

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended September 30, 2024

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to _____

Commission File No. **001-41320**

IDAHO STRATEGIC RESOURCES, INC

(Name of small business issuer in its charter)

Idaho

(State or other jurisdiction of incorporation or organization)

82-0490295

(I.R.S. employer identification No.)

201 N. Third Street, Coeur d'Alene, ID 83814
(Address of principal executive offices) (zip code)

(208) 625-9001

Registrant's telephone number, including area code

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol(s)	Name of Each Exchange on Which Registered
Common Stock, \$0.00 par value	IDR	NYSE American

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer", "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act:

Large Accelerated Filer
Non-Accelerated Filer

Accelerated Filer
Small Reporting Company
Emerging Growth Company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicated by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act):
Yes No

APPLICABLE ONLY TO CORPORATE ISSUERS:

At November 1, 2024, 13,661,139 shares of the registrant's common stock were outstanding.

IDAHO STRATEGIC RESOURCES, INC
QUARTERLY REPORT ON FORM 10-Q
FOR THE QUARTERLY PERIOD
ENDED SEPTEMBER 30, 2024

TABLE OF CONTENTS

<u>PART I -FINANCIAL INFORMATION</u>	3
<u>ITEM 1. Financial Statements</u>	3
<u>ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	16
<u>ITEM 3. Quantitative and Qualitative Disclosures about Market Risk</u>	19
<u>ITEM 4. Controls and Procedures</u>	19
<u>PART II OTHER INFORMATION</u>	20
<u>ITEM 1. Legal Proceedings</u>	20
<u>ITEM 2. Unregistered Sales of Equity Securities and Use of Proceeds</u>	20
<u>ITEM 3. Defaults Upon Senior Securities</u>	20
<u>ITEM 4. Mine Safety Disclosures</u>	20
<u>ITEM 5. Other Information</u>	20
<u>ITEM 6. Exhibits</u>	21

[Table of Contents](#)

PART I - FINANCIAL INFORMATION

ITEM 1: Financial Statements

**Idaho Strategic Resources, Inc.
Condensed Consolidated Balance Sheets (Unaudited)**

	September 30, 2024	December 31, 2023
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 8,392,556	\$ 2,286,999
Investments in debt securities	3,198,452	-
Gold sales receivable	1,054,051	1,038,867
Government grant receivable	418,000	-
Inventories	971,507	876,681
Joint venture receivable	855	2,080
Investment in equity securities	-	5,649
Other current assets	405,267	236,837
Total current assets	<u>14,440,688</u>	<u>4,447,113</u>
Property, plant and equipment, net of accumulated depreciation	11,565,402	10,233,640
Mineral properties, net of accumulated amortization	10,013,290	7,898,878
Investment in Buckskin Gold and Silver, Inc	340,348	338,769
Investment in joint venture	435,000	435,000
Investments in debt securities, non-current	2,940,780	-
Reclamation bond	249,110	251,310
Deposits	842,743	285,079
Total assets	<u>\$ 40,827,361</u>	<u>\$ 23,889,789</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued expenses	\$ 1,366,345	\$ 484,221
Accrued payroll and related payroll expenses	445,848	266,670
Notes payable, current portion	802,312	978,246
Total current liabilities	<u>2,614,505</u>	<u>1,729,137</u>
Asset retirement obligations	300,602	286,648
Notes payable, long term	2,117,715	1,338,406
Total long-term liabilities	<u>2,418,317</u>	<u>1,625,054</u>
Total liabilities	<u>5,032,822</u>	<u>3,354,191</u>
Commitments Notes 5 and 9	-	-
Stockholders' equity:		
Preferred stock, no par value, 1,000,000 shares authorized; no shares issued or outstanding	-	-
Common stock, no par value, 200,000,000 shares authorized; September 30, 2024-13,462,705 and December 31, 2023- 12,397,615 shares issued and outstanding	43,929,336	34,963,739
Accumulated deficit	(10,877,376)	(17,210,638)
Total Idaho Strategic Resources, Inc stockholders' equity	33,051,960	17,753,101
Non-controlling interest	2,742,579	2,782,497
Total stockholders' equity	<u>35,794,539</u>	<u>20,535,598</u>
Total liabilities and stockholders' equity	<u>\$ 40,827,361</u>	<u>\$ 23,889,789</u>

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

[Table of Contents](#)

**Idaho Strategic Resources, Inc.
Condensed Consolidated Statements of Operations (Unaudited)**

For the Three and Nine-Month Periods Ended September 30, 2024 and 2023

	September 30, 2024		September 30, 2023	
	Three Months	Nine Months	Three Months	Nine Months
Revenue:				
Sales of products	\$ 6,153,287	\$ 18,177,607	\$ 3,301,221	\$ 9,879,332
Total revenue	<u>6,153,287</u>	<u>18,177,607</u>	<u>3,301,221</u>	<u>9,879,332</u>
Costs of Sales:				
Cost of sales and other direct production costs	2,670,417	7,825,357	1,831,847	6,079,697
Depreciation and amortization	485,514	1,443,232	363,442	1,034,521
Total costs of sales	<u>3,155,931</u>	<u>9,268,589</u>	<u>2,195,289</u>	<u>7,114,218</u>
Gross profit	2,997,356	8,909,018	1,105,932	2,765,114
Other operating expenses:				
Exploration	1,185,460	2,073,364	435,439	916,250
Management	92,967	292,380	58,998	183,477
Professional services	81,663	320,889	80,856	444,899
General and administrative	203,732	543,851	117,178	504,241
(Gain) loss on disposal of equipment	(6,000)	1,431	-	(224)
Total other operating expenses	<u>1,557,822</u>	<u>3,231,915</u>	<u>692,471</u>	<u>2,048,643</u>
Operating income	<u>1,439,534</u>	<u>5,677,103</u>	<u>413,461</u>	<u>716,471</u>
Other (income) expense: Equity (income) loss on investment in Buckskin Gold and Silver, Inc	(1,301)	(1,579)	(1,608)	(2,965)
Timber revenue net of costs	-	(19,406)	-	(20,724)
Loss on investment in equity securities	-	453	1,543	4,423
Interest income	(167,801)	(247,904)	(23,560)	(61,253)
Interest expense	37,128	83,295	33,103	52,999
Government grant income	(418,000)	(418,000)	-	-
Total other (income) expense	<u>(549,974)</u>	<u>(603,141)</u>	<u>9,478</u>	<u>(27,520)</u>
Net income	1,989,508	6,280,244	403,983	743,991
Net loss attributable to non-controlling interest	(14,772)	(53,018)	(16,696)	(65,080)
Net income attributable to Idaho Strategic Resources, Inc.	<u>\$ 2,004,280</u>	<u>\$ 6,333,262</u>	<u>\$ 420,679</u>	<u>\$ 809,071</u>
Net income per common share-basic	<u>\$ 0.15</u>	<u>\$ 0.49</u>	<u>\$ 0.03</u>	<u>\$ 0.07</u>
Weighted average common share outstanding-basic	<u>13,111,073</u>	<u>12,821,279</u>	<u>12,256,523</u>	<u>12,238,172</u>
Net income per common share-diluted	<u>\$ 0.15</u>	<u>\$ 0.49</u>	<u>\$ 0.03</u>	<u>\$ 0.07</u>
Weighted average common shares outstanding- diluted	<u>13,259,638</u>	<u>13,012,689</u>	<u>12,263,318</u>	<u>12,243,055</u>

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

[Table of Contents](#)

Idaho Strategic Resources, Inc.
Condensed Consolidated Statement of Changes in Stockholders' Equity (Unaudited)
For the Three and Nine-Month Periods Ended September 30, 2024 and 2023

