

# MGC VENTURES, INC.

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NOTICE OF ANNUAL MEETING OF SHAREHOLDERS  
TO BE HELD ON  
November 20, 2025

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TO: THE SHAREHOLDERS OF MGC VENTURES, INC.

The 2025 annual meeting (the “Meeting”) of shareholders of MGC Ventures, Inc. (the “Company”) will be held at the Spokane Club in the Riverside Conference Room located at 1002 W. Riverside Ave, Spokane, Washington on Thursday, the 20th day of November 2025 at 10:00 a.m. local time for the following purposes:

- (1) To elect five members to the board of directors of the Company to hold such positions until the next annual meeting of shareholders or until their successors are elected and have qualified; and
- (2) To conduct any other business as may properly come before the Meeting or any adjournment or postponement thereof.

Shareholders of record at the close of business on October 1, 2025 are entitled to vote at the Meeting and any adjournment(s) or postponement(s) thereof. Whether or not you plan to attend the Meeting, please sign, date and return the enclosed proxy in the reply envelope provided as promptly as possible. Your proxy may be revoked by you at any time prior to the Meeting. The prompt return of your proxy will assist the Company in obtaining a quorum of shareholders for the Meeting, but will not affect your ability to change your vote by subsequent proxy or by attending the Meeting and voting in person. If you are unable to attend, your signed proxy will assure that your vote is counted.

BY ORDER OF THE BOARD OF DIRECTORS

*/s/ David P. Onzay, CFO*

Spokane, Washington  
October 16, 2025

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# **MGC VENTURES, INC.**

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## **PROXY STATEMENT FOR ANNUAL MEETING OF SHAREHOLDERS To Be Held on November 20, 2025**

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This proxy statement is furnished in connection with the solicitation of proxies by the Board of Directors of MGC VENTURES, INC., a Washington corporation (the “Company”), for the 2025 annual meeting (the “Meeting”) of shareholders of the Company to be held at 10:00 a.m., local time, on November 20, 2025 and any adjournment or postponement thereof. These proxy materials were first mailed to shareholders on or about October 16, 2025.

The Meeting will be held at the Spokane Club in the Riverside Conference Room located at 1002 W. Riverside Ave., Spokane, Washington.

### **PURPOSE OF MEETING**

The specific proposal to be considered and acted upon at the Meeting is summarized in the enclosed Notice of Annual Meeting of Shareholders.

### **VOTING RIGHTS AND SOLICITATIONS**

The Company’s common shares are the only security entitled to vote at the Meeting. If you were a shareholder of record of common shares of the Company at the close of business on October 1, 2025 (the “record date”), you may vote at the Meeting. On all matters requiring a shareholder vote at the Meeting, excluding the election of directors, each shareholder is entitled to one vote, in person or by proxy, for each common share of the Company recorded in his or her name, unless otherwise stated in this Proxy Statement.

With respect to the election of directors, each shareholder is entitled to cumulate his or her votes, meaning that such shareholder can multiply the number of shares owned by the number of board positions to be filled (of which there are five) and allocate such votes for all or as many director-nominees as he or she designates.

On the record date, 14,932,105 common shares of the Company were outstanding and eligible to be voted at the Meeting.

Pursuant to the Washington Business Corporation Act and the Company’s bylaws, the affirmative vote of the holders of a majority of the shares present at the Meeting, in person or by proxy, is required to elect directors.

Abstentions and broker non-votes will be treated as present for purposes of obtaining a quorum with respect to all matters to be considered at the Meeting, but will not be counted for or against any of the proposals to be voted upon at the Meeting.

If you are unable to attend the Meeting, you may vote by proxy. The enclosed proxy card is solicited by the Board of Directors of the Company and when returned, properly completed, will be voted as you direct on your proxy card. If the card is returned with no instructions on how the shares are to be voted, shares represented by such proxies will be voted **FOR** approval of Item 1.

You may revoke or change your proxy at any time before it is exercised at the Meeting. To do this, send a written notice of revocation or another signed proxy bearing a later date to the secretary of the Company at P.O. Box 204, Chattaroy, WA 99003. You may also revoke your proxy by giving notice and voting in person at the Meeting.

