

Beaver Coal Co., Ltd.

Amendment to [Annual Report](#) - Beaver Coal Company, Ltd. Consolidated Financial Statements for 12/31/2025 originally published through the OTC Disclosure & News Service on 04/28/2026

Explanatory Note:

Amended to include the full annual report with letter to Limited Partners and other information

***This coversheet was automatically generated by OTC Markets Group based on the information provided by the Company. OTC Markets Group has not reviewed the contents of this amendment and disclaims all responsibility for the information contained herein.*

2025 ANNUAL REPORT

WWW.BEAVERPROPERTYCOLTD.COM



*View of Slab Fork from the
overlook at Burning Rock*

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Beaver Coal Company Limited

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Suite 214, Building 3
Rosemont, PA 19010

354 Log Cabin Road
Beaver, WV 25813

May 8, 2026

Limited Partners
Beaver Coal Company, Limited

Dear Limited Partner:

The overall financial condition of Beaver Coal Company, Limited ("Beaver") remained strong at FYE 2025, but our performance compared to 2024 weakened. Total revenue for Beaver declined 8.5% (\$726,731) to \$7,804,307 for the year primarily due to both reduced market pricing and lower volume of our lessees' commodity activities in coal, timber, and natural gas. Our net income for 2025 was \$4,942,513 which was 13.5% (\$774,546) lower than 2024. As a result, our income per share in 2025 was \$198.67. We distributed \$206.17 per unit to our unit holders, or 103.8% of net income, by utilizing internally generated cash flow and excess liquidity on our balance sheet. Due to scheduled principal payments on mortgage loans, we also retired debt, equivalent to \$5.11 per unit.

Coal: During 2025, coal revenue declined 11.0% (\$548,420) to \$4,420,249 due primarily to lower metallurgical coal prices at the active mines. Worldwide metallurgical (coking) coal in 2025 was generally a weaker price year with mixed to stable production, shaped by soft global steel demand, high inventories (especially in China) and supply from Australia, the U.S., Canada and Mongolia. Additionally, pricing was adversely affected by weak Chinese blast furnace demand, slower global steel production growth, high seaborne supply availability and well managed Indian procurement reducing panic buying. Beaver owns the highest-grade metallurgical coal and not the lower-grade variety used in power plants. Coal sold to power utilities is expected to diminish over time and be replaced by alternative energy sources. We believe coking coal (for steel) will continue to have long-term demand worldwide. Coal royalties remain the largest segment of our business (56.6% of total revenue in 2025, slightly below the 58.2% in 2024), but we have been making strides towards increasing revenue from surface leasing activities. These represent more predictable income streams, which we believe will help mitigate the effect of market price fluctuations for commodity products such as coal.

Surface Leasing and Other Income: For the year, surface leasing and other income again increased both in absolute dollar terms and as a percentage of total revenue. Specifically, revenue was up 7.5% (\$199,521) to \$2,852,392 due to higher residential and commercial leasing revenue throughout the property as well as significantly higher revenue in our hospitality activities at the Cabins at Pine Haven. We also incurred higher expenditures at the cabins in 2025 attributable to multiyear strategic increases in advertising and refurbishments. Our business plan on the surface is to rent commercial property to businesses that will construct their own buildings, thereby simplifying our role to that of a land-lessor. Overall, surface rentals and other income comprise 36.5% of total revenue in 2025, up from 31.1% in 2024.

Timber: Timber revenue dropped 42.7% (\$287,865) during 2025 to \$386,898 due to lower pricing and the decision to reduce production. Timber, like coal, is a commodity-based revenue stream that reflects market pricing. The market was adversely impacted in 2025 by the bifurcation in the market whereby only the premium hardwoods such as white oak, walnut and hard maple commanded premium prices while commodity species and pulpwood barely covered logging costs, according to market participants. In periods of soft market pricing, it is prudent to limit cutting to maximize the long-term value of our timber holdings. Given the current soft market for timber, opportunities to purchase additional acreage at favorable pricing may arise for us to consider. Timber represented 5.0% of total revenue in 2025, down from 7.9% in 2024

Stone: Stone royalties dropped 43.5% (\$48,570) to \$62,996 in 2025 due to lower tonnage but stable pricing at the quarry. Stone royalties represented 0.8% of total revenue in 2025.

