

CORPORATE INFORMATION STATEMENT

Date: March 31, 2024

CUSIP #130199 10 2
SYMBOL: CAEN

I. NAME OF ISSUER

CALIFORNIA-ENGELS MINING COMPANY

II. ADDRESS

The office of the Company is 4276 Napa Loop, Roseville, California 95747. Telephone (530) 394-7045. The former office of the Company at 117 Crescent Street, Greenville, California was destroyed by the Dixie Fire on August 4, 2021. Email: calengelsco@gmail.com. Website: www.calengels.com

III. INCORPORATION

Incorporated under the laws of the state of California, July 12, 1922. Incorporated as Engels Copper Mining Company on June 19, 1901 and merged into its holding company, California Copper Corporation, to form California-Engels Mining Company on March 3, 1936.

IV. CAPITALIZATION

The Company is capitalized for 4,000,000 non-assessable shares of Capital \$.25 par value stock. There is only one class of stock and each share has the same rights and privileges as every other share. All stock shares equally in dividends or distribution of assets.

V. ISSUED AND OUTSTANDING STOCK

California-Engels Mining Company has issued and outstanding 699,880.04 of its shares. The stock is distributed among approximately 684 shareholders as of December 31, 2023. There are no options, warrants or rights outstanding, nor does the Company anticipate issuing any. For many years the Company mailed annual reports to its shareholders of record and persons requesting reports. **Its annual report is now on its website: www.calengels.com. For shareholders without access to the internet, the Corporate Information Statement will be mailed upon request.**

VI. TRANSFER AGENT

The transfer agent for the Company is Securities Registrar and Transfer Corporation with office at 4276 Napa Loop, Roseville, California 95747. Telephone (530) 394-7045 Email: srtcorp117@gmail.com. The transfer agent has a supply of certificates on hand and will transfer shares upon request and keep a registry of them. The Company charges \$75.00 per certificate for such services. The transfer agent registered as such on December 1, 1975, under the requirements of the Securities Reform Act of 1975.

VII. NATURE OF ISSUER'S BUSINESS

The Company is the lessor of its Engels and Superior copper mines in the Lights Creek Mining District, Plumas County, California. Historically the history of the Plumas Copper Belt is well documented. The Engels and Superior mines operated from 1914 to 1930 producing 160,170,000 pounds of copper from 4,700,000 tons grading 2.5% copper. The mines were closed by the Great Depression of the 1930's. It was often the largest copper producer in California during the 1920's. During that sixteen year period the Company built the 400 tons-per-day Engels Mill, the first all flotation mill for copper in the United States. Also completed were the 1,000 ton-per-day Superior Mill, the Engelmine company town and the 20 mile long Indian Valley Railroad to connect with the Western Pacific Railroad at Paxton. The railroad allowed the Company to ship copper concentrates by rail to the smelter at Garfield, Utah. It also allowed residents of Indian Valley to travel by rail to Reno NV or San Francisco, CA. During that period the Company was a substantial employer including local Native Americans in Plumas County, supported the local economy and paid dividends to its shareholders. Today the property consists of 36 patented lode mining claims totaling 736 acres and 333 acres of fee lands and the certified Engelmine Forest tree farm. An additional 5 patented lode mining claims on Ward Creek along the Copper Belt in Genesee Valley, Plumas County, CA totaling 100 acres are owned by the Company. The Company also has a history of its property and a Plumas Copper Belt library. From 1964 to 1993 the Company leased its property to Placer Development Ltd., Vancouver, Canada. Placer was a major worldwide mining company. Placer's extensive drilling and sampling of underground workings at the Superior Mine developed a substantial copper resource. Beginning in 2006 the Engels and Superior mines have been leased to a series of junior Canadian mineral exploration companies. The first. Sheffield Resources Ltd., Vancouver, Canada, was led by a former Placer geologist. Nevoro Inc., Toronto, Canada acquired Sheffield in 2008. The Company retained its timber rights and road rock rights. Sheffield/Nevoro drilled 44 HQ holes at the Engels Mine to define high-grade copper mineralization and sampled underground workings at the Superior Mine during 2006-2008. During 2009, Starfield Resources Inc., Toronto, Canada, acquired Nevoro and drilled three holes at the Engels Mine in November 2009. An airborne geophysical survey of the property was conducted in May 2010 and four more holes were drilled at the Engels Mine in June 2010. No mineral exploration was done by the mineral lessee during 2011 and 2012. Effective July 27, 2013, US Copper Corp. formerly Crown Mining Corp., Toronto, Canada, acquired the mining lease from the bankruptcy of Starfield Resources Inc. Crown's consulting mining engineer and consulting geologist completed a Technical Report and Resource Estimate for the Superior Project, Plumas County, California dated November 15, 2013. A detailed surface geologic mapping of key areas on the property was completed during the 2014 field season. In 2016 Crown Mining Corp. acquired the Moonlight Valley copper property of Canyon Copper Corp. thus consolidating the 13 square mile Lights Creek Mining District copper properties. During 2017 Crown Mining Corp. retained Tetra Tech Inc. to complete a Preliminary Economic Assessment (PEA) on its Moonlight-

