California-Engels Mining Company
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June 30, 2026

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Financial Statements

The accompanying notes form an integral part of these financial statements.

California-Engels Mining Company
Balance Sheets
June 30, 2026 and December 31, 2025
(Unaudited)

ASSETS	**June 30, 2026**	**December 31, 2025**
Current assets:		
Cash and cash equivalents	$ 316,001	$ 206,214
Prepaid expenses	51,128	25,129
Total current assets	367,129	231,343
Property and equipment, net	238,670	239,781
Other assets:		
Investment securities	325,220	313,460
Total other assets	325,220	313,460
Total assets	$ 931,019	$ 784,584
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
None		
Non-current liabilities:		
Deferred income taxes	$ 58,339	$ 58,339
Total non-current liabilities	58,339	58,339
Total liabilities	58,366	58,339
STOCKHOLDERS' EQUITY		
Capital stock, par value $0.25, 4,000,000 shares authorized, 695,890 and 695,890 shares issued and outstanding at June 30, 2026 and December 31, 2025, respectively	174,973	174,973
Paid-in capital	2,735,395	2,735,395
Accumulated deficit	(2,037,715)	(2,184,123)
Total stockholders' equity	872,653	726,245
Total liabilities and stockholders' equity	$ 931,019	$ 784,584

The accompanying notes form an integral part of these financial statements.

California-Engels Mining Company
Statements of Income (Loss)
For the three and six months ended June 30, 2026 and 2025
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Revenue:				
Royalty income	$ 4,888	$ 7,371	$ 12,580	$ 14,884
Mining lease income	60,000	20,000	60,000	20,000
Storage fee income	-	-	-	266
Professional services	4,800	4,800	9,600	9,100
Interest income	2,259	1,263	3,459	2,444
Total revenue	71,947	33,434	85,639	46,694
Operating and general expenses:				
Professional fees	5,139	900	18,414	14,615
Payroll expense	4,407	4,407	8,832	8,832
Director fees	30,000	-	60,000	-
Insurance expense	11,936	11,622	22,569	23,737
Taxes and licenses	5	2	2,076	1,247
Office expense	32,831	2,853	34,491	4,820
Storage fees	133	399	798	931
Depreciation expense	540	525	1,111	1,050
Stock maintenance fee	1,050	1,050	2,100	2,100
Total operating and general expenses	86,041	21,758	150,391	57,332
Operating loss	(14,094)	11,676	(64,752)	(10,638)
Other Income (loss):				
Unrealized gain (loss) on equity investments	10,370	(17,430)	11,760	(52,410)
QSF Dixie Fire income	199,960	100,000	199,960	100,000
Total other income (loss)	210,330	82,570	211,720	47,590
Income (loss) before taxes	196,236	94,246	146,968	36,952
Income tax benefit (expense)	(560)	-	(560)	-
Net income (loss)	$ 195,676	$ 94,246	$ 146,408	$ 36,952

The accompanying notes form an integral part of these financial statements.

California-Engels Mining Company
Statements of Stockholders' Equity
For the three and six month ended June 30, 2026 and 2025
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	**2025**	**2026**	**2025**
Capital Stock:				
Balance at beginning of period	$ 174,973	$ 174,973	$ 174,973	$ 174,995
Repurchase of capital stock	-	-	-	(22)
Balance at end of period	174,973	174,973	174,973	174,973
Paid-in Capital:				
Balance at beginning of period	2,735,395	2,735,395	2,735,395	2,735,638
Repurchase of capital stock	-	-	-	-
Balance at end of period	2,735,395	2,735,395	2,735,395	2,735,638
Accumulated Deficit:				
Balance at beginning of period	(2,233,391)	(2,195,823)	(2,184,123)	(2,195,824)
Net income (loss)	195,676	94,246	146,408	36,952
Balance at end of period	(2,037,715)	(2,101,577)	(2,037,715)	(2,158,872)
Total Stockholders' Equity	$ 872,653	$ 808,791	$ 872,653	$ 751,739
Total Shares Issued and Outstanding	695,890	695,890	695,890	695,890

The accompanying notes form an integral part of these financial statements.