Natural Gas: Revenues from natural gas royalties were \$11,184 due to the overpayment by one of our lessees in prior years which was recouped in 2025. Natural gas royalties made up 0.1% of total revenue for 2025.

Emissions Reduction: We contract with third parties to reduce emissions by using flaring to eliminate dangerous methane gas drawn from active coal mines. The removal of methane gas from mines protects against interruptions and prevents the adverse environmental consequences of venting the gas directly into the atmosphere during the coal extraction process. In 2025, emissions reduction revenue increased 110.1% (\$36,996) to \$70,588. The increase was due to higher flaring volumes at the mines, and favorable timing of certain royalty payments. These were countered by weakness in the price that emissions reduction credits command in the market. Royalties from this activity represent 0.9% of total revenue in 2025.

For the year 2025, operating expenses decreased a slight 0.4% (\$11,138) to \$2,916,966 in 2025, primarily due to control of year-over-year personnel and overhead expenses. Due primarily to the overall reduction in revenue, operating income decreased 12.8% (\$715,593) to \$4,887,341 for 2025. As a result, our operating income margin decreased from 65.7% to 62.6% but remains a very strong percentage margin. Other income (expense) was down 51.7% (\$58,953) due primarily to lower interest income based on lower interest rates and reduced money market balances. As a result of these combined activities, consolidated net income fell 13.5% (\$774,546) to \$4,942,513.

Our financial statements this year reflect several minor presentation changes made at the suggestion of our public accounting firm. These are found in Note 2.k. of our Consolidated Financial Statements. They include moving depreciation and amortization from Other Income (Expense) to Expense and moving Interest and Dividend Income from Rentals and Other Revenue to Other Income (Expense). These reclassifications had no impact on partnership capital or net income.

Through the first three months of 2026, coal royalties are higher than the comparable period in 2025 because of lower unit volume but higher market pricing. Surface leasing and other income is up over last year due to stronger residential lease revenue. Timber is up due to lower volume and higher prices per board foot. Stone is up due to higher volume and consistent pricing of this commodity thus far in 2026.

As we have stated for many years, we believe in the conservative long-term management of our commodity assets through the retention of good operators under lease to Beaver, combined with the development of our surface property and timber holdings, which should create a consistent and

diversified lease income stream for the long-term benefit of our limited partners. Diversification, however, does not require us to incur outsized administrative expenses or to take operating risk which is best borne by tenants under lease.

At all times, we seek to maintain a conservative balance sheet with adequate reserves and liquidity, and limit the use of borrowed money, so that all obligations will be met, and timely opportunities may be pursued. We remain committed to distributing a large percentage of net income to our partners, consistent with past practice.

For Beaver, over 90% of our total revenue is “passive” meaning that it comes to us in the form of interest, royalties, or rent. This is important because as such, we are not subject to Publicly Traded Partnership Rules and are therefore not required to register with the SEC and are not taxed as a corporation. Our unit holders are taxed at their individual or “pass through” income tax rate which in most cases is ultimately less burdensome than the double taxation of the corporate equivalent.

We are optimistic about the long-term prospects for Beaver but are uncertain about the prospects for the overall economy in the near term. Accordingly, we plan to maintain a cautious outlook in 2026, especially around expenses.

