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, 2026

OR

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

For the transition period _____ to_____

Commission File Number: 001-08033

PERMIAN BASIN ROYALTY TRUST

(Exact name of registrant as specified in the Permian Basin Trust Indenture)

Texas	**75-6280532**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**

Argent Trust Company
3838 Oak Lawn Ave, Suite 1720
Dallas, Texas 75219
(Address of Principal Executive Offices; Zip Code)

(855) 588-7839
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Units of Beneficial Interest	PBT	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. (Check one):

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☒	Smaller reporting company	☒
		Emerging growth company	☐

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 ☒

Number of units of beneficial interest outstanding at November 9, 2026: 46,608,796

PERMIAN BASIN ROYALTY TRUST

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

The condensed interim financial statements included herein have been prepared by Argent Trust Company as Trustee for the Permian Basin Royalty Trust (the "Trust"), without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in annual financial statements have been condensed or omitted pursuant to such rules and regulations, although the Trustee believes that the disclosures are adequate to make the information presented not misleading. It is suggested that these condensed interim financial statements and notes thereto be read in conjunction with the financial statements and the notes thereto included in the Trust's latest annual report on Form 10-K. In the opinion of the Trustee, all adjustments, consisting only of normal recurring adjustments, necessary to present fairly the assets, liabilities and trust corpus of the Trust as of September 30, 2026, and the distributable income and the changes in trust corpus for the three and nine months ended September 30, 2026, and 2025, have been included. The distributable income for such interim periods is not necessarily indicative of the distributable income for the full year. Unless specified otherwise, all amounts included herein are presented in US dollars.

	Page
Condensed Interim Statements of Assets, Liabilities and Trust Corpus	3
Condensed Interim Statements of Distributable Income (Unaudited)	4
Condensed Interim Statements of Changes in Trust Corpus (Unaudited)	5

PERMIAN BASIN ROYALTY TRUST

CONDENSED INTERIM STATEMENTS OF ASSETS, LIABILITIES AND TRUST CORPUS

	September 30, 2026 (Unaudited)	December 31, 2025
ASSETS		
Cash and short-term investments	$ 2,663,219	$ 1,715,167
Net overriding royalty interests in producing oil and gas properties (net of accumulated amortization of $10,813,903 and $10,812,650 at September 30, 2026 and December 31, 2025, respectively)	161,313	162,566
TOTAL ASSETS	$ 2,824,532	$ 1,877,733
LIABILITIES AND TRUST CORPUS		
Distribution payable to Unitholders	$ 913,219	$ 615,167
Commitments and reserves for contingencies (Note 7)	1,750,000	1,100,000
Total Liabilities	$ 2,663,219	$ 1,715,167
Trust corpus – 46,608,796 Units of beneficial interest authorized and outstanding	161,313	162,566
TOTAL LIABILITIES AND TRUST CORPUS	$ 2,824,532	$ 1,877,733

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

PERMIAN BASIN ROYALTY TRUST

CONDENSED INTERIM STATEMENTS OF DISTRIBUTABLE INCOME (UNAUDITED)

	Three Months Ended September 30, 2026	Three Months Ended September 30, 2025
Royalty income	$ 4,956,334	$ 7,258,464
Interest income	20,814	15,049
Total Income	4,977,148	7,273,513
Reserve for expenses[(1)]	(650,000)	—
General and administrative expenditures	(511,657)	(411,626)
Distributable income	$ 3,815,491	$ 6,861,887
Distributable income per Unit (46,608,796 Units outstanding)	$ 0.08	$ 0.15

(1) See Note 7 in the Notes to Condensed Interim Financial Statements (Unaudited)

	Nine Months Ended September 30, 2026	Nine Months Ended September 30, 2025
Royalty income	$ 12,666,228	$ 13,403,049
Interest income	54,009	47,324
Total Income	12,720,237	13,450,373
Reserve for expenses[(1)]	(650,000)	—
General and administrative expenditures	(1,357,383)	(1,595,019)
Distributable income	$ 10,712,854	$ 11,855,354
Distributable income per Unit (46,608,796 Units outstanding)	$ 0.23	$ 0.25

(1) See Note 7 in the Notes to Condensed Interim Financial Statements (Unaudited)

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

PERMIAN BASIN ROYALTY TRUST

CONDENSED INTERIM STATEMENTS OF CHANGES IN TRUST CORPUS (UNAUDITED)

	Three Months Ended September 30, 2026	Three Months Ended September 30, 2025
Trust corpus, beginning of period	$ 161,721	$ 163,122
Amortization of net overriding royalty interests	(408)	(699)
Distributable income	3,815,491	6,861,887
Distributions declared	(3,815,491)	(6,861,887)
Total Trust Corpus, end of period	$ 161,313	$ 162,423
Distributions per Unit (46,608,796 Units outstanding)	$ 0.08	$ 0.15

	Nine Months Ended September 30, 2026	Nine Months Ended September 30, 2025
Trust corpus, beginning of period	$ 162,566	$ 164,407
Amortization of net overriding royalty interests	(1,253)	(1,984)
Distributable income	10,712,854	11,855,354
Distributions declared	(10,712,854)	(11,855,354)
Total Trust Corpus, end of period	$ 161,313	$ 162,423
Distributions per Unit (46,608,796 Units outstanding)	$ 0.23	$ 0.25

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

PERMIAN BASIN ROYALTY TRUST

NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

1. TRUST ORGANIZATION AND PROVISIONS

The Permian Basin Royalty Trust ("Trust") was established as of November 1, 1980. Argent Trust Company, a Tennessee chartered trust company ("Argent") is Trustee for the Trust. The net overriding royalties conveyed to the Trust include (1) a 75% net overriding royalty in Southland Royalty Company's fee mineral interest in the Waddell Ranch in Crane County, Texas (the "Waddell Ranch properties") and (2) a 95% net overriding royalty carved out of Southland Royalty Company's major producing royalty properties in Texas (the "Texas Royalty properties"). The net overriding royalty for the Texas Royalty properties is subject to the provisions of the lease agreements under which such royalties were created. The net overriding royalties above are collectively referred to as the "Royalties."

On November 3, 1980, Units of Beneficial Interest ("Units") in the Trust were distributed to the Trustee for the benefit of Southland Royalty Company's shareholders of record as of November 3, 1980, who received one Unit in the Trust for each share of Southland Royalty Company common stock held. The Units are traded on the New York Stock Exchange.

Burlington Resources Oil & Gas Company LP ("BROG"), a subsidiary of ConocoPhillips, was the interest owner for the Waddell Ranch properties and Riverhill Energy Corporation ("Riverhill Energy"), formerly a wholly owned subsidiary of Riverhill Capital Corporation ("Riverhill Capital") and formerly an affiliate of Coastal Management Corporation ("CMC"), was the interest owner for the Texas Royalty properties. In February 1997, BROG sold its interest in the Texas Royalty properties to Riverhill Energy. Riverhill Energy currently conducts all field, technical and accounting operations for the Texas Royalty properties. BROG notified the Trust that on November 1, 2019, the Waddell Ranch properties that are subject to the Net Overriding Royalty Conveyance (Permian Basin Royalty Trust-Waddell Ranch) dated November 1, 1980, were sold to Blackbeard Operating, LLC ("Blackbeard") of Fort Worth, Texas. Blackbeard became the operator effective as of April 1, 2020.

