Permian Basin Royalty Trust Financial Statements

Condensed Statements of Assets, Liabilities and Trust Corpus

	June 30, 2026 *(Unaudited)*	December 31, 2025
Assets		
Cash and short-term investments	**$ 2,249,988**	$ 1,715,167
Net overriding royalty interests in producing oil and gas properties (net of accumulated amortization of $10,813,495 and $10,812,650 at June 30, 2026 and December 31, 2025, respectively)	**161,721**	162,566
TOTAL ASSETS	**$ 2,411,709**	$ 1,877,733
Liabilities and Trust Corpus		
Distribution payable to Unitholders	**$ 1,149,988**	$ 615,167
Commitments and reserves for contingencies	**1,100,000**	1,100,000
Total liabilities	**2,249,988**	1,715,167
Trust corpus – 46,608,796 Units of beneficial interest authorized and outstanding	**161,721**	162,566
TOTAL LIABILITIES AND TRUST CORPUS	**$ 2,411,709**	$ 1,877,733

Condensed Statements of Distributable Income *(Unaudited)*

	Three Months Ended June 30, 2026	Three Months Ended June 30, 2025	Six Months Ended June 30, 2026	Six Months Ended June 30, 2025
Royalty income	**$ 4,158,812**	$ 3,089,889	**$ 7,709,894**	$ 6,144,586
Interest income	**16,319**	15,751	**33,195**	32,274
Total income	**4,175,131**	3,105,640	**7,743,089**	6,176,860
General and administrative expenditures	**(304,569)**	(708,385)	**(845,726)**	(1,183,393)
Distributable income	**$ 3,870,562**	$ 2,397,255	**$ 6,897,363**	$ 4,993,467
Distributable income per Unit (46,608,796 Units)	**$ 0.08**	$ 0.05	**$ 0.15**	$ 0.11

Condensed Statements of Changes in Trust Corpus *(Unaudited)*

	Three Months Ended June 30, 2026	Three Months Ended June 30, 2025	Six Months Ended June 30, 2026	Six Months Ended June 30, 2025
Trust corpus, beginning of period	**$ 162,134**	$ 163,765	**$ 162,566**	$ 164,407
Amortization of net overriding royalty interests	**(413)**	(643)	**(845)**	(1,285)
Distributable income	**3,870,562**	2,397,255	**6,897,363**	4,993,467
Distributions declared	**(3,870,562)**	(2,397,255)	**(6,897,363)**	(4,993,467)
Total Trust Corpus, end of period	**$ 161,721**	$ 163,122	**$ 161,721**	$ 163,122
Distributions per Unit	**$ 0.08**	$ 0.05	**$ 0.15**	$ 0.11

To Unitholders:

For the quarter ended June 30, 2026, royalty income received by the Trust amounted to $4,158,812 compared to royalty income of $3,089,889 during the second quarter of 2025. The royalty income for the three months ended June 30, 2026 includes the $1,125,000 partial settlement payment from Blackbeard paid in April 2026. Pricing information for the Waddell Ranch properties is for March, April, and May 2026 (reflecting the period for which proceeds would have been distributed to Unitholders in the second quarter of 2026). For the Waddell Ranch properties, the average realized oil and gas prices were $68.79 per barrel (Bbl) and $1.19 per thousand cubic feet (Mcf), respectively, for the three months ended May 31, 2026, compared to $70.27 and $2.41 for the three months ended May 31, 2025. For the Texas Royalty properties, the average realized oil and gas prices were $74.46 per Bbl and $8.14 per Mcf, respectively, for the quarter ended June 30, 2026, compared to $68.61 per Bbl and $10.15 per Mcf, respectively, for the quarter ended June 30, 2025. The higher royalty income reported in the three months ended June 30, 2026, compared to the same time period in 2025 is attributable to a $1,125,000 partial settlement payment from Blackbeard in the second quarter of 2026, partially offset by lower royalty income from underlying operations.

Interest income for the quarter ended June 30, 2026 was $16,319 compared to $15,751 during the second quarter of 2025. The increase in interest income is primarily attributable to increased amounts of funds available for investment. Total expenses during the second quarter of 2026 amounted to $304,569 compared to $708,385 during the second quarter of 2025. The decrease in total expenses can be primarily attributed to expenses incurred for professional services associated with legal proceedings with Blackbeard in the second quarter of 2025.

These transactions resulted in distributable income for the quarter ended June 30, 2026 of $3,870,562 or $0.08 per Unit outstanding of beneficial interest. Distributions of $0.038014, $0.020355 and $0.024673 per Unit were made to Unitholders of record as of April 30, 2026, May 29, 2026, and June 30, 2026, respectively. The April distribution includes the third installment, in the amount of $1,125,000 of the Settlement Agreement. For the second quarter of 2025, distributable income was $2,397,255, or $0.05 per Unit outstanding of beneficial interest.

