

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 September 30, 2024  
OR

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

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



Delaware

(State or other jurisdiction of  
incorporation or organization)

1401 Lawrence Street, Suite 1750  
Denver, CO

(Address of principal executive offices)

88-4140242

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

80202

(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	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
Emerging growth company	<input type="checkbox"/>		

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 November 1, 2024, there were 79,237,817 shares of the registrant's Class A Common Stock, par value \$0.0001 per share, outstanding and there were 73,677,467 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.

**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)

	September 30, 2024	December 31, 2023
	(Unaudited)	
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 8,507	\$ 15,195
Accrued revenue and accounts receivable	118,635	107,347
Prepaid assets	8,023	12,362
Derivative asset	9,066	19,080
Total current assets	144,231	153,984
Property and equipment		
Oil and natural gas properties, successful efforts method:		
Unproved properties	2,514,348	2,698,991
Proved properties	2,752,715	2,377,196
Other property and equipment	3,688	3,711
Accumulated depreciation, depletion, amortization, and impairment	(738,232)	(498,531)
Total property and equipment, net	4,532,519	4,581,367
Long-term assets		
Long-term derivative asset	—	3,440
Deferred financing costs	8,887	11,205
Operating lease right-of-use asset	4,949	5,970
Other long-term assets	2,778	2,835
Total long-term assets	16,614	23,450
<b>TOTAL ASSETS</b>	<b>\$ 4,693,364</b>	<b>\$ 4,758,801</b>
<b>LIABILITIES AND EQUITY</b>		
Current liabilities		
Accounts payable and accrued expenses	\$ 56,364	\$ 30,050
Operating lease liability	1,605	1,725
Total current liabilities	57,969	31,775
Long-term liabilities		
Long-term debt	992,854	865,338
Deferred tax liability	248,005	259,870
Non-current operating lease liability	4,511	5,394
Other long-term liabilities	1,150	1,150
Total long-term liabilities	1,246,520	1,131,752
Total liabilities	1,304,489	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; 82,871,009 and 82,451,397 shares issued and 79,288,976 and 82,451,397 outstanding at September 30, 2024 and December 31, 2023, respectively	8	8
Class C Common Stock, par value \$0.0001 per share; 120,000,000 shares authorized; 73,730,215 and 74,965,217 shares issued and 73,677,467 and 74,939,080 outstanding at September 30, 2024 and December 31, 2023, respectively	7	8
Additional paid-in capital	1,720,293	1,796,147
Accumulated deficit	(153,853)	(187,738)
Class A Treasury Shares, 3,582,033 and 0 shares at September 30, 2024 and December 31, 2023, respectively	(83,896)	—
Class C Treasury Shares, 52,748 and 26,137 shares at September 30, 2024 and December 31, 2023, respectively	(1,265)	(677)
Noncontrolling interest	1,907,581	1,987,526
Total equity	3,388,875	3,595,274
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$ 4,693,364</b>	<b>\$ 4,758,801</b>

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

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
<b>Revenues:</b>				
Oil, natural gas and natural gas liquids revenues	\$ 147,858	\$ 152,766	\$ 461,345	\$ 430,887
Lease bonus and other income	1,517	3,944	7,969	13,115
Total revenues	149,375	156,710	469,314	444,002
<b>Operating expenses:</b>				
Depreciation, depletion and amortization	78,093	80,716	239,896	222,718
General and administrative	14,382	12,044	40,849	37,786
Severance and ad valorem taxes	10,196	12,124	34,655	32,927
Impairment of oil and gas properties	—	—	—	25,617
Total operating expenses	102,671	104,884	315,400	319,048
<b>Net income from operations</b>	<b>46,704</b>	<b>51,826</b>	<b>153,914</b>	<b>124,954</b>
<b>Other income (expense):</b>				
Interest expense, net	(22,511)	(26,373)	(63,709)	(71,735)
Change in fair value of warrant liability	—	8	—	2,950
Loss on extinguishment of debt	—	(687)	—	(1,470)
Commodity derivatives gains (losses)	7,785	(24,125)	(2,872)	(3,250)
Interest rate derivative gains	—	9	—	456
<b>Net income before taxes</b>	<b>31,978</b>	<b>658</b>	<b>87,333</b>	<b>51,905</b>
Income tax expense	(4,111)	(383)	(11,733)	(6,884)
<b>Net income</b>	<b>27,867</b>	<b>275</b>	<b>75,600</b>	<b>45,021</b>
Net (income) loss attributable to noncontrolling interest	(15,304)	12	(41,715)	(22,877)
<b>Net income attributable to Class A stockholders</b>	<b>\$ 12,563</b>	<b>\$ 287</b>	<b>\$ 33,885</b>	<b>\$ 22,144</b>
<b>Net income (loss) per share of Class A Common Stock</b>				
Basic	\$ 0.15	\$ —	\$ 0.41	\$ 0.26
Diluted	\$ 0.15	\$ —	\$ 0.41	\$ 0.26
<b>Weighted average Class A Common Stock outstanding</b>				
Basic	80,142	81,712	81,095	80,984
Diluted	80,278	157,260	81,263	80,984

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)

	Nine Months Ended September 30,	
	2024	2023
<b>Cash flows from operating activities:</b>		
Net income	\$ 75,600	\$ 45,021
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, depletion and amortization	239,896	222,718
Amortization of deferred financing costs and long-term debt discount	3,925	4,275
Share-based compensation	17,558	14,474
Change in fair value of warrant liability	—	(2,950)
Loss on extinguishment of debt	—	1,470
Impairment of oil and gas properties	—	25,617
Commodity derivatives losses	2,872	3,250
Net cash received for commodity derivatives settlements	10,582	18,730
Interest rate derivative gains	—	(456)
Net cash paid for interest rate derivative settlements	—	403
Deferred tax benefit	(11,984)	(15,107)
Change in operating assets and liabilities:		
Accrued revenue and accounts receivable	(11,288)	26,188
Prepaid assets	4,402	13,187
Other long-term assets	961	1,866
Accounts payable and accrued expenses	24,984	(3,131)
Operating lease liabilities and other long-term liabilities	(777)	(737)
<b>Net cash provided by operating activities</b>	<b>356,731</b>	<b>354,818</b>
<b>Cash flows from investing activities:</b>		
Purchases of oil and gas properties, net of post-close adjustments	(190,834)	(172,070)
Purchases of other property and equipment	—	(19)
Other, net	(319)	—
<b>Net cash used in investing activities</b>	<b>(191,153)</b>	<b>(172,089)</b>
<b>Cash flows from financing activities:</b>		
Borrowings on credit facilities	329,000	588,500
Repayments on credit facilities	(203,000)	(497,500)
Repayments on 2026 Senior Notes	—	(33,750)
2026 Senior Notes issuance costs	—	(351)
Debt issuance costs	(144)	—
Distributions to noncontrolling interest	(91,512)	(121,924)
Dividends paid to Class A stockholders	(99,087)	(121,555)
Dividend equivalent rights paid	(943)	(982)
Repurchases of Class A Common Stock	(82,619)	—
Repurchases of Sitio OpCo Partnership Units (including associated Class C Common Shares)	(22,142)	—
Cash paid for taxes related to net settlement of share-based compensation awards	(1,819)	(3,432)
Payments of deferred financing costs	—	(9,214)
<b>Net cash used in financing activities</b>	<b>(172,266)</b>	<b>(200,208)</b>
<b>Net change in cash and cash equivalents</b>	<b>(6,688)</b>	<b>(17,479)</b>
Cash and cash equivalents, beginning of period	15,195	18,818
Cash and cash equivalents, end of period	<u>\$ 8,507</u>	<u>\$ 1,339</u>
<b>Supplemental disclosure of non-cash transactions:</b>		
Increase in current liabilities for additions to property and equipment:	\$ 42	\$ 224
Oil and gas properties acquired through issuance of Class C Common Stock and Sitio OpCo Partnership Units:	—	66,256
<b>Supplemental disclosure of cash flow information:</b>		
Cash paid for income taxes:	\$ 3,080	\$ 9,268
Cash paid for interest expense:	51,144	68,249

