

Permian Basin Royalty Trust Financial Statements

Condensed Statements of Assets, Liabilities and Trust Corpus

	September 30, 2024 <i>(Unaudited)</i>	December 31, 2023
Assets		
Cash and short-term investments.....	\$ 3,731,395	\$ 6,051,350
Net overriding royalty interests in producing oil and gas properties (net of accumulated amortization of \$10,789,591 and \$10,753,742 at September 30, 2024 and December 31, 2023, respectively).....	185,625	221,474
TOTAL ASSETS	\$ 3,917,020	\$ 6,272,824
Liabilities and Trust Corpus		
Distribution payable to Unit Holders.....	\$ 2,363,614	\$ 4,951,350
Funds received for future distributions.....	267,781	—
Commitments and reserves for contingencies.....	1,100,000	1,100,000
Trust corpus – 46,608,796 Units of beneficial interest authorized and outstanding.....	185,625	221,474
TOTAL LIABILITIES AND TRUST CORPUS	\$ 3,917,020	\$ 6,272,824

Condensed Statements of Distributable Income (Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Royalty income.....	\$ 8,366,375	\$ 3,317,431	\$ 23,175,406	\$ 14,598,202
Interest income.....	54,534	24,119	122,688	61,191
	8,420,909	3,341,550	23,298,094	14,659,393
General and administrative expenditures...	(367,625)	(139,520)	(1,315,916)	(955,607)
Distributable income.....	\$ 8,053,284	\$ 3,202,030	\$ 21,982,178	\$ 13,703,786
Distributable income per Unit (46,608,796 Units)	\$.17	\$.07	\$.47	\$.29

Condensed Statements of Changes in Trust Corpus (Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Trust Corpus, beginning of period.....	\$ 197,625	\$ 199,433	\$ 221,474	\$ 279,433
Amortization of net overriding royalty interests	(12,000)	(40,000)	(35,849)	(120,000)
Distributable income.....	8,053,284	3,202,030	21,982,178	13,703,786
Distributions declared.....	(8,053,284)	(3,202,030)	(21,982,178)	(13,703,786)
Trust Corpus, end of period.....	\$ 185,625	\$ 159,433	\$ 185,625	\$ 159,433
Distributions per Unit.....	\$.17	\$.07	\$.47	\$.29

These condensed financial statements and the other information in this third quarter report should be read in conjunction with the information included in the Trust's quarterly report on Form 10-Q for the quarter ended September 30, 2024.

Permian Basin Royalty Trust

3rd
Quarter Report
2024

To Unit Holders:

For the quarter ended September 30, 2024, royalty income received by the Trust amounted to \$8,366,375 compared to royalty income of \$3,317,431 during the third quarter of 2023. Due to Blackbeard refusing to provide the Trustee information necessary to calculate the net proceeds as of the NYSE notification date beginning May 2024, pricing information for the Waddell Ranch properties is for June, July, and August 2024 (reflecting the period for which proceeds were distributed to Unitholders in the third quarter of 2024). For the Waddell Ranch properties, the average realized oil and gas prices were \$79.91 per barrel (Bbl) and \$1.19 per thousand cubic feet (Mcf), respectively for the three months ended August 31, 2024 compared to \$70.78 and \$2.03 for the three months ended September 30, 2023. For the Texas Royalty properties, the average realized oil and gas prices were \$79.06 per Bbl and \$10.54 per Mcf, respectively for the quarter ended September 30, 2024 compared to \$71.45 per Bbl and \$4.18 per Mcf, respectively for the quarter ended September 30, 2023. The Trustee believes that the higher royalty income reported in the three months ended September 30, 2024 compared to the same time period in 2023 is attributable to a deficit position in the third quarter of 2023, resulting in no royalty income being received from the Waddell Ranch properties due to an excess in working interest costs during the third quarter of 2023. No deficit position existed during the third quarter of 2024, and royalty income was received from the Waddell Ranch properties during such period. The increase in royalty income was also attributable to \$2,177,289 of net proceeds from June 2024 being held for distribution until the third quarter of 2024, partially offset by \$267,781 of net proceeds from September 2024 being delayed until distribution declared in the fourth quarter of 2024, in each case, due to Blackbeard's refusal to provide information regarding monthly net proceeds in time for the monthly distribution announcement.

