

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 March 31, 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

(State or other jurisdiction of
incorporation or organization)

88-4140242

(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.

☒

Large accelerated filer

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 May 3, 2024, there were

80,616,480
shares of the registrant's Class A Common Stock, par value \$0.0001 per share, outstanding and there were

73,906,228
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.

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

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.

PART I—FINANCIAL INFORMATION

Item 1. Financial Statements.

Sitio Royalties Corp. Condensed Consolidated Balance Sheets (In thousands, except par and share amounts)

	March 31, 2024 (Unaudited)	December 31, 2023
ASSETS		
Current assets		
Cash and cash equivalents	\$ 11,746	\$ 15,195
Accrued revenue and accounts receivable	113,575	107,347
Prepaid assets	5,549	12,362
Derivative asset	8,080	19,080
Total current assets	138,950	153,984
Property and equipment		
Oil and natural gas properties, successful efforts method:		
Unproved properties	2,622,570	2,698,991
Proved properties	2,451,708	2,377,196
Other property and equipment	3,791	3,711
Accumulated depreciation, depletion, amortization, and impairment	(574,849)	(498,531)
Total property and equipment, net	4,503,220	4,581,367
Long-term assets		
Deposits for property acquisitions	15,000	—
Long-term derivative asset	797	3,440
Deferred financing costs	10,419	11,205
Operating lease right-of-use asset	5,655	5,970
Other long-term assets	2,807	2,835
Total long-term assets	34,678	23,450

TOTAL ASSETS		
	\$ 4,676,848	\$ 4,758,801
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable and accrued expenses	39,499	30,050
	\$	\$
Operating lease liability	1,721	1,725
Total current liabilities	41,220	31,775
Long-term liabilities		
Long-term debt	848,833	865,338
Deferred tax liability	255,705	259,870
Non-current operating lease liability	5,090	5,394
Other long-term liabilities	1,150	1,150
Total long-term liabilities	1,110,778	1,131,752
Total liabilities	1,151,998	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;		
82,636,109		
and		
82,451,397		
shares issued and		
82,090,582		
and		
82,451,397	8	8
outstanding at March 31, 2024 and December 31, 2023, respectively		

Class C Common Stock, par value \$		
0.0001		
per share;		
120,000,000		
shares authorized;		
74,829,822		
and		
74,965,217		
shares issued and		
74,803,685		
and		
74,939,080		
outstanding at March 31, 2024 and December 31, 2023, respectively	8	8
Additional paid-in capital		
	1,760,949	1,796,147
Accumulated deficit	((
	179,270	187,738
))
Class A Treasury Shares,		
545,527		
and	(
0	13,057	
shares at March 31, 2024 and December 31, 2023, respectively)	—
Class C Treasury Shares,		
26,137		
and	((
26,137	677	677
shares at March 31, 2024 and December 31, 2023, respectively))
Noncontrolling interest		
	1,956,889	1,987,526
Total equity		
	3,524,850	3,595,274
TOTAL LIABILITIES AND EQUITY		
	4,676,848	4,758,801
	<u>\$</u>	<u>\$</u>

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

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

	Three Months Ended March 31,	
	2024	2023
Revenues:		
Oil, natural gas and natural gas liquids revenues	\$ 147,971	\$ 145,554
Lease bonus and other income	3,420	5,272
Total revenues	151,391	150,826
Operating expenses:		
Depreciation, depletion and amortization	76,318	67,763
General and administrative	13,011	11,676
Severance and ad valorem taxes	12,026	10,459
Total operating expenses	101,355	89,898
Net income from operations	50,036	60,928
Other income (expense):		
Interest expense, net	(18,510)	(22,203)
Change in fair value of warrant liability	—	2,358
Loss on extinguishment of debt	—	783
Commodity derivatives gains (losses)	(10,050)	14,763
Interest rate derivatives losses	—	160
Net income before taxes	21,476	54,903
Income tax expense	(2,784)	(7,184)
Net income	18,692	47,719

Net income attributable to noncontrolling interest	((
	10,224	25,066
))
Net income attributable to Class A stockholders		
	8,468	22,653
	\$	\$
Net income per Class A common share		
Basic		
	0.10	0.28
	\$	\$
Diluted		
	0.10	0.28
	\$	\$
Weighted average Class A common shares outstanding		
Basic		
	82,404	80,178
Diluted		
	82,404	80,178

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

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

	Three Months Ended March 31,	
	2024	2023
Cash flows from operating activities:		
Net income	\$ 18,692	\$ 47,719
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, depletion and amortization	76,318	67,763
Amortization of deferred financing costs and long-term debt discount	1,294	1,345
Share-based compensation	5,104	4,684
Change in fair value of warrant liability	—	(2,358)
Loss on extinguishment of debt	—	783
Commodity derivative (gains) losses	10,050	(14,763)
Net cash received for commodity derivative settlements	3,593	5,932
Interest rate derivative losses	—	(160)
Net cash paid for interest rate derivative settlements	—	(39)
Deferred tax (benefit) expense	(4,238)	2,751
Change in operating assets and liabilities:		
Accrued revenue and accounts receivable	(6,228)	(14,951)
Prepaid assets	6,813	(772)
Other long-term assets	343	321
Accounts payable and accrued expenses	9,295	598
Operating lease liabilities and other long-term liabilities	(296)	(250)
Net cash provided by operating activities	120,740	128,825
Cash flows from investing activities:		

	1,909	1,180
Purchases of oil and gas properties, net of post-close adjustments	(
	15,000	
Deposits for property acquisitions)	—
	((
	167	19
Other, net))
	(
	13,258	1,161
Net cash provided by (used in) investing activities)	
Cash flows from financing activities:		
	59,000	323,000
Borrowings on credit facilities	((
	76,000	346,000
Repayments on credit facilities))
	((
		11,250
Repayments on 2026 Senior Notes	—)
	((
	48	7,015
Debt issuance costs))
	((
	38,157	49,206
Distributions to noncontrolling interest))
	((
	41,950	48,107
Dividends paid to Class A stockholders))
	((
	362	25
Dividend equivalent rights paid))
	(
	12,668	
Repurchases of Class A Common Stock)	—
	((
	746	44
Cash paid for taxes related to net settlement of share-based compensation awards))
	((
	110,931	138,647
Net cash used in financing activities))
	((
	3,449	8,661
Net change in cash and cash equivalents))
	15,195	18,818
Cash and cash equivalents, beginning of period		
	11,746	10,157
Cash and cash equivalents, end of period	<u>\$</u>	<u>\$</u>
Supplemental disclosure of non-cash transactions:		
	((
	87	5
Decrease in current liabilities for additions to property and equipment:	\$)	\$)
Supplemental disclosure of cash flow information:		
	11	550
Cash paid for income taxes:	\$	\$

5,180

19,515

Cash paid for interest expense:

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

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

	Stockholders' Equity											Total Equity
	Class A		Class C		Addition al Paid-in Capital	Accumul ated Deficit	Class A		Class C		Noncontrol ling Interest	
	Common Shares	Stock Amoun t	Common Shares	Stock Amoun t			Treasury Shares Shares	Treasury Shares Amou nt	Treasury Shares Shares	Treasury Shares Amou nt		
	80,805	8	74,347	7	1,750,640	9,203	633	19,085			2,164,228	3,886,595
Balance at January 1, 2023		\$		\$	\$	\$))	\$	—	\$	\$
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	19,085	—	—	—	—
Balance at March 31, 2023	80,184	8	74,341	7	1,735,859	35,057	—	—	—	—	2,140,460	3,841,277
Net income	82,451	8	74,965	8	1,796,147	187,738	—	—	26	677	1,987,526	3,595,274