The Trustee was advised that in the first quarter of 1998, Schlumberger Technology Corporation ("STC") acquired all of the shares of stock of Riverhill Capital. Prior to such acquisition by STC, CMC and Riverhill Energy were wholly owned subsidiaries of Riverhill Capital. The Trustee was further advised that in connection with STC's acquisition of Riverhill Capital, the shareholders of Riverhill Capital acquired ownership of all of the shares of stock of Riverhill Energy. Thus, the ownership in the Texas Royalty properties referenced above remained in Riverhill Energy, the stock ownership of which was acquired by the former shareholders of Riverhill Capital.

On January 9, 2014, Bank of America N.A. (as successor to The First National Bank of Fort Worth) gave notice to the holders of units (the "Unitholders") that it would be resigning as trustee of the Trust subject to certain conditions that included the appointment of Southwest Bank as successor trustee. At a Special Meeting of Trust Unitholders, the Unitholders approved the appointment of Southwest Bank as successor trustee of the Trust once the resignation of Bank of America N.A. took effect and also approved certain amendments to the Trust Indenture. The effective date of Bank of America N.A.'s resignation and the effective date of Southwest Bank's appointment as successor trustee was August 29, 2014. Effective October 19, 2017, Simmons First National Corporation ("SFNC") completed its acquisition of First Texas BHC, Inc., the parent company of Southwest Bank. SFNC is the parent company of Simmons Bank. SFNC merged Southwest Bank with Simmons Bank effective February 20, 2018.

On November 4, 2021, Simmons Bank announced that it had entered into an agreement with Argent, pursuant to which Simmons Bank would be resigning as trustee of the Trust and would nominate Argent as successor trustee of the Trust. The effective date of Simmons Bank's resignation and Argent's appointment as successor trustee was December 30, 2022. The defined term "Trustee" as used herein shall refer to Bank of America N.A. for periods prior to August 29, 2014, shall refer to Southwest Bank for periods from August 29, 2014 through February 19, 2018, shall refer to Simmons Bank for periods from February 20, 2018 through December 29, 2022, and shall refer to Argent for periods on and after December 30, 2022.

At a hearing held May 8, 2026, a court approved amendments to the Trust Indenture proposed by a Unitholder that (1) amended Section 8.03 of the Trust Indenture to eliminate the requirement that certain amendments require approval by 75% of the outstanding Units of the Trust, and (2) deleted Section 10.01 of the Trust Indenture that sets forth certain prohibited amendments and replaced Article X of the Trust Indenture with a provision permitting amendment of any provision of the Trust Indenture by a vote of Unitholders in accordance with Article VIII (which, as amended, would permit amendment by a majority in interest of Unitholders constituting a quorum at a meeting of Unitholders where a quorum is present).

The terms of the Trust Indenture provide, among other things, that:

- the Trust shall not engage in any business or commercial activity of any kind or acquire any assets other than those initially conveyed to the Trust;
- the Trustee may not sell all or any part of the Royalties unless approved by a majority in interest of Unitholders constituting a quorum at a Unitholder meeting at which a quorum is present, in which case the sale must be for cash and the proceeds promptly distributed;

- the Trustee may establish a cash reserve for the payment of any liability which is contingent or uncertain in amount;
- the Trustee is authorized to borrow funds to pay liabilities of the Trust; and
- the Trustee will make monthly cash distributions to Unitholders (see Note 3).

The Trustee believes such information includes all the disclosures necessary to make the information presented not misleading. The information furnished reflects all adjustments which are, in the opinion of the Trustee, necessary for a fair presentation of the results for the interim periods presented. The financial information should be read in conjunction with the financial statements and notes thereto included in the Trust's Annual Report on Form 10-K for the year ended December 31, 2025. The Trust considers all highly liquid investments with a maturity of three months or less to be cash equivalents. Net overriding royalty interests are reviewed for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. If circumstances require the net overriding royalty interests to be tested for possible impairment, the Trust first compares undiscounted cash flows expected to be generated by the net overriding royalty interests to its carrying value. If the carrying value of the net overriding royalty interests is not recoverable on an undiscounted cash flow basis, an impairment is recognized to the extent that the carrying value exceeds its fair value. The fair value of the net overriding royalty interests is measured using valuation techniques consistent with the income approach, converting future cash flows to a single discounted amount.

2. ACCOUNTING POLICIES

Basis of Accounting

The condensed interim financial statements of the Trust are prepared on the following modified cash basis of accounting and are not intended to present financial position and results of operations in conformity with accounting principles generally accepted in the United States of America ("GAAP"):

- Royalty income recorded for a month is the amount computed and paid to the Trustee on behalf of the Trust by the interest owners. Royalty income consists of the amounts received and available for distribution by the owners of the interest burdened by the Royalties from the sale of production less accrued production costs, development and drilling costs, applicable taxes, operating charges and other costs and deductions multiplied by 75% in the case of the Waddell Ranch properties and 95% in the case of the Texas Royalty properties. Royalty income for the Waddell Ranch properties was not received for the three and nine months ended September 30, 2026.
- Trust expenses, consisting principally of routine general and administrative costs, as recorded, are based on liabilities paid and cash reserves established out of cash received or borrowed funds for liabilities and contingencies.
- Distributions to Unitholders are recorded when declared by the Trustee.
- Royalty income is computed separately for each of the conveyances under which the Royalties were conveyed to the Trust. If monthly costs exceed revenues for any conveyance ("excess costs"), such excess costs cannot reduce royalty income from other conveyances, but are carried forward with accrued interest to be recovered from future net proceeds of that conveyance.

The condensed interim financial statements of the Trust differ from financial statements prepared in accordance with accounting principles generally accepted in GAAP because revenues are not accrued in the month of production, expenses are recorded when paid and certain cash reserves may be established for contingencies which would not be accrued in financial statements prepared in accordance with GAAP. Amortization of the Royalties calculated on a unit-of-production basis is charged directly to trust corpus. This comprehensive basis of accounting other than GAAP corresponds to the accounting permitted for royalty trusts by the U.S. Securities and Exchange Commission as specified by Staff Accounting Bulletin Topic 12:E, *Financial Statements of Royalty Trusts*.

Use of Estimates

The preparation of financial statements in conformity with the basis of accounting described above requires management to make estimates and assumptions that affect reported amounts of certain assets, liabilities, income and expenses as of and for the reporting periods. Actual results may differ from such estimates.

Contingencies

Contingencies related to the properties from which the royalties are carved ("Underlying Properties") that are unfavorably resolved would generally be reflected by the Trust as reductions to future royalty income payments to the Trust with corresponding reductions to cash distributions to Unitholders.

Distributable Income Per Unit

Basic distributable income per Unit is computed by dividing distributable income by the weighted average of Units outstanding. Distributable income per Unit assuming dilution is computed by dividing distributable income by the weighted average

number of Units and equivalent Units outstanding. The Trust had no equivalent Units outstanding for any period presented. Therefore, basic distributable income per Unit and distributable income per Unit assuming dilution are the same.

New Accounting Pronouncements

There are no new accounting pronouncements that are expected to have significant impact on the Trust's financial statements.

3. NET OVERRIDING ROYALTY INTERESTS AND DISTRIBUTION TO UNITHOLDERS

The amounts to be distributed to Unitholders ("Monthly Distribution Amounts") are determined on a monthly basis. The Monthly Distribution Amount is an amount equal to the sum of cash received by the Trustee during a calendar month attributable to the Royalties, any reduction in cash reserves and any other cash receipts of the Trust, including interest, reduced by the sum of liabilities paid and any increase in cash reserves. If the Monthly Distribution Amount for any monthly period is a negative number, then the distribution will be zero for such month. To the extent the distribution amount is a negative number, that amount will be carried forward and deducted from future monthly distributions until the cumulative distribution calculation becomes a positive number, at which time a distribution will be made. Unitholders of record will be entitled to receive the calculated Monthly Distribution Amount for each month on or before 10 business days after the monthly record date, which is generally the last business day of each calendar month.

