

Consolidated Financial Statements

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The Flowery Gold Mines Company of Nevada
Consolidated Balance Sheets
September 30, 2025 and 2024
(Unaudited)

	September 30, 2025	September 30, 2024
ASSETS		
Current assets:		
Cash	\$ 777,750	\$ 409,040
Prepaid expense	50	41,530
Total current assets	<u>777,800</u>	<u>450,570</u>
Property, plant and equipment, net	<u>884</u>	<u>26,959</u>
Other assets:		
Equity investments	531,030	482,863
Investment in gold at cost	5,717	5,717
Deposits	-	50
Deferred income taxes	-	4,841
Total other assets	<u>536,747</u>	<u>493,471</u>
Total assets	<u><u>\$ 1,315,431</u></u>	<u><u>\$ 971,000</u></u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued expenses	\$ 27,316	\$ 35,803
Total current liabilities	<u>27,316</u>	<u>35,803</u>
Non-current liabilities:		
Deferred income taxes	89,102	41,028
Total non-current liabilities	<u>89,102</u>	<u>41,028</u>
Total liabilities	<u>116,418</u>	<u>76,831</u>
STOCKHOLDERS' EQUITY:		
Common stock, par value \$0.10; 10,000,000 shares authorized, 7,592,533 and 7,733,523 shares issued and outstanding at September 30, 2025 and September 30, 2024	759,253	773,352
Paid-in capital	70,775	61,357
Stock discount	(325,153)	(325,153)
Treasury stock at cost, 141,990 shares at September 30, 2024	-	(4,681)
Retained earnings	694,138	389,294
Total stockholders' equity	<u>1,199,013</u>	<u>894,169</u>
Total liabilities and stockholders' equity	<u><u>\$ 1,315,431</u></u>	<u><u>\$ 971,000</u></u>

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

The Flowery Gold Mines Company of Nevada
Consolidated Statements of Income (Loss)
For the Years Ended September 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Revenue:		
Stock maintenance fees	\$ 2,800	\$ 900
Total revenue	<u>2,800</u>	<u>900</u>
Operating and general expenses:		
Legal and accounting	31,560	11,267
Office expenses	13,870	13,371
Fees and licenses	1,921	5,975
Director fees	3,000	3,000
Miscellaneous	1,547	8,453
Property taxes	637	600
Insurance	83,012	19,527
Depreciation	658	658
Utilities	868	395
Stock maintenance fees	<u>7,500</u>	<u>-</u>
Total operating and general expenses	<u>144,573</u>	<u>63,246</u>
Operating loss	<u>(141,773)</u>	<u>(62,346)</u>
Other income (loss):		
Royalties	21,569	23,358
Interest income	13,316	3,062
QSF Dixie Fire income	100,000	-
Gain on sale of investments	248,636	-
Unrealized (losses) gains on equity investments	87,425	(6,286)
Gain on fixed asset disposal	<u>52,583</u>	<u>-</u>
Total other income (loss)	<u>523,529</u>	<u>20,134</u>
Income (loss) before taxes	381,756	(42,212)
Income tax benefit (expense)	<u>(80,330)</u>	<u>5,120</u>
Net income (loss)	<u>\$ 301,426</u>	<u>\$ (37,092)</u>
Earnings (loss) per share	<u>\$ 0.040</u>	<u>\$ (0.005)</u>

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

The Flowery Gold Mines Company of Nevada
Consolidated Statements of Stockholders' Equity
For the Years Ended September 30, 2025 and 2024
(Unaudited)

	<u>2025</u>	<u>2024</u>
Capital Stock:		
Common stock, par value \$0.10; 10,000,000 shares authorized, 7,592,533 and 7,733,523 shares issued and outstanding at September 30, 2025 and 2024	\$ 773,352	\$ 773,352
Retire treasury shares	<u>(14,099)</u>	<u>-</u>
Balance at end of period	<u>759,253</u>	<u>773,352</u>
Paid-in Capital:		
Balance at beginning of period	61,357	61,357
Retire treasury shares	<u>9,418</u>	<u>-</u>
Balance at end of period	<u>70,775</u>	<u>61,357</u>
Stock Discount	<u>(325,153)</u>	<u>(325,153)</u>
Treasury Stock	<u>-</u>	<u>(4,681)</u>
Retained Earnings:		
Balance at beginning of period	389,294	426,386
Beginning balance adjustment	3,418	-
Net (loss) income	<u>301,426</u>	<u>(37,092)</u>
Balance at end of period	<u>694,138</u>	<u>389,294</u>
Total Stockholders' Equity	<u><u>\$ 1,199,013</u></u>	<u><u>\$ 894,169</u></u>