Thank you for your support,

Sincerely,



William B. McNamara,
President, Beaver Management Corporation

Beaver Management Corporation

Directors:

Junius S. Morgan
William C. Bullitt
William B. McNamara
Harry R. Madeira, Jr.
J. Thomas Moore
James A. Beers

Officers:

William B. McNamara, President
William C. Bullitt, Vice President and Secretary
Harry R. Madeira, Jr., Vice President and Treasurer



Board of Directors: William B. McNamara, Harry R. Madeira, Jr., William C. Bullitt, J. Thomas Moore, James A. Beers and Junius S. Morgan

**Beaver Coal Company, Limited
Consolidated Financial Statements
December 31, 2025 and 2024
With Independent Auditor's Report**

Beaver Coal Company, Limited
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December 31, 2025 and 2024

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Independent Auditor's Report

To the Board of Directors,
Beaver Coal Company, Limited:

Opinion

We have audited the consolidated financial statements of Beaver Coal Company, Limited (the "Partnership"), which comprise the consolidated balance sheets as of December 31, 2025 and 2024, and the related consolidated statements of income, equity, and cash flows for the years then ended, and the related notes to consolidated financial statements.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Partnership as of December 31, 2025 and 2024, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Partnership and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Partnership's ability to continue as a going concern for one year after the date that the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Partnership's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Partnership's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Withum Smith + Brown, PC

April 27, 2026

**Beaver Coal Company, Limited
Consolidated Balance Sheets
December 31, 2025 and 2024**

	<u>2025</u>	<u>2024</u>
Assets		
Cash and cash equivalents	\$ 4,158,981	\$ 4,645,819
Accounts receivable	726,265	743,766
Prepaid expenses	139,905	143,871
Unbilled rental income	399,526	369,080
Other assets	43,404	43,404
Property and equipment, net	10,379,920	10,469,044
Total assets	<u>\$ 15,848,001</u>	<u>\$ 16,414,984</u>
Liabilities and Partnership Capital		
Liabilities		
Notes payable	\$ 288,760	\$ 415,982
Accounts payable and accrued expenses	193,534	229,509
Deferred revenue	146,193	158,556
Withholdings on distributions	421,584	626,384
Total liabilities	<u>1,050,071</u>	<u>1,430,431</u>
Partnership capital		
Controlling interest	14,727,717	14,910,780
Noncontrolling interest	70,213	73,773
Total partnership capital	<u>14,797,930</u>	<u>14,984,553</u>
Total liabilities and partnership capital	<u>\$ 15,848,001</u>	<u>\$ 16,414,984</u>

The Notes to Consolidated Financial Statements are an integral part of these statements.

Beaver Coal Company, Limited
Consolidated Statements of Income
Years Ended December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Revenues		
Coal royalties	\$ 4,372,749	\$ 4,918,669
Minimum rental charges from coal lessees	47,500	50,000
Gas royalties from lessees	11,184	89,577
Timber royalties	386,898	674,763
Emission reduction royalties	70,588	33,592
Stone royalties	62,996	111,566
Rentals and other revenue	2,852,392	2,652,871
Total revenues	<u>7,804,307</u>	<u>8,531,038</u>
Expenses		
Salaries and other administrative expenses, including fees paid to Beaver Management Corporation (\$328,500 in 2025 and \$329,000 in 2024)	2,371,241	2,404,400
Real property taxes, less amounts charged to lessees (\$849,627 in 2025 and \$913,756 in 2024)	163,643	153,075
Depreciation and amortization	382,082	370,629
Total expenses	<u>2,916,966</u>	<u>2,928,104</u>
Operating income	<u>4,887,341</u>	<u>5,602,934</u>
Other income (expense)		
Gain on disposal of property and equipment	13,848	1,000
Interest and dividend income	55,470	129,225
Interest expense	(14,146)	(16,100)
Total other income	<u>55,172</u>	<u>114,125</u>
Consolidated net income	4,942,513	5,717,059
Income allocable to noncontrolling interest	16,110	17,890
Income allocable to controlling interest	<u>\$ 4,926,403</u>	<u>\$ 5,699,169</u>

Beaver Coal Company, Limited
Consolidated Statements of Equity
Years Ended December 31, 2025 and 2024

	Controlling Interest	Noncontrolling Interest	Partnership Capital
January 1, 2024	\$ 16,813,499	\$ 77,116	\$ 16,890,615
Net income	5,699,169	17,890	5,717,059
Distributions	(7,601,888)	(21,233)	(7,623,121)
December 31, 2024	<u>14,910,780</u>	<u>73,773</u>	<u>14,984,553</u>
Net income	4,926,403	16,110	4,942,513
Distributions	(5,109,466)	(19,670)	(5,129,136)
December 31, 2025	<u>\$ 14,727,717</u>	<u>\$ 70,213</u>	<u>\$ 14,797,930</u>

The Notes to Consolidated Financial Statements are an integral part of these statements.

