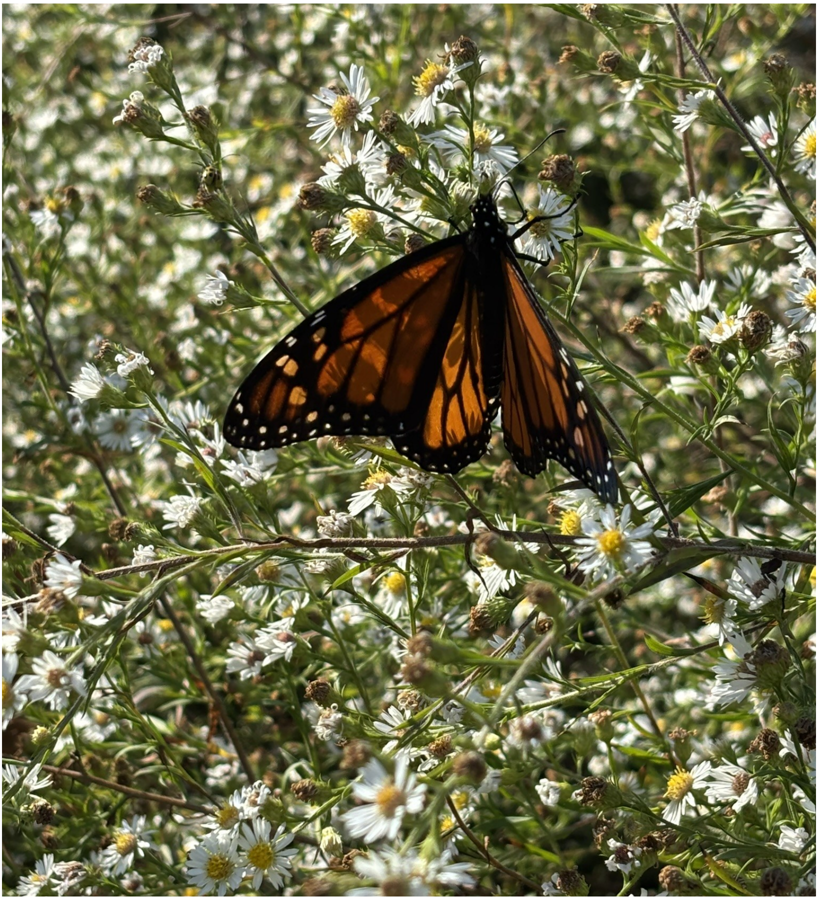
PARDEE RESOURCES COMPANY

2ND QUARTER 2026



Responsible Development of Natural Resource Properties
Integrity   Creativity   Excellence   Respect   Teamwork   Family

To Our Shareholders:

During Q2 2026, Pardee Resources Company earned $2.30 per share, an 85% decrease versus the $15.07 per share earned during Q2 2025. EBITDA during the quarter was $3.61 per share, 83% below EBITDA of $20.99 per share earned during Q2 2025. The decline in year-over-year results was due mainly to a one-time gain realized during Q2 2025 and a reduction in coal revenues. Once again, our real estate initiatives contributed meaningful gains following a quiet first quarter, while alternative energy revenues increased due to the commissioning of several new solar projects. Lastly, our quarterly results were negatively impacted by the winding down of our almond orchard investment, which was largely offset by the gain resulting from the sale of our table grape interests.

Metallurgical Coal Division: Faced with a weak domestic economy, China continues to rely on exports to drive economic growth, including exports of low-cost steel and coke, thereby undermining the international steel and metallurgical coal markets. Further, incremental production from new, low-cost longwall mines in northern and southern Appalachia has placed downward pressure on metallurgical coal prices. Nonetheless, lower-cost Central Appalachian producers remain competitive due to favorable coal quality and freight advantages in the domestic markets. For Pardee, a major lessee's mines remained idle pending an increase in market demand and prices, leading to a year-over-year decline in Pardee's Q2 production and revenues. Meanwhile, lower-cost mines operating on our properties increased production during the period. In total, coal shipped from our properties declined 41%, resulting in a 34% decline in Division revenues, from $4.32 million in Q2 2025 to $2.85 million in Q2 2026. Per-ton royalty received increased as production shifted to a higher royalty property.