Interest income for the quarter ended September 30, 2024 was \$54,534 compared to \$24,119 during the third quarter of 2023. The increase in interest income is primarily attributable to increased amounts of funds available for investment and the length of time of such investment due mainly to the fact that funds received from Blackbeard during the third quarter of 2024 were included in the following month's distribution calculation and held for investment for a longer period of time than was held during the third quarter of 2023. Total expenses during the third quarter of 2024 amounted to \$367,625 compared to \$139,520 during the third quarter of 2023. The increase in total expenses can be primarily attributed to increased expense for professional services, and the timing of payment of expenses.

These transactions resulted in distributable income for the quarter ended September 30, 2024 of \$8,053,284 or \$0.17 per Unit of beneficial interest. Distributions of \$0.070169, \$0.051902 and \$0.050711 per Unit were made to Unit holders of record

as of July 31, 2024, August 30, 2024, and September 30, 2024, respectively. For the third quarter of 2023, distributable income was \$3,202,030 or \$0.07 per Unit of beneficial interest.

Notwithstanding requests from the Trustee to Blackbeard, the operator of the Waddell Ranch properties, Blackbeard has refused to provide the Trustee information necessary to calculate the net proceeds as of the NYSE notification date beginning May 2024 such that royalty income for the Trust for the third quarter of the calendar year is associated with actual oil and gas production for April, May, and June 2024 for the Waddell Ranch properties from which "Royalties" were carved. Royalty income for the Trust for the third quarter of the calendar year for the Texas Royalty properties is associated with actual oil and gas production from May through July 2024.

Beginning in May 2024, Blackbeard has also refused to provide production, product sales, capital expenditure, and development information for the Waddell Ranch properties from which the Trust's Royalties are carved for each distribution month, information Blackbeard has previously provided on a monthly basis since Argent Trust Company has become Trustee of the Trust. Blackbeard has opted to provide this information quarterly, approximately 30 days after the end of each fiscal quarter. On October 29, 2024, Blackbeard provided the Trustee a quarterly statement showing the production volumes and computation of net proceeds to the Trust for each month of the quarter ended September 30, 2024. Oil and gas sales attributable to the Royalties and the properties from which the Royalties were carved are as follows:

	Three Months Ended September 30,			
	2024		2023	
	WADDELL RANCH PROPERTIES	TEXAS ROYALTY PROPERTIES	WADDELL RANCH PROPERTIES	TEXAS ROYALTY PROPERTIES
Royalties:				
Oil sales (Bbls)	533,073	47,389	542,628	45,842
Gas sales (Mcf)	3,387,875	17,343	3,170,184	48,723
Properties From Which The Royalties Were Carved:				
Oil:				
Total oil sales (Bbls)	710,764	52,892	723,503	51,541
Average per day (Bbls)	7,726	575	7,864	560
Average price per Bbl	\$ 79.91	\$ 79.06	\$ 70.78	\$ 71.45
Gas:				
Total gas sales (Mcf)	4,517,167	19,360	4,226,914	54,665
Average per day (Mcf)	49,100	210	45,945	594
Average price per Mcf	\$ 1.19	\$ 10.54	\$ 2.03	\$ 4.18

For the Texas Royalty properties, the average realized price of oil increased to \$79.06 per Bbl in the third quarter of 2024, compared to \$71.45 per Bbl in the third quarter of 2023 due to worldwide market variables. The average realized price of gas (including natural gas liquids) for the Texas Royalty properties increased from \$4.18 per Mcf in the third quarter of 2023 to \$10.54 per Mcf in the third quarter of 2024 in part due to change in overall market variables.

Since the oil and gas sales attributable to the Royalties are based on an allocation formula that is dependent on such factors as price and cost (including capital expenditures), the production amounts in the Royalties section of the above table do not always provide a meaningful comparison. However, for the Texas Royalty properties, oil volumes slightly increased and gas volumes decreased from the Underlying Properties (as defined in the Trust's Annual Report on Form 10-K for the year ended December 31, 2023) for the applicable period in 2024 compared to 2023, while for the Waddell Ranch properties, oil volumes decreased and natural gas volumes (including plant products) increased for the applicable period in 2024 compared to 2023.

