PARDEE RESOURCES COMPANY

3RD QUARTER 2024

Responsible Development of Natural Resource Properties

Integrity   Creativity   Excellence   Respect   Teamwork   Family

To Our Shareholders:

During Q3 2024, Pardee Resources Company earned $7.49 per share (which includes a $1.99 per share benefit from the legal recovery referenced below), a 17.2% increase versus the $6.39 per share earned during Q3 2023. EBITDA during the quarter was $11.13 per share, 12.3% above EBITDA of $9.91 per share* earned one year ago. During the quarter, the Company benefited from an increase in both price and production of natural gas, as well an increase in hardwood timber production, while declines in both price and production of coal led to a significant drop in coal royalties. Gains from real estate sales reached record-high levels for the second consecutive quarter. Lastly, the Company received $1.7 million in recoveries related to an on-going legal dispute, adding approximately $1.99 per share to our Q3 earnings.

Metallurgical Coal Division: Metallurgical coal prices on the spot market softened during the quarter in response to weak demand in Europe and China and production gains in Australia and the U.S., while demand growth in Southeast Asia, particularly India, helped moderate price declines. As of October 2024, U.S. producers are amidst contract negotiations with both domestic and export customers for 2025 deliveries. During Q3 2024, Division revenues were $3.9 million, or 38.6% below revenues of $6.3 million earned in Q3 2023. Coal production was down 12.9%, impacted by a decline in production related to the idling of a thermal coal surface mine on our property. Royalties paid per ton fell 22.8% versus Q3 2023, as the high-priced contracts enjoyed by our lessees in 2023 have expired.

Oil & Gas Division: During the quarter, natural gas spot market prices in the Appalachian Basin averaged $1.49 per mcf, a 22.1% increase above Q3 2023 prices of $1.22 per mcf, with Q3 2023 prices being depressed by an oversupply of natural gas in the market. Most recently, the Appalachian Basin market has benefited from the Mountain Valley Pipeline, which became operational in June 2024 with capacity to transport 2.0 bcf of natural gas per day from the Basin to points south. Looking ahead, the current futures market for Appalachian production suggests an average of $2.41 per mcf for all of 2025. Division revenues during Q3 2024 were $1.5 million, a 25.8% increase above revenues of $1.2 million earned during Q3 2023. The improvement was due to both stronger pricing in the Appalachian Basin, as mentioned above, and production gains attributable to our assets in Colorado, which accounted for approximately 19% of total Division revenues during the quarter.

Timber & Surface Division: The same economic factors which have challenged consumers during the past several quarters, namely inflation and high interest rates, remained in place during Q3 2024, keeping downward pressure on wood product markets and in turn, pricing for softwood and hardwood sawtimber. As interest rates begin to ease, market participants expect sawtimber prices to increase in 2025. Division revenues during the quarter were $2.9 million, 83% above Q3 2023 results. The year-over-year improvement was attributable to an increase in hardwood production which resulted from a large timber sale, and the achievements of our Virginia real estate development team, which produced record-high results for the second consecutive quarter with gains of $1.1 million.

Alternative Energy Division: Year-to-date through August 2024, solar capacity added in the U.S. totaled 16,546 MW, accounting for 78% of all generation capacity added during the period and making solar the largest source of new renewable generation by a large margin. Pardee remains focused on the “behind-the-meter” commercial and industrial segment of the solar market as we work to add operating assets to our portfolio. Electricity production from the Company’s solar PV portfolio was roughly flat year-over-year, as our systems operated with minimal disruptions during the quarter. Division revenues totaled $659,000, with the 13.6% improvement over last year due in part to a change in a system host agreement which enabled the Company to recognize previously reserved revenues. During the quarter, the Company received $1,705,448 in legal recoveries from various participants in the DC Solar Ponzi-like scheme, bringing the total of such recoveries to-date to $2,720,013.