Oil & Gas Division: Following the first quarter, when weather-driven demand pushed Appalachian natural gas prices to an average of $4.61 per Mcf, Q2 prices retreated to an average of $2.13 per Mcf. Moderating weather and strong production resulted in natural gas storage levels trending above the five-year averages, contributing to the price decline. Looking ahead, the Appalachian Basin, where most of our mineral acreage is located, is well positioned to benefit from the anticipated growth in electricity demand driven by data center development. Pardee's Oil & Gas Division revenues were $1.1 million for the quarter, a 40.3% decline versus $1.8 million earned in the second quarter of 2025, while production declined 17%. The decline in year-over-year revenues and production was largely the result of significant prior-period adjustments received during Q2 2025 and not repeated during Q2 2026.

Timber & Surface Division: Stubbornly high inflation and mortgage rates continued to weigh on the home construction market, a main driver for both hardwood and softwood lumber demand. While the important single-family housing starts showed a 3.5% gain in June, they remain below 2024 levels. U.S. hardwood lumber exports remain well below levels seen when China's domestic economy was stronger. Despite market pressures, hardwood and softwood production from our properties increased during the quarter due to seasonal harvesting of contracted timber. Our rural real estate program provided important support for the Division, delivering $626,000 in gains during the quarter, with more sales pending through the balance of the year. During the quarter, the Division delivered $1.78 million in revenues, 3.3% below Q2 2025 revenues of $1.84 million.

Alternative Energy Division: With our new Roanoke, Virginia-based solar PV facilities coming online earlier in the year, our alternative energy revenues reached $982,000 during the quarter, a 44% increase over the second quarter of 2025. For the first six months of the year, Division revenues were $1.6 million, also a 44% increase over the same period last year.

Agriculture Division: During the quarter, we successfully closed on the sale of our two table grape ranches located in California's San Joaquin Valley, resulting in a $2.7 million pre-tax gain net to Pardee's interest. Unfortunately, the fungal disease that has devastated our 2026 Portugal almond crop has proven much harder to eradicate than previously thought, bringing the long-term viability of the orchard into question. Consequently, we have decided to cease further investments in the orchard's operations which led to the impairment of the majority of its value, leading to a $2.8 million pre-tax operating loss, net to Pardee's interest, during the quarter.

Summary: Although three of our divisions operated under the burden of market pressures and low commodity prices, we are nonetheless pleased with their resiliency. Meanwhile, the ongoing success of our real estate initiatives and the recent gains achieved from our new solar PV installations were positive contributions to our results. During the quarter, we took steps to remove the Company from agriculture operations to prioritize our land, mineral, and alternative energy investments. We ended the quarter with cash balances of $41.5 million and limited debt, leaving the Company well-positioned to achieve our dual goals of returning capital to our shareholders and investing for future growth.

Sincerely yours,

Benjamin A. Burditt

Chairman
Benjamin A. Burditt

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Carleton P. Erdman

President & CEO
Carleton P. Erdman

Pardee Resources Company
Unaudited Consolidated Balance Sheets

(Dollars in Thousands)

