

CORPORATE INFORMATION STATEMENT

Date: December 12, 2023

CUSIP #343520 10 2

SYMBOL: FLOD

I. NAME OF ISSUER

THE FLOWERY GOLD MINES COMPANY OF NEVADA

II. ADDRESS

The office of the registered agent in Nevada is 1165 Sweetwater Drive, P. O. Box 10622, Reno, Nevada 89510. The fiscal office of the Company is 4276 Napa Loop, Roseville, California-8604. Telephone: (530) 394-7045. The former office at 117 Crescent Street, Greenville, California was destroyed by the Dixie Fire on August 4, 2021. Email: flowerygoldmines@gmail.com. Website: www.flowerygoldmines.com.

III. INCORPORATION

The Flowery Gold Mines Company of Nevada was originally incorporated under the laws of the State of Nevada on January 2, 1958, under the name of Gold Eagle Mines, Inc. On September 1, 1977, The Flowery Gold Mines Company of Nevada, a Nevada corporation, was merged into Gold Eagle Mines, Inc. and the Articles of Incorporation were amended to change the corporate name to The Flowery Gold Mines Company of Nevada.

IV. CAPITALIZATION

The Company is capitalized for 10,000,000 non-assessable shares of common \$.10 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 a dividend or distribution of assets.

V. ISSUED AND OUTSTANDING STOCK

The Flowery Gold Mines Company of Nevada has issued and outstanding as of the date of this report, 7,733,523 of its shares, leaving 2,266,477 shares unissued. A total of 141,990 shares are being held as treasury stock. This stock is distributed among approximately 1,754 shareholders. There are no options, warrants or rights outstanding nor does the Company anticipate issuing any. **Its annual report appears on its website: www.flowerygoldmines.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 8604. Telephone (530) 394-7045. Email: srtcorp117@gmail.com. The transfer agent has a supply of stock certificates on hand and will transfer shares upon request and keep a registry of them. The agent 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. Securities and Transfer Corporation is a wholly owned subsidiary of The Flowery Gold Mines Company of Nevada. The company office building at 117 Crescent Street, Greenville, California was destroyed by the Dixie Fire on August 4, 2021. Pacific Gas and Electric Company is responsible for the Dixie Fire and company is into discussion to settle its claim for its losses.

VII. NATURE OF ISSUER'S BUSINESS

The Company's business is to invest and hold mineral properties and royalties.

The Mining Lease and Option to Purchase agreement on the Company's mining claims in the Flowery Mining District, Storey County, Nevada with American Eagle Resources, Inc. became effective July 15, 1980 and was terminated on March 1, 1997. Their productive Golden Eagle (Flowery) Mine closed in September 1996 and reclamation has been completed. The Company subsequently abandoned its 19 mining claims in the Flowery Mining District due to high maintenance cost.

Flowery is the largest shareholder (10.46%) of Tonopah Divide Mining Company, owner of 64 patented claims, 97 unpatented mining claims, leases covering 19 patented claims, and title to the Divide water well in the Divide Mining District, Esmeralda County, Nevada. Historically the Tonopah Divide Mine is the largest producer of silver and gold in the Divide Mining District. The Company was incorporated as Tonopah Gold Mountain Mining Company in 1902 and reorganized as Tonopah Divide Mining Company in 1912. It is a lessor of its mining property. In addition, Tonopah Divide has a Divide District library and all of the geologic data developed by Centerra Gold Inc. and the storage sheds in Reno, Nevada containing their drill core and samples. On March 1, 2006 its property was leased to Tonogold Resources Inc., La Jolla, California. Effective March 1, 2008, Tonopah Divide Mining Company agreed to an amendment to the Mining Lease on its property for an Exploration Agreement between Tonogold Resources Inc. and Centerra Gold Inc., Toronto, Canada. During 2008, 2009 and 2010 Centerra drilled 79 holes totaling 74,070 feet within the Tonopah Divide Mining Company property and special interest areas. These targets were defined by geologic mapping, geochemistry, geophysics and drilling results. A total of \$4,545,253 had been expended on the project by December 31, 2011. Centerra did not complete their drilling program at Tonopah Divide. On October 17, 2012, Centerra Gold Inc. withdrew from the Tonopah Divide Mining Venture to concentrate on their producing mines in Asia in the Kyrgyz Republic and Mongolia. As a result of the withdrawal Tonogold Resources Inc. had a 100 per cent lessee interest in the Tonopah Divide Mining Company property. Notice of Default was served on Tonogold Resources Inc. on June 16, 2015 for failure to make lease rental payments. Notice of Termination of Mining Lease was recorded on July 8, 2015 with the Esmeralda County Recorder. The Mining Lease with Tonogold Resources Inc. is null and void. During 2016 Tonopah Divide acquired a 100% interest

