proved properties in the Appalachian Basin which indicated the carrying value of the assets exceeded the estimated future undiscounted cash flows. The Company determined the fair value of such proved properties based on estimates of future proved reserves, future commodity prices, and future production volumes, and then applied a discount rate commensurate with the assets. As a result, the Company recognized impairment expense of \$

25.6

million related to its Appalachian Basin proved properties during the three and six months ended June 30, 2023.

No

impairment of proved properties was recorded for the three and six months ended June 30, 2024.

No

impairment of unproved properties was recorded for the three and six months ended June 30, 2024 and 2023. If pricing conditions decline or are depressed, or if there is a negative impact on one or more of the other components of the calculation, we may incur proved property impairments in future periods.

The fair value of the Company's commodity derivative instruments (Level 2) was estimated using quoted forward prices for commodities, volatility factors, discounted cash flows and credit risk adjustments. See "Note 11 – Derivative Instruments" for further information on the fair value of the Company's derivative instruments.

The carrying values of cash, accrued revenue, accounts receivable, accounts payable, and accrued liabilities are considered to be representative of their respective fair values due to the short-term nature of these instruments. The carrying amount of debt outstanding pursuant to the Sito Revolving Credit Facility approximates fair value as the borrowings bear interest at variable rates which are reflective of market rates (Level 2). The fair value of debt outstanding pursuant to our 2028 Senior Notes was \$

620.4

million as of June 30, 2024 based on quoted prices for markets that are not active (Level 2).

Certain nonfinancial assets and liabilities, such as assets and liabilities acquired in a business combination, are measured at fair value on a nonrecurring basis on the acquisition date and are subject to fair value adjustments under certain circumstances. Inputs used to determine such fair values are primarily based upon internally-developed engineering and geology models, publicly-available drilling disclosures, a risk-adjusted discount rate, and publicly-available data regarding mineral transactions consummated by other buyers and sellers (Level 3).

Mineral assets not acquired through a business combination are measured at fair value on a nonrecurring basis on the acquisition date. The original purchase price of mineral assets is allocated between proved and unproved properties based on the estimated relative fair values. Inputs used to determine such fair values are primarily based upon internally-developed engineering and geology models, publicly-available drilling disclosures, a risk-adjusted discount rate, and publicly-available data regarding mineral transactions consummated by other buyers and sellers (Level 3).

PSU awards are valued utilizing the Monte Carlo simulation pricing model, which calculates multiple potential outcomes for an award and establishes a grant date fair value based on the most likely outcome. The inputs for the Monte Carlo model are designated as Level 2 within the valuation hierarchy. See "Note 9 – Share-Based Compensation" for further information on the fair value of the Company's PSU awards.

13. Income Taxes

The Company uses the asset and liability method for accounting for income taxes and updates its annual effective income tax rate on a quarterly basis. Under this method an estimated annual effective rate is applied to the Company's year-to-date income excluding discrete items which are recorded when settled. Our effective tax rate may vary quarterly because of the timing of our actual quarterly earnings compared to annual projections which may affect periodic comparisons.

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We are subject to U.S. federal and state income taxes as a corporation. The Company recorded income tax expense of \$

4.8
million and \$

7.6
million for the three and six months ended June 30, 2024, respectively, resulting in an effective tax rate of

14.3
% and

13.8
% for the three and six months ended June 30, 2024, respectively. The Company recorded an income tax benefit of \$

683,000
and income tax expense of \$

6.5
million for the three and six months ended June 30, 2023, respectively, resulting in an effective tax rate of

18.7
% and

12.7
% for the three and six months ended June 30, 2023, respectively.

Total income tax expense for the three and six months ended June 30, 2024 and 2023 differed from amounts computed by applying the U.S. federal statutory tax rate of

21
% to pre-tax book income for those periods principally because of the Company's noncontrolling interests. The Company's ASC 740 – *Income Taxes* balances and income tax expense reporting is significantly affected by the portion of the Company's consolidated net income attributable to the holders of Sitio OpCo Partnership Units, which is not taxable income to the Company. Only tax attributes allocated to the Company based on its ownership in Sitio OpCo are recorded at this level.

14. Commitments and Contingencies

From time to time, the Company may be involved in various legal proceedings, lawsuits, and other claims in the ordinary course of business. Such matters are subject to many uncertainties, and outcomes are not predictable with assurance. Management does not believe that the resolution of these matters will have a material adverse impact on the Company's financial condition, results of operations, or cash flows.

15. Subsequent Events

Management has evaluated all subsequent events from the balance sheet date through the date these financial statements were available to be issued for disclosure or recognition within these financial statements and no items requiring disclosure were identified except for the events identified below.

Cash Dividends

On August 7, 2024, the Company declared a cash dividend of \$

0.30
per share of Class A Common Stock with respect to the second quarter of 2024. The dividend is payable on August 30, 2024 to the stockholders of record at the close of business on August 19, 2024.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

Certain statements and information in this Quarterly Report on Form 10-Q may constitute "forward-looking statements" for purposes of the federal securities laws. All statements, other than statements of present or historical fact, included in this quarterly report concerning, among other things, strategy, future operations, financial condition, estimated revenues and losses, projected costs, prospects, plans and objectives of management are forward-looking statements. Words such as "could," "should," "will," "may," "believe," "anticipate," "intend," "estimate," "expect," "project," the negative of such terms and other similar expressions are used to identify forward-looking statements, although not all forward-looking statements contain such identifying words. These forward-looking statements are based on current expectations and assumptions about future events and are based on currently available information as to the outcome and timing of future events. Such forward-looking statements, can be affected by assumptions used or by known or unknown risks or uncertainties, most of which are difficult to predict and many of which are beyond our control, incident to the development, production, gathering and sale of oil, natural gas and NGLs. Consequently, no forward-looking statements can be guaranteed.

A forward-looking statement may include a statement of the assumptions or bases underlying the forward-looking statement. We believe that we have chosen these assumptions or bases in good faith and that they are reasonable. Factors that could cause actual results to differ materially from the results contemplated by such forward-looking statements include, but are not limited to, the following risks and uncertainties:

- our ability to identify, complete and integrate operations or realize any anticipated benefits, synergies, savings or growth of acquisitions of properties, businesses or technologies;
- our ability to retain and hire key personnel;
- our ability to finance our obligations;
- our ability to execute our business strategy;
- changes in general economic, business or industry conditions, and market volatility, including as a result of slowing growth, the inflation rate, central bank policy, bank failures and associated liquidity risks and/or as a result of the armed conflict in Ukraine and associated economic sanctions on Russia and the conflict in the Israel-Gaza region and continued hostilities in the Middle East, including tensions with Iran;
- the actions of the Organization of Petroleum Exporting Countries ("OPEC") and other significant producers and governments, including as a result of recently announced prolonged production cuts by OPEC and the armed conflict in Ukraine and Israel, including tensions with Iran, and the effect such conflict has had, and may continue to have, on the global oil and natural gas markets, and the ability of such producers to agree to and maintain oil price and production controls;
- commodity price volatility of realized oil and natural gas prices;
- the level of production on our properties;
- overall and regional supply and demand factors, delays, or interruptions of production;
- our ability to replace our oil and natural gas reserves;
- competition in the oil and natural gas industry;
- conditions in the capital markets and our ability, and the ability of our operators, to obtain capital or financing on favorable terms or at all;
- title defects in the properties in which we invest;
- risks associated with the drilling and operation of crude oil and natural gas wells, including uncertainties with respect to identified drilling locations and estimates of reserves;
- the availability or cost of rigs, equipment, raw materials, supplies, oilfield services or personnel;
- restrictions on the use of water;
- the availability of pipeline capacity and transportation facilities;

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- the ability of our operators to comply with applicable governmental laws and regulations and to obtain permits and governmental approvals, particularly in Colorado where recently introduced legislation may limit our operators' ability to produce oil and gas during certain times of year or at all;
- the impact of environmental, health and safety and other governmental regulations, including those that may result from the U.S. Supreme Court's recent decision overturning the Chevron deference doctrine, and of current or pending legislation, including federal and state legislative and regulatory initiatives relating to hydraulic fracturing and the impact of the IRA 2022 and any related legislation, regulations or changes in policy;
- future operating results;
- risk related to our hedging activities;
- our ability to successfully implement our Share Repurchase Program;
- exploration and development drilling prospects, inventories, projects, and programs of our operators;
- the impact of reduced drilling activity in our focus areas and uncertainty in whether development projects will be pursued;
- operating hazards faced by our operators;
- evolving cybersecurity risks such as those involving unauthorized access, denial-of-service attacks, third-party service provider failures, malicious software, data privacy breaches by employees, insiders or other with authorized access, cyber or phishing-attacks, ransomware, social engineering, physical breaches or other actions;
- technological advancements;
- weather conditions, natural disasters and other matters beyond our control; and
- certain risk factors discussed elsewhere in this quarterly report.

Should one or more of the risks or uncertainties described in this quarterly report, our Annual Report or any of our other SEC filings, occur, or should underlying assumptions prove incorrect, our actual results and plans could differ materially from those expressed in any forward-looking statements. We caution that the foregoing list of factors is not exclusive. Moreover, we operate in a very competitive and rapidly changing environment. New risks emerge from time to time, and we may be subject to currently unforeseen risks that may have a materially adverse effect on our Company. All subsequent written and oral forward-looking statements concerning our Company, or any person acting on our behalf, are expressly qualified in their entirety by the cautionary statements above. It is not possible for our management to predict all risks, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements we may make. Although we believe that our plans, intentions and expectations reflected in or suggested by the forward-looking statements we make in this quarterly report are reasonable, we can give no assurance that these plans, intentions or expectations will be achieved or occur, and actual results could differ materially and adversely from those anticipated or implied in the forward-looking statements.

Reserve engineering is a process of estimating underground accumulations of oil, natural gas and NGLs that cannot be measured in an exact way. The accuracy of any reserve estimate depends on the quality of available data, the interpretation of such data and price and cost assumptions made by reserve engineers. In addition, the results of drilling, testing and production activities may justify revisions of estimates that were made previously. If significant, such revisions could impact our strategy. Accordingly, reserve estimates may differ significantly from the quantities of oil, natural gas and NGLs that we expect our operators to ultimately recover. Should one or more of the risks or uncertainties described under "Risk Factors" in this quarterly report occur, Sito's actual results and plans could differ materially from those expressed in any forward-looking statements.

All forward-looking statements, expressed or implied, included in this quarterly report are expressly qualified in their entirety by this cautionary statement. This cautionary statement should also be considered in connection with any subsequent written or oral forward-looking statements that we or persons acting on our behalf may issue. The forward-looking statements speak only as of the date made and, other than as required by law, we do not undertake any obligation to update publicly or revise any of these forward-looking statements.

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Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The following discussion and analysis should be read in conjunction with the audited consolidated financial statements and notes thereto for the years ended December 31, 2023, 2022, and 2021 in the Annual Report and interim unaudited condensed consolidated financial statements of Sitio Royalties Corp. and notes thereto included elsewhere in this Quarterly Report on Form 10-Q. Except as otherwise indicated or required by context, references to (a) the "Company," "Sitio," "we," "us," "our" or similar terms refer to (i) for periods prior to the closing of the Falcon Merger, Desert Peak and its subsidiaries, (ii) for periods subsequent to the closing of the Falcon Merger and prior to the Brigham Merger, Sitio Royalties Corp. and its subsidiaries, including Desert Peak but excluding Brigham and (iii) for periods subsequent to the closing of the Falcon Merger and Brigham Merger, Sitio Royalties Corp. and its subsidiaries, including Desert Peak and Brigham, and (b) "KMF," "KMF Land," "Desert Peak," or similar terms, when used in a historical context refer to our "Predecessor," Kimmeridge Mineral Fund, LP, for financial reporting purposes.

The following discussion contains "forward-looking statements" that reflect our future plans, estimates, beliefs, and expected performance. The forward-looking statements are dependent upon events, risks and uncertainties that may be outside our control. Actual results and the timing of events may differ materially from those contained in these forward-looking statements due to several factors which include, but are not limited to market prices for oil, natural gas and NGLs, production volumes, estimates of proved reserves, capital for mineral acquisitions, economic and competitive conditions, regulatory changes and other uncertainties, as well as those factors discussed below and those discussed in the sections entitled "Risk Factors" and "Cautionary Statement Regarding Forward-Looking Statements." We do not undertake any obligation to publicly update any forward-looking statements except as otherwise required by applicable law.

Overview

As of June 30, 2024, we owned mineral and royalty interests representing approximately 267,000 NRAs when adjusted to a 1/8th royalty. For the three months ended June 30, 2024, the average net daily production associated with our mineral and royalty interests was 39,231 BOE/d, consisting of 19,747 Bbls/d of oil, 64,751 Mcf/d of natural gas and 8,692 Bbls/d of NGLs. Since our predecessor's formation in November 2016, we have accumulated our acreage position by making 201 acquisitions through June 30, 2024. We expect to continue to grow our acreage position by making acquisitions that meet our investment criteria for geologic quality, operator capability, remaining growth potential, cash flow generation and, most importantly, rate of return.

Our mineral and royalty interests entitle us to receive a fixed percentage of the revenue from crude oil, natural gas and NGLs produced from the acreage underlying our interests. We are not obligated to fund drilling and completion costs, plugging and abandonment costs or lease operating expenses associated with oil and gas production and we incur only our proportionate share of production and ad valorem taxes and, in some cases, gathering, processing and transportation costs which reduce the amount of revenue we recognize. For the six months ended June 30, 2024, our production and ad valorem taxes were approximately \$3.60 per BOE, relative to an average realized price of \$46.19 per BOE. We do not anticipate engaging in any upstream activities such as drilling and completing oil and natural gas wells that would incur capital costs, lease operating expenses, and plugging and abandonment costs. We believe our cost structure and business model will allow us to return a significant amount of our cash flows to stockholders.