Superior Copper Project. The PEA was completed on April 18, 2018. Crown Mining Corp. changed its name to US Copper Corp. See their Website: uscoppercorp.com and their Facebook and X sites for Superior Mine and Engels Mine conformation drilling results and updates. The United States Geological Survey (USGS) is again returning to study our iron oxide copper gold deposits on the north end of the Plumas Copper Belt.

In the past 50 years four Master Thesis and one PHD Thesis have been completed on the Plumas Copper Belt along Lights Creek, five on geology and one on water quality. Students from California State University, Chico come annually to study the Copper Belt at the Engels, Superior Mines and Moonlight Valley.

The mineral deposits of the Lights Creek Mining District are recognized as the largest known unmined copper resources in California.

The Company is in mitigation with Pacific Gas & Electric Company for damage to its certified Engelmine Forest Tree Farm which was destroyed in the 2021 Dixie Wildfire.

VIII. BOARD OF DIRECTORS

The officers and directors of the issuer are:

Norman A. Lamb - President and Director

Katherine A. Lamb - Vice-President, Treasurer and Director

M. Blair Ogden - Secretary and Director

Richard C. Poulton - Director

Mr. Lamb is a mining executive and an officer and director of several mineral holding companies.

Mrs. Lamb is a retired regional bank manager and an officer and director of several mineral holding companies.

M. Blair Ogden is a retired attorney and an officer and director of several mineral holding companies.

Richard C. Poulton is a retired business consultant.

**IX. SECURITIES OWNERSHIP OF OFFICERS, DIRECTORS
AND CONTROLLING PERSONS**

| Title of Class | Beneficial Owner | Amount and Nature | Percent |
|-----------------------------------------------|-------------------------|----------------------------------------------------------------------------------------|----------------|
| Capital Stock Par Value \$.25 per share | Norman A. Lamb | 193,588 shares owned of record. Need update | 28% |
| | | 87,000 shares beneficially owned thru Flowery Gold Mines Company of Nevada | 12% |
| | Katherine A. Lamb | 7,100 shares owned of Record | 1% |
| | | 87,000 shares beneficially owned thru Flowery Gold Mines Company of Nevada | 12% |
| | M. Blair Ogden | 100 shares owned of Record | |
| | | 87,000 shares beneficially owned thru Flowery Gold Mines Company of Nevada | 12% |
| | Richard C. Poulton | 25,126 shares owned of record | 4% |
| | Lynda M. Poulton | 25,127 shares owned of record | 4% |

X. FINANCIAL STATEMENTS

The financial statements for the years ending December 31, 2023, 2022 and 2021 are attached and made a part of this Corporate Information Statement.

XI. BROKER DEALER

The Company's Capital stock is not registered with the Securities and Exchange Commission and the Company does not file reports with the Commission. Historically the Company's Capital

shares were listed on the San Francisco Stock Exchange, the Honolulu Stock Exchange, the San Francisco Mining Exchange and the Spokane Stock Exchange. Today the Company's Capital shares are quoted on the Pink Sheets and traded under the symbol CAEN in the Over-The-Counter market. To the knowledge of the management of the Company, any quotation being submitted or published would be on behalf of the broker/dealer.

