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California-Engels Mining Company
Balance Sheets
December 31, 2024 and December 31, 2023
(Unaudited)

	December 31, 2024	December 31, 2023
Assets		
<i>Current Assets</i>		
Cash and cash equivalents	\$ 184,074	\$ 238,288
Royalty receivable	-	212
Prepaid expenses	84,943	378
<i>Total Current Assets</i>	<u>269,017</u>	<u>238,878</u>
<i>Property and Equipment, net</i>	<u>241,881</u>	<u>243,679</u>
<i>Other Assets</i>		
Investment securities	357,130	347,930
<i>Total Other Assets</i>	<u>357,130</u>	<u>347,930</u>
Total Assets	<u><u>\$ 868,028</u></u>	<u><u>\$ 830,487</u></u>
Liabilities and Stockholders' Equity		
<i>Current Liabilities</i>		
Accrued expenses	\$ 97,072	\$ -
<i>Total Current Liabilities</i>	<u>97,072</u>	<u>-</u>
<i>Noncurrent Liabilities</i>		
Deferred income taxes	56,412	72,619
<i>Total Noncurrent Liabilities</i>	<u>56,412</u>	<u>72,619</u>
<i>Total Liabilities</i>	<u>153,483</u>	<u>72,619</u>
<i>Stockholders' Equity</i>		
Capital stock, par value \$0.25, 4,000,000 shares authorized, 695,890.04 and 699,980 shares issued and outstanding at December 31, 2024 and December 31, 2023, respectively	174,973	174,995
Reduction surplus	2,735,395	2,735,638
Accumulated deficit	(2,195,823)	(2,152,765)
<i>Total Stockholders' Equity</i>	<u>714,545</u>	<u>757,868</u>
Total Liabilities and Stockholders' Equity	<u><u>\$ 868,028</u></u>	<u><u>\$ 830,487</u></u>

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

California-Engels Mining Company
Statements of Income (Loss)
(Unaudited)

	YEARS ENDED DECEMBER 31,	
	2024	2023
Revenue		
Royalty income	\$ 35,923	\$ 35,992
Mining lease income	20,000	20,000
Rock lease income	14,502	13,460
Professional services	12,900	10,300
Interest income	7,578	8,959
<i>Total Revenue</i>	90,903	88,711
Operating and General Expenses		
Professional fees	84,053	17,309
Payroll	17,656	17,635
Director fees	2,000	2,000
Insurance	29,953	1,636
Taxes and licenses	9,875	8,222
Office	7,512	1,879
Storage fees	1,439	2,020
Depreciation	2,100	2,100
Stock maintenance fee	3,979	1,000
<i>Total Operating and General Expenses</i>	158,567	53,801
Income (Loss) from Operations	(67,664)	34,910
Other Income (Expense)		
Unrealized gain (loss) on equity securities	9,199	(7,530)
<i>Total Other Income (Expense)</i>	9,199	(7,530)
Income (Loss) Before Taxes	(58,465)	27,380
Income Tax Benefit (Expense)	15,406	(7,677)
Net Income (Loss)	\$ (43,058)	\$ 19,703

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

California-Engels Mining Company
Statements of Stockholders' Equity
 For the years ended December 31, 2024 and December 31, 2023
 (Unaudited)

	<u>December 31,</u> <u>2024</u>	<u>December 31,</u> <u>2023</u>
Capital Stock		
\$0.25 par value: 4,000,000 shares authorized; 695,890.04 and 699,980 shares issued and outstanding at December 31, 2024, and 2023, respectively		
Balance at beginning of year	\$ 174,995	\$ 175,924
Repurchase of capital stock	(22)	(1,204)
Balance at end of period	<u>174,973</u>	<u>174,995</u>
Reduction Surplus		
Balance at beginning of year	2,735,638	2,751,381
Repurchase of capital stock	(243)	(20,418)
Balance at end of period	<u>2,735,395</u>	<u>2,735,638</u>
Accumulated Deficit		
Balance at beginning of year	(2,152,765)	(2,172,468)
Net income (loss)	(43,058)	19,703
Balance at end of period	<u>(2,195,823)</u>	<u>(2,152,765)</u>
Total Stockholders' Equity	<u>\$ 714,545</u>	<u>\$ 757,868</u>

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

California-Engels Mining Company
Statements of Cash Flows
For the years ended December 31, 2024 and December 31, 2023
(Unaudited)

	December 31, 2024	December 31, 2023
Cash Flows from Operating Activities		
Net Income (Loss)	\$ (43,058)	\$ 19,703
<i>Adjustments to reconcile net income (loss) to net cash used by operating activities</i>		
Depreciation	1,798	2,100
Unrealized gain on equity investments	(9,200)	7,530
Deferred income taxes	(16,207)	509
Share based compensation	-	4,950
Changes in operating assets and liabilities		
Royalty receivable	212	1
Prepaid expenses	(84,565)	(378)
Accrued expenses	97,072	(3,544)
Due to related parties	-	-
Net Cash Provided by (Used by) Operating Activities	<u>(53,949)</u>	<u>30,071</u>
Cash Flows from Financing Activities		
Repurchase of capital stock	<u>(265)</u>	<u>(21,622)</u>
Net Cash Used by Financing Activities	<u>(265)</u>	<u>(21,622)</u>
Net Change in Cash and Cash Equivalents	(54,214)	8,449
Cash and Cash Equivalents, Beginning of Year	<u>238,288</u>	<u>229,839</u>
Cash and Cash Equivalents, End of Period	<u>\$ 184,074</u>	<u>\$ 238,288</u>
Supplemental Disclosure of Cash Flow Information		
<i>Cash paid during the period for</i>		
Income taxes	<u>\$ 800</u>	<u>\$ 10,763</u>

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 December 31, 2024, the Company had \$184,074 in such an account. The Company has not experienced any losses in such 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 has been fully dismissed as to the Company. The case remains ongoing as to other unrelated parties. 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:

	December 31, 2024	December 31, 2023
Land and land improvement	\$ 248,132	\$ 248,132
Furniture, equipment and vehicles	6,049	5,747
Less accumulated depreciation	<u>(12,300)</u>	<u>(10,200)</u>
Property and equipment, net	<u>\$ 241,881</u>	<u>\$ 243,679</u>

Depreciation expense was \$2,100 for the years ended December 31, 2024 and 2023, respectively.