Recent Developments

Share Repurchase Program

On February 28, 2024, our Board authorized a share repurchase program that allows us to repurchase up to \$200.0 million of our Class A Common Stock and Sitio OpCo Partnership Units. The shares may be repurchased from time to time through various methods including but not limited to in open market transactions, through privately negotiated transactions or by other means in accordance with applicable securities laws, certain of which may be made pursuant to trading plans meeting the requirements of Rule 10b5-1 and 10b-18 under the Exchange Act. The 1% U.S. federal excise tax on certain repurchases of stock by publicly traded U.S. corporations enacted as part of the IRA 2022 applies to repurchases of our Class A Common Stock and Sitio OpCo Partnership Units pursuant to our Share Repurchase Program. The timing of repurchases under the program, as well as the number and value of shares repurchased under the program, will be determined by the Company at its discretion and will depend on a variety of factors, including the market price of our common stock, oil and gas commodity prices, general market and economic conditions, available liquidity, compliance with the Company's debt and other agreements, applicable legal requirements and other considerations. The exact number of shares to be repurchased by us is not guaranteed, and the program may be modified, suspended or discontinued at any time without prior notice. The Company is not obligated to repurchase any dollar amount or number of shares under the program.

During the six months ended June 30, 2024, the Company repurchased 2,230,137 shares of its Class A Common Stock in connection with the Share Repurchase Program. The shares were recorded at a weighted average price of \$24.25 upon repurchase by the Company, inclusive of third-party commissions. During the six months ended June 30, 2024, the Company repurchased and immediately canceled 897,457 Sitio OpCo Partnership Units together with an equivalent number of shares of Class C Common Stock.

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under the Share Repurchase Program. The repurchased Sitio OpCo Partnership Units were recorded at a weighted average price of \$24.67. As of June 30, 2024, the Company's remaining share repurchase authorization was \$123.8 million.

Sitio Revolving Credit Facility

On May 3, 2024, Sitio OpCo and the other guarantors party thereto entered into the Third Amendment to the Sitio Revolving Credit Facility, pursuant to which the Third Amended and Restated Credit Agreement (as amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement") was amended to (i) effectuate the scheduled redetermination of the borrowing base intended to be effective on or about April 1, 2024 by reaffirming the borrowing base at \$850,000,000, (ii) amend certain dates applicable to the scheduled redetermination of the borrowing base and (iii) amend certain other terms of the Credit Agreement, in each case, on the terms and subject to the conditions set forth therein.

Acquisitions

Through June 30, 2024, we have evaluated over 1,000 potential mineral and royalty interest acquisitions and completed 201 acquisitions from landowners and other mineral interest owners. For the three months ended June 30, 2024, we completed acquisitions in the Permian and DJ basins for aggregate consideration of \$188.5 million. We intend to capitalize on our management team's expertise and relationships to continue to make value-enhancing mineral and royalty interest acquisitions in premier basins designed to increase our cash flow per share.

Production and Operations

Our average daily production during the three months ended June 30, 2024 and 2023 was 39,231 BOE/d (50% crude oil) and 34,681 BOE/d (50% crude oil), respectively. For the three months ended June 30, 2024, we received an average of \$79.85 per Bbl of crude oil, \$1.01 per Mcf of natural gas and \$20.32 per Bbl of NGLs, for an average realized price of \$46.36 per BOE. For the three months ended June 30, 2023, we received an average of \$70.90 per Bbl of crude oil, \$1.53 per Mcf of natural gas and \$18.63 per Bbl of NGLs, for an average realized price of \$42.01 per BOE. We anticipate that our price realizations for natural gas may continue to be lower than comparative periods in 2023 due to pipeline capacity constraints in the Permian Basin which may not be alleviated until the latter half of 2024.

As of June 30, 2024, we had 43,986 gross (323.3 net) producing horizontal wells on our acreage. Additionally, as of June 30, 2024, there were 4,883 gross (25.0 net) horizontal wells in various stages of drilling or completion and 3,671 gross (19.1 net) active horizontal drilling permits on our acreage.

Economic Indicators

The economy has experienced elevated inflation levels in recent years. In order to manage such inflation risk in the United States' economy, the Federal Reserve has utilized monetary policy in the form of interest rate increases in an effort to decrease inflation on a long-term basis. These interest rate increases have generally impacted our borrowing costs as borrowings on the Sitio Revolving Credit Facility are at variable rates which fluctuate with broader interest rates in the market.

The global economy also continues to be impacted by geopolitical events such as the February 2022 launch of a large-scale invasion of Ukraine by Russia and the conflict in the Israel-Gaza region and increases in hostilities elsewhere in the Middle East, including tensions with Iran. It has also been impacted by, among other events, the uncertainty regarding global central bank monetary policy. The geopolitical and macroeconomic consequences of the Russian invasion of Ukraine and associated sanctions, the conflict in the Israel-Gaza region and elsewhere in the Middle East, and the uncertainty regarding central bank monetary policy cannot be predicted, and such events, or any escalation of hostilities in Ukraine or the Middle East, or further hostilities elsewhere, could severely impact the world economy and may adversely affect our financial condition. The oil and natural gas industry has also been impacted by announcements of voluntary production cuts by OPEC and others, including OPEC's recent extensions of its voluntary production cuts. These events and their impacts on the global economy continue to evolve, and the extent to which these events may impact our business, financial condition, liquidity, results of operations, and prospects will depend highly on future developments, which are very uncertain and cannot be predicted with confidence.

Inflationary pressures could result in increases to our operating expenses that are not fixed such as personnel retention, among other things. Increases in interest rates as a result of inflation and a potentially recessionary economic environment in the United States could also have a negative effect on the demand for oil and natural gas, as well as our borrowing costs.

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Results of Operations

Three Months Ended June 30, 2024 Compared to the Three Months Ended June 30, 2023

Consolidated Results

The following table summarizes our consolidated revenue and expenses and production data for the three months ended June 30, 2024 and 2023 (in thousands):

	Three Months Ended June 30,			Variance	
	2024	2023			
Statement of Operations Data:					
Revenue:					
Total revenues	\$ 168,548	\$ 136,466	\$ 32,082	24%	
Operating Expenses:					
Depreciation, depletion and amortization	85,485	74,239	11,246	15%	
General and administrative	13,456	14,066	(610)	-4%	
Severance and ad valorem taxes	12,433	10,344	2,089	20%	
Impairment of oil and natural gas properties	—	25,617	(25,617)	*	
Total operating expenses	111,374	124,266	(12,892)	-10%	
Net income from operations	57,174	12,200	44,974	369%	
Interest expense (net) ⁽¹⁾	(22,688)	(23,159)	471	-2%	
Change in fair value of warrant liability	—	584	(584)	*	
Commodity derivatives gains (losses)	(607)	6,112	(6,719)	*	
Interest rate derivative gains	—	607	(607)	*	
Net income (loss) before taxes	33,879	(3,656)	37,535	*	
Income tax (expense) benefit	(4,838)	683	(5,521)	*	
Net income (loss)	29,041	(2,973)	32,014	*	
Net (income) loss attributable to noncontrolling interest	(16,187)	2,177	(18,364)	*	
Net income (loss) attributable to Class A stockholders	\$ 12,854	\$ (796)	\$ 13,650	*	

(1) Interest expense is presented net of interest income.

* Not applicable or meaningful

	Three Months Ended June 30,			Variance	
	2024	2023			
Production Data:					
Crude oil (MBbls)					
Crude oil (MBbls)	1,797	1,580	217	14%	
Natural gas (MMcf)	5,892	5,575	317	6%	
NGLs (MBbls)	791	647	144	22%	
Total (MBOE)(6:1)	3,570	3,156	414	13%	
Average daily production (BOE/d)(6:1)	39,231	34,681	4,550	13%	
Average Realized Prices:					
Crude oil (per Bbl)	\$ 79.85	\$ 70.90	\$ 8.95	13%	
Natural gas (per Mcf)	\$ 1.01	\$ 1.53	\$ (0.52)	-34%	
NGLs (per Bbl)	\$ 20.32	\$ 18.63	\$ 1.69	9%	
Combined (per BOE)	\$ 46.36	\$ 42.01	\$ 4.35	10%	
Average Realized Prices After Effects of Derivative Settlements:					
Crude oil (per Bbl)	\$ 80.21	\$ 74.40	\$ 5.81	8%	
Natural gas (per Mcf)	\$ 1.36	\$ 1.92	\$ (0.56)	-29%	
NGLs (per Bbl)	\$ 20.32	\$ 18.63	\$ 1.69	9%	
Combined (per BOE)	\$ 47.13	\$ 44.45	\$ 2.68	6%	

Revenue

Our consolidated revenues for the three months ended June 30, 2024 totaled \$168.5 million as compared to \$136.5 million for the three months ended June 30, 2023, an increase of \$32.1 million. The increase in revenues was due to an increase of \$33.0 million in mineral and royalty revenue which was partially offset by a decrease of \$0.9 million in lease bonus and other income. The increase in

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mineral and royalty revenue was primarily due to an increase in our production volumes of 13% from our acquisitions of additional mineral and royalty interests and production volumes from existing interests and a 10% increase in our realized price, which were partially offset by the sale of certain non-core properties in December 2023. Lease bonus and other income is subject to significant variability from period to period based on the particular tracts of land that become available for re-leasing.

Oil revenue for the three months ended June 30, 2024 was \$143.5 million as compared to \$112.0 million for the three months ended June 30, 2023, an increase of \$31.5 million. We realized a \$15.4 million increase in year-over-year oil revenue due to a 14% increase in oil production volumes, which increased from 1,580 MBbls for the three months ended June 30, 2023 to 1,797 MBbls for the three months ended June 30, 2024. In addition, we realized a \$16.1 million increase in year-over-year oil revenue due to an increase of \$8.95/Bbl or 13% in our average price received for oil production, which increased from \$70.90 for the three months ended June 30, 2023 to \$79.85/Bbl for the three months ended June 30, 2024.

Natural gas revenue for the three months ended June 30, 2024 was \$5.9 million as compared to \$8.5 million for the three months ended June 30, 2023, a decrease of \$2.6 million. We realized a \$3.1 million decrease in year-over-year gas revenue due to a decrease of \$0.52/Mcf in our average price received for gas production, which declined from \$1.53/Mcf for the three months ended June 30, 2023 to \$1.01/Mcf for the three months ended June 30, 2024. This was partially offset by a \$0.5 million increase in year-over-year gas revenue due to an 6% increase in gas production volumes, which increased from 5,575 MMcf for the three months ended June 30, 2023 to 5,892 MMcf for the three months ended June 30, 2024.

NGLs revenue for the three months ended June 30, 2024 was \$16.1 million as compared to \$12.1 million for the three months ended June 30, 2023, an increase of \$4.0 million. We realized a \$2.7 million increase in year-over-year NGLs revenue due to a 22% increase in NGLs production volumes, which increased from 647 MBbls for the three months ended June 30, 2023 to 791 MBbls for the three months ended June 30, 2024. In addition, we realized a \$1.3 million increase in year-over-year NGLs revenue due to an increase of \$1.69/Bbl in our average price received for NGLs production, which increased from \$18.63/Bbl for the three months ended June 30, 2023 to \$20.32/Bbl for the three months ended June 30, 2024.

Lease bonus and other revenue for the three months ended June 30, 2024 was \$3.0 million as compared to \$3.9 million for the three months ended June 30, 2023. When we lease our acreage to an E&P operator, we generally receive a lease bonus payment at the time a lease is executed. These bonus payments are subject to significant variability from period to period based on the particular tracts of land that become available for re-leasing. Other revenues include payments for right-of-way and surface damages, which are also subject to significant variability.

Operating Expenses

Depreciation, depletion and amortization expense was \$85.5 million for the three months ended June 30, 2024 as compared to \$74.2 million for the three months ended June 30, 2023, an increase of \$11.3 million, or 15%. The increase was due to a 13% increase in year-over-year production, which was due to new acquisitions and increased production volumes from existing interests, and a higher depletion rate, which increased from \$23.48 per BOE for the three months ended June 30, 2023 to \$23.91 per BOE for the three months ended June 30, 2024.

General and administrative expense was \$13.5 million for the three months ended June 30, 2024 as compared to \$14.1 million for the three months ended June 30, 2023, a decrease of \$0.6 million, or 4%. For the three months ended June 30, 2024, the Company had decreases in other professional service costs of \$1.2 million and decreases of \$1.7 million in merger-related transaction costs as compared to the three months ended June 30, 2023. The decreases were partially offset by \$1.9 million of additional employee compensation and benefits due to increased headcount and \$0.4 million of additional rent expense as compared to the three months ended June 30, 2023.

Severance and ad valorem taxes were \$12.4 million for the three months ended June 30, 2024 as compared to \$10.3 million for the three months ended June 30, 2023, an increase of \$2.1 million or 20%. The increase was primarily due to the year-over-year increase in mineral and royalty interests from our acquisitions and a year-over-year increase in commodity prices.

Impairment of oil and natural gas properties was \$25.6 million for the three months ended June 30, 2023, whereas there was no impairment of oil and natural gas properties recognized for the three months ended June 30, 2024. During the three months ended June 30, 2023, the Company recognized impairment expense of \$25.6 million attributable to its proved properties in the Appalachian Basin due to a decrease in natural gas and NGLs prices.