	Common Stock Shares	Common Stock Amount	Accumulated Deficit Attributable to Idaho Strategic Resources, Inc	Non- Controlling Interest	Total Stockholders' Equity
Balance January 1, 2023	12,098,070	\$ 33,245,622	\$ (18,368,384)	\$ 2,835,832	\$ 17,713,070
Contribution from non-controlling interest in New Jersey Mill					
Joint Venture	-	-	-	1,601	1,601
Issuance of common stock for cash, net of offering costs	158,453	878,503	-	-	878,503
Net income (loss)	-	-	60,599	(16,413)	44,186
Balance March 31, 2023	<u>12,256,523</u>	<u>34,124,125</u>	<u>(18,307,785)</u>	<u>2,821,020</u>	<u>18,637,360</u>
Contribution from non-controlling interest in New Jersey Mill					
Joint Venture	-	-	-	16,409	16,409
Net income (loss)	-	-	327,793	(31,971)	295,822
Balance June 30, 2023	<u>12,256,523</u>	<u>34,124,125</u>	<u>(17,979,992)</u>	<u>2,805,458</u>	<u>18,949,591</u>
Contribution from non-controlling interest in New Jersey Mill					
Joint Venture	-	-	-	1,637	1,637
Net income (loss)	-	-	420,679	(16,696)	403,983
Balance September 30, 2023	<u>12,256,523</u>	<u>\$ 34,124,125</u>	<u>\$ (17,559,313)</u>	<u>\$ 2,790,399</u>	<u>\$ 19,355,211</u>
Balance January 1, 2024	12,397,615	34,963,739	(17,210,638)	2,782,497	20,535,598
Contribution from non-controlling interest in New Jersey Mill					
Joint Venture	-	-	-	1,598	1,598
Issuance of common stock for cash, net of offering costs	127,152	847,492	-	-	847,492
Issuance of common stock for warrants exercised	147,026	823,346	-	-	823,346
Issuance of common stock for stock options exercise	5,357	29,999	-	-	29,999
Issuance of common stock for cashless stock options exercise	5,887	-	-	-	-
Net income (loss)	-	-	2,171,109	(15,295)	2,155,814
Balance March 31, 2024	<u>12,683,037</u>	<u>36,664,576</u>	<u>(15,039,529)</u>	<u>2,768,800</u>	<u>24,393,847</u>
Contribution from non-controlling interest in New Jersey Mill					
Joint Venture	-	-	-	10,647	10,647
Issuance of common stock for cash, net of offering costs	137,864	1,313,392	-	-	1,313,392
Issuance of common stock for warrants exercised	29,763	166,673	-	-	166,673
Issuance of common stock for stock options exercise	21,429	120,002	-	-	120,002
Issuance of common stock for cashless stock options exercise	86,481	-	-	-	-
Net income (loss)	-	-	2,157,873	(22,951)	2,134,922

Balance June 30, 2024	12,958,574	38,264,643	(12,881,656)	2,756,496	28,139,483
Contribution from non-controlling interest in New Jersey Mill					
Joint Venture	-	-	-	855	855
Issuance of common stock for cash, net of offering costs	399,858	5,271,332	-	-	5,271,332
Issuance of common stock for warrants exercised	47,027	263,351	-	-	263,351
Issuance of common stock for stock options exercise	23,216	130,010	-	-	130,010
Issuance of common stock for cashless stock options exercise	34,030	-	-	-	-
Net income (loss)	-	-	2,004,280	(14,772)	1,989,508
Balance September 30, 2024	<u>13,462,705</u>	<u>\$ 43,929,336</u>	<u>\$ (10,877,376)</u>	<u>\$ 2,742,579</u>	<u>\$ 35,794,539</u>

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

[Table of Contents](#)

**Idaho Strategic Resources, Inc.
Condensed Consolidated Statements of Cash Flows (Unaudited)
For the Nine-Month Periods Ended September 30, 2024 and 2023**

	September 30,	
	2024	2023
Cash flows from operating activities:		
Net income	\$ 6,280,244	\$ 743,991
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	1,443,232	1,034,521
Loss (gain) on disposal of equipment	1,431	(224)
Accretion of asset retirement obligation	13,954	11,874

Loss on investment in equity securities	453	4,423
Equity income on investment in Buckskin Gold and Silver, Inc	(1,579)	(2,965)
Write down of reclamation bond	300	-
Change in operating assets and liabilities:		
Gold sales receivable	(15,184)	(217,607)
Inventories	(94,826)	(83,180)
Government grant receivable	(418,000)	-
Joint venture receivable	1,225	289
Other current assets	(168,430)	(141,434)
Accounts payable and accrued expenses	882,124	(81,167)
Accrued payroll and related payroll expenses	179,178	74,547
Net cash provided by operating activities	<u>8,104,122</u>	<u>1,343,068</u>
Cash flows from investing activities:		
Purchases of property, plant, and equipment	(1,188,481)	(467,655)
Deposits on equipment	(923,228)	(25,000)
Proceeds from sale of equipment	6,000	8,500
Additions to mineral property	(1,544,271)	(645,962)
Purchase of reclamation bond	(5,000)	-
Refund of reclamation bond	6,900	75,710
Purchase of investments in debt securities	(6,139,232)	-
Proceeds from sale of investment in equity securities	5,196	-
Purchase of equity securities	-	(11,100)
Net cash used by investing activities	<u>(9,782,116)</u>	<u>(1,065,507)</u>
Cash flows from financing activities:		
Proceeds from sale of common stock, net of issuance cost	7,432,216	878,503
Proceeds from issuance of common stock for warrants exercised	1,253,370	-
Proceeds from issuance of common stock for stock options exercised	280,011	-
Principal payments on notes payable	(1,195,146)	(766,714)
Principal payments on notes payable, related parties	-	(75,183)
Contributions from non-controlling interest	13,100	19,647
Net cash provided by financing activities	<u>7,783,551</u>	<u>56,253</u>
Net change in cash and cash equivalents	6,105,557	333,814
Cash and cash equivalents, beginning of period	2,286,999	1,638,031
Cash and cash equivalents, end of period	<u>\$ 8,392,556</u>	<u>\$ 1,971,845</u>
Non-cash investing and financing activities:		
Deposit on equipment applied to purchase	\$ 365,564	\$ 76,110
Notes payable for equipment	\$ 1,148,521	\$ 1,110,737
Notes payable for mineral property	\$ 650,000	\$ -

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

Table of Contents

Idaho Strategic Resources, Inc
Notes to Condensed Consolidated Financial Statements (Unaudited)

1. The Company and Significant Accounting Policies

These unaudited interim condensed consolidated financial statements have been prepared by the management of Idaho Strategic Resources, Inc. ("IDR", "Idaho Strategic" or the "Company") in accordance with accounting principles generally accepted in the United States of America for interim financial information. Accordingly, they do not include all the information and footnotes required by generally accepted accounting principles for complete consolidated financial statements. In the opinion of the Company's management, all adjustments (consisting of only normal recurring accruals) considered necessary for a fair statement of the interim condensed consolidated financial statements have been included.

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities known to exist as of the date the financial statements are published, and the reported amounts of revenues and expenses during the reporting period. Uncertainties with respect to such estimates and assumptions are inherent in the preparation of the Company's consolidated financial statements; accordingly, it is possible that the actual results could differ from these estimates and assumptions, which could have a material effect on the reported amounts of the Company's consolidated financial position and results of operations. Operating results for the three and nine-month periods ended September 30, 2024, are not necessarily indicative of the results that may be expected for the full year ending December 31, 2024.

For further information refer to the financial statements and footnotes thereto in the Company's audited consolidated financial statements for the year ended December 31, 2023, in the Company's Form 10-K as filed with the Securities and Exchange Commission on March 25, 2024.

Principles of Consolidation

The condensed consolidated financial statements include the accounts of the Company and its majority-owned subsidiary, the New Jersey Mill Joint Venture ("NJMJV"). Intercompany accounts and transactions are eliminated. The portion of entities owned by other investors is presented as non-controlling interests on the condensed consolidated balance sheets and statements of operations.

Revenue Recognition

Gold Revenue Recognition and Receivables-Sales of gold sold directly to customers are recorded as revenues and receivables upon completion of the performance obligations and transfer of control of the product to the customer. For concentrate sales, the performance obligation is met, the transaction price can be reasonably estimated, and revenue is recognized generally at the time of shipment at estimated forward prices for the anticipated month of settlement. Due to the time elapsed from shipment to the customer and the final settlement with the customer, prices at which sales of concentrates will be settled are estimated. Previously recorded sales and accounts receivable are adjusted to estimated settlement metals prices until final settlement by the customer. For sales of doré and metals from doré, the performance obligation is met, the transaction price is known, and revenue is recognized at the time of transfer of control of the agreed-upon metal quantities to the customer by the refiner.