### **COSTS OF SOLICITATION**

The cost of soliciting proxies will be borne by the Company. In addition, the Company will reimburse custodians, nominees and fiduciaries for their expenses in forwarding solicitation material to beneficial owners. Proxies may also be solicited personally or by telephone, telegram or facsimile by certain representatives of the Company, including directors, executive officers and other employees, who will not receive additional compensation therefor. The total cost of proxy solicitation, including legal fees and expenses incurred in connection with the preparation of this Proxy Statement, is estimated to be \$5,000.

### **SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**

The following table sets forth as of October 1, 2025, the names of, and number of common shares beneficially owned by, persons known to the Company to own more than five percent (5%) of the Company's common shares; the names of, and number of common shares beneficially owned by each director and executive officer of the Company; and the number of common shares beneficially owned by, all directors and executive officers as a group. At such date, 14,932,105 common shares of the Company were outstanding.

| Name of Owner                                               | Title                                 | Beneficial Ownership | Percent of Class |
|-------------------------------------------------------------|---------------------------------------|----------------------|------------------|
| Rockne J. Timm                                              | President and Director                | 2,748,267            | 18.4%            |
| A. Douglas Belanger                                         | Executive Vice President and Director | 2,778,999            | 18.6%            |
| David P. Onzay                                              | Chief Financial Officer               | 392,895              | 2.6%             |
| Chris D. Mikkelsen                                          | Director                              | 594,753              | 4.0%             |
| James H. Coleman                                            | Director                              | 1,114,503            | 7.5%             |
| Patrick D. McChesney                                        | Director                              | 839,019              | 5.6%             |
| All directors and executive officers as a group (6 persons) |                                       | 8,468,436            | 56.7%            |

**Equity Incentive Plan** – The Company's 2016 Equity Incentive Plan (the "Plan") provides for the issuance of up to 4,000,000 shares of Common Stock. As of October 16, 2025, no options to purchase shares of Common Stock were outstanding, no restricted shares have been granted from the Plan, and 4,000,000 options remained available for grant under the Plan. The Plan is set to expire on June 9, 2026.

**The KSOP Plan** – The Company maintains a combined 401(k) salary reduction plan and stock ownership plan for the benefit of eligible employees of the Company. The KSOP Plan, which has not been utilized to date, was adopted by the Board of Directors on January 28, 1997 and approved by the shareholders on June 12, 1997.

### **DIRECTORS AND EXECUTIVE OFFICERS**

The names, business experience (for at least the last five years) and positions of the directors and executive officers of the Company as of October 16, 2025 are set out below. The Company's Board of Directors presently consists of five members. All directors presently serve until the next annual meeting of the Company's shareholders or until their successors are elected and qualified. Officers are appointed by the Board of Directors. There are no family relationships among these officers, nor any arrangements or understandings between any officer and any other person pursuant to which the officer was elected.

***Rockne J. Timm***, President and Director

Mr. Timm became President in 1996 and has been a Director since 1989. He was a Director of Gold Reserve Ltd. (formerly Gold Reserve Inc.) from 1984 until December 2024. He was Chief Executive Officer of Gold Reserve Ltd. and its predecessor from 1988 through February 2024, and prior to that he was President of Gold Reserve Ltd. from 1988 through 2003. Mr. Timm is also President and a Director of Great Basin Energies, Inc. Mr. Timm resides in Spokane, Washington.

***A. Douglas Belanger***, Vice President and Director

Mr. Belanger became Vice President and a Director in 1997. He also serves as Vice President and a Director of Great Basin Energies, Inc. Prior to his retirement from Gold Reserve Ltd. (formerly Gold Reserve Inc.) on December 31, 2022, he had been President since January 2004, and Executive VP 1988 through 2003, and a Director of Gold Reserve Ltd., and its predecessor since 1988. Mr. Belanger resides in Spokane, Washington.

***David P. Onzay***, Chief Financial Officer

Mr. Onzay became the Company's Chief Financial Officer in January 2022 and is also the Chief Financial Officer of Gold Reserve Ltd. (formerly Gold Reserve Inc.) and Great Basin Energies, Inc. He has been with the Company for over 30 years and previously served as the Company Controller. Mr. Onzay resides in Colbert, Washington.

