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

# FORM 10-K

(Mark One)

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended **December 31, 2021**

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ______ to ______

Commission file number: **000-28837**

# IDAHO STRATEGIC RESOURCES, INC.

(Name of small business issuer in its charter)

| **Idaho** | **82-0490295** |
|---|---|
| (State or other jurisdiction of incorporation or organization) | (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 |
|---|---|---|
| None | N/A | N/A |

SECURITIES REGISTERED PURSUANT TO SECTION 12(g) 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 |

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 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 website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T 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 if disclosure of delinquent filers in response to Item 405 of Regulation S-K is not contained herein, and no disclosure will be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☒

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

| | | | |
|---|---|---|---|
| Large accelerated filer | ☐ | Accelerated filer | ☐ |
| Non-accelerated Filer | ☒ | Smaller reporting company | ☒ |
| | | Emerging Growth Company | ☐ |

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

The aggregate market value of all common stock held by non-affiliates of the registrant, based on the average of the bid and ask prices on June 30, 2021 was $39,775,500.

On March 1, 2022 there were 11,309,160 shares of the registrant's Common Stock outstanding.

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## CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K and the exhibits attached hereto contain "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, as amended. Such forward-looking statements concern the Company's anticipated results and developments in the Company's operations in future periods, planned exploration and development of its properties, plans related to its business and other matters that may occur in the future. These statements relate to analyses and other information that are based on forecasts of future results, estimates of amounts not yet determinable and assumptions of management. These statements include, but are not limited to, comments regarding:

- the establishment and estimates of mineralization;
- the grade of mineralization;
- anticipated expenditures and costs in our operations;
- planned exploration activities and the anticipated outcome of such exploration activities;
- plans and anticipated timing for obtaining permits and licenses for our properties;
- expected future financing and its anticipated outcome;
- anticipated liquidity to meet expected operating costs and capital requirements;
- our ability to obtain joint ventures partners and maintain working relationships with our current joint venture partners;
- our ability to obtain financing to fund our estimated exploration expenditures and capital requirements; and
- factors expected to impact our results of operations.

Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, using words or phrases such as "expects" or "does not expect", "is expected", "anticipates" or "does not anticipate", "plans", "estimates" or "intends", or stating that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved) are not statements of historical fact and may be forward-looking statements. Forward-looking statements are subject to a variety of known and unknown risks, uncertainties, and other factors which could cause actual events or results to differ from those expressed or implied by the forward-looking statements, including, without limitation:

- risks related to our limited operating history;
- risks related to our history of losses and our expectation of continued losses;
- risks related to our properties being in the exploration or development stage;
- risks related our mineral operations being subject to government regulation;
- risks related to future legislation and administrative changes to mining laws;
- risks related to future legislation regarding climate change;
- risks related to our ability to obtain additional capital or joint venture partners;
- risks related to land reclamation requirements and costs;
- risks related to mineral exploration and development activities being inherently dangerous;
- risks related to our insurance coverage for operating risks;
- risks related to cost increases for our exploration and development projects;
- risks related to a shortage of equipment and supplies adversely affecting our ability to operate;
- risks related to mineral estimates;
- risks related to the fluctuation of prices for precious metals, such as gold and silver;
- risks related to the competitive industry of mineral exploration;
- risks related to our title and rights in our mineral properties and mill;
- risks related to joint venture partners and our contractual obligations therewith;
- risks related to potential conflicts of interest with our management;
- risks related to our dependence on key management;
- risks related to the New Jersey Mill operations, management, and milling capacity;
- risks related to our business model;
- risks related to evolving corporate governance standards for public companies; and
- risks related to our shares of common stock.

This list is not exhaustive of the factors that may affect our forward-looking statements. Some of the important risks and uncertainties that could affect forward-looking statements are described further under the sections titled "Description of Business" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" of this Annual Report. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those anticipated, believed, estimated, or expected. We caution readers not to place undue reliance on any such forward-looking statements, which speak only as of the date made. We disclaim any obligation subsequently to revise any forward-looking statements to reflect events or circumstances after the date of such statements or to reflect the occurrence of anticipated or unanticipated events, except as required by law.