Sales and accounts receivable for concentrate shipments are recorded net of charges by the customer for treatment, refining, smelting losses, and other charges negotiated with the customers. Charges are estimated upon shipment of concentrates based on contractual terms, and actual charges typically do not vary materially from estimates. Costs charged by customers include fixed costs per ton of concentrate and price escalators. Refining, selling, and shipping costs related to sales of doré and metals from doré are recorded to cost of sales as incurred. See Note 4 for more information on our sales of products.

Other Revenue Recognition-Revenue from harvest of raw timber is recognized when the performance obligation under a contract and transfer of the

timber have both been completed. Sales of timber found on the Company's mineral properties are not a part of normal operations.

Inventories

Inventories are stated at the lower of full cost of production or estimated net realizable value based on current metal prices. Costs consist of mining, transportation, and milling costs including applicable overhead, depreciation, depletion, and amortization relating to the operations. Costs are allocated based on the stage at which the ore is in the production process. Supplies inventory is stated at the lower of cost or estimated net realizable value.

Mine Exploration and Development Costs

The Company expenses exploration costs as such in the period they occur. The mine development stage begins once the Company identifies ore reserves which is based on a determination whether an ore body can be economically developed. Expenditures incurred during the development stage are capitalized as deferred development costs and include such costs for drift, ramps, raises, and related infrastructure. Costs to improve, alter, or rehabilitate primary development assets which appreciably extend the life, increase capacity, or improve the efficiency or safety of such assets are also capitalized. The development stage ends when the production stage of ore reserves begins. Amortization of deferred development costs is calculated using the units-of-production method over the expected life of the operation based on the estimated recoverable mineral ounces.

Fair Value Measurements

When required to measure assets or liabilities at fair value, the Company uses a fair value hierarchy based on the level of independent, objective evidence surrounding the inputs used. The Company determines the level within the fair value hierarchy in which the fair value measurements in their entirety fall. The categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. Level 1 uses quoted prices in active markets for identical assets or liabilities, Level 2 uses significant other observable inputs, and Level 3 uses significant unobservable inputs. The amount of the total gains or losses for the period that are included in earnings are attributable to the change in unrealized gains or losses relating to those assets and liabilities still held at the reporting date. At December 31, 2023, the Company had equity securities measured at fair value using level 1 quoted prices and no liabilities required measurement at fair value. At September 30, 2024, the Company had no assets or liabilities that required measurement at fair value on a recurring basis.

Table of Contents

Idaho Strategic Resources, Inc
Notes to Condensed Consolidated Financial Statements (Unaudited)

1. The Company and Significant Accounting Policies (continued)

Accounting for Investments in Joint Ventures ("JV") and Equity Method Investments

Investment in JVs-For JVs where the Company holds more than 50% of the voting interest and has significant influence, the JV is consolidated with the presentation of non-controlling interest. In determining whether significant influence exists, the Company considers its participation in policy-making decisions and its representation on the venture's management committee.

For JVs in which the Company does not have joint control or significant influence, the cost method is used. For those JVs in which there is joint control between the parties, the equity method is utilized whereby the Company's share of the ventures' earnings and losses is included in the statement of operations as earnings in JVs and its investments therein are adjusted by a similar amount. The Company periodically assesses its investments in JVs for impairment. If management determines that a decline in fair value is other than temporary it will write-down the investment and charge the impairment against operations.

Equity Method Investments-Investments in companies and joint ventures in which the Company has the ability to exercise significant influence, but do not control, are accounted for under the equity method of accounting. In determining whether significant influence exists, the Company considers its participation in policy-making decisions and representation on governing bodies. Under the equity method of accounting, our share of the net earnings or losses of the investee are included in net income (loss) in the consolidated statements of operations. We evaluate equity method investments whenever events or changes in circumstance indicate the carrying amounts of such investments may be impaired. If a decline in the value of an equity method investment is determined to be other than temporary, a loss is recorded in earnings in the current period. At September 30, 2024, and December 31, 2023, the Company's 37% common stock holding of Buckskin Gold and Silver, Inc. ("Buckskin") is accounted for using the equity method (Note 11).

At September 30, 2024 and December 31, 2023, the Company's percentage ownership and method of accounting for each JV and equity method investment is as follows:

JV/Equity	September 30, 2024			December 31, 2023		
	% Ownership	Significant Influence?	Accounting Method	% Ownership	Significant Influence?	Accounting Method
NJMJV	65%	Yes	Consolidated	65%	Yes	Consolidated
Butte Highlands JV, LLC	50%	No	Cost	50%	No	Cost
Buckskin	37%	Yes	Equity	37%	Yes	Equity

Reclassifications

Certain prior period amounts have been reclassified to conform to the 2024 financial statement presentation. Reclassifications had no effect on net loss, stockholders' equity, or cash flows as previously reported.

Investments in Equity Securities

Investments in equity securities are generally measured at fair value. Unrealized gains and losses for equity securities resulting from changes in fair value are recognized in current earnings. If an equity security does not have a readily determinable fair value, we may elect to measure the security at its cost minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for an identical or similar investment in the same issuer. At the end of each reporting period, we reassess whether an equity investment security without a readily determinable fair value qualifies to be measured at cost less impairment, consider whether impairment indicators exist to evaluate if an equity investment security is impaired and, if so, record an impairment loss. At the end of each reporting period, unrealized gains and losses resulting from changes in fair value are recognized in current earnings. Upon sale of an equity security, the realized gain or loss is recognized in current earnings.

Investments in Debt Securities

The Company holds short term investments in United States Treasury notes and are classified as held to maturity based on management's intent and ability to hold them to maturity. Such debt securities are stated at cost, adjusted for unamortized purchase premiums and discounts and are amortized using the interest method over the stated terms of the securities. Amortization of the premium or discount is included in interest income on the consolidated statement of operations.

Government Grant Income

The Company occasionally receives grant income from various government agencies. Government grant income is recognized in earnings on a systematic basis in a manner that mirrors the manner in which the Company recognizes the underlying costs for which the grant is intended to compensate. A grant receivable is recognized for expenses or losses already incurred but for which grant funding has not yet been received. Grant funding received in excess of expenses or losses incurred is recognized as deferred revenue.

Table of Contents

Idaho Strategic Resources, Inc

Notes to Condensed Consolidated Financial Statements (Unaudited)

1. The Company and Significant Accounting Policies (continued)

New Accounting Pronouncement

In August 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2023-05, Business Combinations-Joint Venture Formations (Subtopic 805-60): Recognition and Initial Measurement, which clarifies the business combination accounting for joint venture formations. The amendments in the ASU seek to reduce diversity in practice that has resulted from a lack of authoritative guidance regarding the accounting for the formation of joint ventures in separate financial statements. The amendments also seek to clarify the initial measurement of joint venture net assets, including businesses contributed to a joint venture. The guidance is applicable to all entities involved in the formation of a joint venture. The amendments are effective for all joint venture formations with a formation date on or after January 1, 2025. Early adoption and retrospective application of the amendments are permitted. We continue to evaluate the impact of this update on our consolidated financial statements and disclosures and don't expect any changes to amounts currently reported.

In November 2023, the FASB issued ASU 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures, amending reportable segment disclosure requirements to include disclosure of incremental segment information on an annual and interim basis. Among the disclosure enhancements are new disclosures regarding significant segment expenses that are regularly provided to the chief operating decision-maker and included within each reported measure of segment profit or loss, as well as other segment items bridging segment revenue to each reported measure of segment profit or loss. The amendments in ASU 2023-07 are effective for fiscal years beginning after December 15, 2023, and for interim periods within fiscal years beginning after December 15, 2024, and are applied retrospectively. We continue to evaluate the impact of this update on our consolidated financial statements and disclosures and don't expect any changes to our current reportable segments.