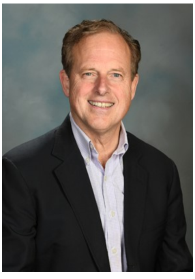
Agriculture Division: Temperatures in the San Joaquin Valley exceeded 110 degrees for ten consecutive days in July, negatively impacting berry size and weight for the region's table grape growers, including Pardee. Fortunately, our late-season varieties have fared well, with one achieving record yields of 2,260 boxes per acre. While prices won't achieve the highs of 2023, which were elevated due to Hurricane Hilary, we anticipate favorable pricing and operating results for 2024. Harvest at our still-maturing almond tree farm in Portugal was completed in October 2024, with final yields expected to be significantly higher than 2023 results. While stronger pricing should also help our results, we don't expect the almond tree farm to achieve positive operating results until 2025.

Summary: The Company ended the quarter with limited debt and a cash balance of $37.3 million, while earning $378,615 during the quarter in interest income from invested cash balances. Thanks to our strong cash flow, diversified asset portfolio, and healthy balance sheet, the Company is well-positioned to achieve our dual goals of returning capital to our shareholders and investing for future growth.

*Please note that the EBITDA per share of $11.60 included in our Q3 2023 report was misstated and should have been $9.91 per share.

**Further, please see page 6 for an update of legal matters.

Sincerely yours,



Chairman
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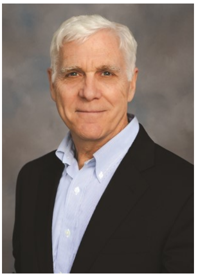

President & CEO
Carleton P. Erdman

Pardee Resources Company
Unaudited Consolidated Balance Sheets

(Dollars in Thousands)

ASSETS	9/30/2024	12/31/2023
Current Assets:		
Cash & Cash Equivalents	$37,320	$31,760
Accounts Receivable	5,245	7,309
Other	7,086	894
	49,651	39,963
Fixed Assets: (Net of Depl. & Deprec.)		
Land & Right-of-Ways	26,868	27,632
Mineral Rights - Coal	32,620	32,774
Timber	8,949	8,948
Solar Equipment	10,520	11,094
Building & Structures	1,005	1,066
Agriculture Development	8,541	9,000
Equipment	502	506
Automobiles	207	236
Other Fixed Assets	1,824	1,389
	91,036	92,645
Investments & Other:		
Oil & Gas Investments (Net of Depl. & Deprec.)	31,577	32,556
Right of Use Asset	3,681	3,187
Other	129	142
Total Assets	$176,074	$168,493
LIABILITIES & EQUITY		
Current Liabilities:		
Accounts Payable	$2,147	$2,943
Deferred Revenues	276	508
Taxes Payable	1,000	1,516
Current Portion of Note Payable (non-recourse)	204	200
Current Portion Lease Liability	387	290
	4,014	5,457
Noncurrent Liabilities:		
Non-recourse Debt	652	826
Supplemental Pension Plan	837	608
Deferred Taxes	14,783	14,783
Deferred Revenue, Net of Current Portion	936	410
Asset Retirement Obligation	20	20
Lease Liability	3,861	3,333
Total Liabilities	25,103	25,437
Shareholders' Equity:		
Common Stock	775	775
Additional Paid in Capital	12,735	12,854
Accumulated Other Comprehensive Income	(200)	(41)
Retained Earnings	160,070	152,324
Treasury Stock	(26,371)	(26,127)
	147,009	139,785
Noncontrolling Interest	3,962	3,271
Total Equity	150,971	143,056
Total Liabilities & Equity	$176,074	$168,493

Pardee Resources Company
Unaudited Consolidated Income Statements

(Dollars in Thousands)