**We qualify all the forward-looking statements contained in this Annual Report by the foregoing cautionary statements.**





## GLOSSARY OF SIGNIFICANT MINING TERMS

Ag-Silver.

Au-Gold.

Alluvial-Adjectivally used to identify rocks or minerals deposited over time by moving water.

Argillites-Metamorphic rock containing clay minerals.

Arsenopyrite-An iron-arsenic sulfide. Common constituent of gold mineralization.

Ball Mill-A large rotating cylinder usually filled to about 45% of its total volume with steel grinding balls. The mill rotates and crushed rock is fed into one end and discharged through the other. The rock is pulverized into small particles by the cascading and grinding action of the balls.

Bedrock-Solid rock underlying overburden.

Cu-Copper.

CIL-A standard gold recovery process involving the leaching with cyanide in agitated tanks with activated carbon. CIL means "carbon-in-leach."

Crosscut-A nominally horizontal mine passageway, generally driven at right angles to the strike of a vein.

Dip-Angle made by an inclined surface with the horizontal, measured perpendicular to strike.

Deposit-A mineral deposit is a mineralized body that has been intersected by sufficient closely-spaced drill holes or underground sampling to support sufficient tonnage and average grade(s) of metal(s) to warrant further exploration or development activities.

Drift-A horizontal mine opening driven on the vein. Driving is a term used to describe the excavation of a mine passageway.

Exploration Stage-As defined by the SEC-includes all issuers engaged in the search for mineral deposits (reserves), which are not in the production stage.

Fault-A fracture in the earth's crust accompanied by a displacement of one side of the fracture with respect to the other and in a direction parallel to the fracture.

Flotation-A physiochemical process for the separation of finely divided solids from one another. Separation of these (dissimilar) discrete solids from each other is affected by the selective attachment of the particle surface to gas bubbles.

GPT-grams per metric tonne.

Galena-A lead sulfide mineral. The most important lead mineral in the Coeur d'Alene Mining District.

Grade-A term used to assign the concentration of metals per unit weight of ore. An example-ounces of gold per ton of ore (opt). One troy ounce per short ton is 34.28 parts per million or 34.28 grams per metric tonne.

Mill-A general term used to denote a mineral processing plant.

Mineralization-The presence of minerals, usually of potential economic significance, in a specific area or geologic formation.

Mineral Reserve-An estimate of tonnage and grade or quality of indicated and measured mineral resources that, in the opinion of the qualified person, can be the basis of an economically viable project. More specifically, it is the economically mineable part of a measured or indicated mineral resource, which includes diluting materials and allowances for losses that may occur when the material is mined or extracted.

Mineral Resource-A concentration or occurrence of material of economic interest in or on the Earth's crust in such form, grade or quality, and quantity that there are reasonable prospects for economic extraction. A mineral resource is a reasonable estimate of mineralization, taking into account relevant factors such as cut-off grade, likely mining dimensions, location or continuity, that, with the assumed and justifiable technical and economic conditions, is likely to, in whole or in part, become economically extractable. It is not merely an inventory of all mineralization drilled or sampled.

Net Smelter Return ("NSR")-The Net Smelter Return from a processed ore is the value recouped from the mineral products less the costs associated with smelting, refining, and transport to the smelter. The NSR specifically does not permit the deduction of mining and milling costs.

Ore-A mineral or aggregate of minerals that can be mined and treated at a profit. A large quantity of ore that is surrounded by waste or sub-ore material is called an orebody.





Patented Claim-A mineral claim where the title has been obtained from the U.S. federal government through the patent process of the 1872 Mining Law. The owner of the patented claim is granted title to the surface and mineral rights.

Production Stage-As defined by the SEC-includes all issuers engaged in the exploitation of a mineral deposit (reserve).

Proven Reserve-The economically mineable part of a measured mineral resource and can only result from conversion of a measured mineral resource.