The cash received by the Trustee consists of the amounts received by owners of the interest burdened by the Royalties from the sale of production less the sum of applicable taxes, accrued production costs, development and drilling costs, operating charges and other costs and deductions, multiplied by 75% in the case of the Waddell Ranch properties and 95% in the case of the Texas Royalty properties.

As of May 2024, Blackbeard, the operator of the Waddell Ranch properties, provides the Trustee information necessary to calculate the net proceeds during the last week of the month. In accordance with the Trust Indenture, if royalty income is received on or 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.

As a result of excess costs, there was no royalty income received from Blackbeard for the three and nine months ended September 30, 2026 with the exception of the $1.125 million partial settlement payments received in each of January, April, and July 2026. The three $1.125 million partial payments are included in "Royalty Income" on the "Condensed Interim Statements of Distributable Income for the Nine Months ended September 30, 2026" (See Note 7). The final partial settlement payment was received in October 2026.

4. EXCESS COSTS

If monthly costs exceed revenues for the Waddell Ranch properties or Texas Royalty properties, such excess costs must be recovered, with accrued interest, from future net proceeds and cannot reduce net proceeds from the other conveyance. The Waddell Ranch properties did not contribute to royalty income for the reporting months of October 2024 through August 2026 (due to Blackbeard's reporting being one month in arrears), such that the Waddell Ranch properties remain in a deficit position as of September 30, 2026.

The following table summarizes excess costs activity, cumulative excess costs balance and accrued interest to be recovered as calculated by Blackbeard.

	Underlying Properties	Net to the Trust
Cumulative excess costs remaining at 12/31/2025	$ 63,867,613	$ 47,900,709
Net excess costs (recovery) for the quarter ended 3/31/26	$ (5,229,920)	$ (3,922,440)
Net excess costs (recovery) for the quarter ended 6/30/26	$ (5,652,347)	$ (4,239,259)
Net excess costs (recovery) for the quarter ended 9/30/26	$ (34,383,267)	$ (25,787,451)
Cumulative excess costs remaining at 9/30/2026	$ 18,602,079	$ 13,951,559
Accrued interest at 9/30/26	$ 8,915,840	$ 6,686,880
Total remaining to be recovered at 9/30/26	$ 27,517,919	$ 20,638,439

Interest for the activity month of March 2026 (the April reporting month for the Trust) included a $2,939,787 ($2,204,840 net to the Trust) true up for the months of November 2025 through January 2026 in addition to interest for the month of March 2026 of $440,069 ($330,051 net to the Trust).

5. FEDERAL INCOME TAXES

For federal income tax purposes, the Trust constitutes a fixed investment trust that is taxed as a grantor trust. A grantor trust is not subject to federal income tax at the trust level. The Unitholders are considered for federal income tax purposes to own the Trust's income and principal as though no trust were in existence. The income of the Trust is deemed to have been received or

accrued by each Unitholder at the time such income is received or accrued by the Trust and not when distributed by the Trust. If the Trust borrows funds to pay liabilities of the Trust, as contemplated in the Trust Indenture, tax-exempt Unitholders could be required to recognize unrelated business taxable income.

Pursuant to the Settlement Agreement agreed upon between the Trust and Blackbeard to end the lawsuit filed in 2024 alleging the underpayment of royalties due and owing to the Trust, Blackbeard agreed to pay the Trust $9,000,000, of which $4,500,000 was paid in September 2025 and $1,125,000 was paid in each of January, April, July, and October 2026. For federal income tax purposes, the settlement payments made by Blackbeard were treated as additional royalty income that is received by the Trust (and, correspondingly, each Unitholder) for the period in which the settlement payment is received. See Note 7 - Commitments and Contingencies for additional information regarding the Settlement Agreement.

6. STATE TAX CONSIDERATIONS

All revenues from the Trust are from sources within Texas, which does not impose an individual income tax. Texas imposes a franchise tax at a rate of 0.75% on gross revenues less certain deductions, as specifically set forth in the Texas franchise tax statutes. Entities subject to the Texas franchise tax generally include trusts and most other types of entities that provide limited liability protection, unless otherwise exempt. Trusts that receive at least 90% of their federal gross income from certain passive sources, including royalties from mineral properties and other non-operated mineral interest income, and do not receive more than 10% of their income from operating an active trade or business, generally are exempt from the Texas franchise tax as "passive entities." The Trust has been and expects to continue to be exempt from Texas franchise tax as a passive entity. Because the Trust should be exempt from Texas franchise tax at the Trust level as a passive entity, each Unitholder that is a taxable entity under the Texas franchise tax generally will be required to include its portion of Trust revenues in its own Texas franchise tax computation. This revenue is sourced to Texas under provisions of the Texas Administrative Code providing that such income is sourced according to the principal place of business of the Trust, which is Texas.

Unitholders should consult their tax advisors regarding state tax requirements, if any, applicable to such Unitholder's ownership of Units.

7. COMMITMENTS AND CONTINGENCIES

Blackbeard Settlement

On August 19, 2025, the Trustee on behalf of the Trust, entered into a settlement agreement and release (the "Settlement Agreement") in connection with its lawsuit against Blackbeard. Pursuant to the lawsuit, the Trustee had sought to recover more than $9 million in damages it alleged resulted from Blackbeard's failure to properly calculate and pay royalties due and owing to the Trust.

Pursuant to the Settlement Agreement, Blackbeard agreed to pay the Trust $9,000,000, of which $4,500,000 was paid in September 2025 and $1,125,000 was paid in each of January, April, July, and October 2026.

Additionally, the Settlement Agreement established the overhead rate that may be charged to the Trust and permits Blackbeard to pass through third-party charges for saltwater disposal and gathering and transportation, and charge technical labor on reservoir engineers using an agreed allocation methodology against the net overriding royalty. The parties also agreed that the Trust would not make future claims for lost volumes in the case of ordinary line loss (as defined by third party purchase agreements with purchasers). The Trust will have the option to conduct annual site audits, at its expense. The Settlement Agreement also set forth agreed reporting that Blackbeard will provide the Trustee going forward.

Contingencies

Contingencies related to the Underlying Properties that are unfavorably resolved would generally be reflected by the Trust as reductions to future royalty income payments to the Trust with corresponding reductions to cash distributions to Unitholders. The Trustee maintains an expense reserve, which as of September 30, 2026 was $1,750,000. The Trustee increased the expense reserve by $400,000 to $1,500,000 with the distribution declared on July 21, 2026, and by $250,000 to $1,750,000 with the distribution declared on August 21, 2026. The expense reserve allows the Trustee to pay obligations of the Trust in the event there is not sufficient royalty income to pay such expenses.

8. TRUSTEE FEES

Trustee fees for the three month periods ending September 30, 2026, and September 30, 2025, were $27,707 and $31,253, respectively. For the nine months ended September 30, 2026, and 2025, Trustee fees were $68,665 and $91,754, respectively.

9. SUBSEQUENT EVENTS

Subsequent events were evaluated through the issuance date of the condensed interim financial statements. Subsequent to September 30, 2026, the Trust declared a distribution on October 20, 2026, of $0.045191 per Unit outstanding payable on November 16, 2026 to Unitholders of record on October 30, 2026.

The final settlement payment from the lawsuit filed against Blackbeard, in the amount of $1,125,000, was received on October 1, 2026. See Note 7 for details on the lawsuit and settlement agreement.