Other Income and Expenses

Interest expense, net of \$22.7 million and \$23.2 million during the three months ended June 30, 2024 and 2023, respectively, relates to interest incurred on borrowings under the Sitio Revolving Credit Facility and 2028 Senior Notes for the three months ended June 30, 2024, and the Sitio Revolving Credit Facility and 2026 Senior Notes for the three months ended June 30, 2023. The decrease in interest expense was due to lower average interest rates on our borrowings during the three months ended June 30, 2024 as compared to the

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three months ended June 30, 2023, partially offset by higher average debt balances under the Sitio Revolving Credit Facility and 2028 Senior Notes during the three months ended June 30, 2024.

The fair value of the warrant liability decreased by \$0.6 million from March 31, 2023 to June 30, 2023. The decrease was attributable to a decline in the market price of the warrants. The warrants expired in August 2023, and are no longer outstanding.

Commodity derivatives losses totaled \$0.6 million for the three months ended June 30, 2024 as compared to commodity derivatives gains of \$6.1 million for the three months ended June 30, 2023. In 2022, we entered into oil and gas fixed price swaps and two-way collars to manage commodity price risks associated with production from certain of our acquisitions. The commodity derivatives losses were due to commodity price increases during the three months ended June 30, 2024 as compared to commodity price decreases during the three months ended June 30, 2023.

Interest rate derivative gains totaled \$0.6 million for the three months ended June 30, 2023. In November 2022, we entered into an interest rate swap to manage exposures to changes in interest rates from variable rate borrowings. The interest rate swap expired on December 31, 2023.

Income taxes changed from a benefit of \$0.7 million for the three months ended June 30, 2023 to income tax expense of \$4.8 million for the three months ended June 30, 2024. This was primarily due to pre-tax income generated for the three months ended June 30, 2024 as compared to a pre-tax loss incurred for the three months ended June 30, 2023.

Six Months Ended June 30, 2024 Compared to the Six Months Ended June 30, 2023

Consolidated Results

The following table summarizes our consolidated revenue and expenses and production data for the six months ended June 30, 2024 and 2023 (in thousands):

	Six Months Ended June 30,		Variance	
	2024	2023		
Statement of Operations Data:				
Revenue:				
Total revenues	\$ 319,939	\$ 287,292	\$ 32,647 11%	
Operating Expenses:				
Depreciation, depletion and amortization	161,803	142,002	19,801 14%	
General and administrative	26,467	25,742	725 3%	
Severance and ad valorem taxes	24,459	20,803	3,656 18%	
Impairment of oil and gas properties	—	25,617	(25,617) *	
Total operating expenses	212,729	214,164	(1,435) -1%	
Net income from operations	107,210	73,128	34,082 47%	
Interest expense, net ⁽¹⁾	(41,198)	(45,362)	4,164 -9%	
Change in fair value of warrant liability	—	2,942	(2,942) *	
Loss on extinguishment of debt	—	(783)	783 *	
Commodity derivatives gains (losses)	(10,657)	20,875	(31,532) *	
Interest rate derivative gains	—	447	(447) *	
Net income before taxes	55,355	51,247	4,108 8%	
Income tax expense	(7,622)	(6,501)	(1,121) 17%	
Net income	47,733	44,746	2,987 7%	
Net income attributable to noncontrolling interest	(26,411)	(22,889)	(3,522) 15%	
Net income attributable to Class A stockholders	\$ 21,322	\$ 21,857	\$ (535) -2%	

(1) Interest expense is presented net of interest income.

* Not applicable or meaningful

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	Six Months Ended June 30,		
	2024	2023	Variance
Production Data:			
Crude oil (MBbls)	3,459	3,169	290
Natural gas (MMcf)	10,908	11,010	(102)
NGLs (MBbls)	1,510	1,252	258
Total (MBOE)(6:1)	<u>6,787</u>	<u>6,256</u>	<u>531</u>
Average daily production (BOE/d)(6:1)	<u>37,290</u>	<u>34,561</u>	<u>2,729</u>
	<u>8%</u>		
Average Realized Prices:			
Crude oil (per Bbl)	\$ 78.29	\$ 72.50	\$ 5.79
Natural gas (per Mcf)	\$ 1.08	\$ 2.10	\$ (1.02)
NGLs (per Bbl)	\$ 20.51	\$ 20.14	\$ 0.37
Combined (per BOE)	<u>\$ 46.19</u>	<u>\$ 44.46</u>	<u>\$ 1.73</u>
	<u>4%</u>		
Average Realized Prices After Effects of Derivative Settlements:			
Crude oil (per Bbl)	\$ 78.96	\$ 75.78	\$ 3.18
Natural gas (per Mcf)	\$ 1.44	\$ 2.40	\$ (0.96)
NGLs (per Bbl)	\$ 20.51	\$ 20.14	\$ 0.37
Combined (per BOE)	<u>\$ 47.12</u>	<u>\$ 46.64</u>	<u>\$ 0.48</u>
	<u>1%</u>		

Revenue

Our consolidated revenues for the six months ended June 30, 2024 totaled \$319.9 million as compared to \$287.3 million for the six months ended June 30, 2023, an increase of 11%. The increase in revenues was due to an increase of \$35.4 million in mineral and royalty revenue which was partially offset by a decrease of \$2.7 million in lease bonus and other income. The increase in mineral and royalty revenue was primarily due to an increase in our production volumes of 8% from our acquisitions of additional mineral and royalty interests and production volumes from existing interests, which was partially offset by the sale of certain non-core properties in December 2023, and a 4% increase in our realized price. Lease bonus and other income is subject to significant variability from period to period based on the particular tracts of land that become available for re-leasing.

Oil revenue for the six months ended June 30, 2024 was \$270.8 million as compared to \$229.7 million for the six months ended June 30, 2023, an increase of \$41.1 million. We realized a \$21.1 million increase in year-over-year oil revenue due to a 9% increase in oil production volumes, which increased from 3,169 MBbls for the six months ended June 30, 2023 to 3,459 MBbls for the six months ended June 30, 2024. In addition, we realized a \$20.0 million increase in year-over-year oil revenue due to an increase of \$5.79/Bbl or 8% in our average price received for oil production, which increased from \$72.50 for the six months ended June 30, 2023 to \$78.29/Bbl for the six months ended June 30, 2024.

Natural gas revenue for the six months ended June 30, 2024 was \$11.7 million as compared to \$23.2 million for the six months ended June 30, 2023, a decrease of \$11.5 million. We realized a \$0.2 million decrease in year-over-year gas revenue due to a 1% decrease in gas production volumes, which decreased from 11,010 MMcf for the six months ended June 30, 2023 to 10,908 MMcf for the six months ended June 30, 2024. In addition, we realized a \$11.3 million decrease in year-over-year gas revenue due to a decrease of \$1.02/Mcf in our average price received for gas production, which declined from \$2.10/Mcf for the six months ended June 30, 2023 to \$1.08/Mcf for the six months ended June 30, 2024.

NGLs revenue for the six months ended June 30, 2024 was \$31.0 million as compared to \$25.2 million for the six months ended June 30, 2023, an increase of \$5.8 million. We realized a \$5.2 million increase in year-over-year NGLs revenue due to a 21% increase in NGLs production volumes, which increased from 1,252 MBbls for the six months ended June 30, 2023 to 1,510 MBbls for the six months ended June 30, 2024. In addition, we realized a \$0.6 million increase in year-over-year NGLs revenue due to a increase of \$0.37/Bbl in our average price received for NGLs production, which increased from \$20.14/Bbl for the six months ended June 30, 2023 to \$20.51/Bbl for the six months ended June 30, 2024.

Lease bonus and other revenue for the six months ended June 30, 2024 was \$6.5 million as compared to \$9.2 million for the six months ended June 30, 2023. When we lease our acreage to an E&P operator, we generally receive a lease bonus payment at the time a lease is executed. These bonus payments are subject to significant variability from period to period based on the particular tracts of land that become available for re-leasing. Other revenues include payments for right-of-way and surface damages, which are also subject to significant variability.

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Operating Expenses

Depreciation, depletion and amortization expense was \$161.8 million for the six months ended June 30, 2024 as compared to \$142.0 million for the six months ended June 30, 2023, an increase of \$19.8 million, or 14%. The increase was due to an 8% increase in year-over-year production, which was due to new acquisitions and increased production volumes from existing interests, and a higher depletion rate, which increased from \$22.66 per BOE for the six months ended June 30, 2023 to \$23.80 per BOE for the six months ended June 30, 2024.

General and administrative expense was \$26.5 million for the six months ended June 30, 2024 as compared to \$25.7 million for the six months ended June 30, 2023, an increase of \$0.8 million, or 3%. For the six months ended June 30, 2024, the Company had \$3.5 million of additional employee compensation and benefits due to increased headcount and \$0.5 million of additional rent expense as compared to the six months ended June 30, 2023. These increases were partially offset by decreases in other professional service costs of \$0.7 million and merger-related transaction costs of \$2.5 million as compared to the six months ended June 30, 2023.

Severance and ad valorem taxes were \$24.5 million for the six months ended June 30, 2024 as compared to \$20.8 million for the six months ended June 30, 2023, an increase of \$3.7 million or 18%. The increase was primarily due to the year-over-year increase in mineral and royalty interests from our acquisitions and a year-over-year increase in commodity prices.

Impairment of oil and natural gas properties was \$25.6 million for the six months ended June 30, 2023, whereas there was no impairment of oil and natural gas properties recognized for the six months ended June 30, 2024. During the six months ended June 30, 2023, the Company recognized impairment expense of \$25.6 million attributable to its proved properties in the Appalachian Basin due to a decrease in natural gas and NGLs prices.

Other Income and Expenses

Interest expense, net of \$41.2 million and \$45.4 million during the six months ended June 30, 2024 and 2023, respectively, relates to interest incurred on borrowings under the Sitio Revolving Credit Facility and 2028 Senior Notes for the six months ended June 30, 2024, and the Sitio Revolving Credit Facility and 2026 Senior Notes for the six months ended June 30, 2023. The decrease in interest expense was due to lower average interest rates on our borrowings during the six months ended June 30, 2024 as compared to the six months ended June 30, 2023, partially offset by higher average debt balances under the Sitio Revolving Credit Facility and 2028 Senior Notes during the six months ended June 30, 2024.

The fair value of the warrant liability decreased by \$2.9 million during the six months ended June 30, 2023. The decrease was attributable to a decline in the market price of the warrants. The warrants expired in August 2023, and are no longer outstanding.

Commodity derivatives losses totaled \$10.7 million for the six months ended June 30, 2024 as compared to commodity derivatives gains of \$20.9 million for the six months ended June 30, 2023. In 2022, we entered into oil and gas fixed price swaps and two-way collars to manage commodity price risks associated with production from certain of our acquisitions. The commodity derivatives losses were due to commodity price increases during the six months ended June 30, 2024 as compared to commodity price decreases during the six months ended June 30, 2023.

Income tax expense increased from \$6.5 million for the six months ended June 30, 2023 to \$7.6 million for the six months ended June 30, 2024. This was primarily due to an increase in net income before income tax expense for the six months ended June 30, 2024 as compared to the six months ended June 30, 2023.

Liquidity and Capital Resources

Overview

Our primary sources of liquidity have historically been cash flows from operations, borrowings under the Sitio Revolving Credit Facility, and the issuance of our 2028 Senior Notes. Future sources of liquidity may also include other credit facilities we may enter into in the future and additional issuances of debt or equity securities. Our primary uses of cash have been, and are expected to continue to be, the acquisition of mineral and royalty interests, the reduction of outstanding debt balances, interest payments on outstanding debt, repurchases pursuant to our Share Repurchase Program, and the payment of dividends and distributions. Our ability to generate cash is subject to several factors, some of which are beyond our control, including commodity prices and general economic, financial, legislative, regulatory and other factors.

We believe internally generated cash flows from operations, available borrowing capacity under the Sitio Revolving Credit Facility, and access to capital markets will provide us with sufficient liquidity and financial flexibility to meet our cash requirements, including normal operating needs, debt service obligations, our return of capital program, and capital expenditures, for at least the next 12 months and allow us to continue to execute our strategy of acquiring attractive mineral and royalty interests that will position us to grow our cash flows and return capital to our stockholders. As an owner of mineral and royalty interests, we incur the initial cost to acquire our

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interests but thereafter generally do not incur any development or maintenance capital expenditures, which are borne by the E&P operator and other working interest owners. As a result, our capital expenditures are related to our acquisition of additional mineral and royalty interests, and we generally have no subsequent capital expenditure requirements related to acquired properties. The amount and allocation of future acquisition-related capital expenditures will depend upon a number of factors, including the number and size of acquisition opportunities, our cash flows from operating, investing and financing activities and our ability to integrate acquisitions. We periodically assess changes in current and projected cash flows, acquisition and divestiture activities, and other factors to determine the effects on our liquidity. Our ability to generate cash is subject to a number of factors, many of which are beyond our control, including commodity prices, weather, general economic, financial and competitive, legislative, regulatory and other factors. If we require additional capital for acquisitions or other reasons, we may raise such capital through additional borrowings, asset sales, offerings of equity and debt securities or other means. If we are unable to obtain funds needed or on acceptable terms, we may not be able to complete acquisitions that are favorable to us.

As of June 30, 2024, our liquidity was \$406.3 million, comprised of \$16.3 million of cash and cash equivalents and \$390.0 million of availability under the Sitio Revolving Credit Facility.

