



**Executing consolidation strategy with transformative acquisitions**

**June 27, 2022**

# Disclaimer

## FORWARD-LOOKING STATEMENTS

This presentation relates to Sitio Royalties Corp. (the “Company” or “Sitio”) and its (i) completion of the acquisition of over 19,700 net royalty acres (“NRAs”) in the Permian Basin from Foundation Minerals (the “Foundation Acquisition”) and (ii) entry into a definitive purchase and sale agreement to acquire over 12,200 NRAs in the Permian Basin from Momentum Minerals (the “Momentum Acquisition” and together with the Foundation Acquisition, the “Acquisitions”). This presentation contains statements that may constitute “forward-looking statements” for purposes of federal securities laws. Forward-looking statements include, but are not limited to, statements that refer to projections, forecasts, or other characterizations of future events or circumstances, including any underlying assumptions. The words “anticipate,” “believe,” “continue,” “could,” “estimate,” “expect,” “intends,” “may,” “might,” “plan,” “seeks,” “possible,” “potential,” “predict,” “project,” “prospects,” “guidance,” “outlook,” “should,” “would,” “will,” and similar expressions may identify forward-looking statements, but the absence of these words does not mean that a statement is not forward-looking. These statements include, but are not limited to, statements about the Company’s expected benefits of the Acquisition, including with respect to the Company’s expected results of operations, cash flows, financial position and future dividends; as well as future plans, expectations, and objectives for the Company’s operations, including statements about strategy, synergies, future operations, financial position, prospects, and plans. While forward-looking statements are based on assumptions and analyses made by us that we believe to be reasonable under the circumstances, whether actual results and developments will meet our expectations and predictions depend on a number of risks and uncertainties that could cause our actual results, performance, and financial condition to differ materially from our expectations and predictions. See “Risk Factors” in Falcon Minerals Corporation’s (“Falcon”) definitive proxy statement filed with the U.S. Securities and Exchange Commission (the “SEC”) on May 5, 2022 for a discussion of risk factors related to the merger between Falcon and Desert Peak Minerals (“Desert Peak”) and Desert Peak’s business. See also Part I, Item 1A “Risk Factors” in Falcon’s Annual Report on Form 10-K for the fiscal year ended December 31, 2021 and Part II, Item 1A “Risk Factors” in Falcon’s Quarterly Reports on Form 10-Q, each filed with the SEC for a discussion of risk factors that affect Falcon’s business, and the “Risks Factors Relating to Desert Peak” described in the Current Report on Form 8-K filed on June 10, 2022. Any forward-looking statement made in this presentation speaks only as of the date on which it is made. Factors or events that could cause actual results to differ may emerge from time to time, and it is not possible to predict all of them. Sitio undertakes no obligation to publicly update any forward-looking statement, whether as a result of new information, future development, or otherwise, except as may be required by law.

## INDUSTRY AND MARKET DATA

The information, data and statistics contained herein are derived from various internal (including data that Sitio has internally collected) and external third party sources. While Sitio believes such third party information is reliable, there can be no assurance as to the accuracy or completeness of the indicated information. Sitio has not independently verified the accuracy or completeness of the information provided by third party sources. No representation is made by Sitio’s management as to the reasonableness of the assumptions made within or the accuracy or completeness of any projections or modeling or any other information contained herein. Any information, data or statistics on past performance or modeling contained herein is not an indication as to future performance. Sitio assumes no obligation to update the information in this presentation.

## BASIS OF PRESENTATION

Unless otherwise noted, all NRA counts and gross and net well counts are as of 06/23/22. All NRA metrics shown on an 1/8ths royalty equivalent basis.

## NON-GAAP MEASURES

This presentation includes financial measures that are not presented in accordance with U.S. generally accepted accounting principles (“GAAP”). While Sitio believes such non-GAAP measures are useful for investors, they are not measures of financial performance under GAAP and should not be considered in isolation or as an alternative to any measure of such performance derived in accordance with GAAP. These non-GAAP measures have limitations as analytical tools and you should not consider them in isolation or as substitutes for analysis of results as reported under GAAP. These non-GAAP measures may not be comparable to similarly titled measures used by other companies in our industry or across different industries.