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)

	Class A		Class C		Additional Paid-in Capital	Accumulated Deficit	Class A		Class C		Noncontrolling Interest	Total Equity
	Common Stock		Common Stock				Treasury Shares		Treasury Shares			
	Shares	Amount	Shares	Amount			Shares	Amount	Shares	Amount		
<b>Balance at January 1, 2023</b>	80,805	\$ 8	74,347	\$ 7	\$ 1,750,640	\$ (9,203)	(633)	\$ (19,085)	—	\$ —	\$ 2,164,228	\$ 3,886,595
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	—	—	—	—
<b>Balance at March 31, 2023</b>	80,184	\$ 8	74,341	\$ 7	\$ 1,735,859	\$ (35,057)	—	\$ —	—	\$ —	\$ 2,140,460	\$ 3,841,277
Net loss	—	—	—	—	—	(796)	—	—	—	—	(2,177)	(2,973)
Share-based compensation	—	—	—	—	4,861	—	—	—	—	—	561	5,422
Conversion of Class C Common Stock to Class A Common Stock	1,310	—	(1,310)	—	37,865	—	—	—	—	—	(37,865)	—
Issuance of Class A Common Stock upon vesting of share-based awards, net of shares withheld for income taxes	166	—	—	—	(2,658)	—	—	—	—	—	—	(2,658)
Class C Common Stock withheld for income taxes upon vesting of RSAs and held in treasury	—	—	—	—	—	—	—	—	(26)	(677)	—	(677)
Change in deferred taxes from conversion of Class C Common Stock to Class A Common Stock	—	—	—	—	7,523	—	—	—	—	—	—	7,523
Issuance of Class C Common Stock in connection with acquisition	—	—	2,508	1	—	—	—	—	—	—	66,525	66,526
Dividends to Class A stockholders	—	—	—	—	—	(40,743)	—	—	—	—	—	(40,743)
Dividend equivalent rights	—	—	—	—	—	(383)	—	—	—	—	—	(383)
Distributions to noncontrolling interest	—	—	—	—	—	—	—	—	—	—	(41,956)	(41,956)
<b>Balance at June 30, 2023</b>	81,660	\$ 8	75,539	\$ 8	\$ 1,783,450	\$ (76,979)	—	\$ —	(26)	\$ (677)	\$ 2,125,548	\$ 3,831,358
Net income (loss)	—	—	—	—	—	287	—	—	—	—	(12)	275
Share-based compensation	—	—	—	—	3,800	—	—	—	—	—	568	4,368
Conversion of Class C Common Stock to Class A Common Stock	98	—	(98)	—	2,771	—	—	—	—	—	(2,771)	—
Issuance of Class A Common Stock upon vesting of RSUs, net of shares withheld for income taxes	5	—	—	—	(53)	—	—	—	—	—	—	(53)
Deferred tax asset arising from conversion of shares of Class C Common Stock to Class A Common Stock	—	—	—	—	524	—	—	—	—	—	—	524
Dividends to Class A stockholders	—	—	—	—	—	(32,705)	—	—	—	—	—	(32,705)
Dividend equivalent rights	—	—	—	—	—	(199)	—	—	—	—	—	(199)
Distributions to noncontrolling interest	—	—	—	—	—	—	—	—	—	—	(30,762)	(30,762)
<b>Balance at September 30, 2023</b>	81,763	\$ 8	75,441	\$ 8	\$ 1,790,492	\$ (109,596)	—	\$ —	(26)	\$ (677)	\$ 2,092,571	\$ 3,772,806

	Class A		Class C		Additional Paid-in Capital	Accumulated Deficit	Class A		Class C		Noncontrolling Interest	Total Equity
	Common Stock		Common Stock				Treasury Shares		Treasury Shares			
	Shares	Amount	Shares	Amount			Shares	Amount	Shares	Amount		
<b>Balance at January 1, 2024</b>	82,451	\$ 8	74,965	\$ 8	\$ 1,796,147	\$ (187,738)	—	\$ —	(26)	\$ (677)	\$ 1,987,526	\$ 3,595,274
Net income	—	—	—	—	—	8,468	—	—	—	—	10,224	18,692
Share-based compensation	—	—	—	—	4,543	—	—	—	—	—	561	5,104
Conversion of Class C Common Stock to Class A Common Stock	135	—	(135)	—	3,265	—	—	—	—	—	(3,265)	—
Issuance of Class A Common Stock upon vesting of share-based awards, net of shares withheld for income taxes	50	—	—	—	(607)	—	—	—	—	—	—	(607)
Change in deferred taxes from conversion of Class C Common Stock to Class A Common Stock	—	—	—	—	(73)	—	—	—	—	—	—	(73)
Dividends to Class A stockholders	—	—	—	—	(41,950)	—	—	—	—	—	—	(41,950)
Dividend equivalent rights	—	—	—	—	(376)	—	—	—	—	—	—	(376)
Distributions to noncontrolling interest	—	—	—	—	—	—	—	—	—	—	(38,157)	(38,157)
Repurchases of Class A Common Stock	—	—	—	—	—	—	(546)	(13,057)	—	—	—	(13,057)
<b>Balance at March 31, 2024</b>	82,636	\$ 8	74,830	\$ 8	\$ 1,760,949	\$ (179,270)	(546)	\$ (13,057)	(26)	\$ (677)	\$ 1,956,889	\$ 3,524,850
Net income	—	—	—	—	—	12,854	—	—	—	—	16,187	29,041
Share-based compensation	—	—	—	—	5,642	—	—	—	—	—	561	6,203
Conversion of Class C Common Stock to Class A Common Stock	162	—	(162)	—	3,820	—	—	—	—	—	(3,820)	—
Issuance of Class A Common Stock upon vesting of share-based awards, net of shares withheld for income taxes	28	—	—	—	(382)	—	—	—	—	—	—	(382)
Class C Common Stock withheld for income taxes upon vesting of RSAs and held in treasury	—	—	—	—	—	—	—	—	(27)	(588)	—	(588)
Change in deferred taxes from conversion of Class C Common Stock to Class A Common Stock	—	—	—	—	(1)	—	—	—	—	—	—	(1)
Dividends to Class A stockholders	—	—	—	—	(33,066)	—	—	—	—	—	—	(33,066)
Dividend equivalent rights	—	—	—	—	(331)	—	—	—	—	—	—	(331)
Distributions to noncontrolling interest	—	—	—	—	—	—	—	—	—	—	(30,245)	(30,245)
Repurchases of Class A Common Stock	—	—	—	—	—	—	(1,684)	(41,526)	—	—	—	(41,526)
Repurchases of Sitio OpCo Partnership Units (including associated Class C Common Shares)	—	—	(897)	(1)	1,329	—	—	—	—	—	(23,691)	(22,363)
<b>Balance at June 30, 2024</b>	82,826	\$ 8	73,771	\$ 7	\$ 1,737,960	\$ (166,416)	(2,230)	\$ (54,583)	(53)	\$ (1,265)	\$ 1,915,881	\$ 3,431,592
Net income	—	—	—	—	—	12,563	—	—	—	—	15,304	27,867
Share-based compensation	—	—	—	—	5,683	—	—	—	—	—	568	6,251
Conversion of Class C Common Stock to Class A Common Stock	41	—	(41)	—	1,062	—	—	—	—	—	(1,062)	—
Issuance of Class A Common Stock upon vesting of share-based awards, net of shares withheld for income taxes	4	—	—	—	(60)	—	—	—	—	—	—	(60)
Change in deferred taxes from conversion of Class C Common Stock to Class A Common Stock	—	—	—	—	(45)	—	—	—	—	—	—	(45)
Dividends to Class A stockholders	—	—	—	—	(24,071)	—	—	—	—	—	—	(24,071)
Dividend equivalent rights	—	—	—	—	(236)	—	—	—	—	—	—	(236)
Distributions to noncontrolling interest	—	—	—	—	—	—	—	—	—	—	(23,110)	(23,110)
Repurchases of Class A Common Stock	—	—	—	—	—	—	(1,352)	(29,313)	—	—	—	(29,313)
<b>Balance at September 30, 2024</b>	82,871	\$ 8	73,730	\$ 7	\$ 1,720,293	\$ (153,853)	(3,582)	\$ (83,896)	(53)	\$ (1,265)	\$ 1,907,581	\$ 3,388,875

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

**Sitio Royalties Corp.**  
**Notes to Unaudited Condensed Consolidated Financial Statements**

**Note 1. Basis of Presentation**

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

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

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

**Note 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 nine months ended September 30, 2024.

***Recently Issued Accounting Standards Not Yet Adopted***

In November 2023, the Financial Accounting Standards Board issued ASU 2023-07 - *Improvements to Reportable Segment Disclosures* (“ASU 2023-07”). The scope and frequency of segment disclosures was increased to provide investors with additional detail about information utilized by an entity's "Chief Operating Decision Maker." ASU 2023-07 is effective for Sitio beginning with our 2024 annual reporting and interim periods beginning in 2025. The Company is currently evaluating the impact of adoption of this standard. While the Company does not believe adoption of the ASU will result in more than one reportable segment, it will result in additional disclosure and background information.