	6/30/2026	12/31/2025
ASSETS		
Current Assets:		
Cash & Cash Equivalents	$41,521	$27,855
Accounts Receivable	4,350	10,551
Prepaid Income Taxes	1,826	821
Other	449	847
	48,146	40,074
Fixed Assets: (Net of Depl. & Deprec.)		
Land & Right-of-Ways	25,459	26,383
Mineral Rights - Coal	32,470	32,499
Timber	8,477	8,562
Solar Equipment	19,100	20,652
Building & Structures	108	958
Agriculture Development	1,388	7,915
Equipment	113	358
Automobiles	57	70
Other Fixed Assets	1,661	1,767
	88,833	99,164
Investments & Other:		
Oil & Gas Investments (Net of Depl. & Deprec.)	27,544	28,413
Right of Use Asset	1,188	3,453
Other	94	136
Total Assets	$165,805	$171,240
LIABILITIES & EQUITY		
Current Liabilities:		
Accounts Payable	$3,772	$5,376
Current Portion of Deferred Revenues	279	317
Taxes Payable	109	839
Current Portion of Note Payable (non-recourse)	1,020	324
Current Portion Lease Liability	212	409
Other Current Liability	1	0
	5,393	7,265
Noncurrent Liabilities:		
Note Payable (non-recourse)	8,737	8,428
Supplemental Pension Plan	810	719
Deferred Income Taxes	13,429	13,429
Deferred Revenues	395	339
Asset Retirement Obligation	2	2
Lease Liability	2,218	3,600
Total Liabilities	30,984	33,782
Shareholders' Equity:		
Common Stock	775	775
Additional Paid in Capital	12,547	12,500
Accumulated Other Comprehensive Loss	(175)	(175)
Retained Earnings	146,836	147,447
Treasury Stock	(25,366)	(26,366)
	134,617	134,181
Noncontrolling Interest	204	3,277
Total Equity	134,821	137,458
Total Liabilities & Equity	$165,805	$171,240

Pardee Resources Company
Unaudited Consolidated Income Statements

(Dollars in Thousands)

	Three Months Ended 6/30/2026	Three Months Ended 6/30/2025	Six Months Ended 6/30/2026	Six Months Ended 6/30/2025
Divisional Revenues:				
Metallurgical Coal	$2,845	$4,321	$5,349	$7,629
Oil & Gas	1,076	1,814	3,669	4,982
Timber & Surface	1,781	1,839	2,623	4,104
Alternative Energy	982	684	1,614	1,124
Agriculture	(22)	0	64	15
	6,662	8,658	13,319	17,854
Divisional Expenses:				
Metallurgical Coal	663	1,020	1,334	1,997
Oil & Gas	991	930	1,917	2,388
Timber & Surface	735	799	1,519	1,537
Alternative Energy	780	501	1,317	981
Agriculture	830	313	1,121	538
	3,999	3,563	7,208	7,441
Net Operating Income	**$2,663**	**$5,095**	**$6,111**	**$10,413**
Interest and Other Income	231	333	446	576
Gain on Equity Investment	0	0	0	10
General and Administrative	(1,640)	(1,478)	(3,378)	(3,096)
Net Gain on Asset Disposals	3,192	8,897	3,192	8,897
Asset Impairment	(5,134)	0	(5,134)	0
Interest Expense	(124)	(9)	(266)	(21)
(Loss) Income Before Taxes	**($812)**	**$12,838**	**$971**	**$16,779**
Taxes	(195)	3,081	233	4,027
NET (LOSS) INCOME	**($617)**	**$9,757**	**$738**	**$12,752**
Net Loss - Noncontrolling Interest	2,123	96	2,182	154
Net Income - Pardee Resources Shareholders	**$1,506**	**$ 9,853**	**$2,920**	**$12,906**
EARNINGS PER SHARE	**$2.30**	**$15.07**	**$4.46**	**$19.73**
EBITDA PER SHARE (earnings before interest, taxes, depreciation and amortization)	$3.61	$20.99	$7.87	$29.10
Weighted Average Number of Common Shares Outstanding	655,089	653,956	655,089	653,956
Common Dividend Per Share	$1.80	$1.80	$3.60	$3.60
Total Shareholder Return (dividend paid plus change in stock price)			1.20%	0.87%