Pyrite-An iron sulfide mineral that usually has no commercial value but is commonly associated with mineral deposits of gold, copper, and other metals.

Quartz-Crystalline silica ($SiO_2$). An important rock-forming and gangue material in veins or other types of mineral deposits.

Quartzites-Metamorphic rock containing significant amounts of quartz.

Raise-An underground opening driven upward, generally on the vein.

Ramp-An underground opening usually driven downward, but not always, to provide access to an orebody for rubber-tired equipment such as loaders and trucks. Typically ramps are inclined at a slope grade of approximately 15%.

Rare Earth Elements (REE)- The rare earth elements (REE) comprise of 15 elements that range in atomic number from 57 (lanthanum) to 71 (lutetium) on the periodic table. Most of the REE's are not as rare as the group's name suggests. Although REE's are relatively abundant in the Earth's crust, they are rarely concentrated into mineable ore deposits. These elements are in demand because they are essential for a diverse and expanding array of high-technology applications and emerging alternative energy uses.

Royalty or NSR Royalty-A mineral royalty is a percentage of the value extracted from an ore that is paid to an interest holding party, usually a claim owner. The NSR Royalty is calculated based on the value of the processed ore after deducting the costs of smelting, refining, and transport to a smelter. However, the cost of mining and milling is not deducted. Typical NSR Royalty rates in the United States are on the order of 1–5%.

Shoot – A body of ore, usually of elongated form, extending downward or upward in a vein.

Stope-An underground void created by the mining of ore.

Strike-The bearing or azimuth of the line created by the intersection of a horizontal plane with an inclined rock strata, vein or body.

Tellurium-Relatively rare chemical element found with gold and silver that can form minerals known as tellurides.

Tetrahedrite-Sulfosalt mineral containing copper, antimony, and silver.

Vein-A zone or body of mineralized rock lying within boundaries separating it from neighboring wallrock. A mineralized zone having a more or less regular development in length, width and depth to give it a tabular form and commonly inclined at a considerable angle to the horizontal.

Unpatented Claim-A mineral claim staked on United States Public Domain (USPD) that is open for mineral entry. Unpatented lode claims can be no more than 1,500 feet long by 600 feet wide. The claimant owns the mineral rights, but does not own the surface, which is USPD. Any exploration or mining on the claim must first be submitted in a plan of operations (POO) for approval to the appropriate federal land management entity.

Wallrock-Usually barren rock surrounding a vein.





## PART I

### ITEM 1. DESCRIPTION OF THE BUSINESS

**Business**
Idaho Strategic Resources, Inc. ("the Company" or "IDR") is a gold producer with an established base in three historic mining districts in the Western United States. The Company's primary source of revenue comes from its operating gold mine, the Golden Chest Mine located in the Murray Gold Belt of northern Idaho. The Company is also pursuing a Rare Earth Element (REE) exploration strategy and has acquired REE properties in Idaho.

Idaho Strategic Resources, Inc. ("the Company" or "IDR") was incorporated under the laws of the State of Idaho on July 18, 1996. The Company's head office and registered records office is located at 201 N. 3rd St. Coeur d'Alene, ID 83814.

**Any Bankruptcy, Receivership or Similar Proceedings**
There have been no bankruptcy, receivership, or similar proceedings.

**Any Material Reclassification, Merger, Consolidation, or Purchase or Sale of a Significant Amount of Assets Not in the Ordinary Course of Business.**
There have been no material reclassifications, mergers, consolidations, purchases, or sales not in the ordinary course of business for the past three years.

**BUSINESS OF THE COMPANY**

**General Description of the Business**
Domiciled in Idaho and headquartered in the Panhandle of northern Idaho, Idaho Strategic Resources, Inc. (formerly New Jersey Mining Company (NJMC)) was incorporated in the State of Idaho on July 18, 1996. On December 6, 2021, The Company changed its name to Idaho Strategic Resources, Inc. (IDR) to better reflect its corporate focus, Idaho-based operations and being domiciled in Idaho. Idaho Strategic Resources (IDR) is one of the few resource-based companies (public or private) possessing the combination of officially recognized U.S. domestic rare earth element properties (in Idaho) and Idaho-based gold production located in an established mining community.