Cash Flows for the Six Months Ended June 30, 2024 Compared to the Six Months Ended June 30, 2023 (in thousands):

Statement of Cash Flows Data:	Six Months Ended June 30,		Variance
	2024	2023	
Net cash provided by (used in):			
Operating activities	\$ 218,052	\$ 232,677	\$ (14,625) -6 %
Investing activities	(177,661)	(12,277)	(165,384) *
Financing activities	(39,238)	(238,870)	199,632 -84 %
Net increase (decrease) in cash and cash equivalents	\$ 1,153	\$ (18,470)	\$ 19,623 -106 %

* Not applicable or meaningful

Operating Activities

Our operating cash flows are impacted by the variability in our revenues and operating expenses, as well as the timing of the related cash receipts and disbursements. Royalty payments may vary significantly from period to period as a result of changes in commodity prices, production mix and volumes of production sold by our E&P operators, as well as the timeliness and accuracy of payments from our E&P operators. These factors are beyond our control and are difficult to predict. Cash flows provided by operating activities for the six months ended June 30, 2024 were \$218.1 million as compared to \$232.7 million for the six months ended June 30, 2023, primarily as a result of variability in timing of cash receipts for our royalty revenues.

Investing Activities

Cash flows used in investing activities totaled \$177.7 million for the six months ended June 30, 2024 as compared to \$12.3 million for the six months ended June 30, 2023. During the six months ended June 30, 2024, we acquired oil and gas properties, net of purchase price adjustments, for a total of \$177.4 million. During the six months ended June 30, 2023, we received \$5.7 million for post-close adjustments from previous acquisitions of oil and gas properties, net of acquisition costs, and made advance deposits of \$17.9 million for acquisitions of oil and gas properties.

Financing Activities

Cash flows used in financing activities for the six months ended June 30, 2024 totaled \$39.2 million as compared to \$238.9 million for the six months ended June 30, 2023. Net borrowings under the Sitio Revolving Credit Facility for the six months ended June 30, 2024 were \$183.0 million, and net repayments under the Sitio Revolving Credit Facility for the six months ended June 30, 2023 were \$24.0 million. Net borrowings under the Sitio Revolving Credit Facility were higher during the six months ended June 30, 2024 due to multiple acquisitions completed during the three months ended June 30, 2024.

Other financing cash outflows during the six months ended June 30, 2024 included dividends of \$75.0 million paid to holders of Class A Common Stock, \$68.4 million of distributions paid to noncontrolling interest holders, and repurchases of Class A Common Stock and Sitio OpCo Partnership Units of \$54.1 million and \$22.1 million, respectively, under the Share Repurchase Program. Other financing cash outflows during the six months ended June 30, 2023 included costs of \$7.9 million incurred in connection with amendments and restatements to the Sitio Revolving Credit Facility, dividends of \$88.9 million paid to holders of Class A Common Stock, \$91.2 million of distributions paid to noncontrolling interest holders, and repayments of \$22.5 million on the 2026 Senior Notes.

Our Revolving Credit Facility

On February 3, 2023, Sitio OpCo entered into the Sitio Revolving Credit Facility with Sitio OpCo, as borrower, JPMorgan Chase Bank, N.A., as the administrative agent (as successor administrative agent to Bank of America, N.A.) and as issuing bank, and the

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lenders and other financial institutions from time to time party thereto. In connection with the amendment and restatement of the Sitio Revolving Credit Facility, the revolving credit facility obtained from Brigham in conjunction with the Brigham Merger was paid off and refinanced in full.

The Sitio Revolving Credit Facility matures on June 30, 2027. The Sitio Revolving Credit Facility has a borrowing base of \$850.0 million.

The Sitio Revolving Credit Facility bears interest at a rate per annum equal to, at our option, an adjusted Term SOFR rate or a base rate, plus an applicable margin and credit spread adjustment. The applicable margin is based on utilization of the Sitio Revolving Credit Facility and ranges from (a) in the case of adjusted base rate loans, 1.500% to 2.500% and (b) in the case of Term SOFR rate loans and letters of credit, 2.500% to 3.500%. The credit spread adjustment for Term SOFR loans ranges from 0.100% to 0.250% depending on the applicable interest rate and interest rate period. Sitio OpCo may elect an interest period of one, three or six months. Interest is payable in arrears at the end of each interest period, but no less frequently than quarterly. A commitment fee is payable quarterly in arrears on the daily undrawn available commitments under the Sitio Revolving Credit Facility in an amount ranging from 0.375% to 0.500% based on utilization of the Sitio Revolving Credit Facility. The Sitio Revolving Credit Facility is subject to other customary fee, interest and expense reimbursement provisions.

The Sitio Revolving Credit Facility is subject to a borrowing base established by the lenders to reflect the loan value of our oil and gas mineral interests. The borrowing base under the Sitio Revolving Credit Facility is redetermined by the lenders on an at least semi-annual basis. Additionally, lenders holding two-thirds of the aggregate commitments are able to request one additional redetermination between regularly scheduled redeterminations. Sitio OpCo could also request one additional redetermination between regularly scheduled redeterminations, and such other redeterminations as appropriate when significant acquisition opportunities arise. The borrowing base is subject to adjustments for asset dispositions, material title deficiencies, certain terminations of hedge agreements and issuances of certain additional indebtedness. Increases to the borrowing base require unanimous approval of the lenders, while maintenance of the same borrowing base or decreases in the borrowing base only require approval of lenders holding two-thirds of the aggregate commitments at such time. The determination of the borrowing base takes into consideration the estimated value of the Company's oil and gas mineral interests in accordance with the lenders' customary practices for oil and gas loans. The Sitio Revolving Credit Facility is collateralized by substantially all of the assets of Sitio OpCo and its restricted subsidiaries.

The Sitio Revolving Credit Facility includes a financial covenant limiting, as of the last day of each fiscal quarter, the ratio of (a) (i) Total Net Debt (as defined in the Sitio Revolving Credit Facility) as of such date to (ii) EBITDA (as defined in the Sitio Revolving Credit Facility) for the period of four fiscal quarters ending on such day, to not more than 3.50 to 1.00, and (b) (i) consolidated current assets (including the available commitments under the Sitio Revolving Credit Facility) to (ii) consolidated current liabilities (excluding current maturities under the Sitio Revolving Credit Facility), to not less than 1.00 to 1.00, in each case, with certain rights to cure. The Company was in compliance with the terms and covenants of the Sitio Revolving Credit Facility at June 30, 2024 and December 31, 2023.

2028 Senior Notes

As of June 30, 2024 and December 31, 2023, the Company had \$600.0 million aggregate principal amount of the 2028 Senior Notes. The 2028 Senior Notes bear interest at an annual rate of 7.875%, which accrued from October 3, 2023 and is payable semi-annually in arrears on May 1 and November 1 of each year, commencing on May 1, 2024.

The 2028 Senior Notes contain covenants that limit Sitio OpCo's ability to engage in certain transactions and activities. The Company was in compliance with the terms and covenants of the 2028 Senior Notes as of June 30, 2024 and December 31, 2023.

2026 Senior Notes

On September 21, 2022, Sitio OpCo, as issuer, and certain subsidiaries of Sitio OpCo, as guarantors, entered into the Note Purchase Agreement with certain institutional investors party thereto as holders and U.S. Bank Trust Company, National Association, as agent for the Holders.

Pursuant to the Note Purchase Agreement, Sitio OpCo issued the 2026 Senior Notes to the Holders in an aggregate principal amount of \$450.0 million at 99% of par. On October 3, 2023, the Company redeemed all of the outstanding 2026 Senior Notes using net proceeds from the issuance of the 2028 Senior Notes.

Critical Accounting Policies and Related Estimates

The discussion and analysis of financial condition and results of operations are based upon our unaudited condensed consolidated financial statements, which have been prepared in accordance with GAAP. Our critical accounting policies are described below to provide a better understanding of how we develop our assumptions and judgments about future events and related estimates and how

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they can impact our financial statements. A critical accounting estimate is one that requires our most difficult, subjective or complex estimates and assessments and is fundamental to our results of operations.

We base our estimates on historical experience and on various other assumptions we believe to be reasonable according to the facts and circumstances at the time the estimates are made. Uncertainties with respect to such estimates and assumptions are inherent in the preparation of financial statements. There can be no assurance that actual results will not differ from those estimates and assumptions. This discussion and analysis should be read in conjunction with our unaudited condensed consolidated financial statements and related notes.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates. Changes in estimates are accounted for prospectively.

Our estimates and classification of oil and natural gas reserves are, by necessity, projections based on geologic and engineering data, and there are uncertainties inherent in the interpretation of such data as well as the projection of future rates of production. Reserve engineering is a subjective process of estimating underground accumulations of oil and natural gas that are difficult to measure. The accuracy of any reserve estimate is a function of the quality of available data, engineering, and geological interpretation and judgment. Estimates of economically recoverable oil and natural gas reserves and future net cash flows necessarily depend upon a number of variable factors and assumptions. These factors and assumptions include historical production from the area compared with production from other producing areas, the assumed effect of regulations by governmental agencies, and assumptions governing future oil and natural gas prices. For these reasons, estimates of the economically recoverable quantities of expected oil and natural gas and estimates of the future net cash flows may vary substantially.

Any significant variance in the assumptions could materially affect the estimated quantity of reserves, which could affect the carrying value of our oil and natural gas properties and/or the rate of depletion related to oil and natural gas properties.

Oil and Gas Properties

We use the successful efforts method of accounting for oil and natural gas producing properties, as further defined under ASC 932, *Extractive Activities—Oil and Natural Gas*. Under this method, costs to acquire mineral interests in oil and natural gas properties are capitalized. The costs of non-producing mineral interests and associated acquisition costs are capitalized as unproved properties pending the results of leasing efforts and drilling activities of E&P operators on our interests. As unproved properties are determined to have proved reserves, the related costs are transferred to proved oil and gas properties. Capitalized costs for proved oil and natural gas mineral interests are depleted on a unit-of-production basis over total proved reserves. For depletion of proved oil and gas properties, interests are grouped in a reasonable aggregation of properties with common geological structural features or stratigraphic conditions.

Impairment of Oil and Gas Properties

We evaluate our proved properties for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. When assessing proved properties for impairment, we compare the expected undiscounted future cash flows of the proved properties to the carrying amount of the proved properties to determine recoverability. If the carrying amount of proved properties exceeds the expected undiscounted future net cash flows, the carrying amount is written down to the properties' estimated fair value, which is measured as the present value of the expected future net cash flows of such properties. The factors used to determine fair value include estimates of proved reserves, future commodity prices, timing of future production, and a risk-adjusted discount rate. The proved property impairment test is primarily impacted by future commodity prices, changes in estimated reserve quantities, estimates of future production, overall proved property balances, and depletion expense. If pricing conditions decline or are depressed, or if there is a negative impact on one or more of the other components of the calculation, we may incur proved property impairments in future periods and such amounts may be material.

Unproved oil and gas properties are assessed periodically for impairment of value, and a loss is recognized at the time of impairment by charging capitalized costs to expense. Impairment is assessed based on when facts and circumstances indicate that the carrying value may not be recoverable, at which point an impairment loss is recognized to the extent the carrying value exceeds the estimated recoverable value. Factors used in the assessment include, but are not limited to, commodity price outlooks, current and future operator activity, and analysis of recent mineral transactions in the surrounding area.

Crude Oil, Natural Gas and NGLs Reserve Quantities and Standardized Measure of Oil and Gas

Our estimates of crude oil, natural gas and NGLs reserves and associated future net cash flows are prepared by our independent reservoir engineers. The SEC has defined proved reserves as the estimated quantities of oil and gas which geological and engineering data demonstrate with reasonable certainty to be recoverable in future years from known reservoirs under existing economic and

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operating conditions. The process of estimating crude oil, natural gas and NGLs reserves is complex, requiring significant decisions in the evaluation of available geological, geophysical, engineering and economic data. The data for a given property may also change substantially over time as a result of numerous factors, including additional development activity, evolving production history and a continual reassessment of the viability of production under changing economic conditions. As a result, material revisions to existing reserve estimates occur from time to time. Although every reasonable effort is made to ensure that reserve estimates reported represent the most accurate assessments possible, the decisions and variances in available data for various properties increase the likelihood of significant changes in these estimates. If such changes are material, they could significantly affect future amortization of capitalized costs and result in impairment of assets that may be material.

There are numerous uncertainties inherent in estimating quantities of proved crude oil, natural gas and NGLs reserves. Crude oil, natural gas and NGLs reserve engineering is a process of estimating underground accumulations of crude oil, natural gas and NGLs that cannot be precisely measured and the accuracy of any reserve estimate is a function of the quality of available data and of engineering and geological interpretation and judgment. Results of drilling, testing and production subsequent to the date of the estimate may justify positive or negative revisions of reserve estimates.

Revenue Recognition

Mineral and royalty interests represent the right to receive revenues from the sale of oil, natural gas and NGLs, less production taxes and post-production expenses. The prices of oil, natural gas, and NGLs from the properties in which we own a mineral or royalty interest are primarily determined by supply and demand in the marketplace and can fluctuate considerably. As an owner of mineral and royalty interests, we have no working interest or operational control over the volumes and methods of sale of the oil, natural gas, and NGL produced and sold from our properties. We do not explore, develop, or operate the properties and, accordingly, do not incur any of the associated costs. As we do not operate any of the wells for which we receive royalties, we have limited visibility into the timing of when new wells start producing and production statements may not be received for 30 to 90 days or more after the date production is delivered. As a result, we are required to estimate the amount of production delivered to the purchaser and the price that we will receive for the sale of the product. The expected sales volumes and prices for these properties are estimated and recorded within accrued revenue and accounts receivable in the accompanying unaudited condensed consolidated balance sheets. Differences between our estimates and the actual amounts received for oil and natural gas sales are recorded in the month that payment is received from the third party.

Oil, natural gas, and NGLs revenues from our mineral and royalty interests are recognized when control transfers at the wellhead.

We also earn revenue related to lease bonuses by leasing our mineral interests to E&P companies. We recognize lease bonus revenue when the lease agreement has been executed and payment is determined to be collectible.