The Trustee was notified by SoftVest, L.P. ("SoftVest"), a Unitholder of the Trust, that on July 28, 2026, SoftVest and certain of its affiliates entered into a definitive Combination Agreement with Blackbeard Holdings, LLC and certain of its affiliates ("Blackbeard") pursuant to which they propose to combine the assets of the Trust and certain oil and natural gas mineral interest and land operations owned by Blackbeard to create a new publicly traded corporation, PBT Land and Minerals, Inc. ("New PBT") (the "Business Combination"). Completion of the Business Combination is subject to a vote of Trust Unitholders. SoftVest and certain other Unitholders representing in excess of 15% of the Trust Units have, as permitted by the Trust Indenture, requested that the Trustee call a special meeting of Trust Unitholders for purposes of considering (i) a proposal to approve and adopt the terms of an amendment to the Trust Indenture to effect the Business Combination and related matters, including the termination and liquidation of the Trust, (ii) a proposal to approve and adopt the terms of the PBT Land and Minerals, Inc. Omnibus Incentive Plan, and (iii) a proposal to authorize an adjournment of the Special Meeting, if necessary or appropriate, to permit solicitation of additional proxies in favor of the aforementioned proposals. The special meeting will be held November 23, 2026. New PBT has filed a registration statement on Form S-4 that includes a prospectus and a proxy statement for purposes of soliciting proxies with respect to the special meeting. New PBT has also filed a registration statement on Form S-1 pursuant to which it will make a rights offering to Trust Unitholders with respect to shares of New PBT.

Neither the Trust, nor the Trustee is a party to the Combination Agreement, nor is the Trust or the Trustee soliciting proxies or participating in any offering of securities. The Trustee is not making any recommendation to Trust Unitholders as to how to vote with respect to the Business Combination or other proposals at the special meeting.

If Unitholders approve the Business Combination, it is anticipated that the Trust would terminate and be liquidated on or around December 1, 2026. Trust Units would cease trading and represent the right to receive New PBT shares upon the Trust's liquidation as detailed in New PBT's Form S-4.

* * * * *

Item 2. Trustee's Discussion and Analysis

Forward Looking Information

Certain information included in this report contains, and other materials filed or to be filed by the Trust with the Securities and Exchange Commission (as well as information included in oral statements or other written statements made or to be made by the Trust) may contain or include, forward looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, and Section 27A of the Securities Act of 1933, as amended. Such forward looking statements may be or may concern, among other things, capital expenditures, drilling activity, development activities, production efforts and volumes, hydrocarbon prices and the results thereof, litigation, information to be received by operators of the Waddell Ranch properties or Texas Royalty properties, regulatory matters, Unitholder meetings, amendments to the Trust Indenture, and the potential termination and liquidation of the Trust. Although the Trustee believes that the expectations reflected in such forward-looking statements are reasonable, such expectations are subject to numerous risks and uncertainties and the Trustee can give no assurance that they will prove correct. There are many factors, none of which are within the Trustee's control, that may cause such expectations not to be realized, including, among other things, factors such as actual oil and gas prices and the recoverability of reserves, capital expenditures, general economic conditions, actions and policies of petroleum-producing nations and other changes in the domestic and international energy markets. Such forward looking statements generally are accompanied by words such as "estimate," "expect," "predict," "anticipate," "goal," "should," "assume," "believe," or other words that convey the uncertainty of future events or outcomes.

Commodity Prices

The Trust's income and monthly distributions are heavily influenced by commodity prices. Commodity prices may fluctuate widely in response to (i) relatively minor changes in the supply of and demand for oil and natural gas, (ii) market uncertainty and (iii) a variety of additional factors that are beyond the Trustee's control. Recently, there has been volatility in oil and natural gas prices due in part to geopolitical conditions in Eastern Europe and the Middle East. During 2025, oil hit a high price of $79.28 per barrel on January 17, 2025 and steadily decreased throughout the year due to production outpacing demand and slower economic growth. In early 2026 oil prices remained well below $70 per barrel. Oil prices began to spike sharply in March and April, reaching a high price of $114.58 on April 7, 2026, due to the war in Iran. As of October 29, 2026 the price of oil was $105.51 per barrel. Factors that may impact future commodity prices, including the price of oil and natural gas, include but are not limited to:

- political conditions in major oil producing regions, including the conflicts in Eastern Europe and the Middle East;
- worldwide economic and geopolitical conditions;
- weather conditions;
- trade barriers and tariffs;
- public health concerns;
- the supply and price of domestic and foreign crude oil or natural gas;
- the level of consumer demand;
- the price and availability of alternative fuels;
- the proximity to, and capacity of, transportation facilities;
- the effect of worldwide energy conservation measures and governmental policies and regulatory incentives for investment in non-fossil fuel energy sources; and
- the nature and extent of governmental regulation and taxation.

Although the Trustee cannot predict the occurrence of events that may affect future commodity prices or the degree to which these prices will be affected, gas royalty income for a given period generally relates to production three months prior to the period and crude oil royalty income for a given period generally relates to production two months prior to the period and will generally approximate current market prices in the geographic region of the production at the time of production. When crude oil and natural gas prices decline, the Trust is affected in two ways. First, distributable income from the Royalty properties is reduced. Second, exploration and development activity by operators on the Royalty properties may decline as some projects may become uneconomic and are either delayed or eliminated. It is impossible to predict future crude oil and natural gas price movements, and this reduces the predictability of future cash distributions to Unitholders.

Liquidity and Capital Resources

As stipulated in the Trust Indenture, the Trust is intended to be passive in nature, and the Trustee does not have any control over or any responsibility relating to the operation of the Underlying Properties. The Trustee has powers to collect and distribute proceeds received by the Trust and pay Trust liabilities and expenses and its actions have been limited to those activities. The Trust is a passive

entity and other than the Trust's ability to periodically borrow money as necessary to pay expenses, liabilities and obligations of the Trust that cannot be paid out of cash held by the Trust, the Trust is prohibited from engaging in borrowing transactions. As a result, other than such borrowings, if any, the Trust has no source of liquidity or capital resources other than the Royalties.

Recent Developments

SoftVest Special Meeting, Petition, and Proposed Business Combination

On December 16, 2025, the Trust held a special meeting of its Unitholders (the "2025 Special Meeting"). The 2025 Special Meeting was called by the Trustee as required by Section 8.02 of the Trust Indenture at the request of SoftVest Advisors, LLC ("SoftVest Advisors") and other Unitholders of the Trust collectively owning not less than 15% of the Trust's outstanding Units. At the Special Meeting, Unitholders approved a non-binding proposal for SoftVest Advisors or another appropriate party to take appropriate actions as beneficiaries of the Trust to effect the judicial reformation or modification of the Trust Indenture, to allow for the approval of any amendment to the Trust Indenture by a simple majority of votes cast by Unitholders at a special meeting at which a quorum is present.