In December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740): Improvement to Income Tax Disclosures, amending income tax disclosure requirements for the effective tax rate reconciliation and income taxes paid. The amendments in ASU 2023-09 are effective for fiscal years beginning after December 15, 2024 and are applied prospectively. Early adoption and retrospective application of the amendments are permitted. We continue to evaluate the impact of this update on our consolidated financial statements and don't expect any changes to amounts currently reported.

Management does not believe that any other recently issued, but not yet effective, accounting standards if currently adopted would have a material effect on the accompanying financial statements.

2. Investments in Debt Securities

The table below provides the components of investments in debt securities held to maturity at amortized cost and fair value at September 30, 2024 and December 31, 2023.

September 30, 2024

	Amortized Cost	Gross Unrealized gains	Gross Unrealized losses	Fair value
US Treasury notes, current	\$ 3,198,452	\$ 19,548	\$ -	\$ 3,218,000
US Treasury notes, non-current	\$ 2,940,780	\$ 24,547	\$ -	\$ 2,965,327

December 31, 2023

US Treasury notes, current	\$ -	\$ -	\$ -	\$ -
US Treasury notes, non-current	\$ -	\$ -	\$ -	\$ -

Fair value of investments in debt securities is determined using Level 1 inputs.

3. Inventories

At September 30, 2024 and December 31, 2023, the Company's inventories consisted of the following:

	September 30, 2024	December 31, 2023
Concentrate inventory		
In process	\$ -	\$ 28,778
Finished goods	480,376	239,361
Total concentrate inventory	480,376	268,139
Supplies inventory		
Mine parts and supplies	387,231	374,456
Mill parts and supplies	78,714	158,402
Core drilling supplies and materials	25,186	75,684
Total supplies inventory	491,131	608,542
Total	\$ 971,507	\$ 876,681

Table of Contents

Idaho Strategic Resources, Inc

Notes to Condensed Consolidated Financial Statements (Unaudited)

4. Sales of Products

Our products consist of both gold flotation concentrates which we sell to a single broker (H&H Metals), and an unrefined gold-silver product known as doré which we sell to a precious metal refinery (Cascade Refining). At September 30, 2024, metals that had been sold but not finally settled included 5,496 ounces of which 1,539 ounces were sold at a predetermined price with the remaining 3,957 exposed to future price changes until prices are locked in based on the month of settlement. The Company has received provisional payments on the sale of these ounces with the remaining amount due reflected in gold sales receivable. Sales of products by metal type for the three and nine-month periods ended September 30, 2024 and 2023 were as follows:

	September 30, 2024		September 30, 2023	
	Three Months	Nine Months	Three Months	Nine Months
Gold	\$ 6,286,219	\$ 18,694,113	\$ 3,458,174	\$ 10,347,001
Silver	28,028	87,621	14,283	37,630
Less: Smelter and refining charges	(160,960)	(604,127)	(171,236)	(505,299)
Total	\$ 6,153,287	\$ 18,177,607	\$ 3,301,221	\$ 9,879,332

Sales by significant product type for the three and nine-month periods ended September 30, 2024, and 2023 were as follows:

	September 30, 2024		September 30, 2023	
	Three Months	Nine Months	Three Months	Nine Months
Concentrate sales to H&H Metal	\$ 6,153,287	\$ 17,904,614	\$ 3,301,221	\$ 9,741,227
Doré sales to Cascade Refining	-	272,993	-	138,105
Total	\$ 6,153,287	\$ 18,177,607	\$ 3,301,221	\$ 9,879,332

At September 30, 2024 and December 31, 2023 our gold sales receivable balance of \$ 1,054,051, and \$1,038,867, respectively, consisted only of amounts due from H&H Metals. There is no allowance for doubtful accounts.

5. Related Party Transactions

At September 30, 2024 and December 31, 2023, there were no notes payable to related parties. On May 10, 2023, the Company paid the remaining

amount due to Ophir Holdings, a company owned by two officers and one former officer of the Company.

The Company leases office space from certain related parties on a month-to-month basis. \$ 2,000 per month is paid to NP Depot LLC, a company owned by the Company's president, John Swallow and approximately \$1,700 is paid quarterly to Mine Systems Design, Inc. which is partially owned by the Company's vice president, Grant Brackebusch. Payments under these short-term lease arrangements are included in general and administrative expenses on the Consolidated Statement of Operations and for the three and nine-month periods ended September 30, 2024 and 2023 are as follows:

September 30, 2024			September 30, 2023		
Three Months	Nine Months		Three Months	Nine Months	
\$ 7,688	\$ 22,996		\$ 6,120	\$ 18,555	

6. JV Arrangements

NJMJV Agreement

The Company owns 65% of the NJMJV and has significant influence in its operations. Thus, the JV is included in the consolidated financial statements along with presentation of the non-controlling interest. At September 30, 2024 and December 31, 2023, an account receivable existed with Crescent Silver, LLC ("Crescent"), the other JV participant, for \$855 and \$2,080, respectively, for shared operating costs as defined in the JV agreement. This account receivable is included in the Balance Sheet as Joint venture receivable.

Butte Highlands JV, LLC

On January 29, 2016, the Company purchased a 50% interest in Butte Highlands JV, LLC ("BHJV") for a total consideration of \$435,000. Highland Mining, LLC ("Highland") is the other 50% owner and manager of the JV. Under the agreement, Highland will fund all future project exploration and mine development costs. The agreement stipulates that Highland is manager of BHJV and will manage BHJV until such time as all mine development costs, less \$2 million are distributed to Highland out of the proceeds from future mine production. The Company has determined that because it does not currently have significant influence over the JV's activities, it accounts for its investment on a cost basis.

[Table of Contents](#)

Idaho Strategic Resources, Inc

Notes to Condensed Consolidated Financial Statements (Unaudited)

7. Earnings per Share

Net income (loss) per share is computed by dividing the net amount excluding net income (loss) attributable to a non-controlling interest by the weighted average number of common shares outstanding during the period. Diluted net income (loss) per share reflects the potential dilution that could occur from common shares issuable through stock options, warrants, and other convertible securities. Such common stock equivalents are included or excluded from the calculation of diluted net income (loss) per share for each period as follows:

	September 30, 2024		September 30, 2023	
	Three Months	Nine Months	Three Months	Nine Months
Incremental shares included in diluted net income (loss) per share				
Stock options	97,727	136,981	6,795	4,883
Stock purchase warrants	50,838	54,429	-	-
	<u>148,565</u>	<u>191,410</u>	<u>6,795</u>	<u>4,883</u>
Potentially dilutive shares excluded from diluted net income per share as inclusion would have an antidilutive effect:				
Stock options	-	-	321,449	321,449
Stock purchase warrants	-	-	289,294	289,294
	<u>-</u>	<u>-</u>	<u>610,743</u>	<u>610,743</u>

8. Property, Plant, and Equipment

Property, plant and equipment at September 30, 2024 and December 31, 2023 consisted of the following:

	September 30, 2024	December 31, 2023
Mill		
Land	\$ 225,289	\$ 225,289
Building	591,171	536,193
Equipment	<u>4,723,726</u>	<u>4,192,940</u>
Less accumulated depreciation	<u>5,540,186</u>	<u>4,954,422</u>
Total mill	<u>(1,579,605)</u>	<u>(1,430,323)</u>
	3,960,581	3,524,099
Building and equipment		
Buildings	664,550	624,657
Equipment	<u>10,832,978</u>	<u>8,786,492</u>
Less accumulated depreciation	<u>11,497,528</u>	<u>9,411,149</u>
Total building and equipment	<u>(4,646,122)</u>	<u>(3,455,023)</u>
	6,851,406	5,956,126
Land		
Bear Creek	266,934	266,934
BOW	230,449	230,449
Gillig	79,137	79,137
Highwater	40,133	40,133
Salmon property	<u>136,762</u>	<u>136,762</u>
Total land	<u>753,415</u>	<u>753,415</u>
Total	<u><u>\$ 11,565,402</u></u>	<u><u>\$ 10,233,640</u></u>

Deposits on equipment in the statement of cash flows for the first nine months of 2024 of \$ 923,228 includes \$137,100 for mining equipment and \$786,128 for paste backfill buildings and equipment to be delivered in the 4th quarter of 2024.