Beaver Coal Company, Limited
Consolidated Statements of Cash Flows
Years Ended December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Operating activities		
Net income	\$ 4,942,513	\$ 5,717,059
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	382,082	370,629
Gain on disposal of property and equipment	(13,848)	(1,000)
Changes in operating assets and liabilities		
Accounts receivable	17,501	693,478
Prepaid expenses	3,966	(38,782)
Unbilled rental income	(30,446)	(22,504)
Accounts payable and accrued expenses	(35,975)	28,107
Deferred revenue	(12,363)	(26,670)
Withholdings on distributions	(204,800)	6,571
Net cash provided by operating activities	<u>5,048,630</u>	<u>6,726,888</u>
Investing activities		
Purchase of property and equipment	(292,958)	(507,423)
Proceeds from sale of property and equipment	13,848	1,000
Refund on land purchase	-	82,511
Net cash used in investing activities	<u>(279,110)</u>	<u>(423,912)</u>
Financing activities		
Distributions	(5,109,466)	(7,601,888)
Capital draws by noncontrolling interest	(19,670)	(21,233)
Repayments of notes payable	(127,222)	(116,904)
Net cash used in financing activities	<u>(5,256,358)</u>	<u>(7,740,025)</u>
Net change in cash and cash equivalents	(486,838)	(1,437,049)
Cash and cash equivalents		
Beginning of year	4,645,819	6,082,868
End of year	<u>\$ 4,158,981</u>	<u>\$ 4,645,819</u>
Supplemental disclosure of cash flow information		
Interest paid	<u>\$ 14,146</u>	<u>\$ 16,100</u>

The Notes to Consolidated Financial Statements are an integral part of these statements.

Beaver Coal Company, Limited

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

1. The Partnership

Pursuant to the plan of liquidation of Beaver Coal Corporation as of December 29, 1967, the shareholders of the Corporation contributed assets, principally cash and coal lands, to Beaver Coal Company, Limited, a Pennsylvania limited partnership. The limited partnership agreement expired but was renewed in accordance with the agreement as of October 31, 1988 and October 31, 2009. The current limited partnership, also named Beaver Coal Company, Limited (the "Partnership"), will continue until October 31, 2030, unless previously terminated under a section of the agreement. The sole general partner of the Partnership is Beaver Management Corporation ("Beaver Management"). The Partnership derives its revenue principally from royalties and rents received from leased land located in West Virginia. The Partnership also owns an entity, Airport Road Mini-Storage, LLC, for which it has a 91% interest, for the purpose of building and maintaining mini-storage facilities. The Partnership also owns a wholly owned subsidiary, Woodlands Amenities, LLC, for the purpose of building and renting the Cabins at Pine Haven.

2. Summary of Significant Accounting Policies

a. Principles of Consolidation

The consolidated financial statements include the accounts of the Partnership and its majority-owned subsidiary, Airport Road Mini-Storage, LLC, and the Partnership's wholly owned subsidiary, Woodlands Amenities, LLC. All intercompany accounts and transactions have been eliminated.

b. Basis of Accounting

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP").

c. Concentrations of Credit Risk

The Partnership maintains cash deposits at financial institutions located in Pennsylvania and West Virginia. These deposits may, at times, be in excess of the Federal Deposit Insurance Corporation ("FDIC") insurance limit of \$250,000 or not be covered by the FDIC. Any loss incurred or a lack of access to such funds could have a significant adverse impact on the Partnership's financial condition, results of operations, and cash flows.

Two customers accounted for 55% (28% and 27%, individually) of the Partnership's revenues during the year ended December 31, 2025. As of December 31, 2025, two customers accounted for 50% (29% and 21%, individually) of the Partnership's outstanding accounts receivable.