California-Engels Mining Company
Notes to Financial Statements
December 31, 2024
(Unaudited)

3. Mining Claims and Fee Land Owned

At December 31, 2024, 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 December 31, 2024, 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 years ended December 31 on equity securities still held at the reporting date:

	<u>2024</u>	<u>2023</u>
Net gains and (losses) recognized during the period on equity securities	\$ (21,151)	\$ 11,382
Less: Net gains and (losses) recognized during the year on equity securities sold during the period	<u>-</u>	<u>-</u>
Unrealized gains and (losses) recognized during the period on equity securities held at the reporting date	<u>\$ (21,151)</u>	<u>\$ 11,382</u>

California-Engels Mining Company
Notes to Financial Statements
December 31, 2024
(Unaudited)

There were no sales of equity securities during the years ended December 31, 2024 and 2023.

	Total	Level 1 Quoted Prices	Level 2 Other Significant Observable inputs	Level 3 Significant Observable inputs
Equities	\$ 357,130	357,130	-	-

6. 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.

7. Capital Stock

During the year ended December 31, 2024, the Company repurchased and retired 100 shares of capital stock at \$2.65 per share for a total cost of \$265. Additionally, 10 shares previously retired were returned to issued and outstanding.

During the year ended December 31, 2023, stockholders' equity activity consisted of the following:

Repurchase of capital stock – The Company repurchased 4,796 shares of capital stock at \$4.50 per share for a total cost of \$21,582. Of these shares, 3,696 were retired. The Company also repurchased and retired 20 shares of capital stock at \$4.00 per share for a total cost of \$40.

Stock based compensation – The Company issued 1,000 shares of capital stock valued at \$4.50 per share in consideration of professional services provided. Additionally, the Company issued 100 shares of capital stock valued at \$4.50 per share for director's fees.

8. Mining Lease

On April 18, 2006, the Company entered into an Exploration Permit with Option to Lease and Purchase agreement on its 36 patented lode mining claims and 162.12 acres of its fee lands at Engelman, Lights Creek Mining District, Plumas County, California. The agreement provides for annual rental payments, issuance of shares, annual work requirement and a net smelter return of 2% when in production. Royalties to the Company are capped at \$25,000,000. The Company retained the rights to the timber on the property and to manage its Engelman 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.

9. 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.

California-Engels Mining Company
Notes to Financial Statements
December 31, 2024
(Unaudited)

10. 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 \$12,900 for the year ended December 31, 2024 and \$10,300 for the year ended December 31, 2023. The company paid payroll to a board member who performed all management functions of the Company in the amount of \$17,656 and \$17,635 for the years ended December 31, 2024 and 2023.

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 \$3,979 and \$1,150 for the year ended December 31, 2024 and 2023.

11. Earnings (Loss) per Share

The earnings (loss) per share for the year ended December 31 were as follows:

	<u>2024</u>	<u>2023</u>
Net Income (Loss) - Numerator	\$ (43,058)	\$ 19,703
Weighted Shares - Denominator	<u>700,895</u>	<u>700,924</u>
Earnings (Loss) per Share	<u>\$ (0.061)</u>	<u>\$ 0.028</u>

12. 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.

	Federal	State
Federal/State statutory rate	21%	6.98%
	Years Ended Decemebr 31,	
	<u>2024</u>	<u>2023</u>
Federal income tax - current	\$ (10,840)	\$ 6,368
State income tax - current	(800)	800
Deferred income taxes	(3,767)	509
Total income tax benefit (expense)	<u>\$ (15,406)</u>	<u>\$ 7,677</u>

California-Engels Mining Company
Notes to Financial Statements
December 31, 2024
(Unaudited)

Deferred income tax liabilities consisted of the following at:

	<u>December 31,</u> <u>2024</u>	<u>December 31,</u> <u>2023</u>
Deferred tax liabilities		
Unrealized gain (loss) on securities	\$ (31,506)	\$ (28,931)
Basis difference in partnership and royalty trust investments	(48,563)	(48,564)
Depreciation	(926)	(1,016)
Net operating loss carryforwards	<u>24,583</u>	<u>5,892</u>
 Total deferred tax liabilities	 <u>\$ (56,412)</u>	 <u>\$ (72,619)</u>

The Company had cumulative net operating losses of \$66,992 as of December 31, 2024, for federal income tax purposes. The federal net operating loss carryforwards can be used indefinitely. The Company had cumulative net operating losses of \$66,192 as of December 31, 2024, 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, 2024, federal income tax returns for the years 2021 through the most recently filed return, and California income tax returns for the years 2020 through the most recently filed return remain subject to examination by the taxing authorities.

13. Subsequent Events

In preparing these financial statements, the Company has evaluated events and transactions for potential recognition or disclosure through February 6, 2025, the date the financial statements were available to be issued.