9. Mineral Properties

Mineral properties at September 30, 2024 and December 31, 2023 consisted of the following:

	September 30, 2024	December 31, 2023
Golden Chest		
Mineral Property	\$ 4,239,581	\$ 4,191,189
Infrastructure	<u>3,869,669</u>	<u>2,814,164</u>
Total Golden Chest	<u>8,109,250</u>	<u>7,005,353</u>
New Jersey	256,768	256,768
McKinley-Monarch	200,000	200,000
Butte Gulch	1,174,429	124,055
Potosi	150,385	150,385
Park Copper/Gold	78,000	78,000
Eastern Star	250,817	250,817
Oxford	40,000	-
Less accumulated amortization	<u>(246,359)</u>	<u>(166,500)</u>
Total	<u><u>\$ 10,013,290</u></u>	<u><u>\$ 7,898,878</u></u>

Table of Contents

Idaho Strategic Resources, Inc

Notes to Condensed Consolidated Financial Statements (Unaudited)

9. Mineral Properties (continued)

In February 2024 the Company purchased the surface rights and subsequently cancelled the NSR from the previous agreement with the seller for a 169-acre parcel known as Butte Gulch, adjacent to the Golden Chest. The Company had already owned the mineral rights to this property. The purchase price was \$1,001,000 of which \$351,000 was paid in cash and the remaining \$650,000 is payable to the seller (monthly interest only payments at 5% interest, for three years with a balloon payment of \$650,000 at the end of the term).

For the three and nine-month periods ended September 30, 2024 and 2023, interest expense was capitalized in association with the ramp access project at the Golden Chest Mine as follows.

September 30, 2024			September 30, 2023		
Three Months	Nine Months		Three Months	Nine Months	
\$	\$		\$	\$	
5,218	48,392		11,107	53,442	

10. Notes Payable

At September 30, 2024 and December 31, 2023, notes payable are as follows:

	September 30, 2024	December 31, 2023
Building in Salmon, Idaho, 60-month note payable, 7.00% interest payable monthly through June 2027, monthly payments of \$2,500 with a balloon payment of \$260,886 in July 2027	\$ 290,171	\$ 297,230
Butte Gulch vacant mineral property, 5.00% interest payable monthly through January 2027, monthly interest only payments of \$2,291 with a balloon payment of \$549,447 in February 2027	549,447	-
Resemin Muki Bolter, 36-month note payable, 7.00% interest payable monthly through January 2025, monthly payments of \$14,821, paid off early	-	186,557
Paus 2 yd LHD, 60-month note payable, 4.78% interest rate payable through September 2024, monthly payments of \$5,181	5,139	50,672
Paus 2 yd LHD, 60-month note payable, 3.45% interest rate payable through July 2024, monthly payments of \$4,847	-	33,541
CarryAll transport, 36-month note payable, 4.5% interest rate payable monthly through February 2024, monthly payments of \$303	-	604
CarryAll transport, 36-month note payable, 4.5% interest rate payable monthly through June 2024, monthly payments of \$627	-	3,713
Two CarryAll transports, 36-month note payable, 6.3% interest rate payable monthly through May 2025, monthly payments of \$1,515	11,843	24,591
CarryAll transport, 36-month note payable, 6.3% interest rate payable monthly through June 2025, monthly payments of \$866	7,597	14,843
Two CarryAll transports, 48-month note payable, 5.9% interest rate payable monthly through June 2027, monthly payments of \$1,174	35,678	44,447
CarryAll transport, 48-month note payable, 5.9% interest rate payable monthly through April 2028, monthly payments of \$576	22,257	-
CarryAll transport, 48-month note payable, 5.9% interest rate payable monthly through August 2028, monthly payments of \$583	24,448	-
Sandvik LH203 LHD, 36-month note payable, 4.5% interest payable monthly through May 2024, monthly payments of \$10,352	-	51,182
Sandvik LH202 LHD, 36-month note payable, 6.9% interest payable monthly through August 2025, monthly payments of \$4,933	52,437	92,948

Doosan Compressor, 36-month note payable, 6.99% interest payable monthly through July 2024, monthly payments of \$602	-	4,126
Komatsu WX04 LHD, 24-month note payable, 8.24% interest rate payable monthly through April 2026, monthly payments of \$16,642	295,486	-
Caterpillar 306 excavator, 48-month note payable, 4.6% interest payable monthly through November 2024, monthly payments of \$1,512	3,006	16,251
Caterpillar R1600 LHD, 48-month note payable, 4.5% interest rate payable through January 2025, monthly payments of \$17,125, paid off early	-	216,880
Caterpillar R1600 LHD bucket, 24-month note payable, 2.06% interest rate payable monthly through April 2026, monthly payments of \$4,572	80,974	-
Caterpillar AD30 underground truck, 40-month note payable, 8.01% interest rate payable through October 2026, monthly payments of \$29,656	680,765	899,417
Caterpillar 259D3 skid steer, 36-month note payable, 8.50% interest rate payable monthly through December 2026, monthly payments of \$1,836	44,972	58,156
Watermark Filter Press, 60-month note payable, 8.2% interest rate payable monthly through September 2029, monthly payments of \$9,868	483,920	-
BHS Sonthofen Batch Mixer, 60-month note payable, 8.2% interest rate payable monthly through September 2029, monthly payments of \$1,630	79,940	-
SBA Economic Injury Disaster ("EIDL") Loan 30 year note payable, 3.75% interest payable monthly through December 2054, monthly payments of \$731	157,767	160,123
2022 Dodge Ram, 75-month note payable, 5.99% interest rate payable monthly through June 2028, monthly payments of \$1,152	46,334	54,418
2016 Dodge Ram, 75-month note payable, 5.99% interest rate payable monthly through June 2028, monthly payments of \$1,190	47,846	56,194
2020 Ford Transit Van, 72-month note payable, 9.24% interest rate payable monthly through December 2028, monthly payments of \$1,060, paid off early	-	50,759
Total notes payable	2,920,027	2,316,652
Due within one year	802,312	978,246
Due after one year	<u>\$ 2,117,715</u>	<u>\$ 1,338,406</u>

[Table of Contents](#)

Idaho Strategic Resources, Inc

Notes to Condensed Consolidated Financial Statements (Unaudited)

10. Notes Payable (continued)

All notes except the SBA EIDL loan are collateralized by the property or equipment purchased in connection with each note. Future principal payments of notes payable at September 30, 2024 are as follows:

12 months ended September 30,	
2025	\$ 802,312
2026	666,516
2027	1,018,135
2028	155,594
2029	135,381
2030	3,503
Thereafter	138,586
Total	<u>\$ 2,920,027</u>

11. Investment in Buckskin

The investment in Buckskin is being accounted for using the equity method and resulted in recognition of change of equity value on the investment of income of \$1,301 and \$1,579 for the respective three and nine-month periods ended September 30, 2024 and income of \$ 1,608 and \$2,965 for the respective three and nine-month periods ended September 30, 2023. The Company makes an annual payment of \$12,000 to Buckskin per a mineral lease covering 218 acres of patented mining claims. As of September 30, 2024, the Company holds 37% of Buckskin's outstanding shares.

12. Stockholders' Equity

Stock Issuance Activity

In the first nine months of 2024 the Company issued common stock as follows:

- Sold 664,874 shares of common stock at an average price of \$ 11.18 per share for net proceeds of \$ 7,432,216.
- Issued 223,816 shares of common stock upon exercise of warrants for \$ 1,253,370.
- Issued 50,002 shares of common stock upon exercise of stock options for \$ 280,011.
- Issued 126,398 shares of common stock for outstanding stock options via cashless exercise.