in the adjoining three Belcher Divide patented mining claims which had been part of Centerra Gold's future drilling program. A Quiet Title action on all of the Company's property was completed in September 2017. On December 15, 2017, the Company signed a Mining Lease with its neighbor in the Divide Mining District, West Kirkland Mining Inc. (now West Vault Mining Inc.) West Kirkland Mining Inc. terminated its Mining Lease effective December 15, 2019 due to budget constraints. The Company benefited from \$750,000 spent on exploration of the Gold Mountain portion of its property during the lease period. Tonopah Divide Mining Company has leased its property to America's Gold Exploration, Inc. See Tonopah Divide Mining Company www.tonopahdivideminings.com website.

Flowerly is the second largest shareholder (12.42%) of California-Engels Mining Company, incorporated in California in 1901 and owner of 1,070 acres of patented mining claims and fee lands in the Lights Creek Mining District, Plumas County, California comprising the Engels and Superior copper mines and the certified Engelmine Forest tree farm. During the 1920's the Company on the northern end of the Plumas Copper Belt was the largest producer of copper in California. The mines closed with the beginning of the Great Depression of the 1930's. The Company is a lessor of its mining property. Their website is calengels.com. From 1964 to 1993 its property was leased to Placer Development Ltd., Vancouver, Canada. Placer's extensive drilling and sampling of underground workings at the Superior Mine developed a substantial copper resource. Effective April 18, 2006, the Engels and Superior copper mines were leased to Sheffield Resources Ltd., Vancouver, Canada. Nevoro Inc., Toronto, Canada, acquired Sheffield on July 29, 2008. 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. In 2009 Nevoro drilled three more holes at the Engels Mine. An airborne geophysical survey of the property was conducted in May, 2010 and four additional holes were drilled at the Engels Mine in June, 2010. No exploration work was done by the mineral lessee during 2011 and 2012. On July 27, 2013, Crown Mining Corp, now US Copper 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. (US Copper Corp.) acquired the Moonlight Valley copper property of Canyon Copper Corp. thus consolidating the Lights Creek Mining District. During 2017 Crown Mining Corp. (US Copper Corp.) retained Tetra Tech, Inc. to complete a Preliminary Economic Assessment (PEA) on its Moonlight-Superior Copper Project. The PEA was completed April 12, 2018. See US Copper Corp. Website: uscoppercorp.com for more information and current developments. The mineral deposits of the Lights Creek Mining District are recognized as the largest known unmined copper resources in California.

In 1981 the Company purchased all of the outstanding shares of Tenabo Gold Placers, Inc., a Nevada corporation, from Norman Lamb, James Brousseau and Daniel Weston for 300,000 shares of the Company stock. Tenabo Gold Placers, Inc. was the General Partner for Tenabo Gold Placers Limited Partnership. The partnership owned the Tenabo Gold Placers at Tenabo, Bullion Mining District, Lander County, Nevada. During the 1970's the partnership drilled nine KLAM drill holes and 13 rotary holes using a megabit. The reserves developed by this program were leased to Major Barite Inc. and Aaron Mining Inc. in 1982 with a five percent (5%) gross royalty. Production royalties were paid in cash or in kind at the option of the partnership. The partnership took 27.66 ounces of placer

gold in royalty payments from 1982 to 1984. At the termination of the partnership in 1990 the Company purchased the 27.66 ounces of placer gold inventory for \$5,717 which it retains.