California-Engels Mining Company
Statements of Cash Flows
For the six months ended June 30, 2026 and 2025
(Unaudited)

	June 30, 2026	June 30, 2025
Cash flows from operating activities:		
Net income (loss)	$ 146,408	$ 36,952
Adjustments to reconcile net income (loss) to net cash used by operating activities:		
Depreciation	1,111	1,050
Unrealized (gain) loss on equity investments	(11,760)	52,410
Changes in operating assets and liabilities		
Prepaid expenses	(25,999)	(18,794)
Accrued expenses	27	(778)
Net cash provided by (used in) operating activities	109,787	70,840
Net change in cash and cash equivalents	109,787	70,840
Cash, beginning of period	206,214	184,074
Cash, end of period	$ 316,001	$ 254,914
Supplemental disclosure of cash flow information:		
Cash paid during the period for:		
Income taxes	$ 800	$ 800

The accompanying notes form an integral part of these financial statements.

1. Summary of Significant Accounting Policies

This summary of significant accounting policies of California-Engels Mining Company (the Company) is presented to assist in understanding the Company's financial statements. The financial statements and notes are representations of the Company's management who is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America (US GAAP) and have been consistently applied in the preparation of the financial statements.

Nature of Activity

The Company's principal line of business is development of mineral and timber properties. The principal revenue sources currently consist of royalties, lease and investment income. The Company's properties are located in the western United States.

Basis of Accounting

The Company's books are maintained on the accrual method of accounting in accordance with US GAAP.

Cash and Cash Equivalents

For the purpose of the statement of cash flows, the Company considers all highly liquid debt instruments with a purchased maturity of three months or less to be cash equivalents.

In addition to its bank account, the Company maintains its cash in a money market investment account, which is not insured by the Federal Deposit Insurance Corporation (FDIC). At June 30, 2026, the Company had $316,001 in such an account. The Company has not experienced any losses in such an account.

Estimates

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

Property and Equipment

Property and equipment are capitalized at cost. It is the Company’s policy to capitalize expenditures for these items in excess of $500 with a useful life greater than one year. Depreciation is calculated using the straight-line method over five to fifteen years.

Income Taxes

The Company accounts for income taxes under the provisions of FASB ASC 740, *Income Taxes*. ASC 740 requires recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements or tax returns. Under this method, deferred tax assets and liabilities are determined based on the difference between the financial statement and tax bases of assets and liabilities using enacted rates in effect for the year in which the differences are expected to reverse.

1. Summary of Significant Accounting Policies (continued)

Fair Value of Financial Instruments

Fair value accounting establishes a fair value hierarchy that prioritizes the inputs of valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 *Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;*

Level 2 *Quoted prices in markets that are not active, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability; and*

Level 3 *Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).*

The Company holds publicly traded securities which are considered equity securities. Those securities are classified within Level 1 of the fair value hierarchy as their fair value is determined using quoted prices in active markets.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on net income or stockholders' equity.

2. Property and Equipment

The Company has resolved its case for damages resulting from the Dixie Fire of 2021, *California-Engels Mining Company et al.* v. *Pacific Gas and Electric Company*, San Francisco Superior Court Case Number CGC-23607817. The case was fully dismissed on September 10, 2025. The Company and two other affiliated companies are each entitled to an allocation of settlement trust funds. The Company share of such funds has not yet been determined and may or may not be material.

Property and equipment consisted of the following:

	June 30, 2026	December 31 2025
Land and land improvement	$ 248,132	$ 248,132
Furniture, equipment and vehicles	6,049	6,049
Less accumulated depreciation	(15,511)	(14,400)
Property and equipment, net	$ 238,670	$ 239,781

Depreciation expense was $540 and $525 for the three months ended June 30, 2026 and 2025, respectively and $1,111 and $1,050 for the six months ended June 30, 2026 and 2025, respectively.