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

The Flowery Gold Mines Company of Nevada
Consolidated Statements of Cash Flows
For the Years Ended September 30, 2025 and 2024
(Unaudited)

	<u>2025</u>	<u>2024</u>
Cash flows from operating activities:		
Net (loss) income	\$ 301,426	\$ (37,094)
Beginning balance equity adjustment	3,418	-
Adjustments to reconcile net (loss) income to net cash (used) provided by operating activities:		
Depreciation	658	658
Unrealized losses (gains) on equity investments	(87,425)	6,286
Realized gain on sale of investments	(248,636)	-
Gain on asset disposals	(52,583)	-
Deferred income taxes	52,915	(5,919)
Changes in operating assets and liabilities:		
Prepaid expense	41,480	(40,291)
Deposits	50	-
Accounts payable and accrued expense	(8,487)	35,103
Net cash provided by (used in) operating activities	<u>2,816</u>	<u>(41,257)</u>
Cash flows from investing activities:		
Proceeds from sale of investments	287,894	-
Proceeds from fixed asset disposal	78,000	-
Net cash provided by investing activities	<u>365,894</u>	<u>-</u>
Net change in cash	368,710	(41,257)
Cash, beginning of period	409,040	450,297
Cash, end of period	<u><u>\$ 777,750</u></u>	<u><u>\$ 409,040</u></u>
Supplemental disclosures:		
<i>Cash paid during the period for:</i>		
Income taxes	<u><u>\$ 800</u></u>	<u><u>\$ 800</u></u>
Supplemental disclosure of non-cash investing activities:		
Retired treasury shares	<u><u>\$ (4,681)</u></u>	<u><u>\$ -</u></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 The Flowery Gold Mines Company of Nevada (the Company) is presented to assist in understanding the Company's consolidated financial statements. The consolidated 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 consolidated financial statements.

Nature of Activity

The Company was incorporated in the State of Nevada on January 2, 1958, with authorized capital of 10,000,000 shares of common stock with a \$0.10 par value. The Company's principal line of business is holding land and mineral assets. The principal revenue source currently consists of royalties and investment income from equity securities. The Company's properties are located in the western United States.

Consolidation Principles

The consolidated financial statements include the accounts of the Company and its subsidiary, Securities Registrar and Transfer Corporation. All material intercompany accounts and transactions have been eliminated.

Estimates

The preparation of the consolidated 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, Plant and Equipment

Property, plant and equipment are capitalized at cost. It is the Company's policy to capitalize expenditures for items in excess of \$500 with a useful life greater than one year. Equipment is depreciated using the straight-line method over useful lives of five years.

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 investments in publicly traded securities. Equity investments with active markets are classified within Level 1 of the fair value hierarchy as their fair value is determined using quoted prices. Equity securities with limited market activities are classified within Level 2 of the fair value hierarchy, and their fair value is determined using the most recent trading price in the open market before the fiscal year end.

The Flowery Gold Mines Company of Nevada
Notes to Consolidated Financial Statements
September 30, 2025
(Unaudited)

Valuation of Placer Gold

The Company holds placer gold as a long-term investment. Placer gold is carried at lower of cost or market on the consolidated balance sheet.

Income Taxes

Income taxes are provided for the tax effects of transactions reported in the consolidated financial statements and consist of state income taxes and deferred taxes. Deferred taxes are recognized for differences between the basis of assets and liabilities for financial statement and income tax purposes. The deferred tax assets and liabilities represent the future tax return consequences of those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled.

Treasury Stock

Treasury stock is carried on the books using the cost method. All treasury stock was retired on December 19, 2024 as described in Note 8.

2. Property, Plant 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 to the Company 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.