						8,468					10,224	18,692
Net income	—	—	—	—	—		—	—	—	—		
						4,543					561	5,104
Share-based compensation	—	—	—	—			—	—	—	—		
			((
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
	—	—	—	—)		—	—	—	—	—)
					((
					41,950							41,950
Dividends to Class A stockholders	—	—	—	—)		—	—	—	—	—)
					((
					376							376
Dividend equivalent rights	—	—	—	—)		—	—	—	—	—)
											((
											38,157	38,157
Distributions to noncontrolling interest	—	—	—	—	—		—	—	—	—))
								((
							((
Repurchases of Class A Common Stock							546	13,057				13,057
	—	—	—	—	—))	—	—	—)
								((
							((((
	82,636	8	74,830	8	1,760,949	179,270	546	13,057	26	677	1,956,889	3,524,850
Balance at March 31, 2024	<u>82,636</u>	<u>\$ 8</u>	<u>74,830</u>	<u>\$ 8</u>	<u>\$ 1,760,949</u>	<u>\$ 179,270</u>	<u>546</u>	<u>\$ 13,057</u>	<u>26</u>	<u>\$ 677</u>	<u>\$ 1,956,889</u>	<u>\$ 3,524,850</u>

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

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 months ended March 31, 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 three months ended March 31, 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):

	March 31, 2024	December 31, 2023
Interest expense	24,209	12,178
	\$	\$
Ad valorem taxes payable	3,616	10,364
Payable to buyer for post-effective monies	3,500	1,427
General and administrative	3,345	1,889
Payable to sellers for pre-effective monies	2,358	2,268
Other taxes payable	2,140	1,592
Other	331	332
Total accounts payable and accrued expenses	39,499	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 months ended March 31, 2024 and 2023, the disaggregated revenues from sales of oil, natural gas and NGLs were as follows (in thousands):

	For the Three Months Ended March 31,	
	2024	2023
Crude oil sales		
	\$ 127,293	\$ 117,745
Natural gas sales		
	5,787	14,654
NGL sales		
	14,891	13,155
Total royalty revenues		
	\$ 147,971	\$ 145,554

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 collectible. 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 months ended March 31, 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 March 31, 2024 and December 31, 2023 (in thousands):

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	March 31, 2024	December 31, 2023
Oil and natural gas properties:		
Unproved properties		
	\$ 2,622,570	\$ 2,698,991
Proved properties		
	2,451,708	2,377,196
Oil and natural gas properties, gross		
	5,074,278	5,076,187
Accumulated depletion and impairment	((
	573,056	496,879
))
Oil and natural gas properties, net		
	\$ 4,501,222	\$ 4,579,308

As presented in the unaudited condensed consolidated statements of cash flows for the three months ended March 31, 2024 and 2023, the Company received proceeds of \$

1.9
million and \$

1.2
million related to purchase price adjustments from prior acquisitions, net of acquisition costs.

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 \$

76.2
million and \$

67.6
million for the three months ended March 31, 2024 and 2023, respectively.

5. Acquisitions and Divestitures

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 March 31, 2024 and December 31, 2023 (in thousands):

	As of March 31, 2024	As of December 31, 2023
Sitio Revolving Credit Facility		
	\$ 260,000	\$ 277,000
2028 Senior Notes		
	600,000	600,000
Less: Unamortized issuance costs	((
	11,167	11,662
))
Total long-term debt		
	\$ 848,833	\$ 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 March 31, 2024, 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 \$

260.0
million.

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

8.18
% and

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

10.4
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 March 31, 2024 and 2023, the Company recognized \$

799,000
and \$

618,000
, 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 Sitio Revolving Credit Facility. As such, \$

783,000
of previously capitalized deferred financing costs were written off during the three months ended March 31, 2023.

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 at March 31, 2024 and December 31, 2023.

2028 Senior Notes

As of March 31, 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 accrues 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 March 31, 2024 and December 31, 2023, the Company had unamortized debt issuance costs of \$

11.2
million and \$

11.7
million 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 months ended March 31, 2024, the Company recognized

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\$

495,000

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 months ended March 31, 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 March 31, 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 months ended March 31, 2023, the Company recognized \$

359,000

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 months ended March 31, 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 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 three months ended March 31, 2024,

135,395

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 three months ended March 31, 2023,

6,270

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 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

no

t guaranteed, and the program may be modified, suspended or discontinued at any time without prior notice. The Company is

no

t obligated to repurchase any dollar amount or number of shares under the program.

Class A Treasury Shares

During the three months ended March 31, 2024, the Company repurchased

545,527

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

23.77
upon repurchase by the Company, inclusive of third-party commissions. As of March 31, 2024,

545,527
shares of Class A Common Stock were held in treasury.

Class C Treasury Shares

As of March 31, 2024,

26,137
shares of Class C Common Stock were held in treasury at a weighted average price of \$

25.92

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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
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 March 31,	
	2024	2023
Numerator:		
Net income attributable to Class A stockholders	\$ 8,468	\$ 22,653
Less: Earnings allocated to participating securities	(376)	(400)
Net income attributable to Class A stockholders - basic	\$ 8,092	\$ 22,253
Plus: net income attributable to noncontrolling interest	10,224	25,066
Net income attributable to Class A stockholders - diluted	\$ 18,316	\$ 47,319
Denominator:		
Weighted average shares outstanding - basic	82,404	80,178
Effect of dilutive securities	—	—

Weighted average shares outstanding - diluted

82,404 80,178

Net income per common share - basic

\$ 0.10 \$ 0.28

Net income per common share - diluted

\$ 0.10 \$ 0.28

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 March 31,	
	2024	2023
Warrants	—	5,312
Unvested share-based compensation awards	1,656	651
Shares of Class C Common Stock if converted	74,878	74,341
Total	76,534	80,304

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 March 31, 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

47.7

% economic interest of Sitio OpCo Partnership Units not owned by Sitio as of March 31, 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 March 31, 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	10,224
Share-based compensation	561
Conversion of Class C Common Stock to Class A Common Stock	(3,265)
Distributions to noncontrolling interest	(38,157)
Balance – March 31, 2024	<u>\$ 1,956,889</u>

9. Share-Based Compensation

In connection with the Falcon Merger, the Company adopted the Sitio 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 March 31, 2024, a total of

6,054,661

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 income. The following table summarizes the share-based compensation expense recorded for each type of award for the three months ended March 31, 2024 and 2023 (in thousands):

	Three Months Ended March 31,	
	2024	2023
RSUs		
	\$ 1,328	\$ 2,341
PSUs		
	2,537	1,349
DSUs		
	591	348
Sitio OpCo Restricted Stock Awards		
	561	555
RSUs Converted in the Brigham Merger		
	61	60
PSUs Converted in the Brigham Merger		
	26	31
Total		
	\$ 5,104	\$ 4,684

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 three months ended March 31, 2024.