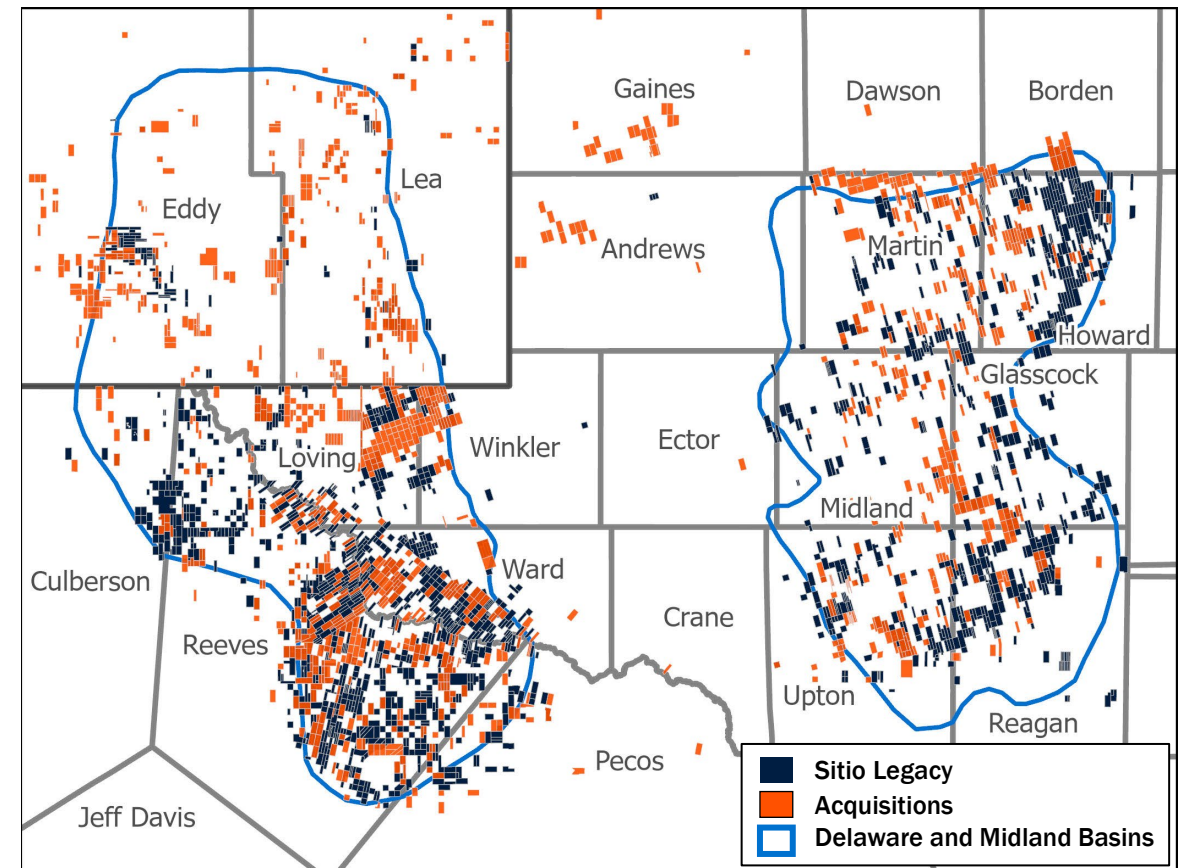
# Sitio continues its large-scale consolidation strategy with the acquisition of Foundation and Momentum

Highly complementary acquisitions contribute substantial acreage, production, cash flow, line-of-sight activity and remaining location inventory

## Pro forma metrics

	STR current	Foundation & Momentum	STR pro forma	%Δ
Midland NRAs	21,900	7,400	29,300	34%
Delaware NRAs	85,700	24,500	110,200	29%
Total NRAs	141,800	31,900	173,700	22%
Net permits <sup>(2)</sup>	11	3	14	32%
Net spuds <sup>(2)</sup>	8	3	11	35%
Midland average NRI	0.5%	0.3%	0.5%	
Delaware average NRI	1.1%	0.5%	1.0%	





## Sitio combined Permian Basin DSU footprint<sup>(1)</sup>



(1) DSU = Drilling Spacing Unit

(2) All wells normalized to 5,000'

# Transaction highlights

Continued large-scale consolidation		<ul style="list-style-type: none"> <li>Increases total company acreage by 22% and increases Permian Basin acreage by 30%</li> <li>Fourth and fifth transactions in excess of 10,000 NRAs in the last year</li> </ul>
Premier assets focused at front end of operators' cost curves		<ul style="list-style-type: none"> <li>Increases Sitio's exposure to Loving, Midland, Martin, Eddy and Lea counties by 160%</li> <li>Exposure to a diversified set of high-quality and active Permian Basin operators</li> <li>33% increase to line-of-sight wells provides enhanced visibility into differentiated production growth</li> </ul>
Scalability and disciplined underwriting enhance returns		<ul style="list-style-type: none"> <li>Expected to be accretive to shareholders by approximately 15% on a cash flow per share basis<sup>(1)</sup></li> <li>Substantial base of 3,114 PDP wells supports Sitio's ability to pay a larger dividend and reduce debt</li> <li>Lowers Sitio's cash G&amp;A per unit by 14% to \$2.31 / boe based on midpoint of 2H 2022 guidance</li> </ul>
Prudent capital allocation and balance sheet management		<ul style="list-style-type: none"> <li>Pro forma leverage of 1.5x; clear plan to reduce leverage to 1.0x or less by year-end 2023 utilizing retained cash flow<sup>(2)</sup></li> <li>Hedges on Foundation and Momentum production protect acquisition return expectations and provide deleveraging certainty</li> </ul>