On or about February 10, 2026, SoftVest, L.P. ("SoftVest"), a Unitholder of the Trust, mailed documents to the other Unitholders, which included a cover letter, a Citation in the District Court of Tarrant County, Texas ("Citation"), the Original Petition for Modification of Trust (the "Petition") in the District Court of Tarrant County, Texas (Cause No. 96-373245-25) seeking judicial modification of the Trust's Indenture, and the Petitioner SoftVest, L.P.'s Notice of Bench Trial on Petitioner's Original Petition for Modification of Trust ("Notice of Bench Trial"), also collectively known as the "Unitholder Mailing". The Unitholder Mailing advised Unitholders of a hearing to be scheduled Friday, May 8, 2026, at 10:30 a.m. before the 96th District Court of Tarrant County, Texas (the "Court"), Tom Vandergriff Civil Courts Building, 4th Floor, 100 North Calhoun Street, Fort Worth, Texas 76196, on the merits of SoftVest's Petition pursuant to which it sought to (1) amend Section 8.03 of the Trust Indenture to eliminate the requirement that certain amendments require approval by 75% of the outstanding Units of the Trust, and (2) delete Section 10.01 of the Trust Indenture that sets forth certain prohibited amendments and replace Article X of the Trust Indenture with a provision permitting amendment of any provision of the Trust Indenture by a vote of Unitholders in accordance with Article VIII (which, as amended, would permit amendment by a majority in interest of Unitholders constituting a quorum at a meeting of Unitholders where a quorum is present).

On May 8, 2026, a hearing (the "Hearing") was held before the Court in connection with the Petition. At the Hearing, the Court approved SoftVest's requested modifications. As a result of the Court's order, the Trustee entered into Amendment No. 2 to the Amended and Restated Trust Indenture of Permian Basin Royalty Trust dated May 8, 2026 implementing the modifications approved by the Court.

The Trustee was notified by SoftVest that on July 28, 2026, SoftVest and certain of its affiliates entered into a definitive Combination Agreement with Blackbeard Holdings, LLC and certain of its affiliates ("Blackbeard") pursuant to which they propose to combine the assets of the Trust and certain oil and natural gas mineral interest and land operations owned by Blackbeard to create a new publicly traded corporation, PBT Land and Minerals, Inc. ("New PBT") (the "Business Combination"). Completion of the Business Combination is subject to a vote of Trust Unitholders. SoftVest and certain other Unitholders representing in excess of 15% of the Trust Units have, as permitted by the Trust Indenture, requested that the Trustee call a special meeting of Trust Unitholders for purposes of considering (i) a proposal to approve and adopt the terms of an amendment to the Trust Indenture to effect the Business Combination and related matters, including the termination and liquidation of the Trust, (ii) a proposal to approve and adopt the terms of the PBT Land and Minerals, Inc. Omnibus Incentive Plan, and (iii) a proposal to authorize an adjournment of the Special Meeting, if necessary or appropriate, to permit solicitation of additional proxies in favor of the aforementioned proposals. The special meeting will be held November 23, 2026. New PBT has filed a registration statement on Form S-4 that includes a prospectus and a proxy statement for purposes of soliciting proxies with respect to the special meeting. New PBT has also filed a registration statement on Form S-1 pursuant to which it will make a rights offering to Trust Unitholders with respect to shares of New PBT.

Neither the Trust, nor the Trustee is a party to the Combination Agreement, nor is the Trust or the Trustee soliciting proxies or participating in any offering of securities. The Trustee is not making any recommendation to Trust Unitholders as to how to vote with respect to the Business Combination or other proposals at the special meeting.

If Unitholders approve the Business Combination, it is anticipated that the Trust would terminate and be liquidated on or around December 1, 2026. Trust Units would cease trading and represent the right to receive New PBT shares upon the Trust's liquidation as detailed in New PBT's Form S-4.

Blackbeard Settlement

On August 19, 2025, the Trustee entered into the Settlement Agreement in connection with its lawsuit against Blackbeard, as operator of the properties in the Waddell Ranch, in Crane County, Texas, in which the Trust holds a 75% net overriding royalty. Pursuant to the lawsuit, the Trustee had sought to recover more than $9 million in damages it alleged resulted from Blackbeard's failure to properly calculate and pay royalties due and owing to the Trust.

Pursuant to the Settlement Agreement, Blackbeard agreed to pay the Trust $9,000,000, of which $4,500,000 was paid in September 2025 and $1,125,000 was paid in each of January, April, July, and October 2026.

Additionally, the Settlement Agreement established the overhead rate that may be charged to the Trust and permits Blackbeard to

pass through third-party charges for salt water disposal, gathering and transportation, and charge technical labor on reservoir engineers using an agreed allocation methodology against the net overriding royalty. The parties also agreed that the Trust would not make future claims for lost volumes in the case of ordinary line loss (as defined by third party purchase agreements with purchasers). The Trust will have the option to conduct annual site audits, at its expense. The Settlement Agreement also set forth agreed reporting that Blackbeard will provide the Trustee going forward.

The Trustee recently completed its joint interest audit of the revenues and expenses associated with the Trust's net overriding royalty for the period from November 1, 2024, through October 31, 2025, and identified no exceptions.

Change in Timing of Computation of Net Proceeds

On March 30, 2026, Blackbeard informed the Trust that after further reviewing the Trust Conveyance (Sections 1.07, 1.10, and 1.15) for the Waddell Ranch properties, it has initiated a change in the computation of net proceeds. Beginning with the activity month of January 2026, production costs will be reported in the month incurred (activity month) rather than in the month in which revenue is recognized (generally the subsequent month). To bring the quarterly reporting into compliance with this timing change in the calculation of net proceeds, the March reporting period, which was disclosed in the Form 10-Q for the second quarter of 2026, included production costs for both January and February while reflecting one month (January) of gross proceeds.

Results of Operations

Three Months Ended September 30, 2026 Compared to Three Months Ended September 30, 2025

For the quarter ended September 30, 2026, royalty income received by the Trust amounted to $4,956,334 compared to royalty income of $7,258,464 during the third quarter of 2025. The royalty income for the three months ended September 30, 2026 includes the $1,125,000 partial settlement payment from Blackbeard paid in July 2026. Pricing information for the Waddell Ranch properties is for June, July, and August 2026 (reflecting the period for which proceeds would have been distributed to Unitholders in the third quarter of 2026). For the Waddell Ranch properties, the average realized oil and gas prices were $96.85 per barrel (Bbl) and $0.35 per thousand cubic feet (Mcf), respectively, for the three months ended August 31, 2026, compared to $62.32 and $1.35 for the three months ended August 31, 2025. For the Texas Royalty properties, the average realized oil and gas prices were $92.13 per Bbl and $10.39 per Mcf, respectively, for the quarter ended September 30, 2026, compared to $65.20 per Bbl and $8.65 per Mcf, respectively, for the quarter ended September 30, 2025. The lower royalty income reported in the three months ended September 30, 2026, compared to the same time period in 2025 is attributable to the $4,500,000 initial settlement payment from Blackbeard in the third quarter of 2025, partially offset by higher royalty income from underlying operations in the third quarter of 2026.

Interest income for the quarter ended September 30, 2026 was $20,814 compared to $15,049 during the third quarter of 2025. The increase in interest income is primarily attributable to increased amounts of funds available for investment.

Total expenses during the third quarter of 2026 amounted to $1,161,657 compared to $411,626 during the third quarter of 2025. The increase in total expenses can be primarily attributed to a $650,000 increase to the reserve account made in the third quarter of 2026.