Idaho Strategic Resources produces gold at the Golden Chest Mine located in the Murray Gold Belt (MGB) area of the world-class Coeur d'Alene Mining District, north of the prolific Silver Valley. With over 7,000 acres of patented and unpatented land, the Company has the largest private land position in the area following its consolidation of the Murray Gold Belt for the first time in over 100-years.

The Company is an established gold producer, with surface and underground mining operations at its 100-percent owned Golden Chest Mine and conducts milling operations at its majority-owned New Jersey Mill. The Company also has an expanded focus on identifying and exploring Critical Minerals (Rare Earth Minerals). Its business strategy is to grow its asset base and mineral production over time while advancing its Rare Earth Element projects. In addition to gold and gold production, the Company maintains an important strategic presence in the U.S. Critical Minerals sector, specifically focused on the more "at-risk" Rare Earth Elements (REE's). The Company's Diamond Creek and Roberts REE properties are included the U.S. national REE inventory as listed in USGS, IGS and DOE publications. Both projects are in central Idaho and participating in the USGS Earth MRI program, with the Diamond Creek Project also participating in the Idaho Department of Commerce's IGEM program.

The Company holds mineral properties in three historic mining districts of Idaho and Montana. Its portfolio of mineral properties includes:

- The Golden Chest Mine, a producing gold mine located in the Murray Gold Belt (MGB) of North Idaho;
- A significant portfolio of early-stage exploration properties within the MGB, many of which include historic gold mines and known gold mineralization;
- United States Geologic Survey (USGS) recognized Rare Earth Element potential
  - Diamond Creek-one of Idaho's most prospective REE properties
  - Roberts Rare Earth-one the highest grade REE properties in the US
- A significant portfolio of early-stage exploration properties in Central Idaho, primarily in the Elk City area, and;
- The Butte Highlands Mine (50-percent interest), an advanced-stage project which has seen considerable development work, located south of the city of Butte, in Western Montana, however management does not expect this project to be advanced in the near future;

In addition to its portfolio of exploration, pre-development, and producing properties, the Company is also the manager and majority-owner of the New Jersey Mill, which currently processes ore from the Golden Chest Mine. The New Jersey Mill can process gold and silver ore through a 360-tonne per day flotation plant.

During the last two years, the Company has focused its efforts on expanding underground development and production at the Golden Chest Mine with an aggressive focus on consolidating and increasing its land holding within the Murray Gold Belt. With all debt associated with the start-up of operations behind it, the Company significantly increased its exploration and expansion activities in the Murray Gold Belt. This progress combined with the existing infrastructure and development over the last two years has created a solid foundation for continued growth real estate holdings, and a base of value regardless of market cycles.





**Competitive Business Conditions**
While there has been a market for gold and precious metals historically, the Company competes on several different fronts within the minerals exploration industry. The Company competes with other junior mining companies for the capital necessary to sustain its exploration and development programs. IDR also competes with other mining companies for exploration properties and mining assets, mostly properties in the western United States. In recent years, the Company has been successful in resuming operations at the New Jersey Mill, consolidating 100% ownership of the Golden Chest Mine, and acquiring a 50% interest in the Butte Highlands Joint Venture. In October 2016 production at the Golden Chest resumed with the Company as the sole owner and operator. While not its core business, the New Jersey Mill has little competition for contract milling within an approximate 175-mile radius.

Generally, the Company is subject to the risks inherent to the mineral industry. A primary risk of mineral exploration is the low probability of finding a major ore deposit. The Company attempts to mitigate this risk by focusing its efforts in areas known to host significant mineral deposits, and also by relying on its experienced management team to drive analysis, evaluation, and acquisition of properties that it feels have a higher-than-average probability of success. In addition to deal essentials, such as cost, terms, timing, and market considerations, the Company's process of property acquisition involves screening target properties based on geological, economic, engineering, environmental, and metallurgical factors. In all its operations the Company competes for skilled labor within the mining industry.