The following table reflects a summary of property, plant and equipment as of September 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Land	\$ -	\$ 25,417
Equipment	<u>3,291</u>	<u>3,291</u>
Total property, plant and equipment	3,291	28,708
Less: accumulated depreciation	<u>(2,407)</u>	<u>(1,749)</u>
Property, plant and equipment, net	<u>\$ 884</u>	<u>\$ 26,959</u>

On July 8, 2025, the Company sold its land for total proceeds of \$78,000. The cost basis of the land sold was \$25,417, resulting in a gain on disposal of fixed assets of \$52,583, which is reflected in the accompanying consolidated statements of income.

Depreciation expense for the years ended September 30, 2025 and 2024 was \$658 and \$658, respectively.

The Flowery Gold Mines Company of Nevada
Notes to Consolidated Financial Statements
September 30, 2025
(Unaudited)

Mining Claims and Properties Owned

At September 30, 2025, The Flowery Gold Mines Company of Nevada was the owner of the following mining, royalty, and property interests:

- A three percent (3%) royalty interest in net smelter returns up to \$50,000 from the Eldorado patented claim, Battle Mountain Mining District, Lander County, Nevada.
- A three percent (3%) gross royalty on placer gold production from placer mining rights formerly owned by Tenabo Gold Placers Limited Partnership from the Tenabo Gold Placers property in the Bullion Mining District, Lander County, Nevada.
- Tenabo real property (Town lot), Lander County, Nevada.

3. Securities Registrar and Transfer Corporation

Effective February 1, 1990, the Company purchased all of the outstanding shares of Securities Registrar and Transfer Corporation and quit-claimed its office building at 117 Crescent Street, Greenville, California to the wholly owned subsidiary. As discussed in Note 2, the office building was destroyed in the Dixie Wildfire on August 4, 2021. The Company has relocated to Roseville, California.

The following tables represent the summary of Securities Registrar and Transfer Corporation's financial position at September 30, 2025, and 2024 and its results of operations for the years ended September 30, 2025 and 2024:

	BALANCE SHEETS	
	2025	2024
Total Assets	\$ 391,494	\$ 349,379
Total Liabilities	(4,452)	(300)
Net Assets	<u>\$ 387,042</u>	<u>\$ 349,079</u>
	STATEMENTS OF INCOME (LOSS)	
	Year Ended September 30,	
	2025	2024
Total Revenue	\$ 67,420	\$ 976
Total Expense	(29,456)	(8,955)
Net (Loss) Income	<u>\$ 37,964</u>	<u>\$ (7,979)</u>

4. Investments

At September 30, 2025, the equity investments portfolio was comprised of securities with readily determinable fair values. In accordance with the provisions of ASC 321, *Investments – Equity Securities Topic*, the equity investments are reported as an asset at their fair value.

The portion of unrealized gains and losses for the years ended September 30, 2025 and 2024 that relate to equity investments still held at the year-end are as follows:

	<u>2025</u>	<u>2024</u>
Net gains and (losses) recognized during the period on equity investments	\$ 336,061	\$ (6,286)
Less: Net gains recognized during the period on equity investments sold during the period	<u>(248,636)</u>	<u>-</u>
Unrealized gains and (losses) recognized during the period on equity investments still held at year-end	<u>\$ 87,425</u>	<u>\$ (6,286)</u>

During the year ended September 30, 2025, the Company sold equity investments for \$287,894. There were no sales of equity investments during the year ended September 30, 2024.

5. Fair Value Measurements

The Company's equity securities are classified according to the fair value hierarchy established by ASC 820, *Fair Value Measurements and Disclosures*. The following tables reflect the estimated fair values of equity securities held at September 30, 2025, and 2024 according to their classification in the fair value hierarchy and the change in fair values during the respective years:

September 30, 2025					
	Level 1	Level 2	Level 3	Total	Change in Fair Values in Current Period Earnings
Equity Securities	\$ 183,030	\$348,000	\$ -	\$ 531,030	\$ 48,167
September 30, 2024					
	Level 1	Level 2	Level 3	Total	Change in Fair Values in Current Period Earnings
Equity Securities	\$ 213,550	\$269,313	\$ -	\$ 482,863	\$ (6,286)

No transfers between Level 1 and Level 2 occurred during the years ended September 30, 2025 and September 30, 2024. The Company considers any transfer between fair value hierarchy levels to have occurred at the end of the reporting period.