Two customers accounted for 57% (29% and 28%, individually) of the Partnership's revenues during the year ended December 31, 2024. As of December 31, 2024, two customers accounted for 64% (38% and 26%, individually) of the Partnership's outstanding accounts receivable.

d. Cash and Cash Equivalents

The Partnership considers all highly liquid investments with maturities of three months or less when purchased to be cash and cash equivalents.

e. Accounts Receivable

Accounts receivable are uncollateralized customer obligations due under normal trade terms requiring payment within 30 days from the invoice date. Customer account balances with invoices dated over 60 days old are considered delinquent. Unpaid accounts receivable do not bear interest. Accounts receivable are stated at the amount billed to the customer. Payments of accounts receivable are allocated to the specific invoices identified on the customer's remittance advice or, if unspecified, are applied to the earliest unpaid invoices. The Partnership has tracked historical loss information for its trade receivables and compiled historical credit loss percentages for different aging categories (current, 1-30 days past due, 31-60 days past due, 61-90 days past due, and more than 90 days past due).

Beaver Coal Company, Limited
Notes to Consolidated Financial Statements
December 31, 2025 and 2024

Management believes that the historical loss information it has compiled is a reasonable base on which to determine expected credit losses for accounts receivables held at December 31, 2025 and 2024, because the composition of the accounts receivables at that date is consistent with that used in developing the historical credit-loss percentages (i.e., the similar risk characteristics of its customers and its lending practices have not changed significantly over time). Management also considered the forecasted market trends of its customers' industries and general economic conditions and has concluded that no adjustment to the historical loss rates is necessary. As a result, management applied the applicable credit loss rates to determine the expected credit loss estimate for each aging category. After calculating, management has determined that the impact is not significant and no accrual for an allowance for expected credit losses is necessary at December 31, 2025 and 2024.

f. Property and Equipment

Property and equipment are stated at cost. Depreciation is provided using the straight-line method over the estimated useful lives of the assets as follows:

	Estimated Life (Years)
Buildings	40
Property improvements	20
Machinery and office equipment	5-10
Vehicles	5

g. Income Taxes

The Partnership is not a taxpaying entity for federal and state income tax purposes, and thus no income tax expense has been recorded in the consolidated financial statements. Income from the Partnership is taxed to the partners in their individual or trust returns. The Partnership files a Return of Partnership Income with the U.S. federal, Pennsylvania, and West Virginia tax jurisdictions. There are no pending income tax examinations by the federal or state tax authorities. Management has evaluated the tax positions taken within its tax returns and does not believe there are any significant uncertain positions taken on the returns. There was no significant interest or penalties incurred in 2025 or 2024.

U.S. GAAP requires management to evaluate tax positions taken by the Partnership and to recognize a tax liability if the Partnership has taken an uncertain position that more likely than not would not be sustained upon examination by taxing authorities. Management evaluated the Partnership's tax positions and concluded that the Partnership had taken no uncertain tax positions that require adjustment to the consolidated financial statements to comply with the provisions of this guidance.

h. Advertising

Advertising costs are expensed as incurred. Total advertising expenses were \$49,060 and \$47,146 for the years ended December 31, 2025 and 2024, respectively.

i. Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

Significant estimates include the accounts receivable allowance for expected credit losses and emission reduction royalties.

Beaver Coal Company, Limited
Notes to Consolidated Financial Statements
December 31, 2025 and 2024

j. Revenue Recognition

The Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2014-09, *Revenue from Contracts with Customers* (Topic 606). This standard replaced all previous accounting guidance on this topic and eliminated all industry-specific guidance. The revenue recognition guidance provides a unified model to determine how revenue is recognized. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. In doing so, companies need to use more judgement and make more estimates than under prior guidance. Judgments include identifying performance obligations in the contract, estimating the amount of consideration to include in the transaction price, and allocating the transaction price to each performance obligation.