The Company retained a three percent (3%) gross royalty on placer gold production from claims formerly owned by Tenabo Gold Placers Limited Partnership.

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

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.

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

IX. SECURITIES OWNERSHIP OF OFFICERS DIRECTORS AND CONTROLLING PERSONS

Title of Class	Beneficial Owner	Amount and Nature	Percent
Common Stock Par Value \$.10 per share	Valerie M. Brousseau	545,000 shares Owned of record	7.05%
	Norman A. Lamb	2,763,190 shares owned of record	35.73%
	M. Blair Ogden	116,000 shares Owned of record	1.50%

X. FINANCIAL STATEMENTS

The financial statements for the years ending September 30, 2023, 2022 and 20201 are attached and made a part of this Public Information Statement.

XI. BROKER DEALER

The Company's common stock traded on the Over the Counter (OTC) market. Its stock symbol is "FLOD". 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, this 12th day of December, 2023

THE FLOWERY GOLD MINES COMPANY OF NEVADA

By *Norman A. Lamb*

Norman A. Lamb,
President

The Flowery Gold Mines Company of Nevada

Consolidated Financial Statements

September 30, 2023 and 2022

(unaudited)



Katherine A. Lamb, Treasurer

December 11, 2023

Dated

The Flowery Gold Mines Company of Nevada
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September 30, 2023

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The Flowery Gold Mines Company of Nevada
Consolidated Balance Sheets
September 30, 2023 and 2022
(Unaudited)

	<u>2023</u>	<u>2022</u>
Assets		
<i>Current Assets</i>		
Cash	\$ 450,297	\$ 424,804
Prepaid expense	1,239	1,200
<i>Total Current Assets</i>	<u>451,536</u>	<u>426,004</u>
<i>Net Property, Plant and Equipment</i>	<u>27,617</u>	<u>28,276</u>
<i>Other Assets</i>		
Equity investments	489,149	604,564
Investment in gold at cost	5,717	5,717
Deposits	50	50
<i>Total Other Assets</i>	<u>494,916</u>	<u>610,331</u>
Total Assets	<u><u>\$ 974,069</u></u>	<u><u>\$ 1,064,611</u></u>
Liabilities and Stockholders' Equity		
<i>Current Liabilities</i>		
Accounts payable	\$ 700	\$ 15,003
<i>Total Current Liabilities</i>	<u>700</u>	<u>15,003</u>
<i>Noncurrent Liabilities</i>		
Deferred income taxes	42,108	60,885
<i>Total Noncurrent Liabilities</i>	<u>42,108</u>	<u>60,885</u>
<i>Total Liabilities</i>	<u>42,808</u>	<u>75,888</u>
<i>Stockholders' Equity</i>		
Common stock, par value \$0.10; 10,000,000 shares authorized, 7,733,523 shares issued, and 7,591,533 shares outstanding	773,352	773,352
Paid-in capital	61,357	51,798
Stock discount	(325,153)	(325,153)
Treasury stock at cost, 141,990 shares	(4,681)	(4,681)
Retained earnings	426,386	493,407
<i>Total Stockholders' Equity</i>	<u>931,261</u>	<u>988,723</u>
Total Liabilities and Stockholders' Equity	<u><u>\$ 974,069</u></u>	<u><u>\$ 1,064,611</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, 2023, 2022, and 2021
(Unaudited)