***Chris D. Mikkelsen***, Director

Mr. Mikkelsen became a Director in 1997 and is also a Director of Great Basin Energies, Inc. Mr. Mikkelsen is retired. Prior to his retirement, he was a certified public accountant and, since 1976, his principal occupation was as a certified public accountant at the firm of Eide Bailly LLP (formerly McDirmid, Mikkelsen & Secrest, P.S.) based in Spokane, Washington. Mr. Mikkelsen resides in Spokane, Washington.

***James H. Coleman, K.C.***, Director

Mr. Coleman became a Director of the company in 1996. He is also a Director of Great Basin Energies, Inc. and various other public companies. Until December 2024, he was President, Chairman Emeritus and a Director of Gold Reserve Ltd. (formerly Gold Reserve Inc.). He is an attorney and recently retired senior partner of Norton Rose Fulbright Canada LLP and resides in Calgary, Alberta.

***Patrick McChesney***, Director

Mr. McChesney became a Director in 1989 and is also a Director of Great Basin Energies, Inc. Prior to his retirement, he was chief financial officer and chief technology officer of Foothills Auto Group, an automobile dealership group based in Spokane, Washington, a position he had held since 2005. Mr. McChesney resides in Las Vegas, Nevada.

### **EXECUTIVE COMPENSATION**

On December 10, 2024, the Board authorized payment of \$5,000 to David P. Onzay, a Named Executive Officer.

#### **Options Granted to Named Executive Officers and Directors During the Year Ended December 31, 2024.**

No options were granted to the Named Executive Officers and Directors during the fiscal year ended December 31, 2024.

## **ITEM NO. 1- ELECTION OF DIRECTORS**

At the Meeting, five directors are to be elected. Unless authority to vote is withheld on a proxy, proxies in the form enclosed will be voted for the director-nominees identified below. If any nominee is not available for election (a contingency which the Company does not now foresee), it is the intention of the Board of Directors to recommend the election of a substitute nominee, and proxies in the form enclosed will be voted for the election of such substitute nominee unless authority to vote such proxies in the election of directors has been withheld.

### **NOMINEES TO THE BOARD OF DIRECTORS**

| <b>Name</b>          | <b>Position Held</b>                  | <b>Since</b> | <b>Age</b> |
|----------------------|---------------------------------------|--------------|------------|
| Rockne J. Timm       | President and Director                | 1989         | 80         |
| A. Douglas Belanger  | Executive Vice President and Director | 1997         | 72         |
| Chris D. Mikkelsen   | Director                              | 1997         | 74         |
| James H. Coleman     | Director                              | 1997         | 75         |
| Patrick D. McChesney | Director                              | 1989         | 75         |

***Background of Nominees.*** The business experience for the past five years of all nominees is set forth in the section titled Directors and Executive Officers of this Proxy Statement.

***Requisite Approval.*** The affirmative vote of a majority of the shares present at the Meeting, in person or by proxy, is required to elect directors. Shareholders are entitled to cumulate their votes in voting for directors.

### **THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE FOREGOING NOMINEES TO THE BOARD OF DIRECTORS.**

## **CONCLUSION**

It is important that proxies be returned promptly. Shareholders are requested to vote, sign, date and promptly return the proxy in the enclosed self-addressed envelope. The board of directors knows of no other matters, which may be presented for shareholder action at the Meeting. If other matters do properly come before the Meeting, it is intended that the persons named in the proxies will vote on such proposals according to their best judgment.

A COPY OF THE COMPANY'S 2024 FINANCIAL STATEMENTS IS ENCLOSED WITH THIS PROXY STATEMENT.