Blackbeard advised the Trustee that capital expenditures for drilling, remedial and maintenance activities on the Waddell Ranch properties during the third quarter of 2024 totaled \$24.0 million (gross) as compared to \$31.8 million (gross) for the third quarter of 2023. The three months ended September 30, 2024, for the Waddell Ranch properties includes June through August expenditures only, since the cash received in June and September was not disclosed to the Trustee by the NYSE notification deadline and therefore not distributed until subsequent to the end of the second and third quarters, respectively. Blackbeard has not provided updated 2024 capital expenditures budget information and has revoked its consent with respect to previously provided 2024 budget information. The total amount of capital expenditures for 2023 with regard to the Waddell Ranch Properties totaled \$135.3 million (net).

Development information for the Waddell Ranch properties such as well completions, workovers, remedial activities, and plugging and abandonment, was not provided by Blackbeard. This information has previously been provided monthly since Argent Trust Company has become Trustee of the Trust until May 2024.

Blackbeard advised the Trustee that lease operating expenses and property taxes totaled \$22.6 million (gross) for the third quarter of 2024, compared to \$20.2 million (gross) for the same period in 2023 on the Waddell Ranch properties. The quarter ended September 30, 2024, for the Waddell Ranch properties includes June through August expenses only, since the cash received in June and September was not disclosed to the Trustee by the NYSE notification deadline and therefore not distributed until subsequent to the end of the second and third quarters, respectively.

Nine Months Ended September 30, 2024

For the nine months ended September 30, 2024, royalty income received by the Trust amounted to \$23,175,406 compared to royalty income of \$14,598,202 for the nine months ended September 30, 2023. Due to Blackbeard refusing to provide the Trustee information necessary to calculate the net proceeds as of the NYSE notification date beginning May 2024, pricing information for the Waddell Ranch properties is for the eight month period of January through August 2024 (reflecting the

period for which proceeds were distributed to Unitholders in the first nine months of 2024). The average realized oil and gas prices for the Waddell Ranch properties were \$76.62 per Bbl and \$1.61 per Mcf, respectively for the eight months ended August 31, 2024 compared to \$73.82 per Bbl and \$2.40 per Mcf for the nine months ended September 30, 2023. For the Texas Royalty properties, the average realized oil and gas prices were \$77.40 per Bbl and \$9.69 per Mcf, respectively for the nine months ended September 30, 2024 compared to \$74.97 per Bbl and \$4.77 per Mcf, respectively for the nine months ended September 30, 2023. The Trustee believes that the higher royalty income reported in the nine months ended September 30, 2024 compared to the nine month period ended September 30, 2023 is attributable to the deficit position of the Waddell Ranch properties during a portion of the first six months of 2023 and all of the third quarter of 2023. No deficit position existed during the first eight months of 2024 and royalty income was received from the Waddell Ranch properties for the months of January through August of 2024. The increase in royalty income was partially offset by \$267,781 of net proceeds from September 2024 being delayed until distribution declared in the fourth quarter of 2024 due to Blackbeard's refusal to provide information regarding monthly net proceeds in time for the monthly distribution announcement.

Interest income for the nine months ended September 30, 2024, was \$122,688 compared to \$61,191 during the nine months ended September 30, 2023. The increase in interest income is primarily attributable to a substantial increase in the amounts of funds available for investment and the length of time of such investment due mainly to the fact that beginning in May 2024, funds received from Blackbeard were included in the following month's distribution calculation and held for investment for a longer period of time than was held during the nine months ended September 30, 2023. Total expenses during the nine months ended September 30, 2024, amounted to \$1,315,916 compared to \$955,607 during the nine months ended September 30, 2023. The increase in total expenses can be primarily attributed to increased expenses for professional services, printing costs and the timing of payment of expenses.

These transactions resulted in distributable income for the nine months ended September 30, 2024 of \$21,982,178, or \$0.47 per Unit. For the nine months ended September 30, 2023, distributable income was \$13,703,786 or \$0.29 per Unit.

Argent Trust Company, Trustee

By:



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