Contractual Obligations

As of June 30, 2024, we did not have any material capital lease obligations, operating lease obligations, debt, or long-term liabilities, other than borrowings under the Sito Revolving Credit Facility, borrowings under the 2028 Senior Notes and operating lease agreements for office space. Please see “—Our Revolving Credit Facility” for a description of the Sito Revolving Credit Facility, and “—2028 Senior Notes” for a description of the 2028 Senior Notes.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

We are exposed to market risk, including the effects of adverse changes in commodity prices and interest rates as described below. The primary objective of the following information is to provide quantitative and qualitative information about our potential exposure to market risks. The term “market risk” refers to the risk of loss arising from adverse changes in oil, natural gas and NGLs prices and interest rates. The disclosures are not meant to be precise indicators of expected future losses, but rather indicators of reasonably possible losses. This forward-looking information provides indicators of how we view and manage our ongoing market risk exposures. All of our market risk sensitive instruments were entered into for purposes other than speculative trading.

Commodity Price Risk

Our major market risk exposure is in the pricing applicable to the oil, natural gas, and NGLs production of our E&P operators, which affects the royalty payments we receive from our E&P operators. Realized pricing is primarily driven by the prevailing worldwide price for crude oil and spot market prices applicable to our natural gas production. Pricing for oil, natural gas, and NGLs production has been volatile and unpredictable for several years and we expect this volatility to continue in the future. The prices that our operators receive for production depend on many factors outside of our or their control.

A \$1.00 per Bbl change in our realized oil price would have resulted in a \$3.5 million change in our oil revenues for the six months ended June 30, 2024. A \$0.10 per Mcf change in our realized natural gas price would have resulted in a \$1.1 million change in our natural gas revenues for the six months ended June 30, 2024. A \$1.00 per Bbl change in NGL prices would have resulted in a \$1.5 million change in our NGL revenues for the six months ended June 30, 2024. Royalties on oil sales contributed 87% of our mineral and

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royalty revenues for the six months ended June 30, 2024. Royalties on natural gas sales contributed 3% and royalties on NGL sales contributed 10% of our total mineral and royalty revenues for the six months ended June 30, 2024.

We may enter into derivative instruments from time to time, such as collars, swaps and basis swaps, to partially mitigate the impact of commodity price volatility. These hedging instruments allow us to reduce, but not eliminate, the potential effects of the variability in cash flow from operations due to fluctuations in oil, natural gas and NGL prices and provide increased certainty of cash flows for our acquisitions. However, these instruments provide only partial price protection against declines in oil, natural gas and NGL prices and may partially limit our potential gains from future increases in prices. Refer to "Note 11 – Derivative Instruments" for further information.

Counterparty and Customer Credit Risk

Our derivative contracts expose us to credit risk in the event of nonperformance by counterparties. While we do not require counterparties to our derivative contracts to post collateral, we evaluate the credit standing of such counterparties as we deem appropriate. All counterparties have high credit ratings and are current lenders under the Sitio Revolving Credit Facility. For these contracts, we are not required to provide any credit support to our counterparties other than cross collateralization with the properties securing the Sitio Revolving Credit Facility. Our derivative contracts are documented with industry standard contracts known as a Schedule to the Master Agreement and ISDAs. Typical terms for the ISDAs include credit support requirements, cross default provisions, termination events, and set-off provisions. We have set-off provisions with the Sitio Revolving Credit Facility lenders that, in the event of counterparty default, allow us to set-off amounts owed under the Sitio Revolving Credit Facility or other general obligations against amounts owed to the Company for derivative contract assets.

Our principal exposures to credit risk are through receivables generated by the production activities of our operators. The inability or failure of our significant operators to meet their obligations to us or their insolvency or liquidation may adversely affect our financial results.

Interest Rate Risk

Our primary exposure to interest rate risk results from outstanding borrowings under the Sitio Revolving Credit Facility which has a floating interest rate. The average annual interest rate incurred on our borrowings under the Sitio Revolving Credit Facility during the six months ended June 30, 2024 was 8.46%. We estimate that an increase of 1.0% in the average interest rate during the six months ended June 30, 2024 would have resulted in an approximate \$1.6 million increase in interest expense.

Item 4. Controls and Procedures.

Disclosure controls and procedures are controls and other procedures that are designed to ensure that information required to be disclosed in our reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in our reports filed or submitted under the Exchange Act is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure.

Evaluation of Disclosure Controls and Procedures

As required by Rules 13a-15 and 15d-15 under the Exchange Act, our Chief Executive Officer and Chief Financial Officer carried out an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures as of June 30, 2024. Based upon their evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures (as defined in Rules 13a-15 (e) and 15d-15 (e) under the Exchange Act) were effective.

Changes in Internal Control Over Financial Reporting

During the quarter ended June 30, 2024, there have been no changes in our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II—OTHER INFORMATION

Item 1. Legal Proceedings.

Although we are, from time to time, involved in various legal claims arising out of our operations in the normal course of business, we do not believe that the resolution of these matters will have a material adverse impact on our financial condition or results of operations. Additionally, due to the inherent uncertainty of litigation, there can be no assurance that the resolution of any claim or proceeding would not have a material adverse effect on our business, financial condition, results of operations and ability to make quarterly dividends to our stockholders.

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For further information regarding legal proceedings, refer to "Note 14 – Commitments and Contingencies" in the notes to our unaudited condensed consolidated financial statements in this Quarterly Report on Form 10-Q.

Item 1A. Risk Factors.

Factors that could materially adversely affect our business, financial condition, results of operations or liquidity and the trading price of our Class A Common Stock are described under the caption "Item 1A. Risk Factors" in our Annual Report filed with the SEC on February 29, 2024. There have been no material changes in our risk factors from those previously disclosed in our Annual Report.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

Issuer Purchases of Equity Securities

The following table sets forth our share purchase activity for each period presented:

Period	Total Number of Shares Purchased ⁽¹⁾	Average Price Paid Per Share ⁽²⁾	Total Number of Shares Repurchased as Part of Publicly Announced Plans	Maximum Dollar Value of Shares That May Yet be Repurchased as Part of Publicly Announced Plans (in thousands) ⁽³⁾
April 1, 2024 - April 30, 2024	1,457,217	\$ 24.61	1,456,650	\$ 129,049
May 1, 2024 - May 31, 2024	183,139	23.20	180,528	\$ 124,867
June 1, 2024 - June 30, 2024	61,614	22.50	47,432	\$ 123,796
Total	1,701,970	\$ 24.38	1,684,610	

(1) The total number of shares purchased includes 17,360 shares repurchased representing shares of our common stock transferred to us in order to satisfy tax withholding obligations incurred upon the vesting of share-based compensation awards.

(2) Excludes commissions paid and excise taxes accrued related to stock repurchases.

(3) On February 28, 2024, our Board authorized a share repurchase program that allows us to repurchase up to \$200.0 million of our Class A Common Stock and Sito OpCo Partnership Units. During the three months ended June 30, 2024, we repurchased 1,684,610 shares of Class A Common Stock for approximately \$41.1 million, and we repurchased 897,457 Sito OpCo Partnership Units (including an equivalent number of shares of Class C Common Stock) for approximately \$22.1 million, under the Share Repurchase Program.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information

During the three months ended June 30, 2024, no director or officer of the Company adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408(a) of Regulation S-K.

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Item 6. Exhibits.

The following documents are filed as part of this Quarterly Report on Form 10-Q or incorporated herein by reference.

Exhibit Number	Description
3.1	Amended and Restated Certificate of Incorporation of the Company, dated as of December 28, 2022, effective as of December 29, 2022 (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed on December 29, 2022).
3.2	Amendment to the Restated Certificate of Incorporation of Sitio Royalties Corp., dated as of May 17, 2024 (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed on May 17, 2024).
3.3	Amended and Restated Bylaws of the Company, adopted on December 29, 2022 (incorporated by reference to Exhibit 3.2 to the Company's Current Report on Form 8-K filed on December 29, 2022).
10.1***	Third Amended and Restated Credit Agreement, dated as of February 3, 2023, by and among Sitio Royalties Operating Partnership, LP, as borrower, each lender from time to time party thereto, JPMorgan Chase Bank, N.A., as administrative agent, and any other parties from time to time party thereto (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on February 8, 2023).
10.2***	First Amendment to Third Amended and Restated Credit Agreement, dated as of September 22, 2023, by and among Sitio Royalties Operating Partnership, LP, as borrower, each lender from time to time party thereto, JPMorgan Chase Bank, N.A., as administrative agent, and any other parties from time to time party thereto (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on September 26, 2023).
10.3	Second Amendment to Third Amended and Restated Credit Agreement, dated as of December 20, 2023, by and among Sitio Royalties Operating Partnership, LP, as borrower, each lender from time to time party thereto, JPMorgan Chase Bank, N.A., as administrative agent, and any other parties from time to time party thereto (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on December 27, 2023).
10.4	Third Amendment to Third Amended and Restated Credit Agreement, dated as of May 3, 2024, by and among Sitio Royalties Operating Partnership, LP, as borrower, each lender from time to time party thereto, JPMorgan Chase Bank, N.A., as administrative agent, and any other parties from time to time party thereto (incorporated by reference to Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q filed on May 8, 2024).
10.5†	Sitio Royalties Corp. Amended and Restated Severance Plan.
10.6†	Form of Participation Agreement.
10.7†	Form of Notice of Restrictive Covenants, Including Covenant Not to Compete.
31.1*	Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1**	Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2**	Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because XBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

* Filed herewith.

** Furnished herewith.

*** Certain schedules and exhibits have been omitted pursuant to Item 601(a)(5) of Regulation S-K. Sitio will furnish a copy of any omitted schedule or exhibit to the SEC upon request.

† Identifies management contracts and compensatory plans or arrangements.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

SITIO ROYALTIES CORP.

Date: August 7, 2024

By: */s/ Christopher L. Conoscenti*
Christopher L. Conoscenti
Chief Executive Officer
(Principal Executive Officer, Director)

Date: August 7, 2024

By: */s/ Carrie L. Osicka*
Carrie L. Osicka
Chief Financial Officer
(Principal Financial Officer)

Date: August 7, 2024

By: */s/ Dawn K. Smajstrla*
Dawn K. Smajstrla
Chief Accounting Officer
(Principal Accounting Officer)

SITIO ROALTIES CORP.
AMENDED & RESTATED SEVERANCE PLAN AND SUMMARY PLAN DESCRIPTION

1. Purpose and Effective Date. Sitio Royalties Corp., a Delaware corporation (the “**Company**”), has adopted this Amended & Restated Severance Plan (this “**Plan**”) to provide for the potential payment of severance benefits to Eligible Individuals (as defined below) in the event of certain terminations of employment as described herein. The Plan was approved by the Board of Directors of the Company (the “**Board**”) to be effective as of August 6, 2024 (the “**Effective Date**”).

2. ERISA and Tax Compliance. The Plan is intended to be a “severance pay arrangement” within the meaning of Section 3(2)(B)(i) of ERISA that is excepted from the definitions of “employee pension benefit plan” and “pension plan” set forth under Section 3(2) of ERISA, and is intended to meet the descriptive requirements of a plan constituting a “severance pay plan” within the meaning of regulations published by the Secretary of Labor at Title 29, Code of Federal Regulations §2510.3-2(b). Further, the Plan is intended to qualify for the exemptions under Title I of ERISA provided for plans that are unfunded and maintained primarily for the purpose of providing benefits for a select group of management or highly compensated employees. The Plan is not intended to satisfy the qualification requirements of Code Section 401, but is intended to comply with the requirements of Code Section 409A and the Treasury regulations and guidance issued thereunder. This Plan document also constitutes a summary plan description with respect to the Plan. This Plan is a welfare program under the Company’s health and welfare plan.

3. Definitions. For purposes of this Plan, the terms listed below shall have the meanings specified herein:

(a) “**Administrator**” means the Board or a committee appointed by the Board to administer this Plan.

(b) “**Affiliate**” means any person that directly or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, the Company and any predecessor to any such entity; *provided, however,* that a natural person shall not be considered an Affiliate.

(c) “**Base Salary**” means the amount an Eligible Individual is entitled to receive as base salary on an annualized basis calculated as of immediately prior to the Termination Date or, if greater, before giving effect to any reduction not consented to by the Eligible Individual.

(d) “**Board**” means the Board of Directors of the Company.

(e) “**Business**” means, with respect to an Eligible Individual, the business and operations that are the same or similar to those performed by the Company and any other member of the Company Group for which such Eligible Individual provides services or about which such Eligible Individual obtains Confidential Information during such Eligible Individual’s employment with any member of the Company Group, which business and operations include the acquisition and management of mineral and royalty interests in the Permian Basin.

(f) "**Business Opportunity**" means, with respect to an Eligible Individual, any commercial, investment or other business opportunity relating to the Business (as such term is defined in relation to such Eligible Individual).

(g) "**Cause**" means one or more of the following events: (i) an Eligible Individual's material breach of this Plan (including an Eligible Individual's violation of any of the covenants set forth in Section 9) or of any other written agreement between such Eligible Individual and one or more members of the Company Group, including such Eligible Individual's breach of any material representation, warranty or covenant made under any such agreement; (ii) an Eligible Individual's material breach of any policy or code of conduct established by a member of the Company Group and applicable to such Eligible Individual; (iii) an Eligible Individual's violation of any law applicable to the workplace (including any law regarding anti-harassment, anti-discrimination, or anti-retaliation); (iv) an Eligible Individual's fraud, theft, dishonesty, gross negligence, willful misconduct, embezzlement, or breach of fiduciary duty related to any member of the Company Group or the performance of such Eligible Individual's duties for any member of the Company Group; (v) the conviction or indictment of an Eligible Individual for, or plea of guilty or *nolo contendere* by such Eligible Individual to, any felony (or state law equivalent) or any crime involving moral turpitude; or (vi) an Eligible Individual's willful failure or refusal, other than due to Disability, to perform such Eligible Individual's obligations to the Company or a member of the Company Group or to follow any lawful directive from the Company or a member of the Company Group, as determined by the Administrator; *provided, however,* that if an Eligible Individual's actions or omissions as set forth in this Section 3(g) are of such a nature that the Administrator determines that they are curable by such Eligible Individual, such actions or omissions must remain uncured thirty (30) days after the Administrator first provided such Eligible Individual written notice of the obligation to cure such actions or omissions.