3. Mining Claims and Fee Land Owned

At June 30, 2026, the Company was the owner of 36 patented lode mining claims totaling 736 acres comprising the Engels and Superior Mines and 239.24 acres of patented land at Engelmine, Lights Creek Mining District, Plumas County, California. All of these lands are optioned to US Copper Corp. except for 72.37 acres on Diamond Mountain Road along Lights Creek by the Company for possible commercial development.

At June 30, 2026, the Company was the owner of 5 patented lode mining claims totaling 100 acres on Ward Creek in the Genesee Mining District, Plumas County, California.

4. Valuations of Mineral Lands

The mineral lands carried on the books at a value of $10,000 less depletion have a historical cost basis from June 19, 1901 of $1,000,000. Beginning in 1913, different valuations were placed on these lands by the Commissioner of Internal Revenue. Under instructions of the Commissioner, the values of the land were written up on the books to a high of $4,500,000 on February 23, 1928.

In 1934, because of depressed conditions, the mineral lands were written down to $10,000 without any tax benefit. In the event of a sale of these lands the recognized gain for tax purposes will be substantially reduced or eliminated. Consequently, a deferred tax asset of approximately $340,000 has been offset by a corresponding valuation allowance of approximately $340,000 due to the unlikelihood of the sale of the property in the near future. During the year ended December 31, 2017, reflecting the federal corporate income tax rate change resulting from the Tax Cuts and Jobs Act, the deferred tax asset and corresponding valuation allowance related to the mineral lands were each re-measured to be $210,000.

It is estimated that the current market value of the properties meets or exceeds the $1,000,000 historical cost basis; however, due to the length of time the Company has reported the land values at the written down value of $10,000, a change to the cost method has not been deemed appropriate for reporting purposes.

5. Investment Securities

The Company's equity securities portfolio is comprised of items with readily determinable fair values. In accordance with the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 321, *Investments – Equity Securities Topic*, those equity securities are reported as an asset at their fair value. Following adoption of ASU 2016-01, unrealized gains and losses arising during the period are recorded in net income (loss).

The following table reflects the portion of unrealized gains and (losses) recognized during the three and six months ended June 30, on equity securities still held at the reporting date:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Net gains and (losses) recognized during the period on equity securities	$ 10,370	$ (17,430)	$ 11,760	$ (52,410)
Less: Net gains and (losses) recognized during the year on equity securities sold during the period	-	-	-	-
Unrealized gains and (losses) recognized during the period on equity securities held at the reporting date	$ 10,370	$ (17,430)	$ 11,760	$ (52,410)

There were no sales of equity securities during the three and six months ended June 30, 2026 and 2025.

6. Fair Value Measurements

The Company's equity securities are classified according to the fair value hierarchy established by ASC 820, *Fair Value Measurements and Disclosur*es. The following tables reflect the estimated fair values of equity securities held at June 30, 2026 and December 31, 2025 according to their classification in the fair value hierarchy and the change in fair values during the respective years:

	June 30, 2026				
	Level 1	Level 2	Level 3	Total	Change in Fair Values in Period Earnings
Equity Securities	$ 325,220	$ -	$ -	$ 325,220	$ 11,760

	December 31, 2025				
	Level 1	Level 2	Level 3	Total	Change in Fair Values in Period Earnings
Equity Securities	$ 313,460	$ -	$ -	$ 313,460	$ (43,670)

No transfers between level 1 and level 2 occurred during the periods ended June 30, 2026 and December 31, 2025. The Company considers any transfer between fair value hierarchy levels to have occurred at the end of the reporting period.

7. Contingent Liabilities

The Company is not a defendant in any legal proceedings nor is there any litigation in progress, pending or threatened against the Company.

8. Capital Stock

There were no capital stock transactions during the six months ended June 30, 2026 or during the year ended December 31, 2025.

9. Mining Lease

Effective April 15, 2026, the Company entered an "Mining Lease and Option to Purchase "agreement with Rykala Gold and its wholly owned subsidiary U S Copper. This agreement is for its 36 patented lode mining claims and 162.12 acres of its fee lands at Engelmine, Lights Creek Mining District, Plumas County, California. The agreement provides for annual $60,000 rental payments, annual work requirement and a net smelter return of 2% when in production. It is for a 5-year term and one extension.