	Three Months Ended 09/30/24	Three Months Ended 09/30/23	Nine Months Ended 09/30/24	Nine Months Ended 09/30/23
Divisional Revenues:				
Metallurgical Coal	$3,882	$6,318	$14,719	$17,289
Oil & Gas	1,509	1,200	4,065	4,732
Timber & Surface	2,857	1,557	6,580	4,170
Alternative Energy	659	580	1,756	1,974
Agriculture	37	53	52	58
	8,944	9,708	27,172	28,223
Divisional Expenses:				
Metallurgical Coal	169	894	2,327	2,326
Oil & Gas	1,241	1,083	3,591	3,133
Timber & Surface	1,035	644	2,723	2,223
Alternative Energy	517	512	1,317	1,886
Agriculture	370	422	799	933
	3,332	3,555	10,757	10,501
Net Operating Income	**$5,612**	**$6,153**	**$16,415**	**$17,722**
Interest and Other Income	389	186	1,120	471
Gain (Loss) on Equity Investment	1,705	394	1,705	1,080
General and Administrative	(1,439)	(1,387)	(4,695)	(4,793)
Interest Expense	(14)	(19)	(45)	(46)
Income Before Taxes	**$6,253**	**$5,327**	**$14,500**	**$14,434**
Taxes	1,501	1,278	3,480	3,464
NET INCOME	**$4,752**	**$4,049**	**$11,020**	**$10,970**
Net Loss - Noncontrolling Interest	123	134	239	285
Net Income - Pardee Resources Shareholders	**$4,875**	**$4,183**	**$11,259**	**$11,255**
EARNINGS PER SHARE	**$7.49**	**$6.39**	**$17.30**	**$17.19**
EBITDA PER SHARE (earnings before interest, taxes, depreciation and amortization)	$11.13	$9.91	$26.52	$27.07
Weighted Average Number of Common Shares Outstanding	650,903	654,665	650,903	654,665
Common Dividend Per Share	$1.80	$1.80	$5.40	$5.40
Total Shareholder Return (dividend paid plus change in stock price)			21.33%	1.31%

Pardee Resources Company
Comparison Data Sheet

	Three Months Ended 09/30/24	Three Months Ended 09/30/23	% Change	Nine Months Ended 09/30/24	Nine Months Ended 09/30/23	% Change
Metallurgical Coal						
Revenues - Millions	$3.88	$6.32	-38.6%	$14.72	$17.29	-14.9%
Coal Tons Sold - Millions	0.61	0.70	-12.9%	2.00	1.95	2.6%
Royalty/Coal Ton	$6.41	$8.30	-22.8%	$6.78	$8.29	-18.2%
Oil & Gas						
Revenues - Millions	$1.51	$1.20	25.8%	$4.07	$4.73	-14.0%
Production - bcfe	0.60	0.55	9.1%	1.61	1.66	-3.0%
Price/mcfe	$2.35	$2.02	16.3%	$2.41	$2.74	-12.0%
Timber & Surface						
Revenues - Millions	$2.86	$1.56	83.3%	$6.58	$4.17	57.8%
Hardwood Production - Board feet - Millions	3.94	2.19	79.9%	11.23	8.55	31.3%
Hardwood Stumpage Price/Thousand Bd. Ft.	$231.25	$231.22	0.0%	$247.07	$234.36	5.4%
Softwood Production - Tons - Thousands	22.19	17.71	25.3%	50.06	31.50	58.9%
Softwood Stumpage Price/Ton	$14.22	$12.53	13.5%	$14.46	$12.32	17.4%
Hardwood Production - Tons - Thousands	8.06	4.97	62.2%	34.17	19.49	75.3%
Hardwood Stumpage Price/Ton	$1.83	$2.47	-25.9%	$2.26	$2.43	-7.0%
Rural Real Estate Gains - Thousands	$1,103.04	$456.68	141.5%	$1,983.49	$958.76	106.9%
Alternative Energy						
Revenues - Millions	$0.659	$0.580	13.6%	$1.756	$1.974	-11.0%
Production - k/w - Millions	3.41	3.55	-3.9%	9.71	11.73	-17.2%
Electric Sales Price per k/w	$0.118	$0.114	3.5%	$0.119	$0.113	5.3%
Production - SREC Units	3,869	2,302	68.1%	10,347	10,694	-3.2%
SREC Price/Credit	$60	$66	-9.1%	$51	$72	-29.2%
NET DIVISIONAL OPERATING INCOME:						
(Dollars in Millions)						
Metallurgical Coal	$3.71	$5.42	-31.5%	$12.39	$14.96	-17.2%
Oil & Gas	0.27	0.12	125.0%	0.47	1.60	-70.6%
Timber & Surface	1.82	0.91	100.0%	3.86	1.95	97.9%
Alternative Energy	0.14	0.07	100.0%	0.44	0.09	388.9%
Agriculture	(0.33)	(0.37)	10.8%	(0.75)	(0.88)	14.8%
Net Operating Income	$ 5.61	$ 6.15	-8.8%	$16.41	$17.72	-7.4%
EBITDA - Millions	$7.24	$6.49	11.6%	$17.26	$17.73	-2.7%