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Revenue			
Stock maintenance fees	\$ 3,500	\$ -	\$ 3,000
Stock transfer fees	1,250	-	-
Rents	-	-	10,000
Total Revenue	<u>4,750</u>	<u>-</u>	<u>13,000</u>
Operating and General Expense			
Legal and accounting	7,875	14,999	5,488
Office expenses	7,242	2,759	2,160
Fees and licenses	6,685	6,430	7,425
Director fees	3,000	1,500	-
Miscellaneous	2,982	362	500
Property taxes	2,788	1,309	2,318
Insurance	1,200	1,046	2,303
Depreciation	659	432	1,033
Water	473	569	713
Telephone	-	-	1,499
Building maintenance and utilities	-	-	5,190
Total Operating and General Expense	<u>32,904</u>	<u>29,406</u>	<u>28,629</u>
Operating Loss	<u>(28,154)</u>	<u>(29,406)</u>	<u>(15,629)</u>
Other Income (Loss)			
Royalties	28,434	20,916	9,463
Interest income	696	533	-
Miscellaneous income	-	749	3,997
Unrealized (losses) gains on equity securities	(91,486)	111,904	36,582
Gain on asset disposals	5,512	-	516,635
Total Other Income (Loss)	<u>(56,844)</u>	<u>134,102</u>	<u>566,677</u>
(Loss) Income Before Taxes	<u>(84,998)</u>	<u>104,696</u>	<u>551,048</u>
Income Tax Benefit (Provision)	<u>17,977</u>	<u>(19,678)</u>	<u>(140,599)</u>
Net (Loss) Income	<u>\$ (67,021)</u>	<u>\$ 85,018</u>	<u>\$ 410,449</u>
(Loss) Earnings Per Share	<u>\$ (0.0088)</u>	<u>\$ 0.0112</u>	<u>\$ 0.0541</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, 2023, 2022, and 2021
(Unaudited)

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Capital Stock			
\$0.10 par value; 10,000,000 shares authorized, 7,733,523 shares issued; and 7,591,533 shares outstanding	<u>\$ 773,352</u>	<u>\$ 773,352</u>	<u>\$ 773,352</u>
Paid-in Capital			
Balance at beginning of year	51,798	51,798	51,798
Contribution of equity investments	<u>9,559</u>	<u>-</u>	<u>-</u>
Balance at end of year	<u>61,357</u>	<u>51,798</u>	<u>51,798</u>
Stock Discount	<u>(325,153)</u>	<u>(325,153)</u>	<u>(325,153)</u>
Treasury Stock	<u>(4,681)</u>	<u>(4,681)</u>	<u>(4,681)</u>
Retained Earnings			
Balance at beginning of year	493,407	408,389	(2,060)
Net (loss) income	<u>(67,021)</u>	<u>85,018</u>	<u>410,449</u>
Balance at end of year	<u>426,386</u>	<u>493,407</u>	<u>408,389</u>
Total Stockholders' Equity	<u>\$ 931,261</u>	<u>\$ 988,723</u>	<u>\$ 903,705</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, 2023, 2022, and 2021
(Unaudited)

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Cash Flows from Operating Activities			
Net (Loss) Income	\$ (67,021)	\$ 85,018	\$ 410,449
<i>Adjustments to reconcile net (loss) income to net cash (used) provided by operating activities</i>			
Depreciation	659	432	1,033
Unrealized losses (gains) on equity investments	91,486	(111,904)	(36,582)
Gain on asset disposals	(5,512)	-	(516,635)
Deferred income taxes	(18,777)	18,878	8,617
Changes in operating assets and liabilities			
Prepaid expense	(39)	(1,200)	2,303
Insurance proceeds receivable	-	116,775	(116,775)
Deferred revenue	-	-	(1,000)
Accounts payable	(14,303)	14,003	1,000
Insurance proceeds payable	-	(193,373)	193,373
Income taxes payable	-	(131,182)	131,182
Net Cash (Used) Provided by Operating Activities	<u>(13,507)</u>	<u>(202,553)</u>	<u>76,965</u>
Cash Flows from Investing Activities			
Net proceeds from asset disposals	39,000	-	535,880
Purchase of property and equipment	-	(3,291)	-
Net Cash Provided (Used) by Investing Activities	<u>39,000</u>	<u>(3,291)</u>	<u>535,880</u>
Net Change in Cash	25,493	(205,844)	612,845
Cash, Beginning of Year	<u>424,804</u>	<u>630,648</u>	<u>17,803</u>
Cash, End of Year	<u>\$ 450,297</u>	<u>\$ 424,804</u>	<u>\$ 630,648</u>
Supplemental Disclosure of Cash Flow Information			
<i>Cash paid during the year for</i>			
Income taxes	<u>\$ 800</u>	<u>\$ 131,982</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 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.