(h) "**CEO**" means the Chief Executive Officer of the Company.

(i) "**Change in Control**" means the consummation of any of the following events after the Effective Date:

(i) any Person or any group of Persons acting together which would constitute a "group" for purposes of Section 13(d) of the Exchange Act (excluding a corporation or other entity owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of stock of the Company) is or becomes the "beneficial owner," as defined in Rule 13d-3 under the Exchange Act, directly or indirectly, of securities of the Company representing more than 50% of the combined voting power of the Company's then outstanding voting securities;

(ii) individuals who constitute the Incumbent Board cease for any reason to constitute at least a majority of the Board;

(iii) there is consummated a merger or consolidation of the Company with any other corporation or other entity, and, immediately after the consummation of such merger or consolidation, the voting securities of the Company immediately prior to such merger or consolidation do not continue to represent or are not converted into more than 50% of the combined voting power of the then-outstanding voting securities of the Person resulting from such

merger or consolidation or, if the surviving company is a subsidiary, the ultimate parent thereof; or

(iv) the stockholders of the Company approve a plan of complete liquidation or dissolution of the Company or there is consummated an agreement or series of related agreements for the sale or other disposition, directly or indirectly, by the Company of all or substantially all of the Company's assets, other than such sale or other disposition by the Company of all or substantially all of the Company's assets to an entity, at least 50% of the combined voting power of the voting securities of which are owned by stockholders of the Company in substantially the same proportions as their ownership of the Company immediately prior to such sale, provided that, in all such cases, the transactions contemplated by the provisions above are ultimately consummated.

Notwithstanding the foregoing, except with respect to clause (ii) above, a "Change in Control" shall not be deemed to have occurred by virtue of the consummation of any transaction or series of integrated transactions immediately following which the record holders of the shares of the Company immediately prior to such transaction or series of transactions continue to have substantially the same proportionate ownership in, and own substantially all of the shares of, an entity which owns, either directly or through a subsidiary, all or substantially all of the assets of the Company immediately following such transaction or series of transactions.

(j) "**Change in Control Period**" means the period beginning on the date that a Change in Control occurs and ending on the date that is six (6) months following the date that a Change in Control occurs.

(k) "**CIC Termination**" means a Qualifying Termination that occurs during the Change in Control Period.

(l) "**Code**" means the Internal Revenue Code of 1986, as amended.

(m) "**Company Group**" means the Company and its direct and indirect subsidiaries.

(n) "**Confidential Information**" means all trade secrets, non-public information, designs, ideas, concepts, improvements, product developments, discoveries and inventions, whether patentable or not, that are conceived, made, developed or acquired by or disclosed to an Eligible Individual, individually or in conjunction with others, during the period that he or she is employed or engaged by the Company or any other member of the Company Group (whether during business hours or otherwise and whether on the Company's premises or otherwise) that relate to any member of the Company Group's businesses or properties, products or services (including all such information relating to corporate opportunities, operations, future plans, methods of doing business, business plans, strategies for developing business and market share, research, financial and sales data, pricing terms, evaluations, opinions, interpretations, acquisition prospects, the identity of customers or acquisition targets or their requirements, the identity of key contacts within customers' organizations or within the organization of acquisition prospects, or marketing and merchandising techniques, prospective names and marks). For purposes of this Plan, Confidential Information shall not include any information that (i) is or

becomes generally available to the public other than as a result of a disclosure or wrongful act of such Eligible Individual or any of his or her agents; (ii) was available to such Eligible Individual on a non-confidential basis before its disclosure by a member of the Company Group; (iii) becomes available to such Eligible Individual on a non-confidential basis from a source other than a member of the Company Group; *provided, however,* that such source is not bound by a confidentiality agreement with, or other obligation with respect to confidentiality to, a member of the Company Group; or (iv) arises from such Eligible Individual's general training, knowledge, skill or experience, whether gained on the job or otherwise, information that is readily ascertainable to the public, or information that a worker otherwise has a right to disclose as legally protected conduct.

(o) "**Death/Disability Termination**" means the termination of an Eligible Individual's employment due to death or Disability.

(p) "**Disability**" means a determination by the Administrator that an Eligible Individual is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months.

(q) "**Eligible Individual**" means an employee of the Company eligible to receive the benefits described in this Plan, as designated in writing by the Administrator; *provided, however,* that (i) any individual who has a written employment or severance agreement with the Company that provides for potential severance benefits (other than any benefits pursuant to this Plan) shall not be an Eligible Individual under this Plan; and (ii) in order to be an Eligible Individual, such employee must sign and return to the Company, in the time designated by the Administrator, a Participation Agreement.

(r) "**ERISA**" means the Employee Retirement Income Security Act of 1974, as amended.

(s) "**Exchange Act**" means the Securities Exchange Act of 1934, as amended.

(t) "**Good Reason**" means (i) a material diminution in an Eligible Individual's Base Salary; (ii) a material diminution in an Eligible Individual's authority, duties and responsibilities, taken as a whole; or (iii) a material breach by the Company of any of its obligations under this Plan. Notwithstanding the foregoing provisions of this Section 3(t) or any other provision of this Plan to the contrary, any assertion by an Eligible Individual of a termination for Good Reason shall not be effective unless all of the following conditions are satisfied: (A) the condition described in clause (i), (ii), or (iii) above giving rise to the Eligible Individual's termination of employment must have arisen without the Eligible Individual's consent; (B) the Eligible Individual must provide written notice to the Administrator of the existence of such condition(s) within thirty (30) days after the initial occurrence of such condition(s); (C) the condition(s) specified in such notice must remain uncorrected for thirty (30) days following the Administrator's receipt of such written notice; and (D) the date of such Eligible Individual's termination of employment must occur within sixty (60) days after the initial occurrence of the condition(s) specified in such notice.

(u) "Incumbent Board" means the portion of the Board constituted of the individuals who are members of the Board as of the Effective Date and any other individual who becomes a director of the Company after the Effective Date and whose election or appointment by the Board or nomination for election by the Company's stockholders was approved by a vote of at least two-thirds of the directors then comprising the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Incumbent Board.

(v) "LTIP" means the Sitio Royalties Corp. Long Term Incentive Plan, as amended from time to time, together with any successor equity incentive plans adopted by the Company.

(w) "Market Area" means each geographic area or market where or with respect to which the Company or any other member of the Company Group conducts or has specific plans to conduct the Business on or at any time during the twelve (12) month period prior to the Termination Date; provided, however, in no event will any geographic area or market within the State of California be deemed to be within the Market Area.

(x) "Participation Agreement" means the participation agreement delivered to an Eligible Individual by the Administrator prior to such Eligible Individual becoming a participant in this Plan evidencing such Eligible Individual's agreement to participate in this Plan and to comply with the terms, conditions and restrictions within the Plan.

(y) "Person" means any individual, corporation, firm, partnership, joint venture, limited liability company, estate, trust, business association, organization, governmental entity or other entity.

(z) "Qualifying Termination" means (i) the termination of an Eligible Individual's employment or service relationship by the Company other than due to death, Disability or for Cause or (ii) the termination of an Eligible Individual's employment or service relationship due to a resignation by the Eligible Individual for Good Reason, in each case (with respect to clauses (i) or (ii)) that results in the Eligible Individual no longer being employed by any member of the Company Group after giving effect to such termination. For the avoidance of doubt, a termination of an Eligible Individual's employment as a result of the resignation of such Eligible Individual other than for Good Reason shall not be a Qualifying Termination.

(aa) "Termination Date" means the date that an Eligible Individual has a "separation from service" as defined under Code Section 409A and applicable guidance thereunder.

4. Eligibility: Plan Benefits. The Eligible Individuals designated by the Administrator are eligible to receive the benefits described below:

(a) Qualifying Termination Outside the Change in Control Period; Death/Disability Termination. In the event of (x) a Qualifying Termination that occurs outside of

the Change in Control Period or (y) a Death/Disability Termination, the Eligible Individual shall, subject to compliance with Sections 5 and 9, be entitled to receive the following benefits:

(i)A payment (a “**Severance Payment**”) in an amount equal to:

(A)in the case of the CEO, twenty-four (24) months of Base Salary; or

(B)in the case of an Eligible Individual other than the CEO, eighteen (18) months of Base Salary.

(ii)All unvested equity-based awards granted under the LTIP that are held by the Eligible Individual as of immediately prior to the Termination Date shall immediately become fully vested as of the Termination Date; *provided, however,* that with respect to any equity-based award that is subject to performance-based vesting conditions, any service requirement applicable to such equity-based award shall be deemed satisfied as to a portion of such award calculated based on the number of days the Eligible Individual was employed by or provided services to the Company between the applicable date of grant and the Termination Date and such pro-rata portion shall remain outstanding and, subject to the satisfaction of applicable performance metrics calculated through the end of the applicable performance period, be eligible for settlement following the end of such performance period.

(b) CIC Termination. In the event of a CIC Termination, the Eligible Individual shall, subject to compliance with Sections 5 and 9, be entitled to receive the following benefits (which, for the avoidance of doubt, are in lieu of the benefits described in Section 4(a) above):

(i)A payment (a “**CIC Severance Payment**”) in an amount equal to:

(A)in the case of the CEO, thirty-six (36) months of Base Salary; or

(B)in the case of an Eligible Individual other than the CEO, twenty-four (24) months of Base Salary.

(ii)All unvested equity-based awards granted under the LTIP that are held by the Eligible Individual as of immediately prior to the Termination Date shall immediately become fully vested as of the Termination Date; *provided, however,* that with respect to any equity-based award that is subject to performance-based vesting conditions, such equity-based award shall be calculated and settled, without proration, subject to and based on the greater of (x) target performance or (y) actual performance and achievement of the applicable performance metrics calculated through the date of the Change in Control.

(c)Payment of Severance Payment or CIC Severance Payment.

(i)Any Severance Payment will be divided into substantially equal installments paid over the twenty-four (24)-month period (in the case of the CEO) or the eighteen (18)-month period (in the case of an Eligible Individual other than the CEO) beginning on the Company’s first regularly scheduled pay date that is on or after the date that is sixty (60) days after

the Termination Date; *provided, however,* that to the extent, if any, that the aggregate amount of the installments of the Severance Payment that would otherwise be paid pursuant to the preceding provisions of this Section 4(c)(i) after March 15 of the calendar year following the calendar year in which the Termination Date occurs (the “**Applicable March 15**”) exceeds the maximum exemption amount under Treasury Regulation Section 1.409A-1(b)(9)(iii)(A), then such excess shall be paid to the Eligible Individual in a lump sum on the Applicable March 15 (or the first business day preceding the Applicable March 15 if the Applicable March 15 is not a business day) and the installments of the Severance Payment payable after the Applicable March 15 shall be reduced by such excess (beginning with the installment first payable after the Applicable March 15 and continuing with the next succeeding installment until the aggregate reduction equals such excess).

(ii) With respect to all Eligible Individuals, any CIC Severance Payment will paid in a lump sum on the Company’s first regularly scheduled pay date that is on or after the date that is sixty (60) days after the Termination Date.

5. Release. As a condition to the payment or providing by the Company of any of the amounts and benefits due under Section 4 above, the Eligible Individual shall: (a) execute on or before the Release Expiration Date (as defined below), and not revoke within any time provided by the Company to do so, a release of all claims in a form acceptable to the Company (the “**Release**”), which Release shall release each member of the Company Group and their respective Affiliates, and the foregoing entities’ respective shareholders, members, partners, officers, managers, directors, fiduciaries, employees, representatives, agents and benefit plans (and fiduciaries of such plans) from any and all claims, including any and all causes of action arising out of the Eligible Individual’s employment with the Company and any other member of the Company Group or the termination of such employment, but excluding all claims to severance payments or benefits that the Eligible Individual may have under this Plan ; and (b) abide by the terms of Section 9. As used herein, the “**Release Expiration Date**” is that date that is twenty-one (21) days following the date upon which the Company delivers the Release to an Eligible Individual (which shall occur no later than seven (7) days after the Termination Date) or, in the event that such termination of employment is “in connection with an exit incentive or other employment termination program” (as such phrase is defined in the Age Discrimination in Employment Act of 1967) and the Eligible Individual is age 40 or over as of the Termination Date, the date that is forty-five (45) days following such delivery date.

6. No Mitigation. An Eligible Individual shall not be required to mitigate the amount of any payment or benefit provided for in this Plan by seeking other employment or otherwise, nor shall the amount of any payment or benefit provided for in this Plan be reduced by any compensation or benefit earned by the Eligible Individual as the result of employment by another employer or by retirement benefits. Subject to the foregoing, the benefits under this Plan are in addition to any other benefits to which an Eligible Individual is otherwise entitled.

7. Terminations for Cause or Resignation Not for Good Reason. If an Eligible Individual’s employment is terminated by the Company for Cause or by the Eligible Individual due to a resignation that is not for Good Reason, the Eligible Individual shall not be entitled to any severance payments or benefits under this Plan.