These transactions resulted in distributable income for the quarter ended September 30, 2026, of $3,815,491 or $0.08 per Unit outstanding of beneficial interest. Distributions of $0.024673, $0.043566 and $0.018701 per Unit were made to Unitholders of record as of June 30, 2026, July 31, 2026, and August 31, 2026, respectively. The July distribution includes the third installment, in the amount of $1,125,000 of the Settlement Agreement, partially offset by a $400,000 increase to the expense reserve. For the third quarter of 2025, distributable income was $6,861,887, or $0.15 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 third quarter of the calendar year is associated with actual oil and gas production for April, May, and June 2026 for the Waddell Ranch properties from which "Royalties" were carved (and associated with production costs as described above under "*Recent Developments – Change in Timing of Computation of Net Proceeds*"). 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, June, and July 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 October 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 September 30, 2026. Oil and gas sales attributable to the Royalties and the properties from which the Royalties were carved are as follows:

	Waddell Ranch Properties							
	2026				2025			
	June	July	August	Total	June	July	August	Total
Royalties								
Oil sales (Bbls)	366,291	354,123	304,169	1,024,583	284,412	311,967	317,533	913,912
Gas sales (Mcf)	1,688,680	1,654,220	1,637,239	4,980,139	1,300,630	1,351,303	1,421,045	4,072,978
Properties From Which The Royalties Were Carved:								
Oil:								
Total oil sales (Bbls)	488,388	472,164	405,558	1,366,110	379,216	415,956	423,377	1,218,549
Average per day (Bbls)	16,280	15,231	13,083	14,849	12,641	13,418	13,657	13,245
Average realized price per Bbl	$ 98.36	$ 105.59	$ 84.86	$ 96.85	$ 61.61	$ 59.58	$ 65.65	$ 62.32
Gas:								
Total gas sales (Mcf)	2,251,574	2,205,626	2,182,986	6,640,186	1,734,174	1,801,737	1,894,727	5,430,638
Average per day (Mcf)	75,052	71,149	70,419	72,176	57,806	58,121	61,120	59,029
Average realized price per Mcf	$ (0.15)	$ (0.16)	$ 1.39	$ 0.35	$ 0.96	$ 1.34	$ 1.72	$ 1.35

	Texas Royalty Properties							
	2026				2025			
	July	August	September	Total	July	August	September	Total
Royalties								
Oil sales (Bbls)	13,842	14,405	13,460	41,707	12,190	14,645	13,944	40,779
Gas sales (Mcf)	5,923	5,581	4,868	16,372	10,109	8,742	10,800	29,651
Properties From Which The Royalties Were Carved:								
Oil:								
Total oil sales (Bbls)	15,307	15,959	15,042	46,308	13,896	16,672	15,856	46,424
Average per day (Bbls)	494	515	501	503	448	538	529	516
Average realized price per Bbl	$ 99.90	$ 93.10	$ 83.20	$ 92.13	$ 68.37	$ 62.02	$ 65.76	$ 65.20
Gas:								
Total gas sales (Mcf)	6,545	6,193	5,439	18,177	11,503	9,952	12,275	33,730
Average per day (Mcf)	211	200	181	198	383	321	409	375
Average realized price per Mcf	$ 8.61	$ 9.55	$ 13.49	$ 10.39	$ 11.75	$ 7.53	$ 6.65	$ 8.65

Pricing and Production Discussion

For the Waddell Ranch properties, the average realized price of oil increased to $96.85 per Bbl for the period June through August 2026 compared to $62.32 per Bbl for the period June through August of 2025 due to worldwide market variables. The average realized price of gas decreased to $0.35 per Mcf for the period June through August 2026 from $1.35 per Mcf for the period June through August of 2025.

For the Texas Royalty properties, the average realized price of oil increased to $92.13 per Bbl in the third quarter of 2026, compared to $65.20 per Bbl in the third quarter of 2025 due to worldwide market variables. The average realized price of gas (including natural gas liquids) for the Texas Royalty properties increased from $8.65 per Mcf in the third quarter of 2025 to $10.39 per Mcf in the third 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, both the oil and gas volumes from the Underlying Properties decreased 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 Capital Expense Discussion

Blackbeard advised the Trustee that capital expenditures for drilling, remedial and maintenance activities on the Waddell Ranch properties during the third quarter of 2026 totaled $49.6 million (gross) as compared to $53.3 million (gross) for the third 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 $36.7 million (gross) for the third quarter of 2026, compared to $26.6 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.

Nine Months Ended September 30, 2026 Compared to Nine Months Ended September 30, 2025

For the nine months ended September 30, 2026, royalty income received by the Trust amounted to $12,666,228 compared to royalty income of $13,403,049 for the nine months ended September 30, 2025. The average realized oil and gas for the Waddell Ranch properties were $74.17 per Bbl and $0.82 per Mcf, respectively for the nine months ended September 30, 2026 compared to $66.68 per Bbl and $1.80 per Mcf, for the nine months ended September 30, 2025. Production and pricing information in the table below for the Waddell Ranch properties is shown for the months of December 2025 through August 2026 (reflecting the period for which proceeds would have been distributed to Unitholders in the first nine months of 2026). For the Texas Royalty properties, the average realized oil and gas prices were $74.57 per Bbl and $8.15 per Mcf, respectively for the nine months ended September 30, 2026 compared to $67.66 per Bbl and $9.11 per Mcf, respectively for the nine months ended September 30, 2025. The slightly lower royalty income reported in the nine months ended September 30, 2026, compared to the same time period in 2025 is attributable to a smaller portion of the Blackbeard lawsuit settlement received in the first nine months of 2026 compared to the same period in 2025, along with slightly lower oil and gas production on the Texas Royalty properties.

Interest income for the nine months ended September 30, 2026, was $54,009 compared to $47,324 during the nine months ended September 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 nine months ended September 30, 2026, amounted to $2,007,383 compared to $1,595,019 during the nine months ended September 30, 2025. The increase in total expenses can be primarily attributed to a $650,000 increase to the reserve account made in the third quarter of 2026.

These transactions resulted in distributable income for the nine months ended September 30, 2026 of $10,712,854 or $0.23 per Unit. For the nine months ended September 30, 2025, distributable income was $11,855,354, or $0.25 per Unit.

On October 30, 2026, 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, 2026. Oil and gas sales attributable to the Royalties and the properties from which the Royalties were carved for the nine months ended September 30, 2026 and 2025 are as follows:

	For the Nine Months Ended September 30,			
	2026		2025	
	WADDELL RANCH PROPERTIES	TEXAS ROYALTY PROPERTIES	WADDELL RANCH PROPERTIES	TEXAS ROYALTY PROPERTIES
Royalties				
Oil sales (Bbls)	3,291,169	123,777	2,310,987	127,460
Gas sales (Mcf)	15,149,792	64,237	11,138,948	83,263
Properties From Which The Royalties Were Carved:				
Oil:				
Total oil sales (Bbls)	4,388,225	139,468	3,081,316	144,375
Average per day (Bbls)	16,015	509	11,246	529
Average price per Bbl	$ 74.17	$ 74.57	$ 66.68	$ 67.66
Gas:				
Total gas sales (Mcf)	20,199,722	72,597	14,851,931	94,326
Average per day (Mcf)	73,722	265	54,204	346
Average price per Mcf	$ 0.82	$ 8.15	$ 1.80	$ 9.11

Pricing and Production Discussion

Production and pricing information for the Waddell Ranch properties is shown for the months of December 2025 through August 2026. The average realized price of oil increased to $74.17 per Bbl for December 2025 through August 2026 compared to $66.68 per Bbl for the nine month period ended August 31, 2025 due to worldwide market variables. The average realized price of gas for the nine months ended August 31, 2026 was $0.82 per Mcf, a decrease from $1.80 for the nine month period ending August 31, 2025.