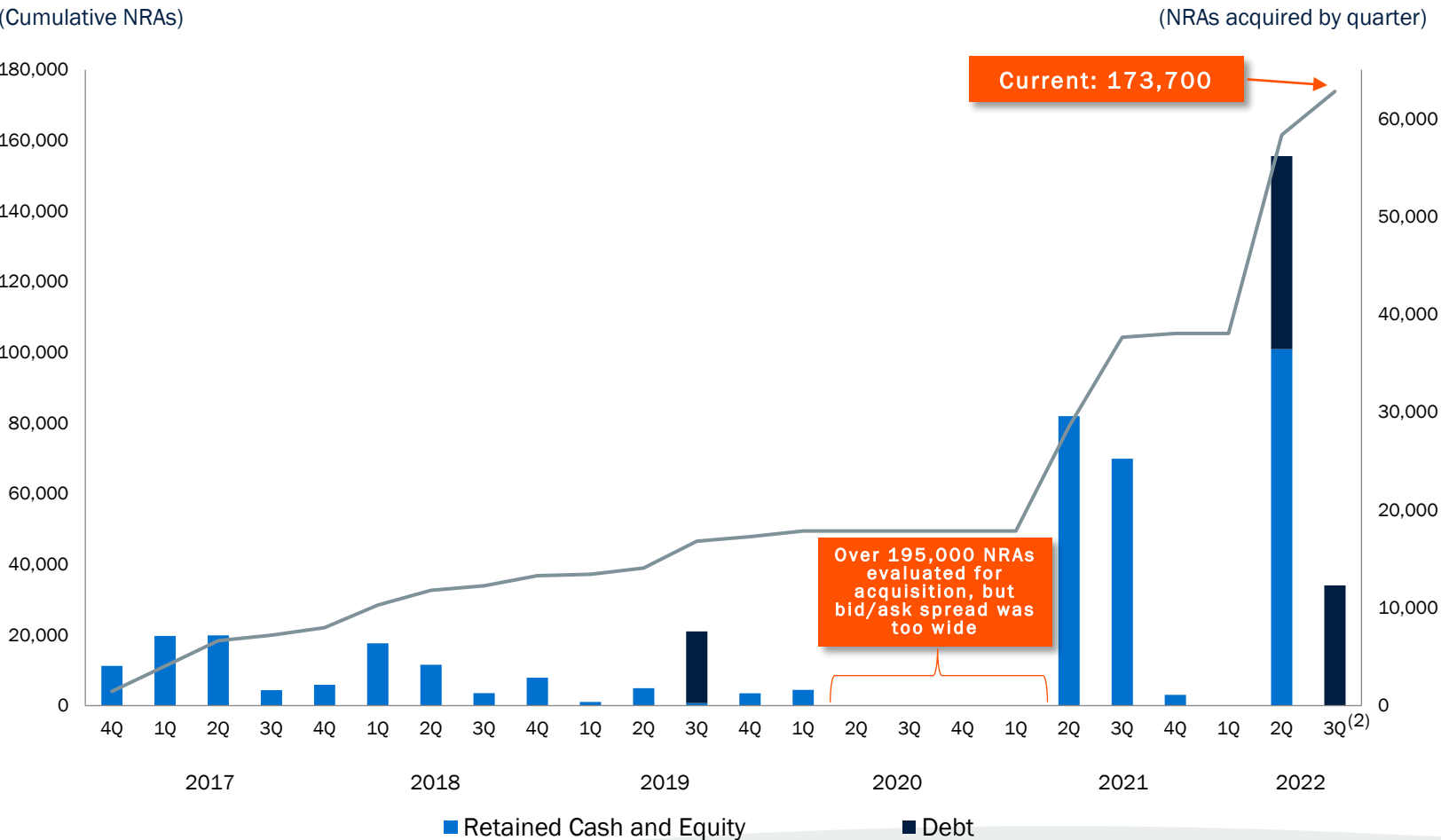
(1) Calculated as Sitio's current projected 2H22 cash flow per share excluding financing fees divided by Sitio's projected 2H22 cash flow per share prior to the Foundation and Momentum acquisitions