### *Accounts Payable and Accrued Expenses*

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

	<b>September 30, 2024</b>	<b>December 31, 2023</b>
Accrued interest expense	\$ 20,797	\$ 12,178
Ad valorem taxes payable	9,174	10,364
Payable to seller for pre-effective monies	2,845	2,268
Accrued general and administrative	4,415	1,889
Payable to buyer for post-effective monies	615	1,427
Other taxes payable	17,878	1,592
Other	640	332
Total accounts payable and accrued expenses	<u>\$ 56,364</u>	<u>\$ 30,050</u>

### **Note 3. Revenue from Contracts with Customers**

#### *Oil, natural gas, and natural gas liquids revenues*

Revenue from customers is recognized when obligations under the terms of a contract with customers are satisfied; this generally occurs when control transfers at the wellhead for oil, natural gas, or NGLs.

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

	<b>For the Three Months Ended September 30,</b>		<b>For the Nine Months Ended September 30,</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Crude oil sales	\$ 131,438	\$ 129,705	\$ 402,226	\$ 359,442
Natural gas sales	2,629	9,569	14,361	32,745
NGL sales	13,791	13,492	44,758	38,700
Total royalty revenues	<u>\$ 147,858</u>	<u>\$ 152,766</u>	<u>\$ 461,345</u>	<u>\$ 430,887</u>

#### *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. The Company recognizes lease bonus revenues when the lease 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.

### **Note 4. Oil and Natural Gas Properties**

The following is a summary of oil and natural gas properties as of September 30, 2024 and December 31, 2023 (in thousands):

	<b>September 30, 2024</b>	<b>December 31, 2023</b>
<b>Oil and natural gas properties:</b>		
Unproved properties	\$ 2,514,348	\$ 2,698,991
Proved properties	2,752,715	2,377,196
Oil and natural gas properties, gross	5,267,063	5,076,187
Accumulated depletion and impairment	(736,393)	(496,879)
Oil and natural gas properties, net	<u>\$ 4,530,670</u>	<u>\$ 4,579,308</u>

As presented in the unaudited condensed consolidated statements of cash flows for the nine months ended September 30, 2024, the Company paid \$210.6 million for purchases of oil and gas properties, and received purchase price adjustments from acquisitions of \$19.8 million. For the nine months ended September 30, 2023, the Company paid \$172.1 million for purchases of oil and gas properties.

Depletion expense was \$78.0 million and \$239.5 million for the three and nine months ended September 30, 2024, respectively. Depletion expense was \$80.6 million and \$222.3 million for the three and nine months ended September 30, 2023, respectively.

#### Note 5. Acquisitions and Divestitures

For the nine months ended September 30, 2024, the Company closed on the acquisition of oil and gas properties for an aggregate purchase price of \$210.6 million.

In December 2023, the Company divested all of its mineral and royalty interests in the SCOOP and STACK plays in the Anadarko Basin in Oklahoma and the Appalachian Basin in Pennsylvania, Ohio and West Virginia for \$113.3 million, net of third-party transaction costs. The proceeds were used to fund repayments on the Company's credit facility and for general corporate purposes.

#### Note 6. Debt

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

	As of September 30, 2024	As of December 31, 2023
Sitio Revolving Credit Facility	\$ 403,000	\$ 277,000
2028 Senior Notes	600,000	600,000
Less: 2028 Senior Notes unamortized issuance costs	(10,146)	(11,662)
Total long-term debt	\$ 992,854	\$ 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 September 30, 2024 and December 31, 2023, the borrowing base under the Sitio Revolving Credit Facility as determined by the lenders was \$850.0 million and the outstanding balance under the Sitio Revolving Credit Facility was \$403.0 million and \$277.0 million, respectively.

As of September 30, 2024 and December 31, 2023, the weighted average interest rate related to our outstanding borrowings under the Sitio Revolving Credit Facility was 8.32% and 8.21%, respectively. As of September 30, 2024 and December 31, 2023, the Company had unamortized debt issuance costs of \$8.9 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 September 30, 2024 and 2023, the Company recognized \$806,000 and \$761,000, respectively, in interest expense related to the amortization of deferred financing costs under the Sitio Revolving Credit Facility. For the nine months ended September 30, 2024 and 2023, the Company recognized \$2.4 million and \$2.1 million, respectively, in interest expense related to the amortization of deferred financing costs under the Sitio Revolving Credit Facility. In connection with the amendment and restatement of the Sitio Revolving Credit Facility in February 2023 and the First Amendment to the Sitio Revolving Credit Facility in September 2023, certain lenders did not elect to remain a party to the facility. As such, \$687,000 and \$1.5 million of previously capitalized deferred financing costs were written off during the three and nine months ended September 30, 2023, respectively.

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

#### 2028 Senior Notes

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

issuance costs of \$10.1 million and \$11.7 million, respectively, in connection with the issuance of the 2028 Senior Notes. Debt issuance costs are reported as a reduction to long-term debt on our consolidated balance sheets and are amortized over the life of the 2028 Senior Notes. For the three and nine months ended September 30, 2024, the Company recognized \$516,000 and \$1.5 million, respectively, of interest expense attributable to the amortization of debt issuance costs related to the 2028 Senior Notes. No such expense was recognized for the three and nine months ended September 30, 2023.

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

### ***2026 Senior Notes***

In October 2023, the Company redeemed all of its senior notes due 2026 (the "2026 Senior Notes"). For the three and nine months ended September 30, 2023, the Company recognized \$0.7 million and \$2.2 million, respectively, of interest expense attributable to the amortization of discount and issuance costs related to the 2026 Senior Notes. No such expense was recognized for the three and nine months ended September 30, 2024.

## **Note 7. Equity**

### ***Class A Common Stock***

Holders of Class A Common Stock, par value \$0.0001 per share ("Class A Common Stock"), are entitled to one vote per share on all matters to be voted upon by the stockholders and are entitled to ratably receive dividends when and if declared by the Company's board of directors (the "Board").

### ***Class C Common Stock***

Shares of Class C Common Stock, par value \$0.0001 per share ("Class C Common Stock" and, together with Class A Common Stock, the "Common Stock"), are non-economic but entitle the holder to one vote per share. Current holders of Class C Common Stock also hold an equivalent number of common units representing limited partner interests in Sitio OpCo (the "Sitio OpCo Partnership Units") which receive pro rata distributions. Sitio OpCo Partnership Units are redeemable, at the option of the holder, on a one-for-one basis for shares of Class A Common Stock or, at our election, cash on terms and conditions set forth in the Second Amended and Restated Limited Partnership Agreement of Sitio OpCo. Upon the redemption by any holder of Sitio OpCo Partnership Units for shares of Class A Common Stock, a corresponding number of shares of Class C Common Stock held by such holder will be canceled. During the nine months ended September 30, 2024, 337,545 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 nine months ended September 30, 2023, 1,414,644 Sitio OpCo Partnership Units were redeemed for shares of Class A Common Stock, and an equivalent number of shares of Class C Common Stock were canceled.