BY ORDER OF THE BOARD OF DIRECTORS

/s/ David P. Onzay, CFO

**MGC VENTURES, INC.**

**FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED DECEMBER 31, 2024, 2023 AND 2022**

**MGC VENTURES, INC.**  
**Balance Sheets**  
December 31, 2024 and 2023  
(Unaudited - Expressed in U.S. dollars)

**ASSETS**

|                                       | 2024              | 2023                |
|---------------------------------------|-------------------|---------------------|
| <b>Current Assets:</b>                |                   |                     |
| Cash and cash equivalents (Note 3)    | \$ 362,591        | \$ 396,338          |
| Marketable equity securities (Note 4) | 407,771           | 714,890             |
| Prepaid expenses                      | 3,465             | 3,360               |
| Total assets                          | <u>\$ 773,827</u> | <u>\$ 1,114,588</u> |

**LIABILITIES AND SHAREHOLDERS' EQUITY**

|                                            |                   |                     |
|--------------------------------------------|-------------------|---------------------|
| <b>Current Liabilities:</b>                |                   |                     |
| Accounts payable and accrued expenses      | \$ 510            | \$ 10,603           |
| Total current liabilities                  | <u>510</u>        | <u>10,603</u>       |
| Deferred income tax liability (Note 8)     | -                 | 6,360               |
| Total liabilities                          | <u>510</u>        | <u>16,963</u>       |
| <b>Shareholders' Equity:</b>               |                   |                     |
| Preferred stock: \$ .001 par value         |                   |                     |
| Authorized: 10,000,000 shares              |                   |                     |
| Issued and outstanding: None               |                   |                     |
| Common stock: \$ .001 par value            |                   |                     |
| Authorized: 90,000,000 shares              |                   |                     |
| Issued and outstanding:                    |                   |                     |
| 2024 and 2023...14,932,105 shares          | 14,932            | 14,932              |
| Additional paid-in capital                 | 293,028           | 293,028             |
| Stock options                              | 100,429           | 100,429             |
| Retained earnings                          | 364,928           | 689,236             |
| Total shareholders' equity                 | <u>773,317</u>    | <u>1,097,625</u>    |
| Total liabilities and shareholders' equity | <u>\$ 773,827</u> | <u>\$ 1,114,588</u> |

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

**MGC VENTURES, INC.**  
**Statements of Income (Loss) and Comprehensive Income (Loss)**  
For the Years Ended December 31, 2024, 2023 and 2022  
*(Unaudited - Expressed in U.S. dollars)*

|                                                                 | <b>2024</b>  | <b>2023</b> | <b>2022</b> |
|-----------------------------------------------------------------|--------------|-------------|-------------|
| <b>INCOME (LOSS)</b>                                            |              |             |             |
| Interest income                                                 | \$ 19,195    | \$ 19,903   | \$ 5,867    |
| Unrealized gain (loss) on marketable equity securities (Note 4) | (307,119)    | 387,124     | 20,647      |
|                                                                 | (287,924)    | 407,027     | 26,514      |
| <b>EXPENSES</b>                                                 |              |             |             |
| General and administrative                                      | 34,659       | 33,376      | 21,244      |
| Legal and accounting                                            | 8,085        | 19,026      | 15,543      |
|                                                                 | 42,744       | 52,402      | 36,787      |
| Net income (loss) before income tax                             | (330,668)    | 354,625     | (10,273)    |
| Income tax (expense) benefit (Note 8)                           | 6,360        | (6,360)     | –           |
| Net income (loss) and comprehensive income (loss)               | \$ (324,308) | \$ 348,265  | \$ (10,273) |
| Net income (loss) per share:                                    |              |             |             |
| Basic and diluted                                               | \$ (0.02)    | \$ 0.02     | \$ NIL      |
| Weighted average common shares outstanding:                     |              |             |             |
| Basic and diluted                                               | 14,932,105   | 14,932,105  | 14,932,105  |