Dated at Roseville, California on March 31, 2024

CALIFORNIA ENGELS MINING COMPANY

By: *Norman A. Lamb*

Norman A. Lamb
President

California-Engels Mining Company
(A California Corporation)

Financial Statements

December 31, 2023 and 2022

Financial Statements

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California-Engels Mining Company
Balance Sheets
December 31, 2023 and 2022
(Unaudited)

| Assets | 2023 | 2022 |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|--------------------------|
| <i>Current Assets</i> | | |
| Cash and cash equivalents | \$ 238,288 | \$ 229,839 |
| Royalty receivable | 212 | 213 |
| Prepaid expenses | 378 | - |
| <i>Total Current Assets</i> | <u>238,878</u> | <u>230,052</u> |
| <i>Property and Equipment, net</i> | <u>243,679</u> | <u>245,779</u> |
| <i>Other Assets</i> | | |
| Investment securities | <u>347,930</u> | <u>355,460</u> |
| <i>Total Other Assets</i> | <u>347,930</u> | <u>355,460</u> |
| Total Assets | <u><u>\$ 830,487</u></u> | <u><u>\$ 831,291</u></u> |
| Liabilities and Stockholders' Equity | | |
| <i>Current Liabilities</i> | | |
| Accrued expenses | \$ - | \$ 3,544 |
| Deferred revenue | - | 800 |
| <i>Total Current Liabilities</i> | <u>-</u> | <u>4,344</u> |
| <i>Noncurrent Liabilities</i> | | |
| Deferred income taxes | <u>72,619</u> | <u>72,110</u> |
| <i>Total Noncurrent Liabilities</i> | <u>72,619</u> | <u>72,110</u> |
| <i>Total Liabilities</i> | <u>72,619</u> | <u>76,454</u> |
| <i>Stockholders' Equity</i> | | |
| Capital stock, par value \$0.25, 4,000,000 shares authorized, 699,980.04 and 703,696.04 shares issued and outstanding at December 31, 2023 and 2022, respectively | 174,995 | 175,924 |
| Reduction surplus | 2,735,638 | 2,751,381 |
| Accumulated deficit | <u>(2,152,765)</u> | <u>(2,172,468)</u> |
| <i>Total Stockholders' Equity</i> | <u>757,868</u> | <u>754,837</u> |
| Total Liabilities and Stockholders' Equity | <u><u>\$ 830,487</u></u> | <u><u>\$ 831,291</u></u> |

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

California-Engels Mining Company
Statements of Income
For the Years Ended December 31, 2023, 2022 and 2021
(Unaudited)

| | 2023 | 2022 | 2021 |
|---------------------------------------------|------------------|-------------------|------------------|
| Revenue | | | |
| Royalty income | \$ 35,992 | \$ 38,514 | \$ 15,798 |
| Mining lease income | 20,000 | 20,000 | 20,000 |
| Rock lease income | 13,460 | 15,920 | 10,534 |
| Professional services | 10,300 | 9,600 | 9,600 |
| Interest income | 8,959 | 2,075 | 10 |
| <i>Total Revenue</i> | <u>88,711</u> | <u>86,109</u> | <u>55,942</u> |
| Operating and General Expenses | | | |
| Payroll | 17,635 | 17,614 | 17,593 |
| Professional fees | 17,309 | 8,288 | 4,515 |
| Taxes and licenses | 8,222 | 8,623 | 11,800 |
| Depreciation | 2,100 | 1,918 | 1,245 |
| Storage fees | 2,020 | 2,532 | 1,564 |
| Director fees | 2,000 | - | - |
| Office | 1,879 | 4,301 | 3,408 |
| Insurance | 1,636 | 1,623 | 1,873 |
| Stock maintenance fee | 1,000 | - | 1,000 |
| Office rent | - | - | 4,900 |
| Repairs and maintenance | - | - | 977 |
| Vehicle | - | - | 360 |
| <i>Total Operating and General Expenses</i> | <u>53,801</u> | <u>44,899</u> | <u>49,235</u> |
| Income from Operations | <u>34,910</u> | <u>41,210</u> | <u>6,707</u> |
| Other Income (Expense) | | | |
| Unrealized (loss) gain on equity securities | (7,530) | 136,790 | 102,672 |
| Other income | - | 32,008 | - |
| Gain on disposal of assets | - | - | 23,186 |
| <i>Total Other Income (Expense)</i> | <u>(7,530)</u> | <u>168,798</u> | <u>125,858</u> |
| Income Before Taxes | 27,380 | 210,008 | 132,565 |
| Income Tax Expense | <u>(7,677)</u> | <u>(59,064)</u> | <u>(37,202)</u> |
| Net Income | <u>\$ 19,703</u> | <u>\$ 150,944</u> | <u>\$ 95,363</u> |