For the Texas Royalty properties, the average realized price of oil increased to $74.57 per Bbl for the nine months ended September 30, 2026, compared to $67.66 per Bbl for the same period of 2025 due to worldwide market variables. The average realized price of gas (including natural gas liquids) for the Texas Royalty properties decreased from $9.11 per Mcf in the nine months ended September 30, 2025 to $8.15 per Mcf in the same period of 2026 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 provide a meaningful comparison. However, for the Texas Royalty properties, oil and gas sales volumes decreased for the properties from which the Royalties are carved for the applicable period of 2026 compared to 2025, while for the Waddell Ranch properties, oil and natural gas volumes (including plant products) increased for the applicable period in 2026 compared to 2025.

Blackbeard Capital Expense Discussion

Blackbeard advised the Trustee that capital expenditures for drilling, remedial and maintenance activities on the Waddell Ranch properties for the nine months ended September 30, 2026 totaled $137.7 million (gross). For the nine months ended September 30, 2025, capital expenditures were $162.5 million (gross) to the Trust. 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.

Lease operating expenses and property taxes totaled $115.7 million (gross) for the nine months ended September 30, 2026, compared to $67.8 million (gross) for the same period in 2025. Blackbeard did not provide the Trustee with reasons for the increase in lease operating expenses and property taxes for the nine month period.

Calculation of Royalty Income

The Trust's royalty income is computed as a percentage of the net profit from the operation of the properties in which the Trust owns net overriding royalty interests. The royalty income received and recorded by the Trust was determined by the operator as noted below. These percentages of net profits are 75% and 95% in the case of the Waddell Ranch properties and the Texas Royalty properties, respectively. Royalty income received and available for distribution by the Trust for the three months ended September 30, 2026 and 2025, respectively, was computed as shown in the table below:

	Three Months Ended September 30,			
	2026		2025	
	WADDELL RANCH PROPERTIES	TEXAS ROYALTY PROPERTIES	WADDELL RANCH PROPERTIES	TEXAS ROYALTY PROPERTIES
Gross proceeds of sales from the Underlying Properties				
Oil proceeds	$ 132,307,441	$ 4,266,405	$ 75,942,158	$ 3,026,825
Gas proceeds	2,343,862	188,834	7,333,899	291,741
Other [1]	(33,823,422)		8,540,761	
Total	100,827,881	4,455,239	91,816,818	3,318,566
Less:				
Severance tax:				
Oil	5,485,722	154,202	3,500,952	123,880
Gas	82,486	7,374	29,496	8,314
Gathering and Transportation Costs	8,897,826	38,681	8,395,922	42,726
Lease operating expense and property tax:				
Oil and gas	36,713,993	222,000	26,550,683	240,000
Capital expenditures	49,647,854	—	53,339,765	—
Total	100,827,881	422,257	91,816,818	414,920
Net profits[2]	—	4,032,982	—	2,903,646
Net overriding royalty interests	75%	95%	75%	95%
Royalty income[2][3]	$ —	3,831,333	$ —	2,758,464

(1) Due to an NPI deficit, the Waddell Ranch properties did not contribute to royalty income from November 2024 through September 2026. Negative numbers mean a recoupment of excess costs; positive numbers mean an addition to excess costs.
(2) The 2025 Net profits and Royalty income for the Waddell Ranch properties have been adjusted to reflect the amount received rather than reflecting Excess Costs for the quarter. Excess Costs can be reviewed in Note 4 of the Condensed Interim Financial Statements.
(3) Royalty income for the Waddell Ranch properties does not include the $1.125 million partial settlement payments received in January, April, and July of 2026, or the $4.5 million initial settlement payment received in September 2025.

Critical Accounting Policies and Estimates

A disclosure of critical accounting policies and the more significant judgments and estimates used in the preparation of the Trust's financial statements is included in Item 7 of the Trust's Annual Report on Form 10-K for the year ended December 31, 2025. There have been no significant changes to the critical accounting policies during the nine months ended September 30, 2026.

Distributable Income Per Unit

Basic distributable income per Unit is computed by dividing distributable income by the weighted average of Units outstanding. Distributable income per Unit assuming dilution is computed by dividing distributable income by the weighted average number of Units and equivalent Units outstanding. The Trust had no equivalent Units outstanding for any period presented. Therefore, basic distributable income per Unit and distributable income per Unit assuming dilution are the same.

New Accounting Pronouncements

There are no new accounting pronouncements that are expected to have significant impact on the Trust's financial statements.

Item 3. Qualitative and Quantitative Disclosures About Market Risk

The Trust is a passive entity and other than the Trust's ability to periodically borrow money as necessary to pay expenses, liabilities and obligations of the Trust that cannot be paid out of cash held by the Trust, the Trust is prohibited from engaging in borrowing transactions. The amount of any such borrowings is unlikely to be material to the Trust. The Trust periodically holds short-term investments acquired with funds held by the Trust pending distribution to Unitholders and funds held in reserve for the payment of Trust expenses and liabilities. Because of the short-term nature of these borrowings and investments and certain limitations upon the types of such investments which may be held by the Trust, the Trustee believes that the Trust is not subject to any material interest rate risk. The Trust does not engage in transactions in foreign currencies which could expose the Trust or Unitholders to any foreign currency related market risk. The Trust invests in no derivative financial instruments and has no foreign operations or long- term debt instruments.

Item 4. Controls and Procedures

On May 14, 2013, the Committee of Sponsoring Organizations of the Treadway Commission issued an updated version of its Internal Control – Integrated Framework (the "2013 Framework") which helps organizations design, implement and evaluate the effectiveness of internal control concepts and simplify their use and application. As of the end of the period covered by this report, the Trustee carried out an evaluation of the effectiveness of the design and operation of the Trust's disclosure controls and procedures pursuant to Exchange Act Rules 13a-15 and 15d-15 based on the criteria established in the 2013 Framework. Based upon that evaluation, the Trustee concluded that the Trust's disclosure controls and procedures are effective in recording, processing, summarizing and reporting, on a timely basis, information required to be disclosed by the Trust in the reports that it files or submits under the Securities Exchange Act of 1934 and are effective in ensuring that information required to be disclosed by the Trust in the reports that it files or submits under the Securities Exchange Act of 1934 is accumulated and communicated to the Trustee to allow timely decisions regarding required disclosure. In its evaluation of disclosure controls and procedures, the Trustee has relied, to the extent considered reasonable, on information provided by Blackbeard, the owner of the Waddell Ranch properties, and Riverhill Energy Corporation, the owner of the Texas Royalty properties.

There has not been any change in the Trust's internal control over financial reporting during the period covered by this report that has materially affected, or is reasonably likely to materially affect, the Trust's internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

SoftVest Petition

On May 8, 2026, a hearing (the "Hearing") was held before the 96th District Court of Tarrant County, Texas (the "Court") in connection with the Original Petition for Modification of Trust (the "Petition") filed by SoftVest, L.P. ("SoftVest"), a Unitholder of the Trust, seeking judicial modification of the Trust Indenture. At the Hearing, the Court approved SoftVest's requested modifications which (1) amended Section 8.03 of the Trust Indenture to eliminate the requirement that certain amendments require approval by 75% of the outstanding Units of the Trust, and (2) deleted Section 10.01 of the Trust Indenture that sets forth certain prohibited amendments and replaced Article X of the Trust Indenture with a provision permitting amendment of any provision of the Trust Indenture by a vote of Unitholders in accordance with Article VIII (which, as amended, will permit amendment by a majority in interest of Unitholders constituting a quorum at a meeting of Unitholders where a quorum is present). As a result of the Court's order, the Trustee entered into Amendment No. 2 to the Amended and Restated Trust Indenture of Permian Basin Royalty Trust dated May 8, 2026 implementing the modifications approved by the Court.