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

**MGC VENTURES, INC.**  
**Statements of Changes in Shareholders' Equity**  
For the Years Ended December 31, 2024, 2023 and 2022  
*(Unaudited - Expressed in U.S. dollars)*

|                            | <u>Common Stock</u> |           | Additional         | Stock      | Retained   |
|----------------------------|---------------------|-----------|--------------------|------------|------------|
|                            | Shares              | Amount    | Paid-In<br>Capital | Options    | Earnings   |
| Balance, December 31, 2021 | 14,932,105          | \$ 14,932 | \$ 293,028         | \$ 100,429 | \$ 351,244 |
| Net loss                   | —                   | —         | —                  | —          | (10,273)   |
| Balance, December 31, 2022 | 14,932,105          | 14,932    | 293,028            | 100,429    | 340,971    |
| Net income                 | —                   | —         | —                  | —          | 348,265    |
| Balance, December 31, 2023 | 14,932,105          | 14,932    | 293,028            | 100,429    | 689,236    |
| Net loss                   | —                   | —         | —                  | —          | (324,308)  |
| Balance, December 31, 2024 | 14,932,105          | \$ 14,932 | \$ 293,028         | \$ 100,429 | \$ 364,928 |

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

**MGC VENTURES, INC.**  
**Statements of Cash Flows**  
For the Years Ended December 31, 2024, 2023 and 2022  
*(Unaudited - Expressed in U.S. dollars)*

|                                                                                      | 2024         | 2023       | 2022        |
|--------------------------------------------------------------------------------------|--------------|------------|-------------|
| <b>Cash Flows from Operating Activities:</b>                                         |              |            |             |
| Net income (loss)                                                                    | \$ (324,308) | \$ 348,265 | \$ (10,273) |
| Adjustments to reconcile net income (loss) to net cash used in operating activities: |              |            |             |
| Unrealized (gain) loss on marketable equity securities                               | 307,119      | (387,124)  | (20,647)    |
| Changes in non-cash working capital:                                                 |              |            |             |
| Net increase in prepaid expense                                                      | (105)        | (152)      | (916)       |
| Net increase (decrease) in accounts payable and accrued expenses                     | (10,093)     | 5,247      | 1,539       |
| Income tax expense (benefit)                                                         | (6,360)      | 6,360      | –           |
| Net cash used in operating activities                                                | (33,747)     | (27,404)   | (30,297)    |
| <b>Change in Cash and Cash Equivalents:</b>                                          |              |            |             |
| Net decrease in cash and cash equivalents                                            | (33,747)     | (27,404)   | (30,297)    |
| Cash and cash equivalents – beginning of period                                      | 396,338      | 423,742    | 454,039     |
| Cash and cash equivalents – end of period                                            | \$ 362,591   | \$ 396,338 | \$ 423,742  |

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

# MGC VENTURES, INC.

## Notes to Financial Statements

### 1. THE COMPANY AND SIGNIFICANT ACCOUNTING POLICIES

**The Company.** MGC Ventures, Inc. was incorporated under the laws of the State of Utah on December 11, 1984, and re-domiciled in the State of Washington in May 2001, for the purpose of acquiring mining properties and exploring for commercial ore deposits. The Company is not presently engaged in any mining activities. These financial statements have been prepared in accordance with U.S. generally accepted accounting principles.

**Use of Estimates.** The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Cash and cash equivalents.** The Company considers short-term, highly liquid investments purchased with an original maturity of three months or less to be cash equivalents for purposes of reporting cash equivalents and cash flows.

**Income Taxes.** The Company uses the liability method of accounting for income taxes. Deferred tax assets and liabilities are determined based on the differences between the tax basis of assets and liabilities and those amounts reported in the financial statements. The deferred tax assets or liabilities are calculated using the enacted tax rates expected to apply in the periods in which the differences are expected to be settled. Deferred tax assets are recognized to the extent that they are considered more likely than not to be realized.

**Net Income (Loss) Per Share.** Basic earnings per share is computed by dividing net loss by the weighted average number of shares outstanding during the period. The computation of diluted earnings per share is based on the treasury stock method which assumes that stock options are only exercised when the exercise price is below the average market price during the period, and that the Company will use the proceeds to purchase its common shares at the average market price during the period. In periods in which a loss is incurred, the effect of potential issuances of shares under options would be anti-dilutive, and therefore basic and diluted loss per share are the same. The Company classifies interest and penalties on underpayment of income tax as income tax expense.

**Marketable Securities.** The Company's marketable securities consist of equity securities which are reported at fair value with changes in fair value included in the statement of income (loss).