8. Certain Excise Taxes. Notwithstanding anything to the contrary in this Plan, if an Eligible Individual is a “disqualified individual” (as defined in Section 280G(c) of the Code), and the payments and benefits provided for in this Plan, together with any other payments and benefits which such Eligible Individual has the right to receive from the Company or any of its Affiliates, would, either separately or in the aggregate, constitute a “parachute payment” (as defined in Section 280G(b)(2) of the Code), then the payments and benefits provided for in this Plan shall be either (a) reduced (but not below zero) so that the present value of such total amounts and benefits received by such Eligible Individual from the Company and its Affiliates shall be one dollar (\$1.00) less than three times such Eligible Individual’s “base amount” (as defined in Section 280G(b)(3) of the Code) and so that no portion of such amounts and benefits received by such Eligible Individual shall be subject to the excise tax imposed by Section 4999 of the Code or (b) paid in full, whichever produces the better net after-tax position to such Eligible Individual (taking into account any applicable excise tax under Section 4999 of the Code and any other applicable taxes). The reduction of payments and benefits hereunder, if applicable, shall be made by reducing, first, payments or benefits to be paid in cash hereunder in the order in which such payment or benefit would be paid or provided (beginning with such payment or benefit that would be made last in time and continuing, to the extent necessary, through to such payment or benefit that would be made first in time) and, then, reducing any benefit to be provided in-kind hereunder in a similar order. The determination as to whether any such reduction in the amount of the payments and benefits provided hereunder is necessary shall be made by the Company in good faith. If a reduced payment or benefit is made or provided and through error or otherwise that payment or benefit, when aggregated with other payments and benefits from the Company (or its Affiliates) used in determining if a “parachute payment” exists, exceeds one dollar (\$1.00) less than three times such Eligible Individual’s base amount, then such Eligible Individual shall be required to immediately repay such excess to the Company upon notification that an overpayment has been made. Nothing in this Section 8 shall require the Company to be responsible for, or have any liability or obligation with respect to, such Eligible Individuals’ excise tax liabilities under Section 4999 of the Code.

9. Confidentiality; Non-Competition; Non-Solicitation.

(a) Following the time that an Eligible Individual becomes a participant in the Plan, he or she will be provided with, and will have access to, Confidential Information. Both during the time that an Eligible Individual participates in this Plan and thereafter, except as expressly permitted by this Plan or by directive of the Administrator, such Eligible Individual shall not disclose any Confidential Information to any person or entity and shall not use any Confidential Information except for the benefit of the Company Group. By becoming an Eligible Individual, each Eligible Individual acknowledges and agrees that such Eligible Individual would inevitably use and disclose Confidential Information in violation of this Section 9(a) if he or she were to violate any of the covenants set forth in the other portions of this Section 9. The Eligible Individual shall follow all Company Group policies and protocols regarding the security of all documents and other materials containing Confidential Information (regardless of the medium on which Confidential Information is stored). The covenants of this Section 9(a) shall apply to all Confidential Information, whether now known or later to become known to an Eligible Individual during the period that he or she is employed by or affiliated with the Company or any other member of the Company Group.

(b)Notwithstanding any provision of Section 9(a) to the contrary, Eligible Individuals may make the following disclosures and uses of Confidential Information:

- (i)disclosures to employees of a member of the Company Group who have a need to know the information in connection with the businesses of the Company Group;
- (ii)disclosures to customers and suppliers when, in the reasonable and good faith belief of such Eligible Individual, such disclosure is necessary in connection with the Eligible Individual's performance of the Eligible Individual's duties and is in the best interests of the Company Group;
- (iii)disclosures and uses that are approved in writing by the Administrator; or
- (iv)disclosures to a person or entity that has (x) been retained by a member of the Company Group to provide services to one or more members of the Company Group and (y) agreed in writing to abide by the terms of a confidentiality agreement in a form acceptable to the Administrator.

(c)Notwithstanding the foregoing, nothing in this Plan or in any other agreement between the Company and an Eligible Individual shall prohibit or restrict an Eligible Individual from lawfully: (i) initiating communications directly with, cooperating with, providing information to, causing information to be provided to, or otherwise assisting in an investigation by, any governmental authority (including, for the avoidance of doubt, the U.S. Securities and Exchange Commission and any other applicable regulatory authority or agency) regarding a possible violation of any law; (ii) responding to any inquiry or legal process directed to such Eligible Individual from any governmental authority; (iii) testifying, participating or otherwise assisting in any action or proceeding by any governmental authority relating to a possible violation of law; or (iv) making any other disclosures that are protected under the whistleblower provisions of any applicable law. Nothing in this Plan requires an Eligible Individual to obtain prior authorization before engaging in any conduct described in the previous sentence, or to notify the Company that he or she has engaged in any such conduct. Additionally, pursuant to the federal Defend Trade Secrets Act of 2016, an individual shall not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that: (A) is made (1) in confidence to a federal, state or local government official, either directly or indirectly, or to an attorney and (2) solely for the purpose of reporting or investigating a suspected violation of law; (B) is made to the individual's attorney in relation to a lawsuit for retaliation against the individual for reporting a suspected violation of law; or (C) is made in a complaint or other document filed in a lawsuit or proceeding, if such filing is made under seal.

(d)The Company shall provide Eligible Individuals access to Confidential Information for use only during the period of such Eligible Individual's employment or engagement by the Company or another member of the Company Group, and in consideration of the Company providing such Eligible Individual with access to Confidential Information and as a condition to such Eligible Individual's participation in this Plan, each Eligible Individual voluntarily agrees to the covenants set forth in this Section 9. Each Eligible Individual agrees and acknowledges that the limitations and restrictions set forth herein, including geographical and

temporal restrictions on certain competitive activities, are reasonable in all respects, do not interfere with public interests, will not cause such Eligible Individual undue hardship, and are material and substantial parts of this Plan intended and necessary to prevent unfair competition and to protect the Company Group's trade secrets and other confidential information, goodwill and legitimate business interests.

(e)During the period in which the Eligible Individual is employed by any member of the Company Group and continuing for a period of three (3) months following the date that the Eligible Individual is no longer employed by any member of the Company Group, each Eligible Individual shall not, without the prior written approval of the Administrator, directly or indirectly, for such Eligible Individual or on behalf of or in conjunction with any other person or entity of any nature:

(i)engage in or participate within the Market Area in competition with any member of the Company Group in any aspect of the Business, which prohibition shall prevent such Eligible Individual from directly or indirectly: (A) owning, managing, operating, or being an officer or director of, any business that competes with any member of the Company Group in the Market Area, or (B) joining, becoming an employee or consultant of, or otherwise being affiliated with, any person or entity engaged in, or planning to engage in, the Business in the Market Area in competition, or anticipated competition, with any member of the Company Group in any capacity (with respect to this clause) in which such Eligible Individual's duties or responsibilities directly or indirectly involve the Business in (or planned to be conducted in) the Market Area; or

(ii) appropriate any Business Opportunity of, or relating to, any member of the Company Group located in the Market Area.

(f)During the period in which the Eligible Individual is employed by any member of the Company Group and continuing for a period of twelve (12) months following the date that the Eligible Individual is no longer employed by any member of the Company Group, each Eligible Individual shall not, without the prior written approval of the Administrator, directly or indirectly, for such Eligible Individual or on behalf of or in conjunction with any other person or entity of any nature:

(i)solicit, canvass, approach, encourage, entice or induce any customer or supplier (including, for the avoidance of doubt, property owners from whom a member of the Company Group may acquire mineral and royalty interests) of any member of the Company Group with whom or which such Eligible Individual had contact on behalf of any member of the Company Group to cease or lessen such customer's or supplier's business with any member of the Company Group; or

(ii) solicit, canvass, approach, encourage, entice or induce any employee or contractor of any member of the Company Group to terminate his, her or its employment or engagement with any member of the Company Group.

(g)Because of the difficulty of measuring economic losses to the Company Group as a result of a breach or threatened breach of the covenants set forth in this Section 9, and because of the immediate and irreparable damage that would be caused to the members of the

Company Group for which they would have no other adequate remedy, the Company and each other member of the Company Group shall be entitled to enforce the foregoing covenants, in the event of a breach or threatened breach, by injunctions and restraining orders from any court of competent jurisdiction, without the necessity of showing any actual damages or that money damages would not afford an adequate remedy, and without the necessity of posting any bond or other security. The aforementioned equitable relief shall not be the Company's or any other member of the Company Group's exclusive remedy for a breach but instead shall be in addition to all other rights and remedies available to the Company and each other member of the Company Group at law and equity.

(h) The covenants in this Section 9, and each provision and portion hereof, are severable and separate, and the unenforceability of any specific covenant (or portion thereof) shall not affect the provisions of any other covenant (or portion thereof). Moreover, in the event any arbitrator or court of competent jurisdiction shall determine that the scope, time or territorial restrictions set forth are unreasonable, then it is the intention of the parties that such restrictions be enforced to the fullest extent which such arbitrator or court deems reasonable, and this Plan shall thereby be reformed.

10. Administration of this Plan.

(a) Administrator's Powers and Duties. The Company shall be the named fiduciary and shall have full power to administer this Plan in all of its details, subject to applicable requirements of law. The duties of the Company shall be performed by the Administrator, *provided* that the Administrator may delegate all or any portion of its duties to an executive officer of the Company. It shall be the duty of the Administrator to see that this Plan is carried out, in accordance with its terms, for the exclusive benefit of persons entitled to participate in this Plan. For this purpose, the Administrator's powers shall include, but not be limited to, the following authority, in addition to all other powers provided by this Plan:

(i) to make and enforce such rules and regulations as it deems necessary or proper for the efficient administration of this Plan;

(ii) to interpret this Plan and all facts with respect to a claim for payment or benefits. Where such claim is made prior to a Change in Control, the Administrator's interpretation thereof shall be final and conclusive on all persons claiming payment or benefits under this Plan;

(iii) to decide all questions concerning this Plan and the eligibility of any person to participate in this Plan;

(iv) to make a determination as to the right of any person to a payment or benefit under this Plan (including, without limitation, to determine whether and when there has been a termination of an Eligible Individual's employment and the cause of such termination and the amount of any payment or benefit due under this Plan);

(v) to appoint such agents, counsel, accountants, consultants, claims administrators and other persons as may be required to assist in administering this Plan;

(vi) to allocate and delegate its responsibilities under this Plan and to designate other persons to carry out any of its responsibilities under this Plan, any such allocation, delegation or designation to be in writing;

(vii) to sue or cause suit to be brought in the name of this Plan; and

(viii) to obtain from the Company and from Eligible Individuals such information as is necessary for the proper administration of this Plan.

(b) Indemnification. The Company shall indemnify and hold harmless the Administrator (and each member thereof) in the performance of its, his or her duties under this Plan against any and all expenses and liabilities arising out of its, his or her administrative functions or fiduciary responsibilities under this Plan, including any expenses and liabilities that are caused by or result from an act or omission constituting the negligence of the Administrator or such member in the performance of such functions or responsibilities, but excluding expenses and liabilities that are caused by or result from such Administrator's or member's own gross negligence or willful misconduct. Expenses against which such Administrator or member shall be indemnified hereunder shall include, without limitation, the amounts of any settlement or judgment, costs, counsel fees, and related charges reasonably incurred in connection with a claim asserted or a proceeding brought or settlement thereof.

(c) Compensation, Bond and Expenses. The members of the Administrator shall not receive compensation with respect to their services for the Administrator. To the extent required by applicable law, but not otherwise, Administrator members shall furnish bond or security for the performance of their duties hereunder. Any expenses properly incurred by the Administrator incident to the administration, termination or protection of this Plan, including the cost of furnishing bond, shall be paid by the Company.

(d) Claims Procedure. Any Eligible Individual that the Administrator determines is entitled to a benefit under this Plan is not required to file a claim for benefits. Any Eligible Individual who is not paid a benefit hereunder and who believes that he or she is entitled to a benefit hereunder or who has been paid a benefit and who believes that he or she is entitled to a greater benefit hereunder may file a claim for benefits under this Plan in writing with the Administrator. In any case in which a claim for Plan benefits by an Eligible Individual is denied or modified, the Administrator shall furnish written notice to the claimant within ninety (90) days after receipt of such claim for Plan benefits (or within one hundred eighty (180) days if additional information requested by the Administrator necessitates an extension of the ninety (90)-day period and the claimant is informed of such extension in writing within the original ninety (90)-day period), which notice shall:

(i) state the specific reason or reasons for the denial or modification;

(ii) provide specific reference to pertinent Plan provisions on which the denial or modification is based;

(iii) provide a description of any additional material or information necessary for the Eligible Individual or his or her representative to perfect the claim, and an explanation of why such material or information is necessary; and

(iv) explain this Plan's claim review procedure as contained herein and describe the Eligible Individual's right to bring an action under Section 502(a) of ERISA following a denial or modification on review.