(2) Based on current strip pricing for oil and gas

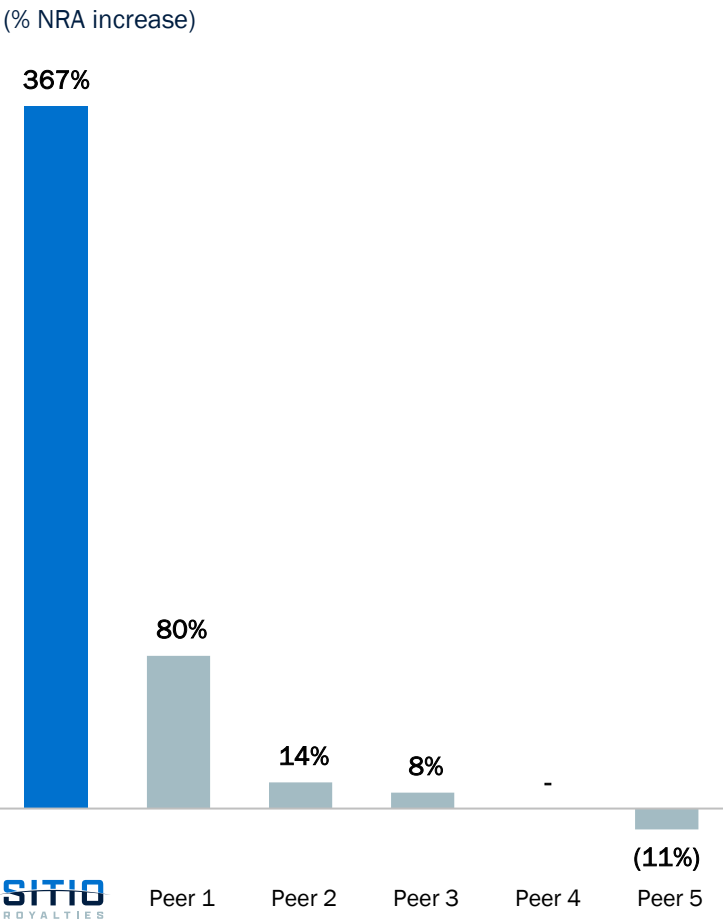
# Continuing Sitio's successful consolidation track record



## Sitio NRAs since inception: 185 acquisitions to date



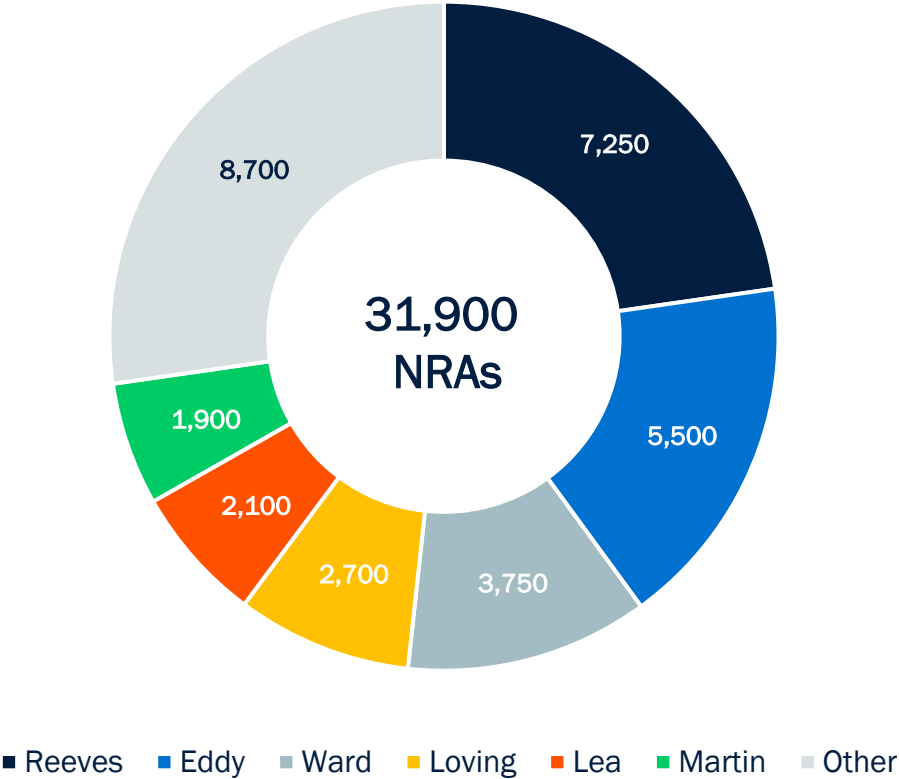
## Change in NRAs by public peers since 2019<sup>(1)</sup>



