

Tax Information Per Unit

Third Quarter Report 2018

MONTHLY DISTRIBUTIONS PAID ON: (\$/UNIT EXCEPT COST DEPLETION FACTORS)

	August 14, 2018	September 17, 2018	October 15, 2018	Total
Gross Income	\$ 0.153300	\$ 0.123600	\$ 0.157723	\$ 0.434623
Less Severance Taxes	(0.023498)	(0.013255)	(0.021607)	(0.058360)
Interest Income	0.000292	0.000328	0.000337	0.000957
Less Administration Expenses	(0.005037)	(0.002983)	(0.011749)	(0.019769)
Reconciling Items	0.000000	0.000000	0.000000	0.000000
NET CASH DISTRIBUTION	\$ 0.125057	\$ 0.107690	\$ 0.124704	\$ 0.357451
Cost Depletion Factors:				
Texas - 90%	0.003491	0.004311	0.002480	0.010282
Oklahoma - 90%	0.011473	0.012618	0.014036	0.038127
New Mexico - 90%	0.005055	0.002356	0.006174	0.013585
Texas - 75%	0.000000	0.000000	0.000000	0.000000
Oklahoma - 75%	0.013097	0.007748	0.009285	0.030130

Unit holders owning units in nominee name may obtain monthly tax information from the trustee upon request or from the Trust's web site at www.ctt-crosstimbers.com.

Cross Timbers Royalty Trust 2911 Turtle Creek Blvd Ste 850, Dallas, TX 75219
855.588.7839 ■ Simmons Bank, Trustee ■ www.ctt-crosstimbers.com



Cross Timbers Royalty Trust

3rd
Quarter Report
2018

To Unitholders:

For the quarter ended September 30, 2018, net profits income was \$2,257,576 compared to \$1,674,186 for third quarter 2017. This 35% increase in net profits income is primarily the result of higher oil prices (\$0.8 million), increased oil production (\$0.1 million), decreased development costs (\$0.1 million) and decreased production expenses (\$0.1 million), partially offset by net excess costs activity on the Texas working interest properties (\$0.2 million), and decreased gas production (\$0.3 million).

After considering interest income of \$5,744 and administration expense of \$118,614, distributable income for the quarter ended September 30, 2018 was \$2,144,706, or \$0.357451 per unit of beneficial interest. Administration expense for the quarter decreased \$31,431 from the prior year quarter, primarily related to the timing of receipt and payment of Trust expenses and terms of professional services. Changes in interest income are attributable to fluctuations in net profits income and interest rates. For third quarter 2017, distributable income was \$1,526,430, or \$0.254405 per unit.

Distributions to unitholders for the quarter ended September 30, 2018 were:

RECORD DATE	PAYMENT DATE	PER UNIT
July 31, 2018	August 14, 2018	\$ 0.125057
August 31, 2018	September 17, 2018	0.107690
September 28, 2018	October 15, 2018	0.124704
TOTAL		<u>\$ 0.357451</u>

This letter, and all communications to unitholders, includes information provided to the Trustee by XTO Energy Inc.

Cross Timbers Royalty Trust
By: **Simmons Bank, Trustee**



By: **Nancy Willis**
Vice President

Cross Timbers Royalty Trust Financial Statements

Condensed Statements of Assets, Liabilities and Trust Corpus (Unaudited)

	September 30, 2018	December 31, 2017
Assets		
Cash and Short-Term Investments	\$ 1,746,201	\$ 1,469,830
Interest to be Received	2,023	960
Net Profits Interests in Oil and Gas Properties – Net.....	8,705,029	9,311,334
	<u>\$10,453,253</u>	<u>\$10,782,124</u>
Liabilities and Trust Corpus		
Distribution Payable to Unitholders.....	\$ 748,224	\$ 470,790
Expense Reserve ^(a)	1,000,000	1,000,000
Trust Corpus (6,000,000 Units of Beneficial Interest Authorized and Outstanding).....	8,705,029	9,311,334
	<u>\$10,453,253</u>	<u>\$10,782,124</u>

(a) Expense reserve allows Trustee to pay its obligations should it be unable to pay them out of the net profits income. As of September 30, 2018, the reserve currently established by the Trustee is funded at \$1,000,000.

Condensed Statements of Distributable Income (Unaudited)

	Three Months Ended September 30, 2018	September 30, 2017	Nine Months Ended September 30, 2018	September 30, 2017
Net Profits Income	\$ 2,257,576	\$ 1,674,186	\$ 6,868,248	\$ 4,931,974
Interest Income.....	5,744	2,289	13,919	4,808
TOTAL INCOME	2,263,320	1,676,475	6,882,167	4,936,782
Administration Expense.....	118,614	150,045	537,953	505,380
Cash Reserves Withheld for Trust Expenses....	—	—	—	—
Distributable Income.....	\$ 2,144,706	\$ 1,526,430	\$ 6,344,214	\$ 4,431,402
Distributable Income per Unit (6,000,000 Units).	<u>\$ 0.357451</u>	<u>\$ 0.254405</u>	<u>\$ 1.057369</u>	<u>\$ 0.738567</u>

Condensed Statements of Changes in Trust Corpus (Unaudited)

	Three Months Ended September 30, 2018	September 30, 2017	Nine Months Ended September 30, 2018	September 30, 2017
Trust Corpus, Beginning of Period	\$ 8,924,865	\$ 9,680,286	\$ 9,311,334	\$ 9,903,800
Amortization of Net Profits Interests	(219,836)	(109,106)	(606,305)	(332,620)
Distributable Income.....	2,144,706	1,526,430	6,344,214	4,431,402
Distributions Declared	(2,144,706)	(1,526,430)	(6,344,214)	(4,431,402)
Trust Corpus, End of Period	<u>\$ 8,705,029</u>	<u>\$ 9,571,180</u>	<u>\$ 8,705,029</u>	<u>\$ 9,571,180</u>

These Condensed Financial Statements should be read in conjunction with the Condensed Financial Statements and notes thereto included in the Trust's quarterly report on Form 10-Q for the quarter ended September 30, 2018.