In determining the appropriate amount of revenue to be recognized as it fulfills its obligations under its agreements, the Partnership performs the following steps: (i) identify contracts with customers; (ii) identify performance obligation(s); (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligation(s); and (v) recognize revenue when (or as) the Partnership satisfies each performance obligation. A performance obligation is a promise in a contract to transfer a distinct good or service to the customer and is the unit of accounting in Topic 606.

Beaver Coal Company, Limited derives its revenue principally from coal, gas, timber, and emission reduction royalties and rents received from leased land located in West Virginia. Airport Road Mini-Storage, LLC derives its revenue from rents received from mini-storage facility rentals. Woodlands Amenities, LLC derives its revenue primarily from rents received from cabin rentals.

The royalty revenue’s performance obligation includes providing the lessee the right to mine and sell coal, extract and sell natural gas, timber the forests and sell the timber, and flare methane gas and sell emission reduction credits over the lease term. Revenue is recognized on a production basis by deferring the minimums until recoupment occurs through production and recognizing the excess royalties when received.

The Partnership accounts for leases in accordance with Accounting Standards Codification 842, *Leases*. Rental revenue derived from leases is recognized upon transfer of control to the customer, which is typically upon when the customer is given the right to use the component under lease. No separate performance obligations are present within these contracts. The Partnership recognizes revenue from the lease agreements on a straight-line basis under the accrual basis of accounting. Any rental payments received prior to the rental period when earned are recorded as a liability (deferred revenue), and any rental income that is earned but not yet paid is recorded as an asset (unbilled rental income).

The accounts receivable balance at January 1, 2024, was \$1,437,244.

k. Reclassifications

Certain land from the prior year has been reclassified to property and equipment to conform to the current year presentation. Certain rentals and other revenue from the prior year have been reclassified to interest and dividend income to conform to the current year presentation. These reclassifications had no impact on partnership capital or net income.

3. Fair Value Accounting

The accounting pronouncement on fair value measurements identifies a hierarchy of valuation methods used to determine fair value, with each fair value measurement placed into the proper level based on the lowest level of significant input:

Level 1 - Valuation is based on quoted prices for identical instruments traded in active markets.

Level 2 - Valuation is based upon quoted market prices for similar instruments in active markets, quoted prices for identical instruments in markets that are not active, and a model-based valuation technique for which all significant assumptions are observed in the market.

Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the asset or liabilities.

Beaver Coal Company, Limited
Notes to Consolidated Financial Statements
December 31, 2025 and 2024

The following table represents the Partnership's fair value hierarchy for its cash equivalents measured at fair value on a recurring basis as of December 31, 2025:

	2025			Total
	Level 1	Level 2	Level 3	
Government money market fund	\$ 1,759,017	\$ -	\$ -	\$ 1,759,017
Money market fund	64,605	-	-	64,605
	<u>\$ 1,823,622</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,823,622</u>

The following table represents the Partnership's fair value hierarchy for its cash equivalents measured at fair value on a recurring basis as of December 31, 2024:

	2024			Total
	Level 1	Level 2	Level 3	
Government money market fund	\$ 1,606,919	\$ -	\$ -	\$ 1,606,919
Money market fund	65,791	-	-	65,791
	<u>\$ 1,672,710</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,672,710</u>

The government money market fund earned dividends of \$52,098 and \$125,654 during the years ended December 31, 2025 and 2024, respectively.

4. Property and Equipment

The Partnership holds fee and mineral rights to approximately 40,000 acres of coal-bearing lands and additionally holds approximately 9,600 acres without coal rights in Raleigh County, West Virginia. The property is recorded at cost. Depletion of the land is not recognized for financial reporting purposes until such time as the carrying value of the property exceeds its estimated net realizable value.

Property and equipment consist of the following as of December 31, 2025 and 2024:

	2025	2024
Land	\$ 3,511,890	\$ 3,511,890
Buildings	6,222,601	5,777,776
Property improvements	6,575,618	6,287,159
Machinery and office equipment	880,915	817,389
Vehicles	316,917	258,513
Construction in progress	-	592,650
	<u>17,507,941</u>	<u>17,245,377</u>
Less: Accumulated depreciation and amortization	7,128,021	6,776,333
	<u>\$ 10,379,920</u>	<u>\$ 10,469,044</u>

Depreciation and amortization expense was \$382,082 and \$370,629 for the years ended December 31, 2025 and 2024, respectively.