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

California-Engels Mining Company
Statements of Stockholders' Equity
For the Years Ended December 31, 2023, 2022 and 2021
(Unaudited)

| | <u>2023</u> | <u>2022</u> | <u>2021</u> |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|--------------------|--------------------|
| Capital Stock | | | |
| \$0.25 par value: 4,000,000 shares authorized; 699,980.04, 703,696.04 and 703,696.04 shares issued and outstanding at December 31, 2023, 2022 and 2021, respectively | | | |
| Balance at beginning of year | \$ 175,924 | \$ 175,924 | 176,211 |
| Repurchase of capital stock | (1,204) | - | (287) |
| Share based compensation | 275 | - | - |
| Balance at end of year | <u>174,995</u> | <u>175,924</u> | <u>175,924</u> |
| Reduction Surplus | | | |
| Balance at beginning of year | 2,751,381 | 2,751,381 | 2,753,393 |
| Repurchase of capital stock | (20,418) | - | (2,012) |
| Share based compensation | 4,250 | - | - |
| Balance at end of year | <u>2,735,213</u> | <u>2,751,381</u> | <u>2,751,381</u> |
| Accumulated Deficit | | | |
| Balance at beginning of year | (2,172,468) | (2,323,412) | (2,418,775) |
| Net income | 19,703 | 150,944 | 95,363 |
| Balance at end of year | <u>(2,152,765)</u> | <u>(2,172,468)</u> | <u>(2,323,412)</u> |
| Total Stockholders' Equity | <u>\$ 757,443</u> | <u>\$ 754,837</u> | <u>\$ 603,893</u> |

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

California-Engels Mining Company
Statements of Cash Flows
For the Years Ended December 31, 2023, 2022 and 2021
(Unaudited)

| | 2023 | 2022 | 2021 |
|-----------------------------------------------------------------------------------------|-------------------|-------------------|-------------------|
| Cash Flows from Operating Activities | | | |
| Net Income | \$ 19,703 | \$ 150,944 | \$ 95,363 |
| <i>Adjustments to reconcile net income to net cash provided by operating activities</i> | | | |
| Depreciation | 2,100 | 1,918 | 1,245 |
| Unrealized losses (gains) on equity investments | 7,530 | (136,790) | (102,672) |
| Gain on disposal of assets | - | - | (23,186) |
| Deferred income taxes | 509 | 54,861 | 36,402 |
| Share based compensation | 4,950 | - | - |
| Changes in operating assets and liabilities | | | |
| Royalty receivable | 1 | (164) | (22) |
| Prepaid expenses | (378) | - | 700 |
| Accrued expenses | (3,544) | 3,544 | - |
| Deferred revenue | (800) | (100) | - |
| Net Cash Provided by Operating Activities | <u>30,071</u> | <u>74,213</u> | <u>7,830</u> |
| Cash Flows from Investing Activities | | | |
| Proceeds from asset disposals | - | - | 24,719 |
| Purchase of fixed assets | - | (5,747) | - |
| Net Cash (Used) Provided by Investing Activities | <u>-</u> | <u>(5,747)</u> | <u>24,719</u> |
| Cash Flows from Financing Activities | | | |
| Repurchase of capital stock | (21,622) | - | (2,300) |
| Net Cash Used by Financing Activities | <u>(21,622)</u> | <u>-</u> | <u>(2,300)</u> |
| Net Change in Cash and Cash Equivalents | 8,449 | 68,466 | 30,249 |
| Cash and Cash Equivalents, Beginning of Year | <u>229,839</u> | <u>161,373</u> | <u>131,124</u> |
| Cash and Cash Equivalents, End of Year | <u>\$ 238,288</u> | <u>\$ 229,839</u> | <u>\$ 161,373</u> |
| Supplemental Disclosure of Cash Flow Information | | | |
| <i>Cash paid during the year for</i> | | | |
| Income taxes | <u>\$ 10,763</u> | <u>\$ 800</u> | <u>\$ 800</u> |

The accompanying notes are 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 purposes 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, 2023, the Company had \$202,327 in such 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 equity securities in publicly traded 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.

Subsequent Events

In preparing these financial statements, the Company has evaluated events and transactions for potential recognition or disclosure through March 28, 2024, the date the financial statements were available to be issued.

2. Property and Equipment

Property and equipment consisted of the following at December 31:

| | <u>2023</u> | <u>2022</u> |
|-----------------------------------|-------------------|-------------------|
| Land and land improvement | \$ 248,132 | \$ 248,132 |
| Furniture, equipment and vehicles | 5,747 | 5,747 |
| Less accumulated depreciation | <u>(10,200)</u> | <u>(8,100)</u> |
| Property and equipment, net | <u>\$ 243,679</u> | <u>\$ 245,779</u> |

In 2021, the Dixie Fire destroyed the town of Greenville, California and all of the Company's furniture, equipment and vehicles were destroyed. The Company received insurance proceeds of \$24,719 and recognized a gain on disposal of \$23,186 during the year ended December 31, 2021. The Company is in negotiations with Pacific Gas & Electric Company regarding damages done to its property and Engelmine Forest tree farm from the 2021 Dixie Fire in Plumas County, California. The extent of the impact was not known on the date the financial statements were issued.