### ***Share Repurchase Program***

On February 28, 2024, the Board authorized a share repurchase program that allows us to repurchase up to \$200.0 million of our Class A Common Stock and Sitio OpCo Partnership Units (the "Share Repurchase Program"). The shares may be repurchased from time to time through various methods including but not limited to in the open market transactions, through privately negotiated transactions or by other means in accordance with applicable securities laws, certain of which may be made pursuant to trading plans meeting the requirements of Rule 10b5-1 and 10b-18 under the Securities Exchange Act of 1934 (the "Exchange Act"). The 1% U.S. federal excise tax on certain repurchases of stock by publicly traded U.S. corporations enacted as part of the Inflation Reduction Act of 2022 (the "IRA 2022") applies to repurchases of our Class A Common Stock and Sitio OpCo Partnership Units pursuant to our Share Repurchase Program. The excise tax is reflected as a component of the repurchased amounts within our Condensed Consolidated Statements of Equity. The timing of repurchases under the program, as well as the number and value of shares repurchased under the program, will be determined by the Company at its discretion and will depend on a variety of factors, including the market price of our common stock, oil and gas commodity prices, general market and economic conditions, available liquidity, compliance with the Company's debt and other agreements, applicable legal requirements and other considerations. The exact number of shares to be 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.

For the three and nine months ended September 30, 2024, the Company repurchased 1,351,896 and 3,582,033 shares of its Class A Common Stock, respectively, in connection with the Share Repurchase Program. The shares were recorded at a weighted average price of \$21.47 and \$23.20, respectively upon repurchase by the Company, inclusive of third-party commissions.

For the nine months ended September 30, 2024, the Company repurchased and immediately canceled 897,457 Sitio OpCo Partnership Units together with an equivalent number of shares of Class C Common Stock under our Share Repurchase Program. The repurchased Sitio OpCo Partnership Units were recorded at a weighted average price of \$24.67.

***Class A Treasury Shares***

As of September 30, 2024, 3,582,033 shares of Class A Common Stock were held in treasury at a weighted average price of \$23.20.

***Class C Treasury Shares***

As of September 30, 2024, 52,748 shares of Class C Common Stock were held in treasury at a weighted average price of \$24.19.

***Cash Dividends***

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

<b>Quarter Ended</b>	<b>Quarterly Dividend per Class A Common Share</b>	<b>Class A Cash Dividends Paid</b>	<b>Payment Date</b>	<b>Stockholder Record Date</b>
June 30, 2024	\$ 0.30	\$ 24,071	August 30, 2024	August 19, 2024
March 31, 2024	\$ 0.41	\$ 33,066	May 31, 2024	May 21, 2024
December 31, 2023	\$ 0.51	\$ 41,950	March 28, 2024	March 15, 2024
September 30, 2023	\$ 0.49	\$ 40,396	November 30, 2023	November 21, 2023
June 30, 2023	\$ 0.40	\$ 32,705	August 31, 2023	August 18, 2023
March 31, 2023	\$ 0.50	\$ 40,743	May 31, 2023	May 19, 2023

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



## Earnings per Share

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 September 30,		For the Nine Months Ended September 30,	
	2024	2023	2024	2023
<b>Numerator:</b>				
Net income attributable to Class A stockholders	\$ 12,563	\$ 287	\$ 33,885	\$ 22,144
Less: Earnings allocated to participating securities	(236)	(199)	(943)	(983)
Net income attributable to Class A stockholders - basic	\$ 12,327	\$ 88	\$ 32,942	\$ 21,161
Plus: net loss attributable to noncontrolling interest	\$ —	\$ (12)	\$ —	\$ —
Net income attributable to Class A stockholders - diluted	\$ 12,327	\$ 76	\$ 32,942	\$ 21,161
<b>Denominator:</b>				
Weighted average shares outstanding - basic	80,142	81,712	81,095	80,984
Effect of dilutive securities	136	75,548	168	—
Weighted average shares outstanding - diluted	80,278	157,260	81,263	80,984
Net income per common share - basic	\$ 0.15	\$ —	\$ 0.41	\$ 0.26
Net income per common share - diluted	\$ 0.15	\$ —	\$ 0.41	\$ 0.26

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 September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Warrants	—	3,060	—	4,554
Unvested share-based compensation awards	1,310	899	1,397	789
Shares of Class C Common Stock if converted	73,716	—	74,157	74,601
Total	75,026	3,959	75,554	79,944

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 September 30, 2024.

### Note 8. Noncontrolling Interest

Noncontrolling interest represents the 48.2% economic interest of Sitio OpCo Partnership Units not owned by Sitio as of September 30, 2024. These interests are held in the form of Class C Common Stock and Sitio OpCo Partnership Units. Each share of Class C Common Stock has no economic rights, but entitles the holder to one vote for each share of Class C Common Stock. Each Sitio OpCo Partnership Unit holder, subject to certain limitations, has a redemption right to cause Sitio to acquire all or a portion of its Sitio OpCo Partnership Units for, at Sitio's election, (i) shares of our Class A Common Stock at a redemption ratio of one share of Class A Common Stock for together, one Sitio OpCo Partnership Unit and one share of Class C Common Stock, or (ii) an equivalent amount of cash.

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

	<b>Noncontrolling Interest</b>
<b>Balance – December 31, 2023</b>	<b>\$ 1,987,526</b>
Net income	41,715
Share-based compensation	1,690
Conversion of Class C Common Stock to Class A Common Stock	(8,147)
Distributions to noncontrolling interest	(91,512)
Repurchases of Sitio OpCo Partnership Units (including associated Class C Common Stock)	(23,691)
<b>Balance – September 30, 2024</b>	<b>\$ 1,907,581</b>

### Note 9. Share-Based Compensation

In June 2022, 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 September 30, 2024, a total of 5,927,871 shares of Class A Common Stock remain available for future grant under the Plan.

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

	<b>Three Months Ended September 30,</b>		<b>Nine Months Ended September 30,</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
RSUs	\$ 1,530	\$ 1,008	\$ 4,423	\$ 5,574
PSUs	3,449	2,107	9,361	5,539
DSUs	617	598	1,822	1,416
Sitio OpCo Restricted Stock Awards	568	567	1,690	1,684
RSUs Converted in the Brigham Merger	62	62	185	184
PSUs Converted in the Brigham Merger	25	26	77	77
<b>Total</b>	<b>\$ 6,251</b>	<b>\$ 4,368</b>	<b>\$ 17,558</b>	<b>\$ 14,474</b>

### 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 nine months ended September 30, 2024.

	Restricted Stock Units	
	Number of Shares	Grant Date Fair Value
Unvested at January 1, 2024	468,112	\$ 25.65
Granted	242,586	22.11
Forfeited	(37,321)	24.65
Vested	(122,545)	26.06
Unvested at September 30, 2024	550,832	\$ 24.06

As of September 30, 2024, there was approximately \$10.0 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 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 nine months ended September 30, 2024.

	Deferred Share Units	
	Number of Shares	Grant Date Fair Value
Unvested at January 1, 2024	93,680	\$ 25.38
Granted	101,440	24.12
Forfeited	—	—
Vested	(119,040)	25.11
Unvested at September 30, 2024	76,080	\$ 24.12

As of September 30, 2024, there was approximately \$1.5 million of unamortized equity-based compensation expense related to unvested DSUs, which is expected to be recognized over a weighted average period of 0.6 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
2023	43.57% - 52.71%	3.97% - 4.60%	0.00%
2024	39.76% - 41.09%	4.41% - 4.48%	0.00%

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

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

As of September 30, 2024, there was approximately \$20.0 million of unamortized equity-based compensation expense related to unvested PSUs, which is expected to be recognized over a weighted average period of 1.8 years.

#### *Restricted Stock Units Converted in the Brigham Merger*

In connection with the Company's merger with Brigham Minerals, Inc. ("Brigham") in December 2022 (the "Brigham Merger"), several legacy Brigham employees joined Sitio. Legacy Brigham RSUs held by such legacy Brigham employees were converted to Sitio RSUs in connection with the Brigham Merger at an exchange ratio of 1.133 Sitio RSUs for each Brigham RSU. These converted RSUs retained the original vesting schedules of the Brigham RSUs, which vest in one-third increments on the anniversaries of the original grant dates of the Brigham RSUs. The Company estimated the fair value of the converted RSUs as the closing price of the Company's Class A Common Stock on the grant date of the award, which is expensed over the applicable service period.