**Financial Instruments.** Marketable securities are measured at fair value at each reporting date, with the change in value recognized in the statement of income (loss) as a gain or loss. Cash and cash equivalents and accounts payable are accounted for at amortized cost which approximates fair value.

**Segment Information.** We operate as a single operating and reportable segment: acquiring mineral properties. The Company is not presently engaged in any mining activities. Our Chief Operating Decision Maker ("CODM") is our Board of Directors. Our CODM decides how to allocate resources based on available cash and marketable equity securities, as reported on the Balance Sheets. The amount of cash and marketable equity securities is used to guide decisions on how to invest in and pursue business opportunities. Our CODM also reviews total assets, as reported on the Balance Sheets, and cash flows from operating activities, as reported on the Statements of Cash Flows. Significant segment expenses include the costs and expenses presented in the Statements of Operations.

## MGC VENTURES, INC.

### Notes to Financial Statements

## 2. NEW ACCOUNTING POLICIES

### Recently issued accounting pronouncements

In November 2024, the FASB issued ASU 2024-03, Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-40). This update was issued to improve the disclosures about a public entity's expenses and address requests from investors for more detailed information about the types of expenses included in commonly presented expense captions. This update is effective commencing with the annual period beginning after December 15, 2026. The Company is evaluating the impact of the adoption of this standard on its financial statements.

In December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740). This update is intended to enhance the transparency and decision usefulness of income tax disclosures primarily through improvements related to rate reconciliation and income taxes paid information. This update is effective commencing with the annual period beginning after December 15, 2024. The Company does not expect the adoption of this standard to have a material impact on its financial statements or disclosures.

### Adopted in the year

In November 2023, the FASB issued ASU 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures. This update expands public entities' segment disclosures by requiring disclosure of significant segment expenses that are regularly provided to the chief operating decision maker and included within each reported measure of segment profit or loss and interim disclosures of a reportable segment's profit or loss and assets. The standard was effective for the Company's annual reporting for the year ended December 31, 2024, and subsequent interim periods. The adoption of this standard did not have a material impact on the Company's financial statements or disclosures.

## 3. CASH AND CASH EQUIVALENTS

|                        | December 31,<br>2024 | December 31,<br>2023 |
|------------------------|----------------------|----------------------|
| Bank deposits          | \$ 21,031            | \$ 1,569             |
| Short term investments | 341,560              | 394,769              |
| Total                  | <u>\$ 362,591</u>    | <u>\$ 396,338</u>    |

Short term investments include money market funds and US treasury bills which mature in three months or less.

## 4. MARKETABLE EQUITY SECURITIES

The Company's marketable equity securities are recorded at quoted market value. Gains and losses on marketable securities are recorded in the statements of income (loss). For the years ended December 31, 2024, 2023 and 2022, the Company recorded unrealized gain (loss) on marketable equity securities of (\$307,119), \$387,124 and \$20,647, respectively.

As of December 31, 2024 and 2023 the price per share of Gold Reserve Ltd. (formerly Gold Reserve Inc.) was \$1.58 and \$2.77, respectively. In June 2019, the Company received \$196,143 as a return of capital from Gold Reserve Ltd. (formerly Gold Reserve Inc.), resulting in a reduction of the book cost basis to \$67,805. Marketable equity securities at December 31, 2024 and 2023 were as follows:

|                                        | Number of<br>Common Shares | Cost             | Unrealized<br>Gain | Carrying/<br>Market Value |
|----------------------------------------|----------------------------|------------------|--------------------|---------------------------|
| December 31, 2024<br>Gold Reserve Ltd. | 258,083                    | <u>\$ 67,805</u> | <u>\$ 339,966</u>  | <u>\$ 407,771</u>         |
| December 31, 2023<br>Gold Reserve Ltd. | 258,083                    | <u>\$ 67,805</u> | <u>\$ 647,085</u>  | <u>\$ 714,890</u>         |

## MGC VENTURES, INC.

### Notes to Financial Statements

Accounting Standards Codification (“ASC”) 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels: Level 1 inputs are quoted prices in active markets for identical assets or liabilities, Level 2 inputs are inputs other than quoted prices included within Level 1 that are directly or indirectly observable for the asset or liability and Level 3 inputs are unobservable inputs for the asset or liability that reflect the entity’s own assumptions. The fair value of the Company’s marketable equity securities is considered to be the market value shown above which is based on Level 1 inputs.