Subsequent Events

In preparing these consolidated financial statements, the Company has evaluated events and transactions for potential recognition or disclosure through December 11, 2023, the date the consolidated financial statements were available to be issued.

Property, Plant and Equipment

Property, plant 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. 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 Flowery Gold Mines Company of Nevada
Notes to Consolidated Financial Statements
September 30, 2023
(Unaudited)

1. Summary of Significant Accounting Policies (continued)

Fair Value of Financial Instruments (continued)

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.

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 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.

2. Property, Plant and Equipment

The following table reflects a summary of property, plant and equipment as of September 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Land	\$ 25,417	\$ 25,417
Equipment	<u>3,291</u>	<u>3,291</u>
Total Property, Plant and Equipment	28,708	28,708
Less accumulated depreciation	<u>(1,091)</u>	<u>(432)</u>
Net Property, Plant and Equipment	<u>\$ 27,617</u>	<u>\$ 28,276</u>

On August 4, 2021, the executive office located at 117 Crescent Street, Greenville, California was destroyed by the Dixie Wildfire in Plumas County, California. The Company received net insurance proceeds of \$535,880 and recognized a gain on disposal of \$516,635 for the year ended September 30, 2021. The Company is working with Pacific Gas & Electric to negotiate a settlement to the Company for damage done to its property.

Depreciation expense for the years ended September 30, 2023, 2022, and 2021 amounted to \$659, \$432, and \$1,033, respectively.

The Flowery Gold Mines Company of Nevada
Notes to Consolidated Financial Statements
September 30, 2023
(Unaudited)

2. Property, Plant and Equipment (continued)

Mining Claims and Properties Owned

At September 30, 2023, 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, 2023 and 2022 and its results of operations for the years ended September 30, 2023, 2022, and 2021:

	<u>Balance Sheets</u>		
	<u>2023</u>	<u>2022</u>	
Total Assets	\$ 362,088	\$ 375,537	
Total Liabilities	<u>(300)</u>	<u>(6,933)</u>	
Net Assets	<u>\$ 361,788</u>	<u>\$ 368,604</u>	
	<u>Statements of Operations</u>		
	<u>2023</u>	<u>2022</u>	<u>2021</u>
Total Revenue	\$ 5,446	\$ 533	\$ 533,631
Total Expense	<u>(12,261)</u>	<u>(9,069)</u>	<u>(149,082)</u>
Net (Loss) Income	<u>\$ (6,815)</u>	<u>\$ (8,536)</u>	<u>\$ 384,549</u>

The Flowery Gold Mines Company of Nevada
Notes to Consolidated Financial Statements
September 30, 2023
(Unaudited)

4. Investments

At September 30, 2023, the equity securities portfolio was comprised of items with readily determinable fair values. In accordance with the provisions of ASC 321, *Investments – Equity Securities Topic*, those equity securities are reported as an asset at their fair value.

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Net gains and (losses) recognized during the year on equity securities	\$ (85,974)	\$ 111,904	\$ 36,582
Less: Net gains recognized during the year on equity securities sold during the year	<u>(5,512)</u>	<u>-</u>	<u>-</u>
Unrealized gains and (losses) recognized during the year on equity securities still held at year-end	<u>\$ (91,486)</u>	<u>\$ 111,904</u>	<u>\$ 36,582</u>

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, 2023 and 2022 according to their classification in the fair value hierarchy and the change in fair values during the respective years:

	<u>2023</u>				Change in Fair Values in Current Period Earnings
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>	
Equity Securities	<u>\$ 206,750</u>	<u>\$ 282,399</u>	<u>\$ -</u>	<u>\$ 489,149</u>	<u>\$ 91,486</u>
	<u>2022</u>				Change in Fair Values in Current Period Earnings
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>	
Equity Securities	<u>\$ 184,760</u>	<u>\$ 419,804</u>	<u>\$ -</u>	<u>\$ 604,564</u>	<u>\$ 111,904</u>

No transfers between level 1 and level 2 occurred during the years ended September 30, 2023 or 2022. The Company considers any transfer between fair value hierarchy levels to have occurred at the end of the reporting period.

The Flowery Gold Mines Company of Nevada
Notes to Consolidated Financial Statements
September 30, 2023
(Unaudited)

6. Placer Gold Investment

The Company held 25.66 ounces of placer gold, as of September 30, 2023 and 2022. 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 was \$47,437 at September 30, 2023 and \$42,809 at September 30, 2022. 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, 2023.

8. Treasury Stock

The Company held 141,990 shares of treasury stock at a cumulative cost of \$4,681 at September 30, 2023.

9. Income Taxes

The income tax benefit (provision) consisted of the following for the years ended September 30, 2023, 2022 and 2021:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Federal income taxes - deferred	\$ 18,777	\$ (18,878)	\$ (8,617)
Federal income taxes	-	-	(88,998)
State income taxes	<u>(800)</u>	<u>(800)</u>	<u>(42,984)</u>
Income tax benefit (provision)	<u>\$ 17,977</u>	<u>\$ (19,678)</u>	<u>\$ (140,599)</u>

The reconciliation between the effective tax rate on net (loss) income and the statutory tax rate is as follows for the years ended September 30, 2023, 2022 and 2021:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Income tax (benefit) provision at federal statutory rate	\$ (17,391)	\$ 21,986	\$ 116,691
State tax provision, net of federal benefit	632	632	32,584
Change in federal net operating loss carryforward	(1,418)	4,058	(7,723)
Change in valuation allowance	-	-	(2,275)
Other permanent differences	<u>200</u>	<u>(6,998)</u>	<u>1,322</u>
Income tax (benefit) provision	<u>\$ (17,977)</u>	<u>\$ 19,678</u>	<u>\$ 140,599</u>

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9. Income Taxes (continued)

The components of net deferred income tax liabilities consisted of the following at September 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Deferred tax assets		
Net operating loss carryforward	\$ 22,543	\$ 23,278
Net operating loss carryforward - subsidiary	4,841	3,166
Valuation allowance	-	-
	<u>27,384</u>	<u>26,444</u>
Deferred tax liabilities		
Investment in pass-through entities	30,854	29,479
Net unrealized gain on securities	<u>38,638</u>	<u>57,850</u>
	<u>69,492</u>	<u>87,329</u>
Net deferred tax liabilities	<u>\$ (42,108)</u>	<u>\$ (60,885)</u>

At September 30, 2023, the Company and its subsidiary had a federal net operating loss carryforward of \$125,350. 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 2019. 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 were as follows:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Net (Loss) Income - Numerator	\$ (67,021)	\$ 85,018	\$ 410,449
Shares - Denominator	<u>7,591,533</u>	<u>7,591,533</u>	<u>7,591,533</u>
(Loss) Income per Share	<u>\$ (0.0088)</u>	<u>\$ 0.0112</u>	<u>\$ 0.0541</u>

11. Related Party Transactions

The Company's wholly owned subsidiary receives rents from two other entities that share key management personnel with the Company. The amount of rental income from such entities amounted to \$10,000 for the year ended September 30, 2021. No rent was received during the years ended September 30, 2023 and 2022 due to the Dixie Wildfire which destroyed the office building on August 4, 2021.

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 \$3,500 for the year ended September 30, 2023 and \$3,000 for the year ended September 30, 2021.

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 \$6,000, \$1,200, and \$1,200 for the years ended September 30, 2023, 2022, and 2021, respectively.