The following table summarizes activity related to unvested RSUs converted in the Brigham Merger for the nine months ended September 30, 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 September 30, 2024	5,522	\$ 30.15

As of September 30, 2024, there was approximately \$115,000 of unamortized equity-based compensation expense related to unvested RSUs converted in the Brigham Merger, which is expected to be recognized over a weighted average period of approximately 0.5 years.

**Performance Stock Units Converted in the Brigham Merger**

Brigham PSUs held by legacy Brigham employees who joined Sitio were converted to Sitio PSUs in connection with the Brigham Merger at an exchange ratio of 1.133 Sitio PSUs for each Brigham PSU. The converted PSUs retained and carried over the remainder of the initial vesting periods. The performance targets associated with the Brigham PSUs were deemed to have been achieved at 200% as of the date of the Brigham Merger. Because all performance targets were achieved prior to conversion and the number of Class A Common Shares to be issued upon satisfaction of the service requirements is known, the Company estimated the fair value of the converted PSUs as the closing price of the Company's Class A Common Stock on the grant date of the awards, which is expensed over the applicable service period.

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

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

As of September 30, 2024, there was approximately \$48,000 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 0.5 years.

**Sitio OpCo Restricted Stock Awards**

The following table summarizes activity related to unvested Sitio OpCo restricted stock awards ("RSAs") for the nine months ended September 30, 2024.

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

As of September 30, 2024, there was approximately \$3.8 million of unamortized equity-based compensation expense related to the unvested Sitio OpCo RSAs, which is expected to be recognized over a weighted average period of approximately 1.7 years.

**Note 10. Warrants**

The warrants described below expired in August 2023 and are no longer outstanding. In July 2017, Falcon consummated its IPO of units, each consisting of one share of Class A Common Stock and one-half of one warrant.

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

characteristics of a derivative under ASC 815, including any freestanding financial instrument that is potentially settled in an entity's own stock.

Due to certain circumstances that could have required the Company to settle the warrants in cash, the warrants were classified as derivative liabilities, as opposed to an equity contract. Therefore, the warrants were remeasured at fair value each reporting period with the change in fair value recorded in the unaudited condensed consolidated statements of operations. During the three and nine months ended September 30, 2023, the Company recognized a gain of \$8.0 thousand and \$3.0 million, respectively, attributable to a decrease in the fair value of the warrants. No such expense was recognized for the three and nine months ended September 30, 2024 due to the aforementioned expiration of the warrants in August 2023.

## Note 11. Derivative Instruments

### Commodity Derivatives

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. 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 September 30, 2024 are summarized below:

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

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

The Company's oil and gas two-way commodity collar contracts as of September 30, 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
October 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 September 30, 2024 and December 31, 2023.

### 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 September 30, 2024 and December 31, 2023 (in thousands):

	Balance sheet location	September 30, 2024	December 31, 2023
		Fair value	Fair value
Asset derivatives not designated as hedges for accounting purposes:			
Commodity contracts	Current assets	\$ 9,066	\$ 19,080
Commodity contracts	Long-term assets	—	3,440
Total asset derivatives		\$ 9,066	\$ 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		\$ 9,066	\$ 22,520

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

	September 30, 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	\$ 9,252	\$ (186)	\$ 9,066	\$ 23,401	\$ (881)	\$ 22,520
Commodity derivative liabilities	(186)	186	—	(881)	881	—

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

	Statement of income location	Three Months Ended		Nine Months Ended	
		September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
Commodity derivatives gains (losses)	Other income	\$ 7,785	\$ (24,125)	\$ (2,872)	\$ (3,250)
Interest rate derivative gains	Other income	—	9	—	456

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.

## Note 12. Fair Value Measurement

The Company's proved oil and gas properties are assessed for impairment on a periodic basis. If the Company's proved properties are determined to be impaired, the carrying basis of the properties is adjusted down to fair value. This represents a fair value measurement that would qualify as a non-recurring Level 3 fair value measurement. During the nine months ended September 30, 2023, the Company identified an impairment indicator related to its proved properties in the Appalachian Basin which indicated the carrying value of the assets exceeded the estimated future undiscounted cash flows. The Company determined the fair value of such proved properties based on estimates of future proved reserves, future commodity prices, and future production volumes, and then applied a discount rate commensurate with the assets. As a result, the Company recognized impairment expense of \$25.6 million related to its Appalachian Basin proved properties during the nine months ended September 30, 2023. No impairment of proved properties was recorded for the three and nine months ended September 30, 2024. No impairment of unproved properties was recorded for the three and nine months ended September 30, 2024 and 2023. If pricing conditions decline or are depressed, or if there is a negative impact on one or more of the other components of the calculation, we may incur proved property impairments in future periods.

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

The carrying values of cash, accrued revenue, accounts receivable, accounts payable, and accrued liabilities are considered to be representative of their respective fair values due to the short-term nature of these instruments. The carrying amount of debt outstanding pursuant to the Sitio Revolving Credit Facility approximates fair value as the borrowings bear interest at variable rates which are reflective of market rates (Level 2). The fair value of debt outstanding pursuant to our 2028 Senior Notes was \$627.7 million as of September 30, 2024 based on quoted prices for markets that are not active (Level 2).

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

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

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

## Note 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.

We are subject to U.S. federal and state income taxes as a corporation. The Company recorded income tax expense of \$11.7 million and \$6.9 million for the nine months ended September 30, 2024 and 2023, respectively. The tax expense was \$4.1 million and \$0.4 million for the three months ended September 30, 2024 and 2023, respectively. Our provisions for income taxes differ from amounts that would be provided by applying the U.S. federal statutory tax rate of 21% to pre-tax book income primarily due to (i) the portion of pre-tax net income that is attributable to our non-controlling interest holders which is not taxable to the Company; (ii) other permanent differences; and (iii) state income taxes.

## Note 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.



**Note 15. Subsequent Events**

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

***Cash Dividends***

On November 6, 2024, the Company declared a cash dividend of \$0.28 per share of Class A Common Stock with respect to the third quarter of 2024. The dividend is payable on November 27, 2024 to the stockholders of record at the close of business on November 19, 2024.

## CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

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

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

- our ability to identify, complete and integrate operations or realize any anticipated benefits, synergies, savings or growth of acquisitions of properties, businesses or technologies;
- our ability to retain and hire key personnel;
- our ability to finance our obligations;
- our ability to execute our business strategy;
- changes in general economic, business or industry conditions, and market volatility, including as a result of slowing growth, the inflation rate, central bank policy, 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 heightened tensions with Iran, Lebanon and Yemen;
- 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 heightened tensions with Iran, Lebanon and Yemen, 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 adopted regulations may result in delays in receiving, or in the ability to receive, oil and gas permits by our operators and recently introduced legislation may limit our operators' ability to produce oil and gas during certain times of year or at all;
- the impact of environmental, health and safety and other governmental regulations, including those that may result from the U.S. Supreme Court's decision overturning the Chevron deference doctrine, and of current or pending legislation, including federal and state legislative and regulatory initiatives relating to hydraulic fracturing and the impact of the IRA 2022 and any related legislation, regulations or changes in policy;
- future operating results;
- risk related to our hedging activities;
- our ability to successfully implement our Share Repurchase Program;
- exploration and development drilling prospects, inventories, projects, and programs of our operators;
- the impact of reduced drilling activity in our focus areas and uncertainty in whether development projects will be pursued;
- operating hazards faced by our operators;
- evolving cybersecurity risks such as those involving unauthorized access, denial-of-service attacks, third-party service provider failures, malicious software, data privacy breaches by employees, insiders or other with authorized access, cyber or phishing-attacks, ransomware, social engineering, physical breaches or other actions;
- technological advancements;
- weather conditions, natural disasters and other matters beyond our control; and
- certain risk factors discussed elsewhere in this quarterly report.