(earnings before interest, taxes, depreciation and amortization)

DC Solar Solutions, Inc.

In December 2015, the Company invested $7.7 million in a limited liability company (Fund) that purchased mobile solar generators (MSGs) from DC Solar Solutions, Inc. (DC Solar) and, in turn, leased the MSGs to DC Solar Distribution, Inc., an affiliate of DC Solar. In early 2019, the Company learned through public sources that, in December 2018, the U.S. government had seized substantially all of the assets of DC Solar and its affiliates. In February 2019, DC Solar and its affiliates, including our lessee, filed for Chapter 11 bankruptcy protection. In February 2019, an affidavit from a Federal Bureau of Investigation special agent was filed in the bankruptcy proceeding asserting that DC Solar was operating a fraudulent "Ponzi-like scheme" and that a majority of the MSGs sold to investors and a majority of the lease revenues claimed to have been received by DC Solar Distribution, Inc. may not have existed. The Chapter 11 proceedings were subsequently converted to Chapter 7 liquidations. Due to the bankruptcy proceedings being converted to Chapter 7, the Company evaluated its remaining equity investment value of $485,332 and recorded an impairment charge in that amount as of December 31, 2018.

In 2022, the Company received a draft "Notice of Proposed Adjustment" (NOPA) from the IRS related to their exam of the Company's 2018 tax return. The NOPA included a $1.4 million tax assessment associated with the investment tax credits the Company utilized in tax years 2018 and 2019, plus interest. According to the NOPA, the IRS is challenging the values the Company had initially assigned to the MSGs and whether they had all been effectively placed in service, and consequently whether the amount of the associated investment tax credits were appropriate. The Company is considering an appeal of these conclusions when the IRS finalizes the NOPA, but while the process is pending, established a reserve for the full $1.4 million as of December 31, 2022. Due to various uncertainties, the Company is currently unable to determine the final financial impact arising from this complex situation; however, this impact could be as much as $1.5 million, which includes the full amount of the IRS tax assessment plus interest.

As of September 30, 2024, the Company has received a total of $2,720,013 in legal recoveries against various participants in the DC Solar Ponzi-like scheme. These distributions were recorded into income upon receipt. Additional recoveries, while likely, are not guaranteed and have not been estimated or accrued as of September 30, 2024 and will be recorded into income if and when received.

In addition to the above referenced matters, we are subject to claims and legal actions in the ordinary course of business. We expense legal costs as they are incurred. While there are uncertainties in predicting the outcome of any claim or legal action, we believe the ultimate resolution of these claims or actions is not reasonably likely to have a material adverse effect on our financial condition, results of operations, or cash flows.

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 resource, renewable and agricultural products, and the ability of the Company to sell its natural resource, renewable 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, renewable 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 resource, renewable and agricultural products or impose greater financial burdens on the users of such products; unanticipated costs for remediation and reclamation; the scope of the fraud alleged to have been conducted by DC Solar; and other risks and uncertainties.

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