Depreciation expense was \$2,100, \$1,918, and \$1,245 for the years ended December 31, 2023, 2022 and 2021, respectively.

3. Mining Claims and Fee Land Owned

At December 31, 2023, 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

California-Engels Mining Company
Notes to Financial Statements
December 31, 2023
(Unaudited)

County, California. All of these lands are optioned to US Copper Corp. except for 77 acres on Diamond Mountain Road along Lights Creek by the Company for possible commercial development.

At December 31, 2023, 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 year 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>2023</u> | <u>2022</u> | <u>2021</u> |
|----------------------------------------------------------------------------------------------------------|-------------------|-------------------|-------------------|
| Net gains and (losses) recognized during the year on equity securities | \$ (7,530) | \$ 136,790 | \$ 102,672 |
| Less: Net gains and (losses) recognized during the year on equity securities sold during the year | - | - | - |
| Unrealized gains and (losses) recognized during the year on equity securities held at the reporting date | <u>\$ (7,530)</u> | <u>\$ 136,790</u> | <u>\$ 102,672</u> |

There were no sales of equity securities during the years ended December 31, 2023, 2022 or 2021.

6. Contingent Liabilities

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

7. Capital Stock

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.

During the year ended December 31, 2021, stockholders' equity activity consisted of the following:

Repurchase of capital stock - The Company acquired and subsequently retired shares from estates totaling 1,150 shares of capital stock for \$2,300.

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 Engelmine, 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 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.

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.

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 \$10,300 for the year ended December 31, 2023 and \$9,600 for the years ended December 31, 2022 and 2021. Storage rent received from one of the entities amounted to \$1,452 for each of the years ended December 31, 2023 and 2022 and \$252 for the year ended December 31, 2021.

The Company pays rent, stock maintenance and transfer fees to an entity that shares common management with the Company. The expenses incurred for such services amounted to \$1,150 and \$5,900 for the years ended December 31, 2023 and 2021, respectively. No rent was paid during the years ended December 31, 2023 and 2022 due to the Dixie Wildfire which destroyed the office building on August 4, 2021. The Company received \$32,008 from the entity for its share of fire damages during the year ended December 31, 2022.

California-Engels Mining Company
Notes to Financial Statements
December 31, 2023
(Unaudited)

11. Earnings per Share

The earnings per share for the years ended December 31 were as follows:

| | <u>2023</u> | <u>2022</u> | <u>2021</u> |
|-------------------------------|-----------------|-----------------|-----------------|
| Net Income - Numerator | \$ 19,703 | \$ 150,944 | \$ 95,363 |
| Weighted Shares - Denominator | <u>700,924</u> | <u>703,696</u> | <u>704,164</u> |
| Earnings per Share | <u>\$ 0.028</u> | <u>\$ 0.215</u> | <u>\$ 0.135</u> |

12. Income Taxes

The income tax expense consisted of the following for the years ended December 31:

| | <u>2023</u> | <u>2022</u> | <u>2021</u> |
|------------------------------|-----------------|------------------|------------------|
| Federal income tax - current | \$ 6,368 | \$ 3,403 | \$ - |
| State income tax - current | 800 | 800 | 800 |
| Deferred income taxes | <u>509</u> | <u>54,861</u> | <u>36,402</u> |
| Total income tax expense | <u>\$ 7,677</u> | <u>\$ 59,064</u> | <u>\$ 37,202</u> |

Deferred income tax liabilities consisted of the following at December 31:

| | <u>2023</u> | <u>2022</u> |
|---------------------------------------------------------------|--------------------|--------------------|
| Deferred tax liabilities | | |
| Unrealized gain on securities | \$ (28,931) | \$ (31,038) |
| Basis difference in partnership and royalty trust investments | (48,564) | (47,719) |
| Depreciation | (1,016) | (1,338) |
| Net operating loss carryforward - state | <u>5,892</u> | <u>7,985</u> |
| Total deferred tax liabilities | <u>\$ (72,619)</u> | <u>\$ (72,110)</u> |

At December 31, 2023, the Company had a California net operating loss carryforward of \$84,371 which it estimates can be used in future years without expiration.

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.