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

Reserve engineering is a process of estimating underground accumulations of oil, natural gas and NGLs that cannot be measured in an exact way. The accuracy of any reserve estimate depends on the quality of available data, the interpretation of such data and price and cost assumptions made by reserve engineers. In addition, the results of drilling 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 September 30, 2024, we owned mineral and royalty interests representing approximately 270,000 NRAs when adjusted to a 1/8th royalty. For the three months ended September 30, 2024, the average net daily production associated with our mineral and royalty interests was 38,585 BOE/d, consisting of 19,134 Bbls/d of oil, 64,130 Mcf/d of natural gas and 8,763 Bbls/d of NGLs. Since our predecessor’s formation in November 2016, we have accumulated our acreage position by making 206 acquisitions through September 30, 2024. We expect to continue to grow our acreage position by making acquisitions that meet our investment criteria for geologic quality, operator capability, remaining growth potential, cash flow generation and, most importantly, rate of return.

Our mineral and royalty interests entitle us to receive a fixed percentage of the revenue from crude oil, natural gas and NGLs produced from the acreage underlying our interests. We are not obligated to fund drilling and completion costs, plugging and abandonment costs or lease operating expenses associated with oil and gas production and we incur only our proportionate share of production and ad valorem taxes and, in some cases, gathering, processing and transportation costs which reduce the amount of revenue we recognize. For the nine months ended September 30, 2024, our production and ad valorem taxes were approximately \$3.35 per BOE, relative to an average realized price of \$44.63 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 nine months ended September 30, 2024, the Company repurchased 3,582,033 shares of its Class A Common Stock in connection with the Share Repurchase Program. The shares were recorded at a weighted average price of \$23.20 upon repurchase by the Company, inclusive of third-party commissions. During the nine months ended September 30, 2024, the Company repurchased and immediately canceled 897,457 Sitio OpCo Partnership Units together with an equivalent number of shares of Class C Common Stock under the Share Repurchase Program. The repurchased Sitio OpCo Partnership Units were recorded at a weighted average price of \$24.67. As of September 30, 2024, the Company's remaining share repurchase authorization was \$94.8 million.

### ***Acquisitions***

Through September 30, 2024, we have evaluated over 1,000 potential mineral and royalty interest acquisitions and completed 206 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 September 30, 2024 and 2023 was 38,585 BOE/d (50% crude oil) and 36,900 BOE/d (48% crude oil), respectively. For the three months ended September 30, 2024, we received an average of \$74.67 per Bbl of crude oil, \$0.45 per Mcf of natural gas and \$17.11 per Bbl of NGLs, for an average realized price of \$41.65 per BOE. For the three months ended September 30, 2023, we received an average of \$80.21 per Bbl of crude oil, \$1.54 per Mcf of natural gas and \$18.14 per Bbl of NGLs, for an average realized price of \$45.00 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. This may not be alleviated until sufficient pipeline takeaway capacity comes online to meet demand.

As of September 30, 2024, we had 45,397 gross (333.1 net) producing horizontal wells on our acreage. Additionally, as of September 30, 2024, there were 5,503 gross (27.5 net) horizontal wells in various stages of drilling or completion and 3,809 gross (21.4 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 elevated interest rates 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.

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. While inflationary pressures in the United States' economy have begun to subside and the Federal Reserve has recently lowered the federal funds rate, we continue to be impacted by the elevated level of interest rates as compared to recent years. Although the Federal Reserve made cuts to benchmark interest rates in September 2024 and it is currently anticipated that it will make additional cuts, there is no guarantee that such additional cuts will occur. Any subsequent increases in benchmark interest rates could have the effect of further raising our borrowing costs.

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, the conflict in the Israel-Gaza region and increases in hostilities elsewhere in the Middle East, including tensions with Iran, Lebanon and Yemen. It has also been impacted by, among other events, the uncertainty regarding global central bank monetary policy. The geopolitical and macroeconomic consequences of the Russian invasion of Ukraine and associated sanctions, the conflict in the Israel-Gaza region and elsewhere in the Middle East, and the uncertainty regarding central bank monetary policy cannot be predicted, and such events, or any further 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.

## [Results of Operations](#)

### Three Months Ended September 30, 2024 Compared to the Three Months Ended September 30, 2023

#### Consolidated Results

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

	Three Months Ended September 30,		Variance	
	2024	2023		
<b>Statement of Operations Data:</b>				
<b>Revenue:</b>				
Crude oil	\$ 131,438	\$ 129,705	1,733	*
Natural gas	2,629	9,569	(6,940)	(73)%
NGLs	13,791	13,492	299	2%
Lease bonus	1,286	3,379	(2,093)	(62)%
Other Revenue	231	565	(334)	(59)%
Total revenues	149,375	156,710	(7,335)	(5)%
<b>Operating Expenses:</b>				
Depreciation, depletion and amortization	\$ 78,093	\$ 80,716	(2,623)	(3)%
General and administrative	14,382	12,044	2,338	19%
Severance and ad valorem taxes	10,196	12,124	(1,928)	(16)%
Total operating expenses	102,671	104,884	(2,213)	(2)%
<b>Net income from operations</b>	<b>46,704</b>	<b>51,826</b>	<b>(5,122)</b>	<b>(10)%</b>
<b>Other Income (Expense):</b>				
Interest expense (net) <sup>(1)</sup>	\$ (22,511)	\$ (26,373)	3,862	(15)%
Change in fair value of warrant liability	—	8	(8)	*
Loss on extinguishment of debt	—	(687)	687	*
Commodity derivatives gains (losses)	7,785	(24,125)	31,910	*
Interest rate derivative gains	—	9	(9)	*
<b>Net income before taxes</b>	<b>31,978</b>	<b>658</b>	<b>31,320</b>	<b>*</b>
Income tax expense	(4,111)	(383)	(3,728)	*
<b>Net income</b>	<b>27,867</b>	<b>275</b>	<b>27,592</b>	<b>*</b>
Net (income) loss attributable to noncontrolling interest	(15,304)	12	(15,316)	*
<b>Net income attributable to Class A stockholders</b>	<b>12,563</b>	<b>287</b>	<b>12,276</b>	<b>*</b>

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

\* Not applicable or meaningful

	<b>Three Months Ended September 30,</b>		<b>Variance</b>	
	<b>2024</b>	<b>2023</b>		
<b>Production Data:</b>				
Crude oil (MBbls)	1,760	1,617	143	9%
Natural gas (MMcf)	5,900	6,203	(303)	(5)%
NGLs (MBbls)	806	744	62	8%
Total (MBOE)(6:1)	<u>3,549</u>	<u>3,395</u>	155	5%
Average daily production (BOE/d)(6:1)	38,585	36,900	1,680	5%
<b>Average Realized Prices:</b>				
Crude oil (per Bbl)	\$ 74.67	\$ 80.21	(5.54)	(7)%
Natural gas (per Mcf)	0.45	1.54	(1.09)	(71)%
NGLs (per Bbl)	17.11	18.14	(1.03)	(6)%
Combined (per BOE)	41.65	45.00	(3.35)	(7)%
<b>Average Realized Prices After Effects of Derivative Settlements:</b>				
Crude oil (per Bbl)	\$ 75.96	\$ 82.21	(6.25)	(8)%
Natural gas (per Mcf)	0.78	1.84	(1.06)	(58)%
NGLs (per Bbl)	17.11	18.14	(1.03)	(6)%
Combined (per BOE)	42.85	46.49	(3.64)	(8)%

### **Revenue**

Our consolidated revenues for the three months ended September 30, 2024 decreased as compared to the corresponding period in 2023. The decrease in revenues was due to a decrease in mineral and royalty revenue, lease bonus and other income. The decrease in mineral and royalty revenue was due to a decrease in average realized price of 7% and the sale of certain non-core properties in December 2023, which was partially offset by an overall increase in our production volumes.

Oil revenue for the three months ended September 30, 2024 increased as compared to the corresponding prior period in 2023 due to a 9% increase in oil production volumes, partially offset by a 7% decrease in average realized price.