#### 5. RELATED PARTY TRANSACTIONS

The Company rents office space from Gold Reserve Ltd. (formerly Gold Reserve Inc.) for \$500 per month. The Chief Financial Officer of the Company is also a senior officer and shareholder of Gold Reserve Ltd. (formerly Gold Reserve Inc.).

#### 6. EMPLOYEE BENEFIT KSOP PLAN

During 1997, the Company adopted and the shareholders approved a combined 401(k) salary reduction plan and stock ownership plan (the KSOP plan). The salary reduction component of the KSOP plan enables eligible employees of the Company to defer, from current taxation, a portion of his/her salary and receive matching contributions from the Company. The stock ownership component of the KSOP plan was established to provide eligible employees an opportunity to own stock in the Company. Neither component of the KSOP plan had been utilized as of December 31, 2024.

#### 7. EQUITY INCENTIVE PLAN

The Company’s equity incentive plan provides for the grant of stock options, stock appreciation rights and restricted stock to its employees, directors and consultants. Up to 4,000,000 shares may be issued under the plan, of which 1,500,000 shares may be restricted stock. For the years ended December 31, 2024 and 2023 no shares had been granted under the plan.

#### 8. INCOME TAX

The components of the deferred income tax assets and liabilities as of December 31, 2024 and 2023 were as follows:

|                                                 | 2024      | 2023       |
|-------------------------------------------------|-----------|------------|
| Deferred income tax assets                      |           |            |
| Net operating loss carryforwards                | \$ 78,255 | \$ 73,310  |
| Valuation allowance                             | (63,080)  | —          |
|                                                 | 15,175    | 73,310     |
| Deferred income tax liabilities                 |           |            |
| Unrealized gain on marketable equity securities | (15,175)  | (79,670)   |
| Net deferred income tax liability               | \$ —      | \$ (6,360) |

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. In 2022, the Company has recorded a valuation allowance to reflect the estimated amount of the deferred tax assets which may not be realized, principally due to the uncertainty of utilization of net operating losses prior to expiration. The valuation allowance for deferred tax assets was reduced in 2023 due to a change in our estimate of future taxable income as a result of unrealized gains on marketable equity securities. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible.

## MGC VENTURES, INC.

### Notes to Financial Statements

The expense (benefit) for income taxes shown in the statements of income (loss) and comprehensive income (loss) for the years ended December 31, 2024, 2023 and 2022 differs from that calculated using the federal statutory rate applied to pre-tax income as follows:

|                                              | <b>2024</b>       |            | <b>2023</b>     |          | <b>2022</b> |          |
|----------------------------------------------|-------------------|------------|-----------------|----------|-------------|----------|
|                                              | Amount            | %          | Amount          | %        | Amount      | %        |
| Expense (benefit) at federal statutory rates | \$ (69,440)       | (21)       | \$ 74,471       | 21       | \$ (2,157)  | (21)     |
| Change in valuation allowance                | 63,080            | 19         | (68,111)        | (19)     | 2,157       | 21       |
|                                              | <u>\$ (6,360)</u> | <u>(2)</u> | <u>\$ 6,360</u> | <u>2</u> | <u>\$ —</u> | <u>—</u> |

For U.S. federal tax purposes, net operating losses incurred in 2018 and after are carried forward indefinitely. At December 31, 2024, the Company had the following U.S. federal tax basis loss carryforwards:

| Amount            | Expiration<br>Year |
|-------------------|--------------------|
| \$ 4,864          | 2030               |
| 34,422            | 2031               |
| 24,408            | 2032               |
| 19,920            | 2033               |
| 32,696            | 2034               |
| 29,906            | 2035               |
| 30,444            | 2036               |
| 21,293            | 2037               |
| <u>174,691</u>    | —                  |
| <u>\$ 372,644</u> |                    |