Pardee Resources Company
Comparison Data Sheet

	Three Months Ended 06/30/26	Three Months Ended 06/30/25	% Change	Six Months Ended 06/30/26	Six Months Ended 06/30/25	% Change
Metallurgical Coal						
Revenues - Millions	$2.85	$4.32	-34.0%	$5.35	$7.63	-29.9%
Coal Tons Sold - Millions	0.40	0.68	-41.2%	0.79	1.16	-31.9%
Royalty/Coal Ton	$6.49	$5.89	10.2%	$6.19	$6.05	2.3%
Oil & Gas						
Revenues - Millions	$1.08	$1.81	-40.3%	$3.67	$4.98	-26.3%
Production - bcfe	0.50	0.60	-16.7%	1.00	1.20	-16.7%
Price/mcfe	$2.08	$2.77	-24.9%	$3.58	$3.11	15.1%
Timber & Surface						
Revenues - Millions	$1.78	$1.84	-3.3%	$2.62	$4.10	-36.1%
Hardwood Production - Board feet - Millions	2.27	1.67	35.9%	4.24	3.95	7.3%
Hardwood Stumpage Price/Thousand Bd. Ft.	$246.03	$354.7	-30.6%	$247.29	$295.04	-16.2%
Softwood Production - Tons - Thousands	6.94	1.12	519.6%	15.44	6.98	121.2%
Softwood Stumpage Price/Ton	$12.00	$13.34	-10.0%	$11.95	$14.26	-16.2%
Hardwood Production - Tons - Thousands	4.55	3.18	43.1%	11.02	10.52	4.8%
Hardwood Stumpage Price/Ton	$2.28	$2.17	5.1%	$2.34	$2.45	-4.5%
Rural Real Estate Gains - Thousands	$626.0	$728.8	-14.1%	$626.0	$1,803.	-65.3%
Alternative Energy						
Revenues - Millions	$0.982	$0.684	43.6%	$1.614	$1.124	43.6%
Production - k/w - Millions	5.72	4.29	33.3%	8.93	6.72	32.9%
Electric Sales Price per k/w	$0.120	$0.116	3.4%	$0.120	$0.117	2.6%
Production - SREC Units	5,713	4,281	33.5%	10,679	6,932	54.1%
SREC Price/Credit	$29	$37	-21.6%	$26	$41	-36.6%
NET DIVISIONAL OPERATING INCOME:						
(Dollars in Millions)						
Metallurgical Coal	$2.18	$3.30	-33.9%	$4.02	$5.63	-28.6%
Oil & Gas	0.09	0.88	-89.8%	1.75	2.59	-32.4%
Timber & Surface	1.05	1.04	1.0%	1.10	2.57	-57.2%
Alternative Energy	0.20	0.18	-11.1%	0.30	0.14	-114.3%
Agriculture	(0.85)	(0.31)	-174.2%	(1.06)	(0.52)	-103.8%
Net Operating Income	$2.67	$5.09	-47.5%	$6.11	$10.41	-41.3%
EBITDA - Millions	$2.37	$13.73	-82.7%	$5.16	$19.03	-72.9%

(earnings before interest, taxes, depreciation and amortization)

DC Solar Solutions, Inc.

There have been no recent material developments in the DC Solar Solutions, Inc. matter from those described in our 2025 Annual Report. Please refer to our 2025 Annual Report, including page 34 thereof for more details.

Forward-Looking Statement

Certain of the statements contained herein (other than statements of historical facts) are forward-looking statements. Such forward-looking statements include estimates and assumptions related to the Company's growth, reserves, the state of future markets for natural resources, renewables and agricultural products, and the ability of the Company to sell its natural resources, renewables and agricultural products on a profitable basis. These forward-looking statements are subject to change and uncertainty which are, in many instances, beyond the Company's control and have been made based upon management's expectations and beliefs concerning future developments and their potential effect on the Company. There can be no assurance that future developments will be in accordance with management's expectations or that the effect of future developments on the Company will be those anticipated by management. Actual financial results, including revenue growth and earnings results, could differ materially from those anticipated by the Company depending on the outcome of certain factors, which may include, among others, changes in the wholesale prices for timber, oil, natural gas, coal, renewables and agricultural products; increases in property acquisition costs; adverse weather conditions; litigation; failures of our lessees to mine, drill and harvest at rates we currently anticipate; differences between actual reserves and estimated amounts; legislative changes or government regulations which make it more difficult or expensive to sell, extract or harvest our natural resources, renewables and agricultural products or impose greater financial burdens on the users of such products; unanticipated costs for remediation and reclamation; and other risks and uncertainties.

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