The risks associated with the Company's mining and milling operations include other risks typical of the mining industry, such as: operational effectiveness in the processing plant that could result in lower recovery of the economic metals, mechanical failure of equipment that could increase costs or decrease efficacy, ability to hire and retain qualified operators, and risks that the mining operations are unable to economically extract material due to ground or slope failures that increase cost. The Company manages these risks with engineering and geologic analysis, detailed mine planning, a preventive maintenance program, and installing experienced and technically proficient management.

Another significant risk in the mining industry is the price of metals such as gold and silver. If the prices of these metals were to fall substantially, it could lead to a loss of investor interest in the mineral exploration sector, which would make it more difficult to raise the capital necessary for the Company to move exploration and development plans forward.

**Customer Dependence and Product Distribution**
The Company sold all its flotation gold concentrate to H&H Metals Corporation of New York, NY which accounted for 95% of gold sales in 2021. The remaining gold sales were gold dore' which was sold to a western U.S. refinery. H&H Metals is also an IDR shareholder. Although not expected, if H&H Metals could not purchase the gold concentrate, it is anticipated another customer could be found readily as the floatation gold concentrate is a high-value concentrate with minor deleterious element content.

The Company ships its gold concentrate overseas to a smelter in Japan and the recent global shipping problems due to Covid-19 have caused an increase of inventory of gold concentrate at the New Jersey Mill. Only one day has been allowed for loading vessels in Seattle making it nearly impossible to ship from Idaho. Management is working to set up a concentrate storage area near the Port of Seattle so that several 20-tonne lots of concentrate could be stored closer to the port and loaded on a vessel in the short time currently allowed for loading.

**Effect of Existing or Probable Governmental Regulations on the Business**
The mining business is subject to extensive federal, state and local laws and regulations governing development, production, labor standards, occupational health, waste disposal, the use of toxic substances, environmental regulations, mine safety and other matters. The Company is subject to potential risks and liabilities occurring as a result of mineral exploration and production. Insurance against environmental risk (including potential liability for pollution or other hazards as a result of the disposal of waste products occurring from exploration and production) is not generally available to the Company (or to other companies in the minerals industry) at a reasonable price. To the extent that the Company becomes subject to environmental liabilities, the satisfaction of any such liabilities would reduce funds otherwise available to the Company and could have a material adverse effect on the Company. Laws and regulations intended to ensure the protection of the environment are constantly changing and are generally becoming more restrictive.

All operating and exploration plans have been made in consideration of existing governmental regulations. Regulations that most affect operations are related to surface water quality and access to public lands. An approved plan of operations (POO) and a financial bond are usually required before exploration or mining activities can be conducted on public land that is administered by the United States Bureau of Land Management (BLM) or United States Forest Service (USFS).

The New Jersey Mine, Golden Chest Mine, and other nearby properties are part of the expanded Bunker Hill Superfund Site. Current plans for expanded cleanup do not include any IDR projects. There is no known evidence that previous operations at the New Jersey Mine (prior to 1910) caused any groundwater or surface water pollution or discharged any tailings into the South Fork of the Coeur d'Alene River; however, it is possible that such evidence could surface. Should such a liability emerge for the Company, its exposure would likely be to clean up or cover old mine tailings that may have washed downstream from upstream mining operations. There are no mineral processing tailings deposits at the Golden Chest Mine. However, at least two old adits have small water discharges. The Company could conceivably be required to conduct cleanup operations at its own expense, however, the Environmental Protection Agency's (EPA) Record of Decision for the Bunker Hill Mining and Metallurgical Complex Operating Unit 3 does not include any cleanup activities at the Company's projects. Recently, the EPA has proposed a new cleanup plan that greatly increases the number of historic mine sites to be reclaimed, however, the plan has not been approved. IDR has not received any notifications that it could be liable for any environmental cleanup.