Stock Purchase Warrants Outstanding

The activity in stock purchase warrants is as follows:

	Number of Warrants	Exercise Prices
Balance December 31, 2022 and 2023	289,294	\$ 5.60-7.00
Exercised	(147,026)	\$ 5.60
Balance March 31, 2024	142,268	\$ 5.60-7.00
Exercised	(29,763)	\$ 5.60
Balance June 30, 2024	112,505	\$ 5.60-7.00
Exercised	(47,027)	\$ 5.60
Balance September 30, 2024	<u><u>65,478</u></u>	<u><u>\$ 5.60-7.00</u></u>

These warrants expire as follows:

	Shares	Exercise Price	Expiration Date
	11,906	\$ 5.60	October 15, 2024
	53,572	\$ 7.00	November 12, 2024
	<u><u>65,478</u></u>		

[Table of Contents](#)

13. Stock Options

There were no stock options granted during the nine-months ended September 30, 2024 and 2023.

Activity in the Company's stock options is as follows:

	Number of Options	Weighted Average Exercise Prices
Balance December 31, 2022	535,953	\$ 5.47
Forfeited	(58,504)	\$ 5.47
<u>Balance December 31, 2023</u>	<u>477,449</u>	<u>\$ 5.47</u>
Exercised	(22,073)	\$ 5.50
Forfeited	(10,144)	\$ 5.50
<u>Balance March 31, 2024</u>	<u>445,232</u>	<u>\$ 5.47</u>
Exercised	(218,867)	\$ 5.52
<u>Balance June 30, 2024</u>	<u>226,365</u>	<u>\$ 5.42</u>
Exercised	(82,077)	\$ 5.53
Forfeited	(13,715)	\$ 5.52
<u>Outstanding and exercisable at September 30, 2024</u>	<u>130,573</u>	<u>\$ 5.34</u>

In the three and nine-month periods ending September 30, 2024, 58,861 and 273,015 options were exchanged for 34,030 and 126,399 shares, respectively, in a cashless exercise by employees. The intrinsic value of these options was \$466,201 and \$1,320,963 for the three and nine-month periods ended September 30, 2024, respectively. At September 30, 2024, outstanding stock options have a weighted average remaining term of approximately 0.58 years and have an intrinsic value of \$ 1,401,549.

14. Subsequent Events

Subsequent to September 30, 2024:

- 97,500 shares of common stock have been issued for net proceeds of \$ 1,635,017.
- 65,478 shares of common stock have been issued in exchange for outstanding warrants for \$ 441,678.
- 53,573 stock options were exchanged for 35,456 shares of common stock in a cashless exercise by employees.

[Table of Contents](#)

Forward-Looking Statements

Certain statements contained in this Form 10-Q, including in Management's Discussion and Analysis of Financial Condition and Results of Operations and Quantitative and Qualitative Disclosures About Market Risk, are intended to be covered by the safe harbor provided for under Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Our forward-looking statements include our current expectations and projections about future results, performance, results of litigation, prospects and opportunities, including reserves and other mineralization. We have tried to identify these forward-looking statements by using words such as "may," "will," "expect," "anticipate," "believe," "intend," "feel," "plan," "estimate," "project," "forecast" and similar expressions. These forward-looking statements are based on information currently available to us

and are expressed in good faith and believed to have a reasonable basis. However, our forward-looking statements are subject to a number of risks, uncertainties and other factors that could cause our actual results, performance, prospects or opportunities to differ materially from those expressed in, or implied by, these forward-looking statements.

These risks, uncertainties and other factors include, but are not limited to, those set forth under Part I, Item 1A.—Risk Factors in our 2023 Form 10-K and in Part II, Item 1.A.—Risk Factors in this Form 10-Q. Given these risks and uncertainties, readers are cautioned not to place undue reliance on our forward-looking statements. All subsequent written and oral forward-looking statements attributable to Idaho Strategic or to persons acting on our behalf are expressly qualified in their entirety by these cautionary statements. Except as required by federal securities laws, we do not intend to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

[Table of Contents](#)

ITEM 2: MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Plan of Operation

Idaho Strategic is a gold producer and critical minerals/rare earth element ("REE") exploration company focused on a diversified asset base and cash flows from operations. Its portfolio of mineral properties are located in the historic producing silver and gold districts of the Coeur d'Alene Mining region of north Idaho and the Elk City region of north-central Idaho, as well as the historic REE-Thorium Belt located near the city of Salmon in central Idaho.

The Company's plan of operation is to generate positive cash flow, increase its gold production and asset base over time while being mindful of corporate

overhead. The Company's management is focused on utilizing its in-house technical and operating skills to build a portfolio of producing mines and milling operations with a focus on gold production and exploration for REEs.

The Company's gold properties include: the Golden Chest Mine (currently in production), and the New Jersey Mill (majority ownership interest), as well as the Eastern Star exploration property and other less advanced properties. The Company's primary focus as it relates to its gold properties is to continue to grow production at the Golden Chest Mine and look to reinvest the cash flow into both the Golden Chest, the New Jersey Mill, and furthering its exploration efforts near the Golden Chest, as well as at its REE properties.

In addition to its gold properties, Idaho Strategic has three REE exploration properties in Idaho known as Lemhi Pass, Diamond Creek, and Mineral Hill. Following observation of industry dynamics and in early response to events impacting long-term domestic critical mineral supply and demand trends, the Company's strategic expansion into REE's also aids in diversifying its holdings. The Company believes the anticipated demand for these elements in the electrification of motorized vehicles, defense spending, and a renewed focus on the United States' domestic critical minerals supply chain security may benefit domestic holders of such assets. The Company also believes it has a first-mover advantage with its addition of recognized REE land holdings in Idaho. To date, Idaho Strategic has conducted numerous exploration programs on its REE properties which include drilling, trenching, sampling, and mapping of certain areas within the Company's 19,090-acre landholdings.

Idaho Strategic has been able to demonstrate and utilize its track record of operations and experience in mining, milling, and exploring at the Golden Chest to develop relationships with different state government agencies, universities, national labs, and other government and non-government entities to advance its REE exploration activities on multiple fronts. Idaho Strategic plans to continue to look for additional partnerships to find mutually beneficial solutions to advance the U.S.' domestic REE supply chain.

Critical Accounting Estimates

We have, besides our estimates of the amount of depreciation on our assets, two critical accounting estimates. The ounces of gold contained in our process and concentrate inventory is based on assays taken at the time the ore is processed and the ounces of gold contained in shipped concentrate which is based upon assays taken prior to shipment however subject to final assays at the refinery, these shipments are also subject to the fluctuation in gold prices between our shipment date and estimated and actual final settlement date. Also, the reclamation bond obligation on our balance sheet is based on an estimate of the future cost to recover and remediate our properties as required by our permits upon cessation of our operations and may differ when we cease operations.

Our concentrate sales sometimes involve variable consideration, as they can be subject to changes in metals prices between the time of shipment and their final settlement. However, we can reasonably estimate the transaction price for the concentrate sales at the time of shipment using forward prices for the estimated month of settlement, and previously recorded sales and accounts receivable are adjusted to estimated settlement metals prices until final settlement for financial reporting purposes. The embedded derivative contained in our concentrate sales is adjusted to fair value through earnings each period prior to final settlement. It is unlikely a significant reversal of revenue for the concentrate receivable will occur upon final settlement of the lots. As such, we use the expected value method to price the concentrate until the final settlement date occurs, at which time the final transaction price is known. At September 30, 2024, metals that had been sold but not finally settled included 5,496 ounces of which 1,539 ounces were sold at a predetermined price with the remaining 3,957 exposed to future price changes until prices are locked in based on the month of settlement. The Company has received provisional payments on the sale of these ounces with the remaining amount due reflected in gold sales receivable.