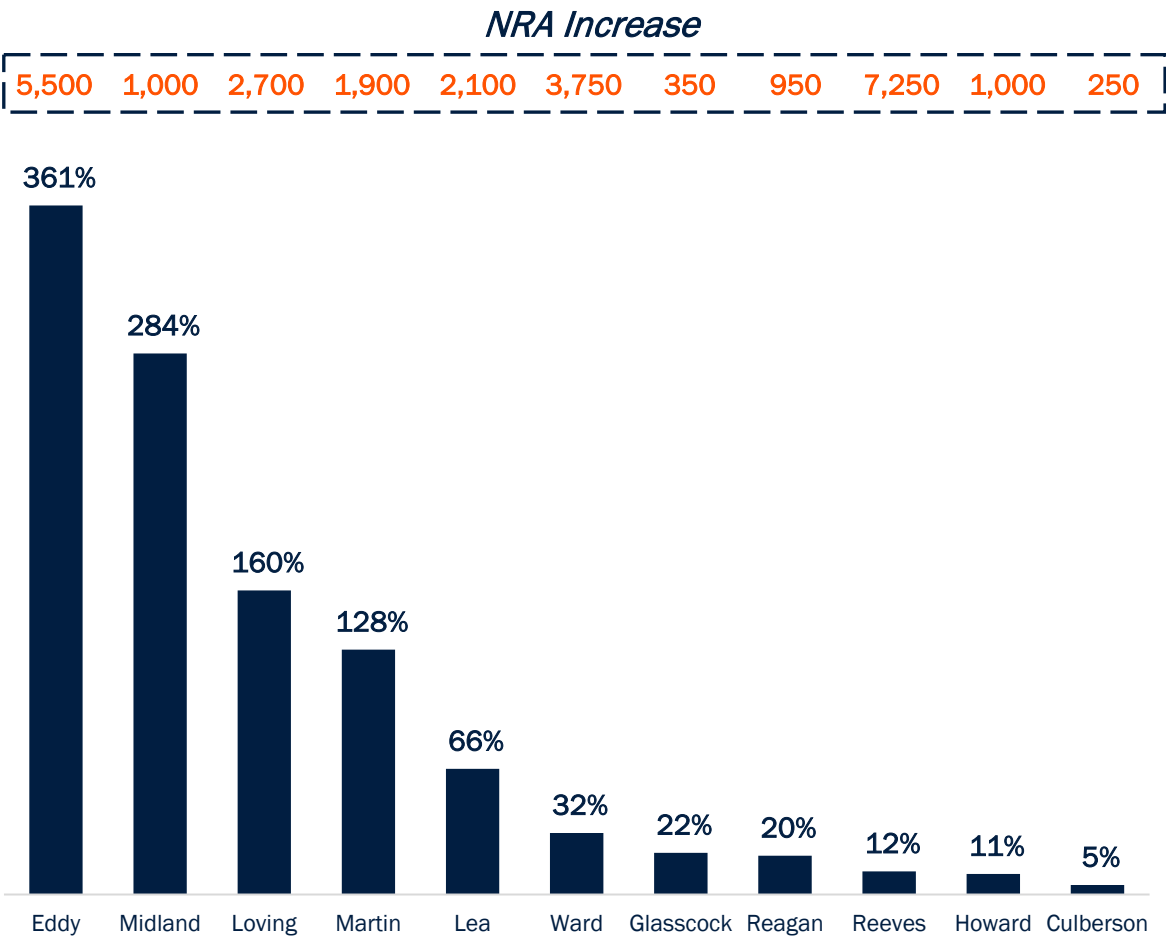
(1) Peers include BSM, KRP, MNRL, TPL, and VNOM. BSM NRAs only include NRAs in Black Stone Resource Plays as defined in BSM's publicly filed documents  
(2) Includes expected closing of Momentum acquisition in 3Q22

# Acquisitions add to Sitio's scale and diversity of exposure across the Permian Basin

Acquisition NRAs by county

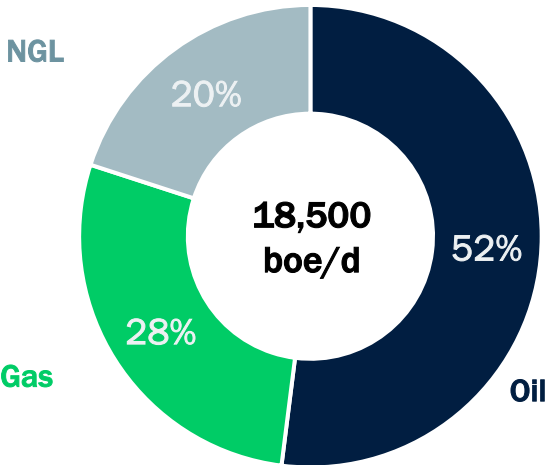
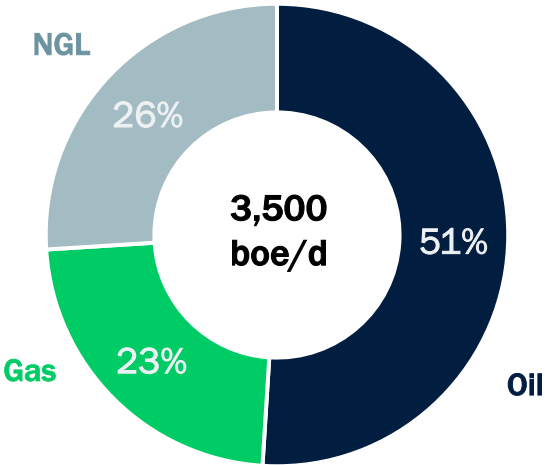
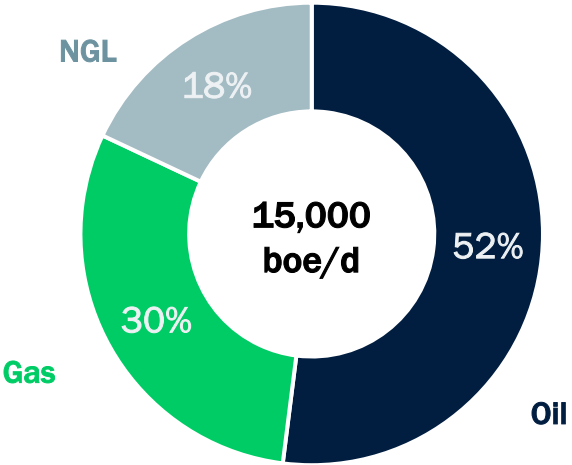