**Costs and Effects of Compliance with Environmental Laws (Federal, State and Local)**
No major Federal permits are required for the Golden Chest and New Jersey Mines because the operations are on private land and there are no process discharges to surface waters. However, any exploration program conducted by the Company on unpatented mining claims, usually administered by the BLM or USFS, requires a POO to be submitted. The Company's exploration programs on public land can be delayed for significant periods of time (one to two years) because of the slow permitting process applied by the USFS. The Company believes that such permitting delays are caused by insufficient manpower, complicated regulations, competing priorities, and sympathy for environmental groups who oppose all mining projects.

The Company is also subject to the rules of the U.S. Department of Labor, Mine Safety and Health Administration (MSHA) for the New Jersey and Golden Chest operations. When an underground mine or mill is operating, MSHA performs a series of regular quarterly inspections to verify compliance with mine safety laws, and can assess financial penalties for violations of MSHA regulations. A typical mine citation order for a violation that is not significant or substantial is about $200.

The New Jersey Mine and Mill have two important State of Idaho permits. The first is an Idaho Cyanidation Permit and the second is a reclamation plan for surface mining operations. The Company has also applied for a permit to expand its tailings storage facility (TSF) with the Idaho Department of Water Resources. Once approved, the Company will have to post a reclamation bond of approximately $110,000. If not approved in a timely manner, the Company would have to dispose of tailings in with a slightly more expensive method such as backhauling tailings to the Golden Chest Mine. An Idaho cyanidation permit was granted October 10, 1995 [No. CN-000027]. Construction of the Concentrate Leach Plant (CLP) at the New Jersey Mill was completed in November of 2007. The Idaho Cyanidation permit requires quarterly surface water and groundwater monitoring during the operation of the CLP. IDR estimates the cost of water-monitoring associated with the CLP to be approximately $6,000 per year. The New Jersey Mill also has an EPA general stormwater permit.

The Idaho Department of Lands (IDL) approved a surface mining reclamation plan for the New Jersey Mine in 1993. The plan calls for grading of steep fill slopes and planting of vegetation on the area disturbed by the open pit mine. IDR pays an annual reclamation fee of $133 to the Idaho Department of Lands for surface disturbance associated with the New Jersey Mine open pit. The Company has estimated its costs to reclaim the New Jersey Mine and Mill site to be $96,600. The Company submitted a reclamation plan to the IDL for its current open pit mining operation at the Golden Chest Mine. The plan was approved, and the Company was required to post a reclamation bond of $103,320. This plan also calls for the grading of steep fill slopes and re-vegetation of disturbed land as well as erosion control measures utilizing best practices. The Golden Chest Mine also has an EPA stormwater permit.

When the Company plans an exploration drilling program on public lands, it must submit a POO to either the BLM or USFS. Compilation of the plan can take several days of professional time and a reclamation bond is usually required to start drilling once the plan is approved. Bond costs vary directly with surface disturbance area, but a small, single set-up drilling program usually requires a bond amount of approximately $5,000. If a plan requires road building, the bond amount can increase significantly. Upon completion of site reclamation and approval by the managing agency, the bond is returned to the Company.

The Company complies with local building codes and ordinances as required by law.

**Number of Total Employees and Number of Full Time Employees**
The Company's total number of full-time employees is 38.

**REPORTS TO SECURITY HOLDERS**

The Company is not required to deliver an annual report to shareholders, however, it plans to deliver an annual report to shareholders in 2022. The annual report will contain audited financial statements. The Company may also rely on the Internet to deliver annual reports to shareholders.

The SEC maintains an Internet site (http://www.sec.gov) that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the Commission and SEC.

The Company maintains a website where recent press releases and other information can be found. A link to the Company's filings with the SEC is provided on the Company's website www.idahostrategic.com.