Table of Contents

The asset retirement obligation and asset on our balance sheet is based on an estimate of the future cost to recover and remediate our properties as required by our permits upon cessation of our operations and may differ when we cease operations. At September 30, 2024 we reviewed our December 31, 2023 estimate that the cost of the machine and man hours probable to be needed to put our properties in the condition required by our permits once we cease operations. The September 30, 2024 estimated costs would be \$104,000 for the Golden Chest Mine property and \$224,000 for the New Jersey Mine and Mill. For purposes of the estimate, we evaluated the expected life in years and costs that, initially, are comparable to rates that we would incur at the present. An expected present value technique is used to estimate the fair value of the liability. This includes inflating the estimated costs in today's dollars using a reasonable inflation rate up to the date of expected retirement and discounting the inflated costs using a credit-adjusted risk-free rate. Upon initial recognition of the liability, the carrying amount of the related long-lived asset is increased by the same amount. The liability is accreted over time through periodic charges to earnings. In addition, the asset retirement cost is amortized over the life of the related asset. We are adding to the liability each year, and amortizing the asset over the estimated life, which decreases our net income in total each year. Changes resulting from revisions to the timing or amount of the original estimate of undiscounted cash flows are recognized as either an increase or a decrease in the carrying amount of the liability for an asset retirement obligation and the related asset retirement cost capitalized as part of the carrying amount of the related long-lived asset. Upward revisions of the amount of undiscounted estimated cash flows are discounted using the current credit-adjusted risk-free rate. Downward revisions in the amount of undiscounted estimated cash flows are discounted using the credit-adjusted risk-free rate that existed when the original liability was recognized. The Company reviews, on an annual basis, unless otherwise deemed necessary, the asset retirement obligations. Separately, the Company accrues costs associated with environmental remediation obligations when it is probable that such costs will be incurred and able to be reasonably estimated.

Highlights during the third quarter of 2024 include:

REE Exploration

- Attended the Adamas Rare Earth Mines, Magnets and Motors Conference in Toronto, Canada during the quarter.
- Subsequent to quarter end, Idaho Strategic representatives attended the International Rare Earth Elements Conference in Washington DC.

Golden Chest/Operations

- At the Golden Chest, ore mined from underground stopes totaled approximately 10,500 tonnes with all of the tonnage coming from H-Vein stopes.
- A total of 3,820 cubic meters of cemented rockfill ("CRF") were placed during the quarter which is a new quarterly record. The Main Access Ramp ("MAR") and associated attack ramps were advanced by approximately 154 meters during the quarter.
- For the quarter ended September 30, 2024, a total of 10,470 dry metric tonnes ("dmt") were processed at the Company's New Jersey mill with a flotation feed head grade of 9.32 gpt gold and gold recovery of 93.1%.
- An exploration program consisting of both underground and surface core drilling was continued during the third quarter. Underground drilling was focused on exploring the Klondike area and targeting the newly found Red Star zone and northerly projections of the H-vein. Surface drilling was completed in Butte Gulch and this rig was moved to the northern area of the Golden Chest. A third drill rig was moved to Wesp Gulch to drill down-dip on the Idaho fault and associated veining during the quarter.

Results of Operations

Our financial performance during the quarter is summarized below:

- Revenue increased 86.4% from \$3,301,221 to \$6,153,287 for the three-month periods ended September 30, 2023 and 2024, respectively. Year to date revenue increased 84% from \$9,879,332 to \$18,177,607 for the nine-month periods ended September 30, 2023 and 2024, respectively. The increase in revenue is largely due to the increased gold production compared to previous periods as well as a higher average gold price recognized on ounces produced. Gold production is expected to remain at approximately this level for the remainder of the year.
- Gross profit as a percentage of sales increased from 33.5% in the third quarter of 2023 to 48.7% in the third quarter of 2024. For the nine-month periods ending September 30, 2024 and 2023 gross profit as a percentage of sales increased to 49% from 28%.
- Exploration expense increased in both the three-month and nine-month periods ending September 30, 2024, when compared to the same periods in 2023, due to an increase in surface and underground drilling activity at the Company's Golden Chest Mine. Drilling is expected to continue throughout the fourth quarter which may result in an increased exploration expense when compared to prior periods.
- Operating income for the three-month period ended September 30, 2024 was \$1,439,534 which is an increase of \$1,026,073 from operating income of \$413,461 in the third quarter of 2023. For the nine-month period ending September 30, 2024, operating income of \$5,677,103 increased by \$4,960,632 over the same period in 2023.
- Other income increased \$559,452 from an expense of \$9,478 in the third quarter of 2023, to income of \$549,974 in the same period in 2024. Other income increased \$575,621 from \$27,520 in the nine months ending September 30, 2023, to \$603,141 in the same period in 2024. The increase was from increased interest income and gains on treasuries from the company's short term investment account due to having a higher cash balance as well as government grant income of \$418,000 for an electrical upgrade at the Golden Chest Mine in 2024.
- Net income increased \$1,585,525 from net income of \$403,983 for the three-month period ended September 30, 2023 to net income of \$1,989,508 for the three-month period ending September 30, 2024. Net income increased \$5,536,253 from net income of \$743,991 in the nine-month period ending September 30, 2023, to net income of \$6,280,244 in the same period in 2024.
- The consolidated net income for the nine-month periods ending September 30, 2024 and 2023 included non-cash charges as follows: depreciation and amortization of \$1,443,232 (\$1,034,521 in 2023), loss on disposal of equipment of \$1,431 (gain of \$224 in 2023), accretion of asset retirement obligation of \$13,954 (\$11,874 in 2023), loss on investment in equity securities of \$453 (\$4,423 in 2023), equity income on investment in Buckskin of \$1,579 (\$2,965 in 2023), and write down of reclamation bond of \$300 (none in 2023).
- Cash cost per ounce for the three-month period ending September 30, 2024 remained relatively flat compared to the same period in 2023. For the nine-month period ending September 30, 2024, cash cost per ounce decreased due to a 53.7% increase in ounces produced compared to the nine-month period ending September 30, 2023.
- All in sustaining cost per ounce increased during the three-month period ending September 30, 2024 compared to the same period in 2023 due to an increase in exploration costs from underground and surface drilling at the Golden Chest Mine. For the nine-month period ending September 30, 2024, all in sustaining costs decreased slightly as the increased exploration cost was largely made up for by the increased production when compared to the nine-month period ending September 30, 2023. Adjusted all in sustaining costs without exploration expenses were \$1,109.79 and \$1,128.78 per ounce for the three and nine-month periods ending September 30, 2024, respectively.

[Table of Contents](#)

Cash Costs and All In Sustaining Costs (“AISC”) Reconciliation to Generally Accepted Accounting Principles (“GAAP”)

Reconciliation of cost of sales and other direct production costs and depreciation, depletion, and amortization (GAAP) to cash cost per ounce and AISC per ounce (non-GAAP).

The table below presents reconciliations between the most comparable GAAP measure of cost of sales and other direct production costs and depreciation, depletion, and amortization to the non-GAAP measures of cash cost per ounce and all in sustaining costs per ounce for the Company's gold production in the three and nine-month periods ended September 30, 2024, and 2023.

Cash cost per ounce is an important operating measure that we utilize to measure operating performance. AISC per ounce is an important measure that we utilize to assess net cash flow after costs for pre-development, exploration, reclamation, and sustaining capital. Current GAAP measures used in the mining industry, such as cost of goods sold do not capture all of the expenditures incurred to discover, develop, and sustain gold production. At September 30, 2024, the Company changed the way sustaining capital is calculated to better reflect actual costs required to sustain mining operations. Prior periods have been restated in the table below to reflect this change.