	Restricted Stock Units	
	Number of Shares	Grant Date Fair Value
Unvested at January 1, 2024	468,112	\$ 25.65
Granted	200,867	21.94
Forfeited	(26,703)	24.54
Vested	(69,896)	24.53
Unvested at March 31, 2024	572,380	\$ 24.54

As of March 31, 2024, there was approximately \$

11.8

million of unamortized equity-based compensation expense related to unvested RSUs, which is expected to be recognized over a weighted average period of approximately 2.3 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 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 three months ended March 31, 2024.

	Deferred Share Units	
	Number of Shares	Grant Date Fair Value
Unvested at January 1, 2024	93,680	25.38
		\$
Granted	—	—
Forfeited	—	—
Vested	—	—
Unvested at March 31, 2024	93,680	25.38
		\$

As of March 31, 2024, there was approximately \$ 300,000 of unamortized equity-based compensation expense related to unvested DSUs, which is expected to be recognized over a weighted average period of 0.1 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 Sitio. 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	41.09 %	4.48 %	0.00 %

The following table summarizes activity related to unvested PSUs for the three months ended March 31, 2024.

	Performance Stock Units	
	Number of Shares	Grant Date Fair Value
Unvested at January 1, 2024	830,188	30.82
		\$
Granted	550,964	24.65
Forfeited	(9,392)	33.53
Vested	—	—
Unvested at March 31, 2024	1,371,760	28.32
		\$

As of March 31, 2024, there was approximately \$

26.4

million of unamortized equity-based compensation expense related to unvested PSUs, which is expected to be recognized over a weighted average period of 2.2 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 will retain 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 three months ended March 31, 2024.

	Restricted Stock Units Converted in Brigham Merger	
	Number of Shares	Grant Date Fair Value
Unvested at January 1, 2024	11,040	30.15
		\$
Granted	—	—
Forfeited	—	—
Vested	(
	5,518	30.15
)	
Unvested at March 31, 2024	5,522	30.15
		\$

As of March 31, 2024, there was approximately \$

238,000

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 1 year.

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 retain and carry 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.

The following table summarizes activity related to unvested PSUs converted in the Brigham Merger for the three months ended March 31, 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 March 31, 2024	7,638	30.15
		\$

As of March 31, 2024, there was approximately \$

100,000

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 1 year.

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 three months ended March 31, 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	—	—
Unvested at March 31, 2024	232,145	29.12
		\$

As of March 31, 2024, there was approximately \$

4.9

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 2.2 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 income. During the three months ended March 31, 2023, the Company recognized a gain of \$

2.4

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

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 income.

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 March 31, 2024 are summarized below:

Remaining Term	Oil (NYMEX WTI)	
	Bbl per Day	Weighted Average Price per Bbl
April 2024 - December 2024	3,300	82.66
		\$
January 2025 - June 2025	1,100	74.65
		\$

Remaining Term	MMBtu per Day	Gas (NYMEX Henry Hub) Weighted Average Price per MMBtu
April 2024 - December 2024	500	3.41
		\$

The Company's oil and gas two-way commodity collar contracts as of March 31, 2024 are summarized below:

Remaining Term	Bbl per Day	Oil (NYMEX WTI) Weighted Average Floor Price per Bbl	Weighted Average Ceiling Price per Bbl
January 2025 - June 2025	2,000	60.00	93.20
		\$	\$

Remaining Term	MMBtu per Day	Gas (NYMEX Henry Hub) Weighted Average Floor Price per MMBtu	Weighted Average Ceiling Price per MMBtu
April 2024 - December 2024	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 March 31, 2024 and December 31, 2023.

Interest Rate Derivatives

In November 2022, the Company entered into an interest rate swap agreement to manage exposure to changes in interest rates from variable rate obligations related to the 2026 Senior Notes. The interest rate swap term expired on December 31, 2023. The Company's interest rate derivative contract was not designated a hedge for accounting purposes; therefore, all gains and losses on the interest rate swap were recognized in the Company's unaudited condensed consolidated statements of income. The interest rate swap was not entered into for trading or speculative purposes.

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 March 31, 2024 and December 31, 2023 (in thousands):

	Balance sheet location	March 31, 2024 Fair value	December 31, 2023 Fair value
Asset derivatives not designated as hedges for accounting purposes:			
Commodity contracts	Current assets	8,080	19,080
		\$	\$
Commodity contracts	Long-term assets	797	3,440
Total asset derivatives		8,877	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		8,877	22,520
		\$	\$

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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):

	March 31, 2024			December 31, 2023		
	Gross Fair Value	Gross Amounts Offset	Net Fair Value	Gross Fair Value	Gross Amounts Offset	Net Fair Value
Commodity derivative assets		((
	10,277	1,400	8,877	23,401	881	22,520
	\$	\$	\$	\$	\$	\$
Commodity derivative liabilities	((
	1,400	1,400	—	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 income for the three months ended March 31, 2024 and 2023 (in thousands):

	Three Months Ended	
	Statement of income location	
	March 31, 2024	March 31, 2023
Commodity derivative gains (losses)	(
	10,050	14,763
	\$	\$
))
Interest rate derivative losses		(
		160
	—)

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 Measurements and Disclosures* ("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 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.

No

impairment of proved properties was recorded for the three months ended March 31, 2024 and 2023.

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 Sitio Revolving Credit Facility approximates fair value as the borrowings bear interest at variable rates and are reflective of market rates (Level 2). The fair value of debt outstanding pursuant to our 2028 Senior Notes was \$

620.5

million as of March 31, 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.

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

2.8

million and \$

7.2

million for the three months ended March 31, 2024 and 2023, respectively, resulting in an effective tax rate of

13.0

% and

13.1

% for the three months ended March 31, 2024 and 2023, respectively.

Total income tax expense for the three months ended March 31, 2024 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.

Third Amendment to Third Amended and Restated Credit Agreement

On February 3, 2023, Sitio OpCo, as borrower, JPMorgan Chase Bank, N.A., as the administrative agent and issuing bank, and the lenders and other financial institutions from time to time party thereto entered into that certain Third Amended and Restated Credit Agreement (as amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement"), pursuant to which

the lenders thereunder made loans and other extensions of credit to Sitio OpCo. On May 3, 2024, Sitio OpCo and the other guarantors party thereto entered into the Third Amendment to Third Amended and Restated Credit Agreement (the "Third Amendment to the Sitio Revolving Credit Facility"), pursuant to which 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.

Cash Dividends

On May 8, 2024, the Company declared a cash dividend of \$

0.41

per share of Class A Common Stock with respect to the first quarter of 2024. The dividend is payable on May 31, 2024 to the stockholders of record at the close of business on May 21, 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, including as a result of the elevated rate of inflation, 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 increased 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 increased 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;

- 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 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;
- 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, Sitio'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.