Impact to Sitio pre-acquisition core counties

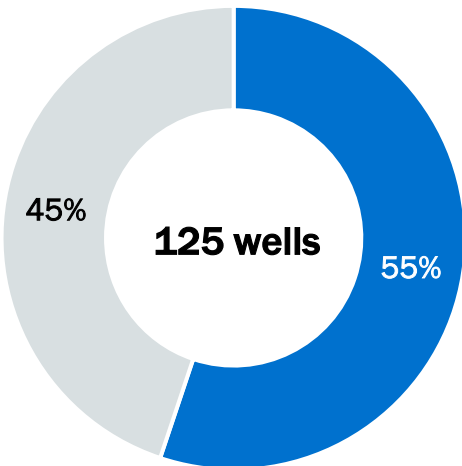
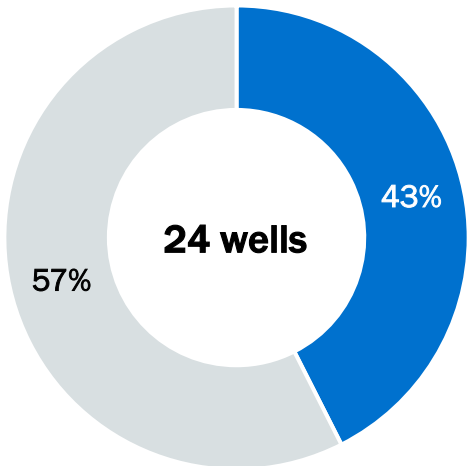
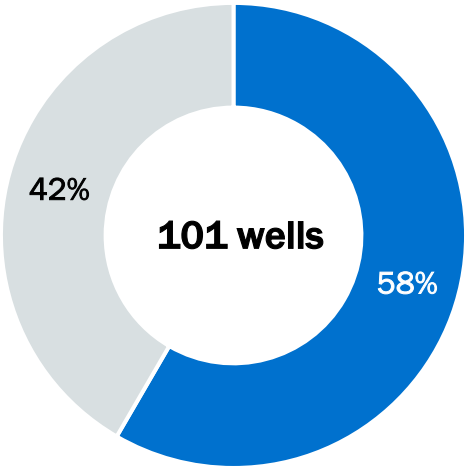