	September 30, 2024		September 30, 2023	
	Three Months	Nine Months	Three Months	Nine Months
Cost of sales and other direct production costs and depreciation and amortization	\$ 3,155,931	\$ 9,268,589	\$ 2,195,289	\$ 7,114,218
Depreciation and amortization	(485,514)	(1,443,232)	(363,442)	(1,034,521)
Change in concentrate inventory	(204,895)	(94,826)	(46,201)	(83,180)
Cash Cost	<u>\$ 2,465,522</u>	<u>\$ 7,730,531</u>	<u>\$ 1,785,646</u>	<u>\$ 5,996,517</u>
Exploration	1,185,460	2,073,364	435,439	916,250
Less REE exploration costs	(54,492)	(212,018)	(150,693)	(485,051)
Sustaining capital	537,697	1,927,153	474,513	1,568,938
General and administrative	203,732	543,851	117,178	504,241
Less stock-based compensation and other non-cash items	2,573	(14,259)	(3,953)	(13,108)
AISC	<u>\$ 4,340,492</u>	<u>\$ 12,048,622</u>	<u>\$ 2,658,130</u>	<u>\$ 8,487,787</u>
Divided by ounces produced	2,892	9,025	1,993	5,870
Cash cost per ounce	<u>\$ 852.53</u>	<u>\$ 856.57</u>	<u>\$ 895.96</u>	<u>\$ 1,021.55</u>
AISC per ounce	<u>\$ 1,500.86</u>	<u>\$ 1,335.03</u>	<u>\$ 1,333.73</u>	<u>\$ 1,445.96</u>

[Financial Condition and Liquidity](#)

	For the Nine-Months Ended September 30,	
	2024	2023
Net cash provided (used) by:		
Operating activities	\$ 8,104,122	\$ 1,343,068
Investing activities	(9,782,116)	(1,065,507)
Financing activities	7,783,551	56,253
Net change in cash and cash equivalents	6,105,557	333,814
Cash and cash equivalents, beginning of period	2,286,999	1,638,031
Cash and cash equivalents, end of period	<u><u>\$ 8,392,556</u></u>	<u><u>\$ 1,971,845</u></u>

The Company is currently producing profitably from underground at the Golden Chest Mine. In the past, the Company has been successful in raising required capital from sale of common stock, forward gold contracts, and debt. As a result of its profitable production, equity sales and potential debt borrowings or restructurings, management believes cash flows from operations and existing cash are sufficient to conduct planned operations and meet contractual obligations for the next 12 months.

[Table of Contents](#)

ITEM 3: QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not required for small reporting companies.

ITEM 4: CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

At September 30, 2024, our Vice President who also serves as our Chief Accounting Officer evaluated the effectiveness of the design and operation of our disclosure controls and procedures pursuant to Rule 13a-15(e) of the Securities Exchange Act of 1934 (the "Exchange Act"), which disclosure controls and procedures are designed to insure that information required to be disclosed by a company in the reports that it files under the Exchange Act is recorded, processed, summarized, and reported within required time periods specified by the Securities & Exchange Commission rules and forms.

Based upon that evaluation, it was concluded that our disclosure controls were effective as of September 30, 2024, to ensure timely reporting with the

Securities and Exchange Commission. Specifically, the Company's corporate governance and disclosure controls and procedures provided reasonable assurance that required reports were timely and accurately reported in our periodic reports filed with the Securities and Exchange Commission.

Changes in internal control over financial reporting

There was no material change in internal control over financial reporting in the quarter ended September 30, 2024.

[Table of Contents](#)

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

None.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Neither the constituent instruments defining the rights of the Company's securities filers nor the rights evidenced by the Company's outstanding common stock have been modified, limited or qualified.

During the third quarter of 2024, 47,027 shares of common stock were issued in exchange for outstanding warrants for net proceeds of \$263,351. 23,216 shares of common stock were issued in exchange for outstanding stock options for net proceeds of \$130,010 and 34,030 shares of common stock were issued for outstanding stock options via cashless exercise.

The Company relied on the transaction exemption afforded by Section 4(a)(2) of the Securities Act of 1933, as amended, and Regulation D Rule 506(b). The common shares are restricted securities which may not be publicly sold unless registered for resale with the Securities and Exchange Commission or exempt from the registration requirements of the Securities Act of 1933, as amended.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

The Company has no outstanding senior securities.

ITEM 4. MINE SAFETY DISCLOSURES

The information concerning mine safety violations or other regulatory matters required by Section 1503(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act and Item 104 of Regulation S-K is included in exhibit 95 to this report.

ITEM 5. OTHER INFORMATION

None.

[Table of Contents](#)

ITEM 6. EXHIBITS

Exhibits

3.1	Amended and Restated Articles of Incorporation, incorporated by reference to the Company's Form 8-K as filed with the Securities and Exchange Commission on October 27, 2021
3.2	Amended and Restated By-laws of Idaho Strategic Resources, Inc., incorporated by reference to the Company's Form 8-K as filed with the Securities and Exchange Commission on October 27, 2021
10.1	Purchase and Sale Agreement dated January 16th, 2024, Promissory Note, Mortgage, and Termination of Royalty Deed and Warranty Deed, dated February 7th, 2024, by and among the Registrant and Bell Run Properties, L.L.C., filed as Exhibit 10.1 to the Company's Form 10-Q as filed with the Securities and Exchange Commission on May 6, 2024, and incorporated herein by reference.
31.1*	Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1*	Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2*	Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
95*	Mine safety information listed in Section 1503 of the Dodd-Frank Act.
101.INS*	XBRL Instance Document
101.SCH*	XBRL Taxonomy Extension Schema Document
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document

* Filed herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

IDAHO STRATEGIC RESOURCES, INC

By: /s/ John Swallow
John Swallow,
its: President and Chief Executive Officer
Date November 4, 2024

By: /s/ Grant Brackebusch
Grant Brackebusch,
its: Vice President and Chief Financial Officer
Date November 4, 2024

Certification

I, John Swallow, certify that:

- (1) I have reviewed this quarterly report on Form 10-Q of Idaho Strategic Resources Inc.
- (2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- (3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- (4) I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under my supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to me by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting or caused such internal control over financial reporting to be designed under my supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report my conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- (5) I have disclosed, based on my most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 4, 2024

By /s/ John Swallow
John Swallow
Chief Executive Officer

Certification

I, Grant Brackebusch, certify that:

- (1) I have reviewed this quarterly report on Form 10-Q of Idaho Strategic Resources Inc.
- (2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- (3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- (4) I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under my supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to me by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting or caused such internal control over financial reporting to be designed under my supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report my conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- (5) I have disclosed, based on my most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 4, 2024

By /s/ Grant Brackebusch
Grant Brackebusch
Chief Financial Officer

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Idaho Strategic Resources Inc., (the "Company") on Form 10-Q for the period ending September 30, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, John Swallow, Chief Executive Officer and Director of Idaho Strategic Resources Inc., certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 4, 2024

By /s/ John Swallow
John Swallow
Chief Executive Officer

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906 has been provided to Idaho Strategic Resources Inc. and will be retained by Idaho Strategic Resources Inc., and furnished to the Securities and Exchange Commission or its staff upon request.

The foregoing certification is being furnished in accordance with Securities and Exchange Commission Release No. 34-47551 and shall not be considered filed as part of the Form 10-Q.

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Idaho Strategic Resources Inc., (the "Company") on Form 10-Q for the period ending September 30, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Grant Brackebusch, Chief Financial Officer and Director of Idaho Strategic Resources Inc., certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 4, 2024

By /s/ Grant Brackebusch
Grant Brackebusch
Chief Financial Officer

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906 has been provided to Idaho Strategic Resources Inc. and will be retained by Idaho Strategic Resources Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

The foregoing certification is being furnished in accordance with Securities and Exchange Commission Release No. 34-47551 and shall not be considered filed as part of the Form 10-Q.

Mine Safety Disclosures

Our mines are operated subject to the regulation of the Federal Mine Safety and Health Administration ("MSHA"), under the Federal Mine Safety and Health Act of 1977 (the "Mine Act"). In July 2010, the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act") was signed into law, and amended in December 2011. When MSHA believes a violation of the Mine Act has occurred, it may issue a citation for such violation, including a civil penalty or fine, and the mine operator must abate the alleged violation.

As required by the reporting requirements of the Dodd-Frank Act, as amended, the table below presents the following information for the quarter ended September 30, 2024.

Mine	Section 104 S&S Violations	Section 104(b) Orders	Section 104(d) Citations and Orders	Section 110(b)(2) Violations	Section 107(a) Orders	Total Dollar Value of MSHA Assessments Proposed	Total Number of Mining Related Fatalities	Received Notice of Pattern of Violations Under Section 104(e)	Received Notice of Potential to have Patterns Under Section (c)	Legal Actions Pending as of Last Day of Period	Legal Actions Initiated During Period	Legal Actions Resolved During Period
Golden Chest	0	0	0	0	0	\$ 147	0	no	no	0	0	0
New Jersey Mill	0	0	0	0	0	\$ 0	0	no	no	0	0	0