6. Placer Gold Investment

The Company held 25.66 ounces of placer gold, as of September 30, 2025, and 2024. The placer gold is carried at historical cost on the consolidated balance sheet at a cost of \$5,717. Fair market value of the placer gold based on the spot price was \$99,776 at September 30, 2025 and \$67,620 at September 30, 2024. Approximately 2 ounces of placer gold was lost in the recovery process from the Dixie Wildfire in Plumas County, California on August 4, 2021.

7. Contingent Liabilities

The Company is not aware of any contingent liabilities, nor is there any litigation in progress, pending or threatened against the Company as of September 30, 2025.

8. Treasury Stock

The Company retired 141,990 shares of treasury stock at a cumulative cost of \$4,681 on December 19, 2024.

9. Income Taxes

The income tax (benefit) expense consisted of the following items for the years ended September 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Federal income taxes - deferred	\$ 52,915	\$ (5,920)
Federal income taxes	25,677	-
State income taxes	<u>1,738</u>	<u>800</u>
Income tax (benefit) expense	<u>\$ 80,330</u>	<u>\$ (5,120)</u>

The reconciliation between the effective tax rate on net income (loss) and the statutory tax rate is as follows for the years ended September 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Income tax (benefit) expense at federal statutory rate	\$ 40,632	\$ (11,528)
State tax provision, net of federal benefit	4,395	632
Change in federal net operating loss carryforward	35,303	5,576
Change in valuation allowance	-	-
Other permanent differences	<u>-</u>	<u>200</u>
Income tax (benefit) expense	<u>\$ 80,330</u>	<u>\$ (5,120)</u>

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(Unaudited)

The components of net deferred income tax liabilities consisted of the following items at September 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Deferred tax assets		
Net operating loss carryforward	\$ -	\$ 28,119
Net operating loss carryforward - subsidiary	-	-
Valuation allowance	-	-
	<u>-</u>	<u>-</u>
Total deferred tax asset	<u>-</u>	<u>28,119</u>
Deferred tax liabilities		
Investment in pass-through entities	32,993	31,830
Net unrealized gain on securities	56,109	37,317
	<u>89,102</u>	<u>69,147</u>
Total deferred tax liabilities	<u>89,102</u>	<u>69,147</u>
Net deferred tax liabilities	<u>\$ 89,102</u>	<u>\$ 41,028</u>

At September 30, 2025, the Company and its subsidiary had a federal net operating loss carryforward of \$168,110. The net operating losses generated before 2018 tax year may be used over a twenty-year period and will start to expire in the 2033 tax year. Federal net operating losses generated in the 2018 tax year and thereafter may be carried forward indefinitely.

The Company and its wholly owned subsidiary file separate income tax returns in the United States, and the subsidiary files income tax returns 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 carryforward. The Company is no longer subject to income tax examinations by US federal and state of California tax authorities for tax years prior to 2021. 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.

10. (Loss) Earnings per Share

The (loss) earnings per share, net of tax, for the years ended September 30, 2025 and 2024, were as follows:

	<u>2025</u>	<u>2024</u>
Net (Loss) Income - Numerator	\$ 301,426	\$ (37,092)
Shares - Denominator	<u>7,592,533</u>	<u>7,733,523</u>
(Loss) Income per Share	<u>\$ 0.040</u>	<u>\$ (0.005)</u>

11. Related Party Transactions

From time to time, the Company's wholly owned subsidiary charges stock maintenance fees to other entities that share key management personnel with the Company. The amount of stock maintenance fees earned from such entities amounted to \$2,800 and \$900 for the years ended September 30, 2025 and 2024.

The Company and its subsidiary utilize bookkeeping and other administrative services provided by an employee of an entity that shares key management personnel with the Company. The expenses incurred for such services, included in office expenses on the accompanying consolidated financial statements, amounted to \$5,600 and \$3,000 for the years ended September 30, 2025 and 2024, respectively.

12. Prior Period Adjustment

The Company recorded an adjustment to increase the beginning retained earnings by \$3,418. This adjustment was a result of reconciling prior period accrual activity.

13. Subsequent Events

In preparing these consolidated financial statements, the Company has evaluated events and transactions for potential recognition or disclosure through November 4, 2025, the date the consolidated financial statements were available to be issued.