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 March 31, 2024, we owned mineral and royalty interests representing approximately 252,000 NRAs when adjusted to a 1/8th royalty. For the three months ended March 31, 2024, the average net daily production associated with our mineral and royalty interests was 35,349 BOE/d, consisting of 18,263 Bbls/d of oil, 55,117 Mcf/d of natural gas and 7,900 Bbls/d of NGLs. Since our predecessor's formation in November 2016, we have accumulated our acreage position by making 194 acquisitions through March 31, 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 three months ended March 31, 2024, our production and ad valorem taxes were approximately \$3.74 per BOE, relative to an average realized price of \$46.00 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 three months ended March 31, 2024, the Company repurchased 545,527 shares of its Class A Common Stock in connection with the Share Repurchase Program. The shares were recorded at a weighted average price of \$23.77 upon repurchase by

the Company, inclusive of third-party commissions. As of March 31, 2024, the Company's remaining share repurchase authorization was \$187.0 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 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

As of March 31, 2024, we have evaluated over 1,000 potential mineral and royalty interest acquisitions and completed 194 acquisitions from landowners and other mineral interest owners. 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 March 31, 2024 and 2023 was 35,349 BOE/d (52% crude oil) and 34,440 BOE/d (51% crude oil), respectively. For the three months ended March 31, 2024, we received an average of \$76.60 per Bbl of crude oil, \$1.15 per Mcf of natural gas and \$20.71 per Bbl of NGLs, for an average realized price of \$46.00 per BOE. For the three months ended March 31, 2023, we received an average of \$74.10 per Bbl of crude oil, \$2.70 per Mcf of natural gas and \$21.75 per Bbl of NGLs, for an average realized price of \$46.96 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 March 31, 2024, we had 37,915 gross (288.2 net) producing horizontal wells on our acreage. Additionally, as of March 31, 2024, there were 4,218 gross (29.7 net) horizontal wells in various stages of drilling or completion and 3,385 gross (18.3 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 elevated 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 recent conflict in the Israel-Gaza region and elsewhere in the Middle East, the financial institution collapses 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.

Results of Operations

Three Months Ended March 31, 2024 Compared to the Three Months Ended March 31, 2023

Consolidated Results

The following table summarizes our consolidated revenue and expenses and production data for the three months ended March 31, 2024 and 2023 (in thousands):

	Three Months Ended March 31,		Variance	
	2024	2023		
Statement of Income Data:				
Revenue:				
Total revenues	\$ 151,391	\$ 150,826	\$ 565	0%
Operating Expenses:				
Depreciation, depletion and amortization	76,318	67,763	8,555	13%
General and administrative	13,011	11,676	1,335	11%
Severance and ad valorem taxes	12,026	10,459	1,567	15%
Total operating expenses	101,355	89,898	11,457	13%
Net income from operations	50,036	60,928	(10,892)	-18%
Interest expense (net) ⁽¹⁾	(18,510)	(22,203)	3,693	-17%
Change in fair value of warrant liability	—	2,358	(2,358)	*
Loss on extinguishment of debt	—	(783)	783	*
Commodity derivatives gains (losses)	(10,050)	14,763	(24,813)	*
Interest rate derivative losses	—	(160)	160	*
Net income before taxes	21,476	54,903	(33,427)	-61%
Income tax expense	(2,784)	(7,184)	4,400	-61%
Net income	18,692	47,719	(29,027)	-61%
Net income attributable to noncontrolling interest	(10,224)	(25,066)	14,842	-59%
Net income attributable to Class A stockholders	\$ 8,468	\$ 22,653	\$ (14,185)	-63%

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

* Not applicable or meaningful

	Three Months Ended March 31,		Variance	
	2024	2023		
Production Data:				
Crude oil (MBbls)	1,662	1,589	73	5%
Natural gas (MMcf)	5,016	5,435	(419)	-8%
NGLs (MBbls)	719	605	114	19%
Total (MBOE)(6:1)	3,217	3,100	117	4%
Average daily production (BOE/d)(6:1)	35,349	34,440	909	3%
Average Realized Prices:				
Crude oil (per Bbl)	\$ 76.60	\$ 74.10	\$ 2.50	3%
Natural gas (per Mcf)	\$ 1.15	\$ 2.70	\$ (1.55)	-57%
NGLs (per Bbl)	\$ 20.71	\$ 21.75	\$ (1.04)	-5%
Combined (per BOE)	\$ 46.00	\$ 46.96	\$ (0.96)	-2%
Average Realized Prices After Effects of Derivative Settlements:				
Crude oil (per Bbl)	\$ 77.62	\$ 77.14	\$ 0.48	1%
Natural gas (per Mcf)	\$ 1.53	\$ 2.90	\$ (1.37)	-47%
NGLs (per Bbl)	\$ 20.71	\$ 21.75	\$ (1.04)	-5%
Combined (per BOE)	\$ 47.12	\$ 48.87	\$ (1.75)	-4%

Revenue

Our consolidated revenues for the three months ended March 31, 2024 totaled \$151.4 million as compared to \$150.8 million for the three months ended March 31, 2023, an increase of \$0.6 million. The increase in revenues was due to an increase of \$2.4 million in mineral and royalty revenue which was partially offset by a decrease of \$1.8 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 4% from our acquisitions of additional mineral and royalty interests and production volumes from existing interests partially offset by the sale of certain non-core properties in December 2023 and a 2% decrease 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 releasing.

Oil revenue for the three months ended March 31, 2024 was \$127.3 million as compared to \$117.7 million for the three months ended March 31, 2023, an increase of \$9.6 million. We realized a \$5.4 million increase in year-over-year oil revenue due to a 5% increase in oil production volumes, which increased from 1,589 MBbls for the three months ended March 31, 2023 to 1,662 MBbls for the three months ended March 31, 2024. In addition, we realized a \$4.2 million increase in year-over-year oil revenue due to an increase of \$2.50/Bbl or 3% in our average price received for oil production, which increased from \$74.10 for the three months ended March 31, 2023 to \$76.60/Bbl for the three months ended March 31, 2024.

Natural gas revenue for the three months ended March 31, 2024 was \$5.8 million as compared to \$14.7 million for the three months ended March 31, 2023, a decrease of \$8.9 million. We realized a \$1.1 million decrease in year-over-year gas revenue due to an 8% decrease in gas production volumes, which decreased from 5,435 MMcf for the three months ended March 31, 2023 to 5,016 MMcf for the three months ended March 31, 2024. In addition, we realized a \$7.8 million decrease in year-over-year gas revenue due to a decrease of \$1.55/Mcf in our average price received for gas production, which declined from \$2.70/Mcf for the three months ended March 31, 2023 to \$1.15/Mcf for the three months ended March 31, 2024.

NGLs revenue for the three months ended March 31, 2024 was \$14.9 million as compared to \$13.2 million for the three months ended March 31, 2023, an increase of \$1.7 million. We realized a \$2.5 million increase in year-over-year NGLs revenue due to a 19% increase in NGLs production volumes, which increased from 605 MBbls for the three months ended March 31, 2023 to 719 MBbls for the three months ended March 31, 2024. This was partially offset by a \$0.8 million decrease in year-over-year NGLs revenue due to a decrease of \$1.04/Bbl in our average price received for NGLs production, which declined from \$21.75/Bbl for the three months ended March 31, 2023 to \$20.71/Bbl for the three months ended March 31, 2024.

Lease bonus and other revenue for the three months ended March 31, 2024 was \$3.4 million as compared to \$5.3 million for the three months ended March 31, 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 releasing. 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 \$76.3 million for the three months ended March 31, 2024 as compared to \$67.8 million for the three months ended March 31, 2023, an increase of \$8.5 million, or 13%. The increase was due to a 4% increase in year-over-year production, which was primarily due to increased production volumes from existing interests, and a higher depletion rate, which increased from \$21.82 per BOE for the three months ended March 31, 2023 to \$23.68 per BOE for the three months ended March 31, 2024.