Natural gas revenue for the three months ended September 30, 2024 decreased significantly as compared to the corresponding prior period. The decrease was primarily due to a 71% decrease in average realized prices and a 5% decrease in production volumes.

NGLs revenue for the three months ended September 30, 2024 increased as compared to the corresponding prior period. This increase was due to an 8% increase in production volumes partially offset by a 6% decrease in average realized price.

Lease bonus for the three months ended September 30, 2024 decreased as compared to the corresponding prior period. When we lease our acreage to an E&P operator, we generally receive a lease bonus payment at the time a lease is executed. These bonus payments are subject to significant variability from period to period based on the particular tracts of land that become available for re-leasing.

Other revenues include payments for right-of-way and surface damages, which are also subject to significant variability. Other revenues were minimal for the three months ended September 30, 2024 as well as the corresponding prior period.

### **Operating Expenses**

Depreciation, depletion and amortization expense decreased for the three months ended September 30, 2024 as compared to the corresponding prior period. The decrease was due to a lower depletion rate, which was \$21.97 per BOE for the three months ended September 30, 2024 compared to \$23.74 per BOE for the corresponding prior period.

General and administrative expense increased for the three months ended September 30, 2024 as compared to the corresponding prior period. The increase was primarily due to a \$1.9 million increase in stock based compensation.

Severance and ad valorem taxes decreased for the three months ended September 30, 2024 as compared to the corresponding prior period. The decrease was primarily due to the decrease in commodity prices.

***Other Income and Expenses***

Interest expense relates to interest incurred on borrowings under the Sitio Revolving Credit Facility, the 2028 Senior Notes and the 2026 Senior Notes. Interest expense decreased during the three months ended September 30, 2024 as compared to the corresponding prior period. The decrease was primarily due to a lower average interest rate on our 2028 Senior Notes during the three months ended September 30, 2024 as compared to interest rates on our 2026 Senior Notes during the three months ended September 30, 2023.

Commodity derivatives gains totaled \$7.8 million for the three months ended September 30, 2024 as compared to a loss of \$24.1 million in the corresponding prior period. The gain in 2024 was due to commodity price decreases during the three months ended September 30, 2024 as compared to the loss related to commodity price increases in the corresponding prior period.

Income tax expense was \$4.1 million for the three months ended September 30, 2024 compared to \$0.4 million in the corresponding prior period due to higher net income in the current year period.



## Nine Months Ended September 30, 2024 Compared to the Nine Months Ended September 30, 2023

### Consolidated Results

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

	Nine Months Ended September 30,		Variance	
	2024	2023		
<b>Statement of Operations Data:</b>				
<b>Revenue:</b>				
Crude oil	\$ 402,226	\$ 359,442	42,784	12%
Natural gas	14,361	32,745	(18,384)	(56)%
NGLs	44,758	38,700	6,058	16%
Lease bonus	5,695	11,873	(6,178)	(52)%
Other Revenue	2,274	1,242	1,032	83%
<b>Total revenues</b>	<b>469,314</b>	<b>444,002</b>	<b>25,312</b>	<b>6%</b>
<b>Operating Expenses:</b>				
Depreciation, depletion and amortization	239,896	222,718	17,178	8%
General and administrative	40,849	37,786	3,063	8%
Severance and ad valorem taxes	34,655	32,927	1,728	5%
Impairment of oil and natural gas properties	—	25,617	(25,617)	*
<b>Total operating expenses</b>	<b>315,400</b>	<b>319,048</b>	<b>(3,648)</b>	<b>(1)%</b>
<b>Net income from operations</b>	<b>153,914</b>	<b>124,954</b>	<b>28,960</b>	<b>23%</b>
<b>Other Income (Expense):</b>				
Interest expense (net) <sup>(1)</sup>	(63,709)	(71,735)	8,026	(11)%
Change in fair value of warrant liability	—	2,950	(2,950)	*
Loss on extinguishment of debt	—	(1,470)	1,470	*
Commodity derivatives losses	(2,872)	(3,250)	378	(12)%
Interest rate derivative gains	—	456	(456)	*
<b>Net income before taxes</b>	<b>87,333</b>	<b>51,905</b>	<b>35,428</b>	<b>68%</b>
Income tax expense	(11,733)	(6,884)	(4,849)	70%
<b>Net income</b>	<b>75,600</b>	<b>45,021</b>	<b>30,579</b>	<b>68%</b>
Net income attributable to noncontrolling interest	(41,715)	(22,877)	(18,838)	82%
<b>Net income attributable to Class A stockholders</b>	<b>33,885</b>	<b>22,144</b>	<b>11,741</b>	<b>53%</b>

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

\* Not applicable or meaningful

	Nine Months Ended September 30,		Variance	
	2024	2023		
<b>Production Data:</b>				
Crude oil (MBbls)	5,219	4,786	433	9%
Natural gas (MMcf)	16,808	17,214	(406)	(2)%
NGLs (MBbls)	2,316	1,996	320	16%
Total (MBOE)(6:1)	10,337	9,651	686	7%
Average daily production (BOE/d)(6:1)	37,725	35,349	2,376	7%
<b>Average Realized Prices:</b>				
Crude oil (per Bbl)	\$ 77.07	\$ 75.11	\$ 1.96	3%
Natural gas (per Mcf)	\$ 0.85	\$ 1.90	\$ (1.05)	(55)%
NGLs (per Bbl)	\$ 19.32	\$ 19.39	\$ (0.07)	—%
Combined (per BOE)	\$ 44.63	\$ 44.65	\$ (0.02)	—%
<b>Average Realized Prices After Effects of Derivative Settlements:</b>				
Crude oil (per Bbl)	\$ 77.95	\$ 77.95	\$ —	—%
Natural gas (per Mcf)	\$ 1.21	\$ 2.20	\$ (0.99)	(45)%
NGLs (per Bbl)	\$ 19.32	\$ 19.39	\$ (0.07)	—%
Combined (per BOE)	\$ 45.66	\$ 46.59	\$ (0.93)	(2)%

## Revenue

Our consolidated revenues for the nine months ended September 30, 2024 increased as compared to the nine months ended September 30, 2023. The increase in revenues was primarily due to an increase in oil and NGLs revenue partially offset by a decrease in natural gas and lease bonus revenue. The increase in mineral and royalty revenue was primarily due to an increase in our production volumes of 7%. The increase in production was due to outperformance and timing, and was partially offset by the sale of certain non-core properties in December 2023.

Oil revenue for the nine months ended September 30, 2024 increased as compared to the corresponding period in 2023. The increase was due to a 9% increase in production volumes as well as a 3% increase in average realized price.

Natural gas revenue for the nine months ended September 30, 2024 decreased as compared to the corresponding prior period. The decrease was due to a 55% decrease in average realized price as well as a 2% decrease in production.

NGLs revenue for the nine months ended September 30, 2024 increased as compared to the corresponding prior period. The increase was related to a 16% increase in production.

Lease bonus for the nine months ended September 30, 2024 decreased as compared to the corresponding prior period. When we lease our acreage to an E&P operator, we generally receive a lease bonus payment at the time a lease is executed. These bonus payments are subject to significant variability from period to period based on the particular tracts of land that become available for re-leasing.

Other revenues include payments for right-of-way and surface damages, which are also subject to significant variability. Other revenues increased 83% for the nine months ended September 30, 2024 as compared to the corresponding prior period.

## Operating Expenses

Depreciation, depletion and amortization expense increased for the nine months ended September 30, 2024 as compared to the corresponding prior period. The increase was due to a 7% increase in production and a higher average depletion rate, which was \$23.17 per BOE for the nine months ended September 30, 2024 compared to \$23.04 per BOE for the nine months ended September 30, 2023.

General and administrative expense increased for the nine months ended September 30, 2024 as compared to the corresponding prior period. The increase was due to \$1.4 million in additional employee compensation and benefits related to increased headcount as well as a \$3.1 million increase in stock based compensation. These increases were partially offset by decreases in mineral transaction costs of \$2.3 million.

Severance and ad valorem taxes increased for the nine months ended September 30, 2024 as compared to the corresponding prior period. The increase was primarily due to the increase in mineral and royalty interests from our acquisitions.