Beaver Coal Company, Limited
Notes to Consolidated Financial Statements
December 31, 2025 and 2024

Upon completion of construction in progress, amounts are transferred to the applicable property and equipment cost categories and placed in service. Transfers of construction in progress amounted to \$592,650 and \$0 for the years ended December 31, 2025 and 2024, respectively.

5. Notes Payable

The Partnership has a term loan outstanding from Summit Community Bank, which was acquired by Burke & Herbert Bank in May 2024, that matures in August 2028. This loan bears interest at 3.75% per annum and is due in monthly installments of interest and principal of \$8,365. The term loan is secured by real estate, assignment of rents, and leases. The principal due at December 31, 2025 and 2024 was \$239,737 and \$338,790, respectively.

The Partnership obtained a second term loan from Pioneer Community Bank on June 28, 2022, with a face value of \$151,341 and a maturity date of June 28, 2027. This loan bears interest at 2.99% per annum and is due in monthly installments of interest and principal of \$2,719. The term loan requires the Partnership to maintain certain financial covenants. The Partnership was in compliance with these covenants at December 31, 2025 and 2024. The term loan is secured by real estate. The principal due at December 31, 2025 and 2024 was \$49,023 and \$77,192, respectively.

Maturities of the notes payable for each of the next three years are as follows:

2026	\$ 124,060
2027	110,819
2028	53,881
	<u>\$ 288,760</u>

6. Commitments

The coal leases specify minimum levels of production. If this minimum level is not achieved through production, the deficiency must be satisfied through payment of a minimum rental charge. Revenues received through production are classified as coal royalties, whereas revenues received as a result of satisfying the deficiency are classified as minimum rental charges. Subject to certain limitations, royalties paid for coal mined above the minimum levels paid in 2025 for all leases may reduce future production royalties in excess of the yearly minimum by \$937,930.

Minimum rentals and royalty payments to be received from these lessees and from business and residential leases for each of the five years subsequent to December 31, 2025 are as follows:

2026	\$ 2,576,816
2027	2,595,160
2028	2,612,659
2029	2,631,518
2030	2,644,812
	<u>\$ 13,060,965</u>

7. Employee Benefits

401(k) Savings Plan

The Partnership has a defined contribution 401(k) savings plan covering substantially all employees meeting, on a nondiscretionary basis, the service requirements as specified in the plan document. The Partnership, at its discretion, will match participating employees' contributions for up to the maximum allowed by Internal Revenue Service regulations. The Partnership's matching contribution was \$51,568 and \$51,501 in 2025 and 2024, respectively.

Beaver Coal Company, Limited
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8. Contingencies

The Partnership is subject to litigation in the normal course of business; however, there is no material litigation at this time. The Partnership is of the opinion that, based on information currently available, the resolution of any such legal matters would not have a material adverse effect on the consolidated financial statements.

9. Related Party Transactions

The Partnership pays management fees to Beaver Management, the general partner of the Partnership, approximately equal to the expenses disbursed by Beaver Management during the year. Management fees amounted to \$328,500 and \$329,000 for the years ended December 31, 2025 and 2024, respectively. In addition, the Partnership pays distributions to Beaver Management equal to Beaver Management's proportionate interest as general partner of Beaver Coal Company, Limited.

The Partnership pays fees to other related parties affiliated through common management in the normal course of business. Total fees included in salaries and other administrative expenses in the consolidated statements of income amounted to \$296,571 and \$280,658 for the years ended December 31, 2025 and 2024, respectively.

The Partnership receives revenue through lease agreements with related parties affiliated through common management in the normal course of business. Total revenue included in rentals and other revenue in the consolidated statements of income amounted to \$127,084 and \$141,013 for the years ended December 31, 2025 and 2024, respectively.

At December 31, 2025 and 2024, the Partnership had non-interest bearing balances due from related parties affiliated through common management totaling \$67,635 and \$67,705, respectively. These balances were included in accounts receivable in the consolidated balance sheets.