General and administrative expense was \$13.0 million for the three months ended March 31, 2024 as compared to \$11.7 million for the three months ended March 31, 2023, an increase of \$1.3 million, or 11%. For the three months ended March 31, 2024, we incurred \$1.4 million of additional employee compensation and benefits due to increased headcount, \$0.4 million of additional other professional services recognized in the first quarter of 2024, and \$0.2 million of additional rent expense as compared to the three months ended March 31, 2023. The increase was partially offset by a decrease in acquisition-related expenses of \$0.7 million.

Severance and ad valorem taxes were \$12.0 million for the three months ended March 31, 2024 as compared to \$10.5 million for the three months ended March 31, 2023, an increase of \$1.5 million or 15%. 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.

Other Income and Expenses

Interest expense, net of \$18.5 million and \$22.2 million during the three months ended March 31, 2024 and 2023, respectively, relates to interest incurred on borrowings under the Sitio Revolving Credit Facility, 2028 Senior Notes, and 2026 Senior Notes. The decrease in interest expense was due to lower average borrowings during the three months ended March 31, 2024 as compared to the three months ended March 31, 2023 related to debt repayments, partially offset by higher interest rates under the Sitio Revolving Credit Facility during the three months ended March 31, 2024.

The fair value of the warrant liability decreased by \$2.4 million from December 31, 2022 to March 31, 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.

The loss on extinguishment of debt of \$0.8 million for the three months ended March 31, 2023 was due to the write-off of previously capitalized deferred financing costs as a result of certain lenders which did not elect to remain a party to the Sitio Revolving Credit Facility upon its amendment in February 2023. There was no such loss incurred during the three months ended March 31, 2024.

Commodity derivatives losses totaled \$10.1 million for the three months ended March 31, 2024 as compared to commodity derivative gains of \$14.8 million for the three months ended March 31, 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 in 2024 were due to commodity price increases during the three months ended March 31, 2024 as compared to commodity price decreases during the three months ended March 31, 2023.

Interest rate derivative losses totaled \$160,000 for the three months ended March 31, 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 tax expense decreased from \$7.2 million for the three months ended March 31, 2023 to \$2.8 million for the three months ended March 31, 2024. This was primarily due to a decrease in net income before income tax expense for the three months ended March 31, 2024 as compared to the three months ended March 31, 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 interests but thereafter do not incur any development or maintenance capital expenditures, which are entirely borne by the E&P operator and the other working interest owners. As a result, our only capital expenditures are related to our acquisition of additional mineral and royalty interests, and we 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 March 31, 2024, our liquidity was \$601.7 million, comprised of \$11.7 million of cash and cash equivalents and \$590.0 million of availability under the Sitio Revolving Credit Facility.

Cash Flows for the Three Months Ended March 31, 2024 Compared to the Three Months Ended March 31, 2023 (in thousands):

	Three Months Ended March 31,				
	2024		2023		Variance
Statement of Cash Flows Data:					
Net cash provided by (used in):					
Operating activities	\$	120,740	\$	128,825	\$ (8,085) -6 %
Investing activities		(13,258)		1,161	(14,419) *
Financing activities		(110,931)		(138,647)	27,716 -20 %
Net increase (decrease) in cash and cash equivalents	\$	(3,449)	\$	(8,661)	\$ 5,212 -60 %

* 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 three months ended March 31, 2024 were \$120.7 million as compared to \$128.8 million for the three months ended March 31, 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 \$13.3 million for the three months ended March 31, 2024 as compared to cash flows provided by investing activities of \$1.2 million for the three months ended March 31, 2023. We received \$1.9 million and \$1.2 million during the three months ended March 31, 2024 and 2023, respectively, for post-close adjustments from previous acquisitions of oil and gas properties, net of acquisition costs. During the three months ended March 31, 2024, we made advance deposits of \$15.0 million for acquisitions of oil and gas properties.

Financing Activities

Cash flows used in financing activities for the three months ended March 31, 2024 totaled \$110.9 million as compared to \$138.6 million for the three months ended March 31, 2023. Net repayments under the Sitio Revolving Credit Facility for the three months ended March 31, 2024 and 2023 were \$17.0 million and \$23.0 million, respectively.

Other financing cash outflows during the three months ended March 31, 2024 included dividends of \$42.0 million paid to holders of Class A Common Stock, \$38.2 million of distributions paid to noncontrolling interest holders, and repurchases of Class A Common Stock of \$12.7 million under the Share Repurchase Program. Other financing cash outflows during the three months ended March 31, 2023 included costs of \$6.9 million incurred in connection with amendments and restatements to the Sitio Revolving Credit Facility, dividends of \$48.1 million paid to holders of Class A Common Stock, \$49.2 million of distributions paid to noncontrolling interest holders, and a principal repayment of \$11.3 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 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 a 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 March 31, 2024 and December 31, 2023.

2028 Senior Notes

As of March 31, 2024 and December 31, 2023, the Company 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 accrues 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 March 31, 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. Sitio OpCo used \$425.0 million of the proceeds from the 2026 Senior Notes to repay in full all amounts outstanding under the Bridge Loan Facility with the remainder used for general corporate purposes. 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 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.

Based on future commodity prices as of March 31, 2024, we currently do not anticipate having to record any impairment charges for our proved properties in the Permian Basin, Eagle Ford, or Williston Basin in the near future. We estimate that if future commodity prices were to decline by approximately 5% from March 31, 2024 to a future quarter-end date, estimated future net cash flows for our DJ Basin proved properties would approximate the carrying amount of the properties and an impairment charge would be necessary under GAAP. Any such impairment charge may be material. We are unable, however, to predict commodity pricing with any greater precision than the futures market.

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 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 the Accrued revenue and accounts receivable line item 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 March 31, 2024, we did not have any material capital lease obligations, operating lease obligations, debt, or long-term liabilities, other than borrowings under the Sitio 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 Sitio 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 \$1.7 million change in our oil revenues for the three months ended March 31, 2024. A \$0.10 per Mcf change in our realized natural gas price would have resulted in a \$500,000 change in our natural gas revenues for the three months ended March 31, 2024. A \$1.00 per Bbl change in NGL prices would have resulted in a \$719,000 change in our NGL revenues for the three months ended March 31, 2024. Royalties on oil sales contributed 86% of our mineral and royalty revenues for the three months ended March 31, 2024. Royalties on natural gas sales contributed 4% and royalties on NGL sales contributed 10% of our total mineral and royalty revenues for the three months ended March 31, 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 and 2028 Senior Notes during the three months ended March 31, 2024 was 7.89%. We estimate that an increase of 1.0% in the average interest rate during the three months ended March 31, 2024 would have resulted in an approximate \$2.1 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 Securities Exchange Act of 1934 (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 March 31, 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 March 31, 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.

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⁾
January 1, 2024 - January 31, 2024	961	\$ 22.06	—	—
February 1, 2024 - February 29, 2024	—	—	—	\$ 200,000
March 1, 2024 - March 31, 2024	570,663	23.73	545,527	\$ 187,043
Total	571,624	\$ 23.73	545,527	

(1) The total number of shares purchased includes 26,097 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 Sitio OpCo Partnership Units. During the three months ended March 31, 2024, we repurchased 545,527 shares of Class A Common Stock under the Share Repurchase Program for approximately \$13.0 million.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information

Third Amendment to Third Amended and Restated Credit Agreement

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 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.