The Company retained the rights to the timber on the property and to manage its Engelmine Forest, California Tree Farm #2611 pursuant to its Non-Industrial Management Plan. Upon completion of mining and reclamation, title to the property will be returned to the Company.

10. Rock Lease

Effective September 1, 2012, the Company leased the No. 10 Level dump of the Engels Mine to Turner Excavating, Inc. to screen and crush aggregate for road rock and other uses. The lessee completed a reclamation plan and financial bond to assure that performance standards of the reclamation plan are satisfied. The Company receives a 10% gross royalty on rock sold with a minimum of $3,000 per year.

11. Related Party Transactions

The Company receives bookkeeping and office fees from three other entities that share common management with the Company. The income received from such entities amounted to $4,800 and $4,800 for the three months ended June 30, 2026 and 2025, respectively and $9,600 and $9,100 for the six months ended June 30, 2026 and 2025, respectively.

The company paid payroll to a board member who performed all management functions of the Company in the amount of $4,407 and $4,407 for the three months ended June 30, 2026 and 2025, respectively and $8,832 and $8,832 for the six months ended June 30, 2026 and 2025, respectively.

The Company pays storage rent, stock maintenance and transfer fees to an entity that shares common management with the Company. The expenses incurred for such services amounted to $1,183 and $1,449 for the three months ended June 30, 2026 and 2025, respectively and $2,898 and $3,031 for the six months ended June 30, 2026 and 2025 respectively.

12. Earnings (Loss) per Share

The earnings (loss) per share for the three and six months ended June 30 were as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Net Income (Loss) - Numerator	$ 195,676	$ 94,246	$ 195,676	$ 36,952
Weighted Shares - Denominator	695,890	695,890	695,890	695,890
Earnings (Loss) per Share	$ 0.281	$ 0.135	$ 0.281	$ 0.053

13. Income Taxes

A reconciliation of the difference between the provision for income taxes and income taxes at the statutory U.S. Federal income rate and State income tax rate is as follows for the for the years ended December 31.

	Year Ended December 31, 2025	Year Ended December 31, 2024
Federal income tax - current	$ -	$ -
State income tax - current	(800)	(800)
Deferred income taxes	(1,927)	16,206
Total income tax benefit (expense)	$ (2,727)	$ 15,406

Deferred income tax liabilities consisted of the following at:

	December 31, 2025	December 31, 2024
Deferred tax liabilities		
Unrealized gain (loss) on securities	$ (19,285)	$ (31,506)
Basis difference in partnership and royalty trust investments	(50,162)	(48,563)
Depreciation	914	(926)
Net operating loss carryforwards	10,194	24,583
Total deferred tax liabilities	$ (58,339)	$ (56,412)

The Company had cumulative net operating losses of $15,685 as of December 31, 2025, for federal income tax purposes. The federal net operating loss carryforwards can be used indefinitely. The Company had cumulative net operating losses of $98,805 as of December 31, 2025, for state income tax purposes which it estimates can be used in future years without expiration.

Tax returns subject to examination - The Company files income tax returns in the United States and in the state of California. These tax returns are subject to examination by taxation authorities provided the years remain open under the relevant statutes of limitations, which may result in the payment of income taxes and/or a decrease in the net operating losses available for carryforwards. While the Company believes that its tax filings do not include uncertain tax positions, the results of potential examinations or the effect of changes in tax law cannot be ascertained at this time. The Company currently has no tax years under examination. As of December 31, 2025, federal income tax returns for the years 2023 through the most recently filed return, and California income tax returns for the years 2022 through the most recently filed return remain subject to examination by the taxing authorities.

14. Subsequent Events

California Engels Mining Company announced the passing President, Norman Lamb, whose distinguished career and steadfast leadership helped guide the company for nearly five decades. Vice President Katherine Lamb will help guide California Engels Mining Company during this transition period until a new CEO is selected

In preparing these financial statements, the Company has evaluated events and transactions for potential recognition or disclosure through July 27, 2026, the date the financial statements were available to be issued.
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