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

#### ***Other Income and Expenses***

Interest expense relates to interest incurred on borrowings under the Sitio Revolving Credit Facility, the 2028 Senior Notes and the 2026 Senior Notes. Interest expense decreased during the nine months ended September 30, 2024 as compared to the corresponding prior period. The decrease was primarily due to a lower average interest rate on our 2028 Senior Notes during the nine months ended September 30, 2024 as compared to interest rates on our 2026 Senior Notes during the nine months ended September 30, 2023.

The change in fair value of the warrant liability decreased from \$2.9 million to \$0.0 million for the nine months ended September 30, 2024 as compared to the corresponding prior period. The decrease was attributable to the warrants expiring in August 2023. They are no longer outstanding.

Commodity derivatives losses decreased for the nine months ended September 30, 2024 as compared to the corresponding prior period. In 2022, we entered into oil and gas fixed price swaps and two-way collars to manage commodity price risks associated with production from certain of our acquisitions. The commodity derivatives losses were due to commodity price increases during the nine months ended September 30, 2024 and 2023.

Income tax expense increased for the nine months ended September 30, 2024 as compared to the corresponding prior period. This was primarily due to an increase in net income before income tax expense as compared to the corresponding prior period.

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

As of September 30, 2024, our liquidity was \$455.5 million, comprised of \$8.5 million of cash and cash equivalents and \$447.0 million of availability under the Sitio Revolving Credit Facility.

### Cash Flows for the Nine Months Ended September 30, 2024 Compared to the Nine Months Ended September 30, 2023 (in thousands):

Statement of Cash Flows Data:	Nine Months Ended September 30,		Variance	
	2024	2023		
Net cash provided by (used in):				
Operating activities	\$ 356,731	\$ 354,818	\$ 1,913	1 %
Investing activities	(191,153)	(172,089)	(19,064)	11 %
Financing activities	(172,266)	(200,208)	27,942	-14 %
Net decrease in cash and cash equivalents	\$ (6,688)	\$ (17,479)	\$ 10,791	-62 %

### 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 nine months ended September 30, 2024 were \$356.7 million as compared to \$354.8 million for the nine months ended September 30, 2023. The increase was primarily a result of variability in timing of cash receipts for our royalty revenues.

### Investing Activities

Cash flows used in investing activities totaled \$191.2 million for the nine months ended September 30, 2024 as compared to \$172.1 million for the nine months ended September 30, 2023. The increase was due to acquisitions of oil and gas properties, net of purchase price adjustments, for a total of \$190.8 million for the nine months ended September 30, 2024, as compared to \$172.1 million for the nine months ended September 30, 2023.

## ***Financing Activities***

Cash flows used in financing activities for the nine months ended September 30, 2024 totaled \$172.3 million as compared to \$200.2 million for the nine months ended September 30, 2023. For the nine months ended September 30, 2024 net borrowings under the Sitio Revolving Credit Facility were \$35.0 million higher than the corresponding prior period. Net borrowings were higher during the nine months ended September 30, 2024 due to increased acquisition activity. We had a \$22.5 million decrease in dividends paid to holders of Class A Common Stock and a \$30.4 million decrease in distributions paid to noncontrolling interest holders. These decreases were offset by \$104.8 million in repurchases of Class A Common Stock and Sitio OpCo Partnership Units compared to none in the corresponding prior period.

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

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

### **2028 Senior Notes**

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

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

## **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.

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 accrued revenue and accounts receivable in the accompanying unaudited condensed consolidated balance sheets. Differences between our estimates and the actual amounts received for oil and natural gas sales are recorded in the month that payment is received from the third party.

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

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

### ***Contractual Obligations***

As of September 30, 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.

For the nine months ended September 30, 2024, a \$1.00 per Bbl change in our realized oil price would have resulted in a \$5.2 million change in our oil revenues. A \$0.10 per Mcf change in our realized natural gas price would have resulted in a \$1.7 million change in our natural gas revenues. A \$1.00 per Bbl change in NGL prices would have resulted in a \$2.3 million change in our NGL revenues. Royalties on oil, natural gas, and NGL sales contributed 86%, 3%, and 10% of our mineral and royalty revenues, respectively, for the nine months ended September 30, 2024.

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

#### ***Counterparty and Customer Credit Risk***

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

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

#### ***Interest Rate Risk***

Our primary exposure to interest rate risk results from outstanding borrowings under the Sitio Revolving Credit Facility which has a floating interest rate. The average annual interest rate incurred on our borrowings under the Sitio Revolving Credit Facility during the nine months ended September 30, 2024 was 8.43%. We estimate that an increase of 1.0% in the average interest rate during the nine months ended September 30, 2024 would have resulted in an approximate \$2.7 million increase in interest expense.



#### **Item 4. Controls and Procedures.**

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

##### ***Evaluation of Disclosure Controls and Procedures***

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

##### ***Changes in Internal Control Over Financial Reporting***

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

## **PART II—OTHER INFORMATION**

#### **Item 1. Legal Proceedings.**

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

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 <sup>(1)</sup>	Average Price Paid Per Share <sup>(2)</sup>	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) <sup>(3)</sup>
July 1, 2024 - July 31, 2024	56,457	24.38	54,302	\$ 122,451
August 1, 2024 - August 31, 2024	436,219	21.92	436,219	\$ 112,888
September 1, 2024 - September 30, 2024	861,759	21.05	861,375	\$ 94,751
Total	1,354,435		1,351,896	

(1) The total number of shares purchased includes 2,539 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 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 September 30, 2024, we repurchased 1,351,896 shares of Class A Common Stock for approximately \$29.0 million under the Share Repurchase Program.

## Item 3. Defaults Upon Senior Securities.

None.

## Item 4. Mine Safety Disclosures.

Not applicable.

## Item 5. Other Information

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

**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	<a href="#"><u>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).</u></a>
3.2	<a href="#"><u>Amendment to the Restated Certificate of Incorporation of Sitio Royalties Corp., dated as of May 17, 2024 (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed on May 17, 2024).</u></a>
3.3	<a href="#"><u>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).</u></a>
10.1†	<a href="#"><u>Sitio Royalties Corp. Amended and Restated Severance Plan (incorporated by reference to Exhibit 10.5 to the Company's Quarterly Report on Form 10-Q filed on August 7, 2024).</u></a>
10.2†	<a href="#"><u>Form of Participation Agreement (incorporated by reference to Exhibit 10.6 to the Company's Quarterly Report on Form 10-Q filed on August 7, 2024).</u></a>
10.3†	<a href="#"><u>Form of Notice of Restrictive Covenants, Including Covenant Not to Compete (incorporated by reference to Exhibit 10.7 to the Company's Quarterly Report on Form 10-Q filed on August 7, 2024).</u></a>
31.1*	<a href="#"><u>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.</u></a>
31.2*	<a href="#"><u>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.</u></a>
32.1**	<a href="#"><u>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.</u></a>
32.2**	<a href="#"><u>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.</u></a>
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.

† Identifies management contracts and compensatory plans or arrangements.

**SIGNATURES**

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

**SITIO ROYALTIES CORP.**

Date: November 6, 2024

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

Date: November 6, 2024

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

Date: November 6, 2024

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

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER**

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

**OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED**

Christopher L. Conoscenti, certify that:

I have reviewed this Quarterly Report on Form 10-Q of Sitio Royalties Corp. (the “registrant”);

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;

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;

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

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: November 6, 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**

Carrie L. Osicka, certify that:

I have reviewed this Quarterly Report on Form 10-Q of Sitio Royalties Corp. (the “registrant”);

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;

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;

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

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: November 6, 2024

By: \_\_\_\_\_ /s/ CARRIE L. OSICKA

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**Carrie L. Osicka**  
Chief Financial 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 September 30, 2024 as filed with the U.S. Securities and Exchange Commission on the date hereof (the “Report”), I, Carrie L. Osicka, the Chief Financial Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 6, 2024

By:

/s/ CARRIE L. OSICKA

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**Carrie L. Osicka**  
*Chief Financial Officer*