Trading Arrangements

During the three months ended March 31, 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	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.
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.

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: May 8, 2024	By:	<i>/s/ Christopher L. Conoscenti</i> Christopher L. Conoscenti Chief Executive Officer (Principal Executive Officer, Director)
Date: May 8, 2024	By:	<i>/s/ Carrie L. Osicka</i> Carrie L. Osicka Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)

**THIRD AMENDMENT TO THIRD AMENDED AND RESTATED
CREDIT AGREEMENT**

This Third Amendment to Third Amended and Restated Credit Agreement (this “**Third Amendment**”) dated as of May 3, 2024 (the “**Third Amendment Effective Date**”), is among Sitio Royalties Operating Partnership, LP, a Delaware limited partnership (the “**Borrower**”), each of the undersigned guarantors (collectively, the “**Guarantors**” and together with the Borrower, the “**Loan Parties**”), each of the Lenders (as defined below) party hereto and JPMorgan Chase Bank, N.A., as the Administrative Agent and as the Issuing Bank (as each such term is defined in the Existing Credit Agreement referred to below).

RECITALS

A. The Borrower, the Administrative Agent, the financial institutions party thereto as lenders (the “**Lenders**”), the Issuing Bank and the other parties thereto are parties to that certain Third Amended and Restated Credit Agreement dated as of February 3, 2023 (as amended, supplemented or otherwise modified prior to the date hereof, the “**Existing Credit Agreement**”; and the Existing Credit Agreement, as the same may be further amended, amended and restated, supplemented or otherwise modified from time to time, including by and after giving effect to this Third Amendment, the “**Credit Agreement**”), pursuant to which the Lenders and the Issuing Bank have agreed to make extensions of credit to the Borrower for the purposes and subject to the terms and conditions set forth therein.

B. The parties hereto are entering into this Third Amendment to, among other things, (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 Existing Credit Agreement as provided for in Section 2 hereof, in each case, on the terms and subject to the conditions set forth herein.

NOW, THEREFORE, in consideration of the premises and the mutual covenants herein contained, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

Section 1 Defined Terms. Each capitalized term used herein and not otherwise defined herein has the meaning assigned to such term in the Credit Agreement. Unless otherwise indicated, all section references in this Third Amendment refer to sections of the Credit Agreement.

Section 2 Amendments to Credit Agreement. In reliance on the representations, warranties, covenants and agreements contained in this Third Amendment, and subject to the satisfaction (or waiver) of the conditions precedent set forth in Section 4 hereof, the Existing Credit

Agreement is hereby amended effective as of the Third Amendment Effective Date as set forth in this Section 2.

2.1 Additional Definitions. Section 1.02 of the Existing Credit Agreement is hereby amended to add thereto in alphabetical order the following definitions which shall read in full as follows:

“Third Amendment” means that certain Third Amendment to Third Amended and Restated Credit Agreement dated as of the Third Amendment Effective Date, by and among the Borrower, the Guarantors party thereto, the Administrative Agent, the Issuing Bank and the Lenders party thereto.

“Third Amendment Effective Date” means May 3, 2024.

2.2 Amendment to Definitions of “Agreement” and “Loan Documents”. Section 1.02 of the Existing Credit Agreement is hereby further amended to amend and restate the following definitions in their respective entireties to read in full as follows:

“Agreement” means this Third Amended and Restated Credit Agreement, including the Annexes, Schedules and Exhibits hereto, as amended by the First Amendment, the Second Amendment and the Third Amendment and as the same may from time to time be further amended, modified, supplemented or restated.

“Loan Documents” means this Agreement, the First Amendment, the Second Amendment, the Third Amendment, the Notes, the Letter of Credit Agreements, the Letters of Credit, the Security Instruments, the Fee Letters, any certificate required to be delivered under this Agreement by or on behalf of any Loan Party, and any agreement executed by a Credit Party and any Loan Party which states that it is a “Loan Document” as defined herein.

2.3 Amendment to Section 1.07(b) (Designation and Conversion of Restricted and Unrestricted Subsidiaries). Section 1.07(b)(iii) of the Existing Credit Agreement is hereby amended and restated in its entirety to read in full as follows:

“(iii) such designation shall be deemed to be an Investment in an amount equal to the fair market value of Borrower's direct and indirect ownership interest in such Subsidiary and such designation shall be permitted only to the extent such Investment is permitted under Section 9.05(h) or Section 9.05(i) on the date of such designation (without regard to any future fluctuations in value);”

2.4 Amendment to Section 2.07(a) (Borrowing Base). The first sentence of Section 2.07(a) of the Existing Credit Agreement is hereby amended and restated in its

entirety to read in full as follows:

“On the Third Amendment Effective Date, the amount of the Borrowing Base is \$850,000,000.”

2.5 Amendment to Section 2.07(b) (Scheduled and Interim Redeterminations). The first sentence of Section 2.07(b) of the Existing Credit Agreement is hereby amended and restated in its entirety to read in full as follows:

“The Borrowing Base shall be redetermined semi-annually in accordance with this Section 2.07 (each such redetermination, a “**Scheduled Redetermination**”), and, subject to Section 2.07(d), such redetermined Borrowing Base shall become effective and applicable to the Borrower, the Administrative Agent, the Issuing Bank and the Lenders on (i) May 1, 2023, November 1, 2023, April 1, 2024, August 1, 2024 and November 1, 2024 (or, in each case, such date promptly thereafter as reasonably practicable) and (ii) thereafter, commencing April 1, 2025, on April 1st and October 1st of each year (or, in each case, such date promptly thereafter as reasonably practicable).”

2.6 Amendment to Section 2.07(d)(i)(A) (Effectiveness of a Redetermined Borrowing Base). Section 2.07(d)(i)(A) of the Existing Credit Agreement is hereby amended and restated in its entirety to read in full as follows:

“(A) if the Administrative Agent shall have received the Engineering Reports required to be delivered by the Borrower pursuant to Sections 8.12(a) and (c) in a timely and complete manner, then on (i) May 1, 2023, November 1, 2023, April 1, 2024, August 1, 2024 and November 1, 2024, as applicable (or, in each case, such date promptly thereafter as reasonably practicable) and (ii) thereafter, commencing April 1, 2025, on the April 1st or October 1st, as applicable, following such notice, or”

2.7 Amendment to Section 8.12(a) (Reserve Reports). Section 8.12(a) of the Existing Credit Agreement is hereby amended and restated in its entirety to read in full as follows:

“On or before March 1st (or in the case of the 2023 calendar year, April 1st) and September 1st (or (i) in the case of the 2023 calendar year, October 1st and (ii) in the case of the 2024 calendar year, July 15th) of each year, the Borrower shall furnish to the Administrative Agent and the Lenders a Reserve Report evaluating the proved Oil and Gas Properties of the Loan Parties as of the immediately preceding January 1st and July 1st, respectively. On or before October 15, 2024, the Borrower shall furnish to the Administrative Agent and the Lenders a Reserve Report evaluating the proved Oil and Gas Properties of the Loan Parties as of the immediately preceding October 1, 2024. The Reserve Report as of January 1 of each year shall be prepared by one or more Approved Petroleum Engineers, and the

July 1 Reserve Report of each year and the October 1, 2024 Reserve Report shall be prepared by one or more Approved Petroleum Engineers or by or under the supervision of the chief engineer of the Borrower who shall certify such Reserve Report to be true and accurate in all material respects and, except as otherwise specified therein, to have been prepared in all material respects in accordance with the procedures used in the immediately preceding January 1 Reserve Report.”