# Foundation and Momentum add to Sitio's oil-weighted production...

**2H22  
Production  
(boe/d)<sup>(1)</sup>**



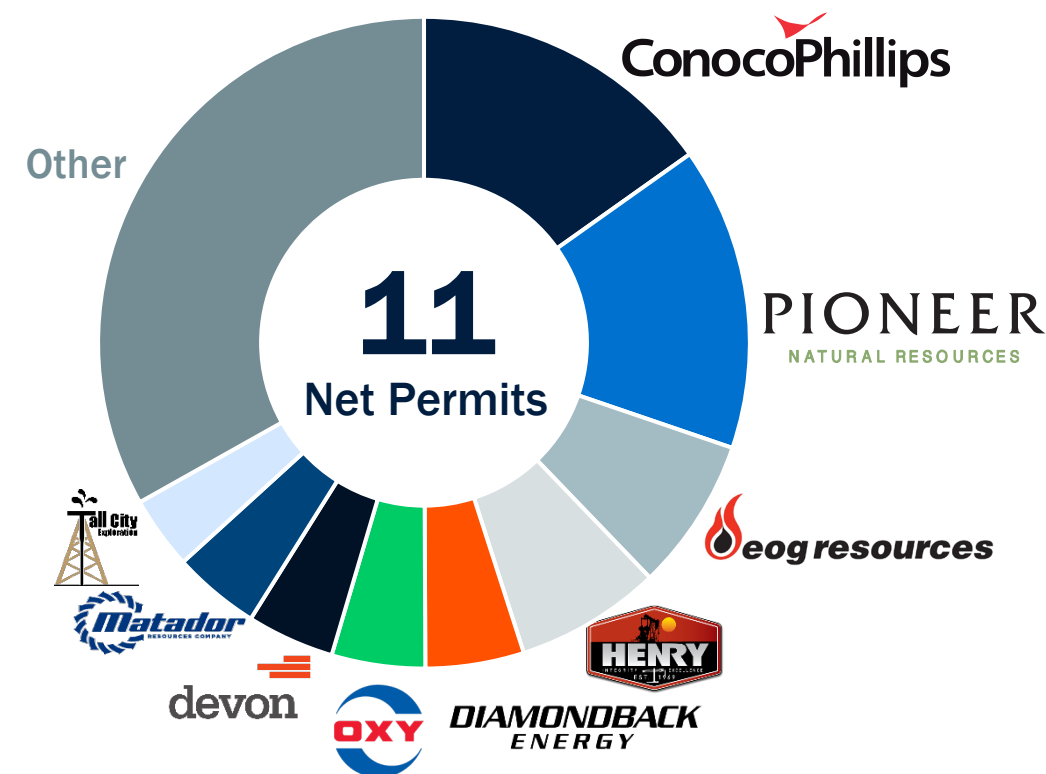
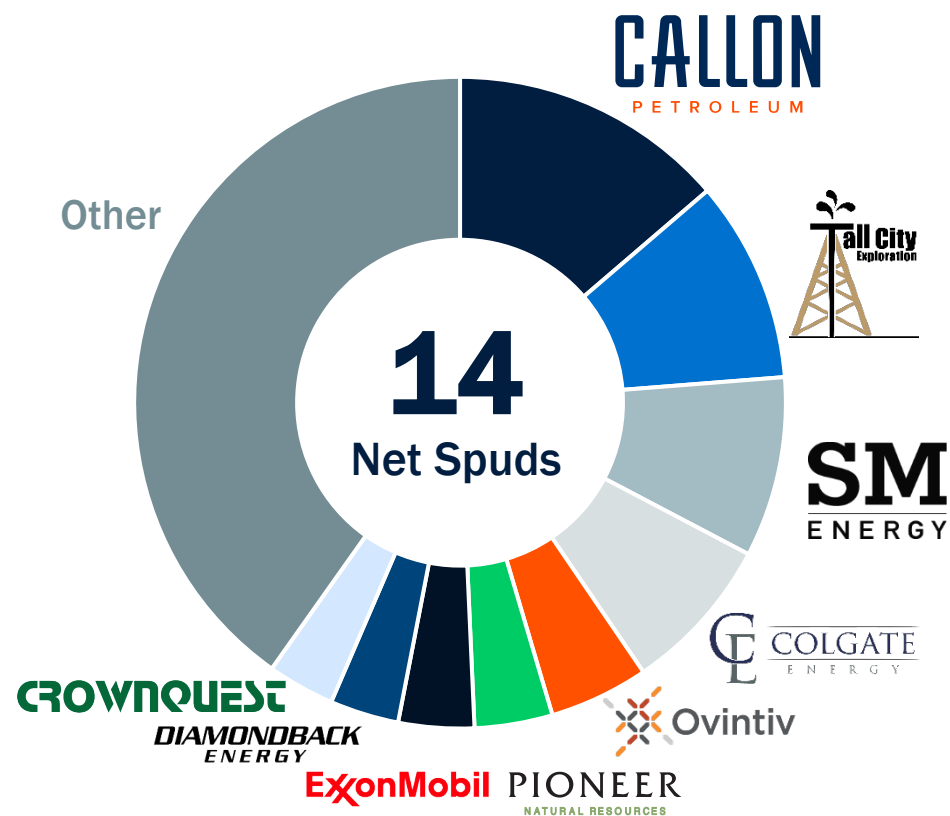
**Current Net  
PDP wells**



Wells drilled prior to 01/01/19    Wells drilled since 01/01/19

Note: All wells normalized to 5,000'  
(1) Represents midpoint of 2H 2022 production guidance