Blackbeard Settlement

On August 19, 2025, the Trustee entered into a settlement agreement and release (the "Settlement Agreement") in connection with its lawsuit against Blackbeard, as operator of the properties in the Waddell Ranch, in Crane County, Texas, in which the Trust holds a 75% net overriding royalty. Pursuant to the lawsuit, the Trustee had sought to recover more than $9 million in damages it alleged resulted from Blackbeard's failure to properly calculate and pay royalties due and owing to the Trust.

Pursuant to the Settlement Agreement, Blackbeard agreed to pay the Trust $9,000,000, of which $4,500,000 was paid in September 2025 and $1,125,000 was paid in each of January, April, July, and October 2026.

Additionally, the Settlement Agreement established the overhead rate that may be charged to the Trust and permits Blackbeard to pass through third-party charges for salt water disposal, gathering and transportation, and charge technical labor on reservoir engineers using an agreed allocation methodology against the net overriding royalty. The parties also agreed that the Trust would not make future claims for lost volumes in the case of ordinary line loss (as defined by third party purchase agreements with purchasers). The Trust will have the option to conduct annual site audits, at its expense. The Settlement Agreement also set forth agreed reporting that Blackbeard will provide the Trustee going forward.

Except as described above, there are no material pending legal proceedings to which the Trust is a party or, to its knowledge, of which any of its property is the subject.

Item 1A. Risk Factors

Risk factors relating to the Trust are contained in Item 1A of the Trust's Annual Report on Form 10-K for the fiscal year ended December 31, 2025. Except as set forth in such filing, and as set forth below, no material change to such risk factors has occurred during the nine months ended September 30, 2026:

The terms of the Combination Agreement and proposed Business Combination were not negotiated by the Trust or the Trustee, and no party has opined on the fairness of the Business Combination to Unitholders.

Neither the Trust nor the Trustee is a party to the Combination Agreement, nor did the Trust or Trustee negotiate the terms of the Business Combination, including the percentage of New PBT shares to be held by Unitholders following the Business Combination. The negotiations were instead conducted by SoftVest, a Unitholder that beneficially owns in the aggregate approximately 13.3% of the outstanding Trust Units, at SoftVest's initiative. Neither the Trust nor the Trustee received any opinion from an investment bank regarding the fairness of the Business Combination from a financial point of view, or any other matter. The Trustee is not making any recommendation with respect to the Business Combination or any other proposals to be considered at the special meeting. Therefore, Unitholders are strongly encouraged to carefully review the information in New PBT's proxy statement/prospectus, including all annexes and information incorporated by reference, and other available information, so that they can make their own determination as to whether to approve amendments to the Trust Indenture to implement the Business Combination and other proposals at the special meeting.

Items 2 through 4

Not applicable.

Item 5. Other Information

The Trust does not have any directors or officers, and as a result, no such persons adopted or terminated any Rule 10b5-1 trading arrangement or any non-Rule 10b5-1 trading arrangement, as defined in Item 408(a) of Regulation S-K.

Item 6. Exhibits

4.1	Permian Basin Amended and Restated Royalty Trust Indenture dated June 20, 2014, between Southland Royalty Company (now Burlington Resources Oil & Gas Company LP) and The First National Bank of Fort Worth (now Argent Trust Company), as Trustee, heretofore filed as Exhibit 4.1 to the Trust's Quarterly Report on Form 10-Q to the Securities and Exchange Commission for the quarterly period ended June 30, 2014, is incorporated herein by reference. *
4.2	Amendment No. 1 to the Amended and Restated Royalty Trust Indenture of Permian Basin Royalty Trust, dated May 4, 2022, heretofore filed as Exhibit 4.1 to the Trust's Form 8-K to the Securities and Exchange Commission filed on May 6, 2022, is incorporated herein by reference. *
4.3	Amendment No. 2 to the Amended and Restated Royalty Trust Indenture of Permian Basin Royalty Trust, dated May 8, 2026, heretofore filed as Exhibit 4.1 to the Trust's Form 8-K to the Securities and Exchange Commission filed on May 8, 2026, is incorporated herein by reference.*
4.4	Net Overriding Royalty Conveyance (Permian Basin Royalty Trust) from Southland Royalty Company (now Burlington Resources Oil & Gas Company LP) to The First National Bank of Fort Worth (now Argent Trust Company), as Trustee, dated November 3, 1980 (without Schedules), heretofore filed as Exhibit (4)(b) to the Trust's Annual Report on Form 10-K to the Securities and Exchange Commission for the fiscal year ended December 31, 1980, is incorporated herein by reference. * (P)
4.5	Net Overriding Royalty Conveyance (Permian Basin Royalty Trust — Waddell Ranch) from Southland Royalty Company (now Burlington Resources Oil & Gas Company LP) to The First National Bank of Fort Worth (now Argent Trust Company), as Trustee, dated November 3, 1980 (without Schedules), heretofore filed as Exhibit (4)(c) to the Trust's Annual Report on Form 10-K to the Securities and Exchange Commission for the fiscal year ended December 31, 1980, is incorporated herein by reference.* (P)
31.1	Certification by Nancy Willis, Director of Royalty Trust Services of Argent Trust Company, Trustee of Permian Basin Royalty Trust, dated November 9, 2026, and submitted pursuant to Rule 13a-14(a)/15d-14(a) and pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certificate by Argent Trust Company, Trustee of Permian Basin Royalty Trust, dated November 9, 2026 and submitted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. Section 1350).

* A copy of this Exhibit is available to any Unitholder, at the actual cost of reproduction, upon written request to the Trustee, Argent Trust Company, 3838 Oak Lawn Avenue, Suite 1720, Dallas, Texas 75219.

(P) Paper exhibits.

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.

ARGENT TRUST COMPANY,
TRUSTEE FOR THE
PERMIAN BASIN ROYALTY TRUST

Date: November 9, 2026

By: /s/ NANCY WILLIS
Nancy Willis
Director of Royalty Trust Services

(The Trust has no directors or executive Officers.)

EXHIBIT 31.1

Certification Required by Rule 13a-14(a) or Rule 15d-14(a)

I, Nancy Willis, certify that:

1. I have reviewed this report on Form 10-Q of Permian Basin Royalty Trust, for which Argent Trust Company, acts as Trustee;
2. 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;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, distributable income and changes in trust corpus of the registrant as of, and for, the periods presented in this report;
4. I am 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)), or for causing such controls and procedures to be established and maintained, for the registrant and I have:
    a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under my supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to me 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 my supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes;
    c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report my 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 (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. I have disclosed, based on my most recent evaluation of internal control over financial reporting, to the registrant's auditors:
    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.

In giving the certifications in paragraphs 4 and 5 above, I have relied to the extent I consider reasonable on information provided to me by Blackbeard Operating LLC and Riverhill Energy Corporation.

November 9, 2026

By: /s/ NANCY WILLIS
Nancy Willis,
Director of Royalty Trust Services

EXHIBIT 32.1

Certification Required by Rule 13a-14(b) or
Rule 15d-14(b) and Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report of Permian Basin Royalty Trust (the "Trust") on Form 10-Q for the quarterly period ended September 30, 2026, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, not in its individual capacity but solely as the trustee of the Trust, certifies pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to its knowledge:

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

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Trust.

ARGENT TRUST COMPANY, TRUSTEE FOR PERMIAN BASIN ROYALTY TRUST

November 9, 2026

By: /s/ NANCY WILLIS
Nancy Willis,
Director of Royalty Trust Services
Argent Trust Company

A signed original of this written statement required by Section 906 has been provided to the Trust and will be retained by the Trust and furnished to the Securities and Exchange Commission or its staff upon request.