From and after May 2024, Blackbeard has provided, and will continue to provide, information to calculate net proceeds during the last week of the month. In accordance with the Trust Indenture, if royalty income is received on or just prior to the record date, it will be included in the following month's distribution, rather than the current month's distribution. As such, royalty income reporting for the Waddell Ranch properties is one month in arrears. Royalty income for the Trust for the second quarter of the calendar year is associated with actual oil and gas production for January, February, and March 2026 for the Waddell Ranch properties from which "Royalties" were carved. Royalty income for the Trust for the second quarter of the calendar year for the Texas Royalty properties is associated with actual oil and gas production from February, March, and April 2026.

Beginning in May 2024, Blackbeard has provided 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 on a quarterly basis, as required in the conveyance, approximately 30 days after the end of each fiscal quarter. On July 30, 2026, Blackbeard provided the Trustee with a quarterly statement showing the production volumes and computation of net proceeds to the Trust for each month of the quarter ended June 30, 2026. Oil and gas sales attributable to the Royalties and the properties from which the Royalties were carved are as follows:

SECOND QUARTER	2026 Waddell Ranch	2025 Waddell Ranch	2026 Texas Royalty	2025 Texas Royalty
ROYALTIES:				
Oil sales (Bbls)	**1,115,732**	769,274	**40,413**	43,341
Gas sales (Mcf)	**5,003,029**	3,659,384	**23,373**	27,163
PROPERTIES FROM WHICH THE ROYALTIES WERE CARVED:				
OIL:				
Total oil sales (Bbls)	**1,487,643**	1,025,699	**45,550**	48,966
Average per day (Bbls)	**16,170**	11,397	**501**	544
Average price per Bbl	**$ 68.79**	$ 70.27	**$ 74.46**	$ 68.61
GAS:				
Total gas sales (Mcf)	**6,670,705**	4,879,179	**26,408**	30,683
Average per day (Mcf)	**72,508**	54,213	**290**	341
Average price per Mcf	**$ 1.19**	$ 2.41	**$ 8.14**	$ 10.15

For the Waddell Ranch properties, the average realized price of oil decreased to $68.79 per Bbl for the period January through March 2026 compared to $70.27 per Bbl for the period January through March of 2025 due to worldwide market variables. The average realized price of gas decreased to $1.19 per Mcf for the period January through March 2026 from $2.41 per Mcf for the period January through March of 2025.

For the Texas Royalty properties, the average realized price of oil increased to $74.46 per Bbl in the second quarter of 2026, compared to $68.61 per Bbl in the second quarter of 2025 due to worldwide market variables. The average realized price of gas (including natural gas liquids) for the Texas Royalty properties decreased from $10.15 per Mcf in the second quarter of 2025 to $8.14 per Mcf in the second quarter of 2026 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 and gas volumes decreased from the Underlying Properties for the applicable period in 2026 compared to 2025, while for the Waddell Ranch properties, oil volumes and natural gas volumes (including plant products) increased for the applicable period in 2026 compared to 2025.

Blackbeard advised the Trustee that capital expenditures for drilling, remedial and maintenance activities on the Waddell Ranch properties during the second quarter of 2026 totaled $39.6 million (gross) as compared to $61.3 million (gross) for the second quarter of 2025. Blackbeard does not provide capital expenditures budget information or development information for the Waddell Ranch properties such as well completions, workovers, remedial activities, and plugging and abandonment.

Blackbeard advised the Trustee that lease operating expenses and property taxes totaled $48.3 million (gross) for the second quarter of 2026, compared to $19.8 million (gross) for the same period in 2025 on the Waddell Ranch properties. Blackbeard did not provide the Trustee with reasons for the increase in lease operating expenses and property taxes for the quarter.

Six Months ended June 30, 2026

For the six months ended June 30, 2026, royalty income received by the Trust amounted to $7,709,894 compared to royalty income of $6,144,586 for the six months ended June 30, 2025. The average realized oil and gas for the Waddell Ranch properties were $63.91 per Bbl and $1.05 per Mcf, respectively for the six months ended June 30, 2026 compared to $69.55 per Bbl and $2.06 per Mcf for the six months ended June 30, 2025. For the Texas Royalty properties, the average realized oil and gas prices were $65.83 per Bbl and $7.40 per Mcf, respectively for the six months ended June 30, 2026 compared to $68.78 per Bbl and $9.36 per Mcf, respectively for the six months ended June 30, 2025. The higher royalty income reported in the six months ended June 30, 2026, compared to the same time period in 2025 is attributable to the two $1,125,000 partial settlement payments received from Blackbeard in the first and second quarters of 2026. The non-settlement royalty income decreased due to lower oil and gas pricing.

Interest income for the six months ended June 30, 2026, was $33,195 compared to $32,274 during the six months ended June 30, 2025. The increase in interest income is primarily attributable to an increase in the amounts of funds available for investment and the length of time of such investment. Total expenses during the six months ended June 30, 2026, amounted to $845,726 compared to $1,183,393 during the six months ended June 30, 2025. The decrease in total expenses can be primarily attributed to expenses for professional services associated with legal proceedings with Blackbeard during the first two quarters of 2025.

These transactions resulted in distributable income for the six months ended June 30, 2026 of $6,897,363 or $0.15 per Unit. For the six months ended June 30, 2025, distributable income was $4,993,467, or $0.11 per Unit.

Argent Trust Company, Trustee
By:

Nancy Willis

Nancy Willis
Director of Royalty Trust Services