Section 3 Spring 2024 Scheduled Redetermination of Borrowing Base and Aggregate Elected Commitment. In reliance on the representations, warranties, covenants and agreements contained in this Third Amendment, and subject to the satisfaction (or waiver) of the conditions precedent set forth in Section 4 hereof, the Administrative Agent and the Lenders party hereto, constituting at least the Required Lenders, hereby agree that the existing Borrowing Base of \$850,000,000 under the Credit Agreement shall be reaffirmed at \$850,000,000 effective as of the Third Amendment Effective Date (the “**Spring 2024 Scheduled Redetermination**”) and continuing until the next Redetermination Date or other adjustment to the Borrowing Base, whichever occurs first pursuant to the Credit Agreement. The Borrower, the Administrative Agent and the Lenders party hereto hereby further agree that (a) the Spring 2024 Scheduled Redetermination provided for herein shall constitute the Scheduled Redetermination of the Borrowing Base scheduled to occur on April 1, 2024 or such date promptly thereafter as reasonably practicable for purposes of Section 2.07(b) of the Existing Credit Agreement and (b) this Third Amendment constitutes the New Borrowing Base Notice with respect to the Spring 2024 Scheduled Redetermination. The Aggregate Elected Commitment shall remain at \$850,000,000 as of the Third Amendment Effective Date.

Section 4 Conditions Precedent. The effectiveness of this Third Amendment and the amendments to the Credit Agreement set forth in Section 2 hereof and the reaffirmation of the Borrowing Base set forth in Section 3 hereof is subject to the satisfaction of the following conditions precedent:

4.1 Counterparts. The Administrative Agent shall have received counterparts of this Third Amendment, duly executed by the Borrower, the Guarantors, the Administrative Agent and the Required Lenders.

4.2 Fees and Other Expenses. The Administrative Agent shall have received all fees and other amounts due and payable by the Borrower on or prior to the Third Amendment Effective Date.

4.3 No Default or Borrowing Base Deficiency. Immediately prior to and after giving effect to this Third Amendment and any Borrowing being made on the Third Amendment Effective Date, (a) no Default shall have occurred and be continuing, (b) no Borrowing Base Deficiency shall have occurred and (c) each of the representations and warranties of the Borrower and the Guarantors set forth in the Credit Agreement and in the other Loan Documents shall be true and correct in all material respects (except to the extent any such representations and warranties are (i) limited by materiality or by reference to Material Adverse Effect, in which case, they shall be true and correct in all respects and (ii) expressly limited to an earlier date, in which case, on and as of the date hereof, such

representations and warranties shall continue to be true and correct in all material respects as of such specified earlier date) on and as of the Third Amendment Effective Date.

Notwithstanding anything to the contrary set forth in Section 12.02 of the Existing Credit Agreement or otherwise, the Administrative Agent is hereby authorized and directed to declare this Third Amendment to be effective on the date that it receives the foregoing, to the reasonable satisfaction of the Administrative Agent, or the waiver of such conditions as permitted hereby. Such declaration shall be final, conclusive and binding upon the Lenders and all other parties to the Existing Credit Agreement, as amended hereby, for all purposes.

Section 5 Miscellaneous.

5.1 Counterparts. This Third Amendment may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original but all of which when taken together shall constitute a single contract, and all parties need not execute the same counterpart. Delivery of an executed counterpart of a signature page of this Third Amendment by telecopy, emailed .pdf, .tif or any other electronic means that reproduces an image of the actual executed signature page shall be effective as delivery of a manually executed counterpart of this Third Amendment. The words "execution," "signed," "signature," "delivery," and words of like import in or relating to any document to be signed in connection with this Third Amendment and the transactions contemplated hereby shall be deemed to include electronic signatures, deliveries or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature, physical delivery thereof or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act.

5.2 Severability. Any provision of this Third Amendment held to be invalid, illegal or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity, illegality or unenforceability without affecting the validity, legality and enforceability of the remaining provisions hereof or thereof; and the invalidity of a particular provision in a particular jurisdiction shall not invalidate such provision in any other jurisdiction.

5.3 Confirmation and Effect. The provisions of the Existing Credit Agreement (as amended by this Third Amendment) shall remain in full force and effect in accordance with its terms following the effectiveness of this Third Amendment, and this Third Amendment shall not constitute a waiver of any provision of the Existing Credit Agreement or any other Loan Document. Each reference in the Existing Credit Agreement to "this Agreement", "hereunder", "hereof", "herein", or words of like import shall mean and be a reference to the Existing Credit Agreement as amended hereby, and each reference to the Credit Agreement in any other document, instrument or agreement executed and/or delivered in connection with the Existing Credit Agreement and/or this Third Amendment shall mean and be a reference to the Existing Credit Agreement as amended hereby.

5.4 Ratification and Affirmation of Loan Parties. Each of the Loan Parties hereby expressly (a) acknowledges the terms of this Third Amendment, (b) ratifies and affirms its obligations under the Existing Credit Agreement, as amended hereby, and the other Loan Documents to which it is a party, (c) acknowledges and renews its continued liability under the Existing Credit Agreement, as amended hereby, and the other Loan Documents to which it is a party, (d) represents and warrants to the Lenders and the Administrative Agent that each representation and warranty of such Loan Party contained in the Existing Credit Agreement and the other Loan Documents to which it is a party is true and correct in all material respects as of the date hereof and immediately prior to and after giving effect to this Third Amendment, except (i) to the extent any such representations and warranties are expressly limited to an earlier date, in which case, on and as of the date hereof, such representations and warranties shall continue to be true and correct in all material respects as of such specified earlier date, and (ii) to the extent that any such representation and warranty is expressly qualified by materiality or by reference to Material Adverse Effect, such representation and warranty (as so qualified) shall continue to be true and correct in all respects, (e) represents and warrants to the Lenders and the Administrative Agent that the execution, delivery and performance by such Loan Party of this Third Amendment are within such Loan Party's corporate, limited partnership or limited liability company powers (as applicable), have been duly authorized by all necessary action and that this Third Amendment constitutes the valid and binding obligation of such Loan Party enforceable in accordance with its terms, except as the enforceability thereof may be limited by bankruptcy, insolvency or similar laws affecting creditor's rights generally, and (f) represents and warrants to the Lenders and the Administrative Agent that, immediately prior to and after giving effect to this Third Amendment, no Default exists.

5.5 Governing Law. This Third Amendment shall be governed by, and construed in accordance with, the laws of the State of New York, and shall be subject to the provisions of Section 12.09(b) through (d) of the Existing Credit Agreement, and such provisions shall apply to this Third Amendment *mutatis mutandis*.

5.6 ENTIRE AGREEMENT. THIS THIRD AMENDMENT, THE CREDIT AGREEMENT AND THE OTHER LOAN DOCUMENTS REPRESENT THE FINAL AGREEMENT AMONG THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS AMONG THE PARTIES.

5.7 Successors and Assigns. The provisions of this Third Amendment shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted by the Credit Agreement.

5.8 Loan Document. This Third Amendment shall constitute a "Loan Document" for all purposes under the other Loan Documents.