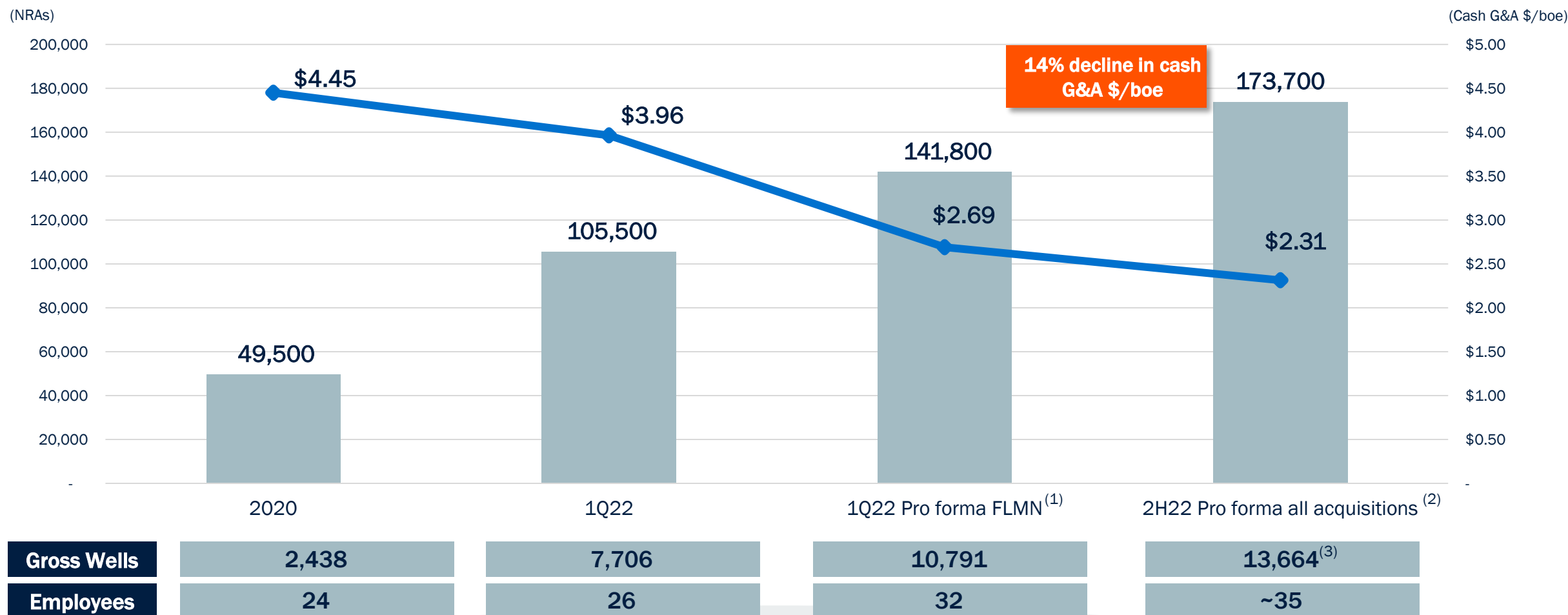
...and increases Sitio's substantial line-of-sight inventory across diverse operators



Acquisitions add ~6 net line-of-sight wells

# Acquisitions drive improvements in Sitio's scalable cost structure

Significant cash G&A (\$/boe) reduction while well count grows ~5.6x



(1) 1Q22 pro forma cash G&A based on the Sitio's estimated annual public cash G&A amount prior to acquiring Foundation and Momentum, which is equal to \$15mm.

Sitio's estimated cash G&A is not inclusive of any stock-based compensation, one-time transaction costs or any FLMN cash G&A costs incurred prior to closing

(2) 2H22 pro forma cash G&A and production based on the mid-points of Sitio's 2H22 guidance. Please reference page 10 for full 2H22 financial and operational guidance

(3) Includes all acquisitions signed to date and both vertical and horizontal not normalized to 5,000' lateral

# Sitio's 2H22 financial and operational guidance

## Production

18 – 19 Mboe/d

## % Oil

50% - 53%

## Cash G&A (annual)

\$15.0 – \$16.5mm

## G&T (\$ / boe)

\$1.25 - \$1.75

## Production taxes (% of gross revenue)

7% - 9%

## Cash tax rate<sup>(1)</sup>

3% - 5%

(1) Percent of pre-tax income attributable to Sitio Royalties Corp.

# Sitio's risk management strategy is designed to protect returns on cash acquisitions made in commodity price environments above mid-cycle pricing



## Hedging methodology

- Utilization of hedging as a risk management strategy to support returns on cash acquisitions that have been underwritten when pricing exceeds mid-cycle pricing
- Another element of our capital allocation framework designed to balance the return of capital to shareholders while preserving the ability to drive down leverage over time
- Entered into oil and gas hedging contracts for each of our last four cash acquisitions, including the Foundation and Momentum acquisitions

## Hedging summary

Crude Oil	2H22	2023	2024	1H25
<b>WTI Swaps</b>				
Total Volume (bbls)	404,800	1,113,250	1,207,800	199,100
Average Price (\$/bbl)	\$106.31	\$93.71	\$82.66	\$74.65
<b>WTI Collars</b>				
Total Volume (bbls)	-	-	-	362,000
Average Call (\$/bbl)	-	-	-	\$93.20
Average Put (\$/bbl)	-	-	-	\$60.00
Natural Gas	2H22	2023	2024	1H25
<b>HH Swaps</b>				
Total Volume (mmbtu)	92,000	182,500	183,000	-
Average Price (\$/mmbtu)	\$4.63	\$3.83	\$3.41	-
<b>HH Collars</b>				
Total Volume (mmbtu)	1,104,000	3,102,500	4,172,400	2,099,600
Average Call (\$/mmbtu)	\$9.69	\$7.93	\$7.24	\$10.34
Average Put (\$/mmbtu)	\$6.00	\$4.82	\$4.00	\$3.31



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