In the event a claim for Plan benefits is denied or modified, if the Eligible Individual or his or her representative desires to have such denial or modification reviewed, he or she must, within sixty (60) days following receipt of the notice of such denial or modification, submit a written request for review by the Administrator of its initial decision. In connection with such request, the Eligible Individual or his or her representative may review any pertinent documents upon which such denial or modification was based and may submit issues and comments in writing. Within sixty (60) days following such request for review the Administrator shall, after providing a full and fair review, render its final decision in writing to the Eligible Individual and his or her representative, if any, stating specific reasons for such decision and making specific references to pertinent Plan provisions upon which the decision is based. If special circumstances require an extension of such sixty (60)-day period, the Administrator's decision shall be rendered as soon as possible, but not later than one hundred twenty (120) days after receipt of the request for review. If an extension of time for review is required, written notice of the extension shall be furnished to the Eligible Individual and his representative, if any, prior to the commencement of the extension period. The Administrator shall be given written notice of its decision on review to the Eligible Individual. In the event a claim for Plan benefits is denied or modified on review, such notice shall set forth the specific reasons for such denial or modification and provide specific references to this Plan provisions on which the denial or modification is based. The notice shall also provide that the Eligible Individual is entitled to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records, and other information relevant to the Eligible Individual's claim for benefits, including (i) documents, records or other information relied upon for the benefit determination, (ii) documents, records or other information submitted, considered or generated without regard to whether such documents, records or other information were relied upon in making the benefit determination, and (iii) documents, records or other information that demonstrates compliance with the standard claims procedure. The notice shall also contain a statement describing the Eligible Individual's right to bring an action under Section 502(a) of ERISA. Any legal action with respect to a claim for Plan benefits must be filed no later than one (1) year after the later of (i) the date the claim is denied by the Administrator or (ii) if a review of such denial is requested pursuant to the provisions above, the date of the final decision by the Administrator with respect to such request.

11. General Provisions.

(a) Funding. The benefits provided herein shall be unfunded and shall be provided from the Company's general assets.

(b) Cost of Plan. The cost of this Plan shall be borne by the Company and no contributions shall be required of the Eligible Individuals.

(c) Plan Year. The Plan shall operate on a calendar year basis.

(d) Amendment and Termination.

(i) The Plan may be amended from time to time or terminated at the discretion of the Board.

Notwithstanding anything to the contrary herein, the Administrator, in its sole discretion, may reduce or terminate the coverage of any Eligible Individual under this Plan at any time in its sole and absolute discretion; *provided, however*, in the event of a Change in Control during the existence of this Plan, this Plan shall remain in full force and effect and benefits may not be reduced during the Change in Control Period.

(ii) The provisions set forth in Section 11(d)(i) that otherwise restrict amendments to this Plan shall not apply to (A) an amendment to the administrative provisions of this Plan that is required pursuant to applicable law, (B) an amendment that increases the benefits payable under this Plan or otherwise constitutes a bona fide improvement of an Eligible Individual's rights under this Plan or (C) an amendment which decreases the benefits of an Eligible Individual that is consented to in writing by such Eligible Individual.

(e) Not a Contract of Employment. The adoption and maintenance of this Plan shall not be deemed to be a contract of employment between the Company and any person. Nothing herein contained shall be deemed to give any person the right to be retained in the employ of the Company or any of its Affiliates for any period of time, or to restrict the right of the Company or any of its Affiliates to discharge any person at any time nor shall this Plan be deemed to give the Company the right to require any person (including any Eligible Individual) to remain in the employ of the Company or to restrict any person's right to terminate his or her employment at any time.

(f) Severability. Any provision in this Plan that is prohibited or unenforceable in any jurisdiction by reason of applicable law shall, as to such jurisdiction, be ineffective only to the extent of such prohibition or unenforceability without invalidating or affecting the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

(g) After-Acquired Evidence. Notwithstanding any provision of the Plan to the contrary, in the event that the Administrator determines that an Eligible Individual is eligible to receive severance pay or benefits pursuant to Section 4 but, after such determination, the Administrator subsequently acquires evidence or determines that (i) such Eligible Individual has failed to abide by the terms of Section 9 or any other restrictive covenant agreements between such Eligible Individual and any member of the Company Group; or (ii) a Cause condition existed prior to such Eligible Individual's termination of employment that, had the Company been fully aware of such condition, would have given the Company the right to terminate such Eligible Individual's employment for Cause, then the Company shall have the right to cease the payment of all pay and benefits pursuant to Section 4, and such Eligible Individual shall promptly return to the Company any payment and any other severance benefits received by such Eligible Individual pursuant to Section 4 prior to the date that the Administrator determines that the conditions of this Section 11(g) have been satisfied.

(h) Nonalienation. Eligible Individuals shall not have any right to pledge, hypothecate, anticipate or assign benefits or rights under this Plan, except by will or the laws of descent and distribution.

(i)Effect of Plan. This Plan is intended to supersede all prior oral or written policies of the Company and all prior oral or written communications to Eligible Individual with respect to the subject matter hereof including any employment offer letter with an Eligible Individual, and all such prior policies or communications are hereby null and void and of no further force and effect. Further, this Plan shall be binding upon the Company and any successor of the Company, by merger or otherwise, and shall inure to the benefit of and be enforceable by the Company's employees.

(j)Taxes. The Company or its successor may withhold from any amounts payable to an Eligible Individual under this Plan such federal, state or local taxes as shall be required to be withheld pursuant to any applicable law or regulation.

(k) Governing Law. All questions arising with respect to the provisions of this Plan and payments due hereunder shall be determined by application of the laws of the state of Delaware, without giving effect to any conflict of law provisions thereof, except to the extent that Delaware law is preempted by federal law (including by ERISA, which is the federal law that governs the Plan, the administration of the Plan and any claims made under the Plan); *provided, however,* with respect to an Eligible Individual who, at the time of termination of employment primarily resided or worked in Colorado, any question arising with respect to Section 9 hereof shall be determined by application of the laws of Colorado, except to the extent that Colorado law is preempted by federal law (including by ERISA). With respect to any claim or dispute related to or arising under this Plan, the Company and each Eligible Individual who signs and returns a Participation Agreement to the Company hereby consent to the exclusive jurisdiction, forum and venue of the state and federal courts located in Denver, Colorado.

(l)Section 409A. The Plan and all benefits provided hereunder are intended to be exempt from Code Section 409A to the maximum extent permitted by applicable law. To the extent that any payment provided hereunder is subject to Code Section 409A, (i) this Plan and all payments provided hereunder are intended to comply with the provisions of Code Section 409A, and (ii) if on the Termination Date the Eligible Individual is a "specified employee," as defined in Section 409A of the Code, then all or such portion of any severance payments under this Plan that would be subject to the additional tax provided by Section 409A(a)(1)(B) of the Code if not delayed as required by Section 409A(a)(2)(B)(i) of the Code shall be delayed until the date that is six (6) months after the Termination Date (or, if earlier, the Eligible Individual's date of death) and shall be paid as a lump sum (without interest) on such date.

(m)Notices. For the purposes of this Plan, notices and all other communications shall be in writing and shall be deemed to have been duly given when personally delivered, by facsimile transmission or sent by certified mail, return receipt requested, postage prepaid, or by expedited (overnight) courier with established national reputation, shipping prepaid or billed to sender, in either case addressed to the respective addresses last given by each party to the other (*provided* that all notices to the Company must be directed to the attention of the General Counsel and Corporate Secretary of the Company) or to such other address as either party may have furnished to the other in writing in accordance herewith. All notices and communication shall be deemed to have been received on the date of delivery thereof, or on the second (2nd) day after deposit thereof with an expedited courier service, except that notice of change of address shall be effective only upon receipt.

(n)Clawback. Any amounts payable under the Plan are subject to any policy (whether in existence as of the Effective Date or later adopted) established by the Company providing for clawback or recovery of amounts that were paid to an Eligible Individual; *provided, however,* that the establishment or modification of any clawback policy by the Company on or after the date of a Change in Control shall only apply to amounts payable under the Plan to the extent required by applicable law. The Company shall make any determination for clawback or recovery in its sole discretion and in accordance with applicable laws, regulations, and securities exchange listing standards.

SITIO ROYALTIES, CORP.
AMENDED & RESTATED SEVERANCE PLAN

PARTICIPATION AGREEMENT

[DATE]

[NAME OF ELIGIBLE INDIVIDUAL]

Dear [FIRST NAME OF ELIGIBLE INDIVIDUAL]:

We are pleased to inform you that you have been designated as eligible to participate in the Sitio Royalties, Corp. Amended & Restated Severance Plan (as it may be amended or restated from time to time, the "**Plan**").

If you execute and return: (i) this Participation Agreement as described herein, and (ii) the Notice of Restrictive Covenants, Including Covenant Not to Compete (the "**Non-Compete Notice**") that has been provided to you under separate cover such that both this Participation Agreement and the Non-Compete Notice have been received by [CONTACT] no later than [DATE], then you will become an Eligible Individual under the Plan, and the Plan will be effective as to you, effective as of [INSERT DATE], which is the date that is 14 days after the Non-Compete Notice was first provided to you.

Your participation in the Plan is subject to the terms and conditions of the Plan and your execution and delivery of this agreement, which constitutes a Participation Agreement (as defined in the Plan). A copy of the Plan is attached hereto as Annex A and is incorporated herein and deemed to be part of this Participation Agreement for all purposes. Capitalized terms not defined in this Participation Agreement have the meaning given to them in the Plan.

In signing below, you expressly agree to be bound by, and promise to abide by, the terms of Section 9 of the Plan, which creates certain restrictions with respect to confidentiality, non-competition, and non-solicitation. You acknowledge and agree that the covenants within Section 9 of the Plan are reasonable in all respects.

You further acknowledge and agree that (i) you have fully read and understand this Participation Agreement and the Plan, (ii) you voluntarily enter into this Participation Agreement and participate in the Plan, (iii) the Company has not provided any tax or legal advice regarding your participation in the Plan, and (iv) you have had a sufficient opportunity to consult with your personal tax, financial planning advisor and attorney about the tax, financial and legal consequences of your participation in the Plan before signing this Participation Agreement.

This Participation Agreement may be executed in separate counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.

Please execute this Participation Agreement in the space provided below and send a fully executed copy to [CONTACT] no later than [DATE].

[Signature Page Follows]

Sincerely,

SITIO ROYALTIES CORP.

By: _____
Name: _____ Title: _____

AGREED AND ACCEPTED
this ____ day of _____, 202__ by:

[NAME OF ELIGIBLE INDIVIDUAL]

SIGNATURE PAGE TO
SITIO ROYALTIES CORP. AMENDED & RESTATED SEVERANCE PLAN
PARTICIPATION AGREEMENT

ANNEX A

AMENDED & RESTATED SEVERANCE PLAN AND SUMMARY PLAN DESCRIPTION

[See attached.]

NOTICE OF RESTRICTIVE COVENANTS, INCLUDING COVENANT NOT TO COMPETE

Sitio Royalties Corp., (the “**Company**”) hereby gives notice to [●] (“**Employee**”) regarding certain non-competition, non-solicitation, and non-disclosure restrictive covenants (the “**Restrictive Covenants**”) that are within that certain Amended & Restated Severance Plan and Summary Plan Description effective as of August 6, 2024 (the “**Plan**”). Should Employee choose to enter into the Severance Plan Participation Agreement made available to Employee (the “**Participation Agreement**”) and thus become an Eligible Individual (as defined in the Plan), Employee will be choosing to become subject to the Restrictive Covenants.

By signing below, Employee hereby acknowledges and agrees that:

1. Employee was provided a full copy of the Plan and the Participation Agreement with this Notice of Restrictive Covenants, Including Covenant Not to Compete (this “**Notice**”);
2. Sections 9(a)–(b) of the Plan contain confidentiality and non-disclosure restrictions;
3. Sections 9(d)–(f) of the Plan contain non-competition and non-solicitation restrictions, and the covenants not to compete set forth in the Plan could restrict the Employee’s options for subsequent employment following Employee’s separation from the Company; and
4. If Employee accepts the terms of the Participation Agreement and thus executes the Participation Agreement and becomes an Eligible Individual (as defined in the Plan) under the Plan, then Employee shall be doing so voluntarily (and without being subjected to force, threats or other intimidation in connection therewith) and with Employee’s full understanding and acceptance of the Plan’s terms, including the terms of the Restrictive Covenants.

Employee further acknowledges that Employee has received this notice at least 14 days before the earlier of: (i) the effective date of the Restrictive Covenants; or (ii) the effective date of any additional compensation or change in the terms or conditions of employment that provides consideration for the Restrictive Covenants.

Employee further acknowledges and agrees that this notice is clear and conspicuous and that Employee fully understands the Restrictive Covenants that Employee is being asked to enter.

In signing below, Employee acknowledges that this Notice was provided to Employee on [INSERT DATE].

ACKNOWLEDGED AND AGREED BY EMPLOYEE:

[EMPLOYEE NAME]

[EMPLOYEE NAME]

Date

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO RULES 13A-14(A) OR 15D-14(A)
OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED

I, Christopher L. Conoscenti, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Sitio Royalties Corp. (the "Registrant");
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;
4. The Registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and
5. The Registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: August 7, 2024

By:

/s/ CHRISTOPHER L. CONOSCENTI
Christopher L. Conoscenti
Chief Executive Officer

CERTIFICATION OF CHIEF FINANCIAL OFFICER

PURSUANT TO RULES 13A-14(A) OR 15D-14(A)

OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED

I, Carrie L. Osicka, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Sitio Royalties Corp. (the "Registrant");
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;
4. The Registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and
5. The Registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: August 7, 2024

By:

/s/ CARRIE L. OSICKA
Carrie L. Osicka
Chief Financial Officer

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

**PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of Sitio Royalties Corp. (the "Company") for the period ended June 30, 2024 as filed with the U.S. Securities and Exchange Commission on the date hereof (the "Report"), I, Christopher L. Conoscenti, the Chief Executive Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 7, 2024

By:

/s/ CHRISTOPHER L. CONOSCENTI
Christopher L. Conoscenti
Chief Executive Officer

CERTIFICATION OF CHIEF FINANCIAL OFFICER

**PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of Sitio Royalties Corp. (the "Company") for the period ended June 30, 2024 as filed with the U.S. Securities and Exchange Commission on the date hereof (the "Report"), I, Carrie L. Osicka, the Chief Financial Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 7, 2024

By:

/s/ CARRIE L. OSICKA
Carrie L. Osicka
Chief Financial Officer