At December 31, 2025 and 2024, the Partnership had noninterest bearing balances due to related parties affiliated through common management totaling \$24,798 and \$23,356, respectively. These balances were included in accounts payable and accrued expenses in the consolidated balance sheets.

10. Subsequent Events

The Partnership has evaluated subsequent events through April 27, 2026, which is the date the consolidated financial statements were available to be issued. Based on this evaluation, the Partnership has determined that no subsequent events have occurred which require disclosure in or adjustment to the consolidated financial statements.

BCC RESERVE GRID 2025

Beaver Coal Company, Limited Reserve Grid - 2025	TOTAL	HARDWOOD	SOFTWOOD	METALLURGICAL	NATURAL GAS	RESIDENTIAL	COMMERCIAL
	ACRES	RESERVES (BDFT)	RESERVES (TONS)	COAL RESERVES (TONS)	WELLS	LEASES	LEASES
		Thousands	Thousands	Thousands			
Beginning of the Year - 2025	50,552	107,940	1,182	22,889	123	408	81
Acquisitions & Divestments					-	(5)	
Production & Harvest		(1,549)	(26)	(780)			
Timber Growth		4,255	46				
End of the Year - 2025	50,552	110,646	1,202	22,109	123	403	81
Note: The above reserves are based upon appraisals conducted by independent appraisal firms.							

LIMITED PARTNERSHIP UNIT TRANSFER: In order to transfer or re-register the unit(s) of a limited partnership interest in Beaver Coal Company, Limited, the following steps should be taken:

The reverse side (“Assignment Section”) of the original Certificate of Interest must be completed in full by the owner/assignor. Also, the signature of the assignor must be medallion guaranteed by a bank or trust company. After the Assignment Section of the Certificate of Interest is fully completed and signed by both owner/ assignor and purchaser/ assignee, the Certificate of Interest should be forwarded to Beaver Coal Company, Limited, 106 Bay Drive, Stevensville, MD 21666 for authentication and re-registration. If the assignor is not the person who is named on the face of the Certificate of Interest, such as an executor, attorney in fact, trustee, etc., please also include documentation that the assignor is authorized to sign on behalf of the assigning entity, typically an entity board resolution and/or certificate of incumbency.

Under the provisions of the Beaver Coal Company Limited Partnership Agreement, the assignment is not effective unless and until the general partner, Beaver Management Corporation, consents thereto, and the general partner has the sole right to admit or deny new limited partners. After such consent is given, a new Certificate of Interest will be issued to the assignee/purchaser and sent to their address of record.

LIMITED PARTNERSHIP UNIT PURCHASE AND SALE: Beaver Coal Company, Limited is not involved in the purchase or sale of limited partnership units. The unit holder needs to complete those transactions privately or through a securities broker. Not all brokerage firms will agree to execute a purchase and sale agreement because Beaver Coal Company, Limited is a “non-reporting” limited partnership.

If a purchase or sale is done privately, Certificate of Interest holders/sellers should set the unit price privately with the willing buyer and refer to the process outlined in the above Unit Transfer section to complete the transaction and obtain a new Certificate of Interest for the new limited partner.

For purchases or sales completed with the assistance of a securities broker, the first step is to re-register the units into the “street” name of the securities broker being used for the sale, the process for which is outlined in the above Unit Transfer section. The next step is for the seller and buyer to agree, with the broker acting as intermediary, to set a sales price, pending Certificate of Interest transfer, and re-registration into the name of the purchaser.

Once the price has been set and funds have been exchanged, the next step is for the securities broker’s authorized representative to a) complete the Assignment Section as assignor, b) have the signature medallion guaranteed, and c) for the Assignment Section to be signed by the assignee/purchaser. The Certificate of Interest will then be sent to Beaver Coal Company, Limited for authentication and re-registration into the name of the assignee. Once the units are re-registered into the name of the assignee, the transaction can be considered complete.



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Lodge Gazebo at the Cabins at Pine Haven