[Remainder of this page intentionally left blank. Signature pages follow.]

IN WITNESS WHEREOF, the parties hereto have caused this Third Amendment to be executed by their respective officers or other authorized signatory thereunto duly authorized, as of the date first written above.

BORROWER: SITIO ROYALTIES OPERATING PARTNERSHIP, LP

By: Sitio Royalties GP, LLC, its general partner

By: /s/ Carrie Osicka

Name: Carrie Osicka

Title: Chief Financial Officer

GUARANTORS:

SITIO PERMIAN, LP

By: Sitio Royalties Management, LLC, its general partner

By: /s/ Carrie Osicka

Name: Carrie Osicka

Title: Chief Financial Officer

SITIO EAGLE FORD, LP

By: Sitio Royalties Management, LLC, its general partner

By: /s/ Carrie Osicka

Name: Carrie Osicka

Title: Chief Financial Officer

SITIO APPALACHIA, LP

By: Sitio Royalties Management, LLC, its general partner

By: /s/ Carrie Osicka

Name: Carrie Osicka

Title: Chief Financial Officer

SITIO ANADARKO, LP

SIGNATURE PAGE TO THIRD AMENDMENT TO THIRD AMENDED AND RESTATED CREDIT AGREEMENT – SITIO ROYALTIES OPERATING PARTNERSHIP, LP

By: Sitio Royalties Management, LLC, its general partner

By: /s/ Carrie Osicka

Name: Carrie Osicka
Title: Chief Financial Officer

SITIO ROCKIES, LP

By: Sitio Royalties Management, LLC, its general partner

By: /s/ Carrie Osicka

Name: Carrie Osicka
Title: Chief Financial Officer

SITIO ROYALTIES MANAGEMENT HOLDINGS, INC.

By: /s/ Carrie Osicka

Name: Carrie Osicka
Title: Chief Financial Officer

SITIO ROYALTIES MANAGEMENT, LLC

By: /s/ Carrie Osicka

Name: Carrie Osicka
Title: Chief Financial Officer

JPMORGAN CHASE BANK, N.A.,

as Administrative Agent, Issuing Bank and a
Lender

By: /s/ Umar Hassan

Name: Umar Hassan

Title: Authorized Officer

SIGNATURE PAGE TO THIRD AMENDMENT TO THIRD AMENDED AND RESTATED CREDIT AGREEMENT – SITIO
ROYALTIES OPERATING PARTNERSHIP, LP

BANK OF AMERICA, N.A.,
as a Lender

By: /s/ Kimberly Miller
Name: Kimberly Miller

Title: Director

SIGNATURE PAGE TO THIRD AMENDMENT TO THIRD AMENDED AND RESTATED CREDIT AGREEMENT – SITIO
ROYALTIES OPERATING PARTNERSHIP, LP

**CAPITAL ONE, NATIONAL
ASSOCIATION,**
as a Lender

By: /s/ David Lee Garza
Name: David Lee Garza
Title: Vice President

SIGNATURE PAGE TO THIRD AMENDMENT TO THIRD AMENDED AND RESTATED CREDIT AGREEMENT – SITIO
ROYALTIES OPERATING PARTNERSHIP, LP

**CANADIAN IMPERIAL BANK OF
COMMERCE, NEW YORK BRANCH,**
as a Lender

By: /s/ Scott W. Danvers
Name: Scott W. Danvers
Title: Authorized Signatory

By: /s/ Donovan C. Broussard
Name: Donovan C. Broussard
Title: Authorized Signatory

SIGNATURE PAGE TO THIRD AMENDMENT TO THIRD AMENDED AND RESTATED CREDIT AGREEMENT – SITIO
ROYALTIES OPERATING PARTNERSHIP, LP

CITIBANK, N.A.,
as a Lender

By: /s/ Cliff Vaz

Name: Cliff Vaz

Title: Vice President

SIGNATURE PAGE TO THIRD AMENDMENT TO THIRD AMENDED AND RESTATED CREDIT AGREEMENT – SITIO
ROYALTIES OPERATING PARTNERSHIP, LP

KEYBANK NATIONAL ASSOCIATION,
as a Lender

By: /s/ David M. Bornstein
Name: David M. Bornstein
Title: Senior Vice President

SIGNATURE PAGE TO THIRD AMENDMENT TO THIRD AMENDED AND RESTATED CREDIT AGREEMENT – SITIO
ROYALTIES OPERATING PARTNERSHIP, LP

MIZUHO BANK, LTD.,
as a Lender

By: /s/ Edward Sacks

Name: Edward Sacks

Title: Managing Director

SIGNATURE PAGE TO THIRD AMENDMENT TO THIRD AMENDED AND RESTATED CREDIT AGREEMENT – SITIO
ROYALTIES OPERATING PARTNERSHIP, LP

ROYAL BANK OF CANADA,
as a Lender

By: /s/ Kristan Spivey
Name: Kristan Spivey
Title: Authorized Signatory

SIGNATURE PAGE TO THIRD AMENDMENT TO THIRD AMENDED AND RESTATED CREDIT AGREEMENT – SITIO
ROYALTIES OPERATING PARTNERSHIP, LP

TRUIST BANK,
as a Lender

By: /s/ Farhan Iqbal
Name: FARHAN IQBAL

Title: Director

SIGNATURE PAGE TO THIRD AMENDMENT TO THIRD AMENDED AND RESTATED CREDIT AGREEMENT – SITIO
ROYALTIES OPERATING PARTNERSHIP, LP

BARCLAYS BANK PLC,
as a Lender

By: /s/ Sydney G. Dennis
Name: Sydney G. Dennis

Title: Director

SIGNATURE PAGE TO THIRD AMENDMENT TO THIRD AMENDED AND RESTATED CREDIT AGREEMENT – SITIO
ROYALTIES OPERATING PARTNERSHIP, LP

COMERICA BANK,
as a Lender

By: /s/ Isabel Araujo

Name: Isabel Araujo

Title: Assistant Vice President

SIGNATURE PAGE TO THIRD AMENDMENT TO THIRD AMENDED AND RESTATED CREDIT AGREEMENT - SITIO
ROYALTIES OPERATING PARTNERSHIP, LP

GOLDMAN SACHS BANK USA,
as a Lender

By: /s/ Priyankush Goswami
Name: Priyankush Goswami
Title: Authorized Signatory

SIGNATURE PAGE TO THIRD AMENDMENT TO THIRD AMENDED AND RESTATED CREDIT AGREEMENT - SITIO
ROYALTIES OPERATING PARTNERSHIP, LP

TEXAS CAPITAL BANK,
as a Lender

By: /s/ Jared Mills

Name: Jared Mills

Title: Executive Director

SIGNATURE PAGE TO THIRD AMENDMENT TO THIRD AMENDED AND RESTATED CREDIT AGREEMENT - SITIO
ROYALTIES OPERATING PARTNERSHIP, LP

FIRST HORIZON BANK, a Tennessee
State Bank, as a Lender

By: /s/ Blake Norris

Name: Blake Norris

Title: Vice President

SIGNATURE PAGE TO THIRD AMENDMENT TO THIRD AMENDED AND RESTATED CREDIT AGREEMENT - SITIO
ROYALTIES OPERATING PARTNERSHIP, LP

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: May 8, 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: May 8, 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 March 31, 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: May 8, 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 March 31, 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: May 8, 2024

By:

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