### ITEM 2. DESCRIPTION OF PROPERTIES

**Figure 1 - Project Location Map**





**GOLDEN CHEST MINE**

**Figure 1 - Photo of Golden Chest Mine in February 2020**

**Property Location**
The Golden Chest Mine is comprised of an underground mine, an open pit mine, and an exploration project located about 1.5 miles east of Murray, Idaho, comprised of 25 patented mining claims (280 acres) and 90 unpatented claims (1,390 acres). The mine is permitted with the Idaho Department of Lands and has posted a reclamation bond for an approved reclamation plan. Surface water monitoring is completed as a condition of the permit. The mine is along Forest Highway 9 and is accessible by several improved dirt roads from the paved highway. A three-phase power line was installed at the property in 2014 with power supplied by Avista Utilities.

**Property Ownership**
IDR owns 100% of the Golden Chest LLC (owner of the Golden Chest Mine). Production from the Golden Chest and an adjacent Area of Interest is subject a 2% NSR payable to Marathon Gold Corporation (Marathon).

**Property History**
The Golden Chest Mine was developed in the late 1800's through the early 1900's as part of the first gold production from the Coeur d'Alene Mining District. Historical accounts vary, but the district is believed to have produced approximately 300,000 ounces of gold from placer sources. It is estimated that the historic hard rock mining at the Golden Chest (prior to IDR's ownership) produced approximately 65,000 ounces of gold, primarily from shallow, underground, high-grade veins. The Golden Chest Mine is considered to be the largest historic lode producer of gold in northern Idaho.

Modern exploration of the Golden Chest area began in the late 1970's with several companies, including Cominco-American and Golden Chest Inc. ("GCI"), targeting gold and massive sulfides. Drill tests by GCI included a 200-foot hole from surface that intersected a 60-foot zone containing multiple low-grade gold-bearing quartz veins.

Newmont Exploration Ltd. followed GCI's discovery by evaluating the veins for bulk mineable potential in the late-1980's. Newmont drilled 35 shallow reverse-circulation and five core holes. In 2010 and 2011, a joint venture between IDR and Marathon Gold drilled 18,300 meters of core and published a resource report in accordance with Canadian National Instrument 43-101 *Standards of Disclosure for Mineral Projects* (NI 43-101).

In September 2013, the Skookum Shoot portion of the Golden Chest property was leased to Juniper Mining Company. Juniper began construction in Q3 2014, spending an estimated $7 to $9 million on mine development and infrastructure, building a modern gold mine that reached production in May 2015. Mining activities continued until September 2015 when Gold Hill ceased operations and terminated its lease, forfeiting the mine and infrastructure back to Golden Chest LLC.





**Present Condition, Work Completed, and Exploration Plans**
*Current Underground Operations*
The Golden Chest underground mine is accessed by primary decline ramp (MAR) with a complimentary escape-way incline ramp. The primary mining method is underhand drift-and-fill utilizing cemented rock-fill (CRF). During 2021, IDR mined a total of 17,180 tonnes of ore at an average grade of 5.32 gpt gold. The ore came from the 891, 842, 833 and 824 stopes. The decline (MAR) was extended at depth during 2021 to the 815 sublevel which required about 190 meters of ramp development and two exhaust ventilation raises were completed by IDR miners. A two-boom jumbo was added late in the year to accelerate MAR development.

*Current Open-Pit Operations*
In 2021, IDR continued its open pit mining operation which commenced in August of 2016. Mining in the Klondike pit advanced from the 1032 bench to the 1002 bench during the year. A total of 27,125 tonnes of ore at average grade of 2.92 gpt gold and 174,000 tonnes of waste were mined during the year. Ore tonnes and grade in the Klondike Pit were lower than modeled because of unmapped, historic stopes in the Klondike where high-grade material had been mined out by the old-timers.

*Exploration Plans*
Modern exploration, including over 30,000 meters of drilling, reveals six NW-trending ore shoots at Golden Chest that demonstrate strong periodicity, consistent width and spacing, along the Idaho Fault. Most historic production came from the northernmost of these shoots, the Katie-Dora and the Klondike. Current underground mining occurs within the Skookum Shoot. Excellent exploration potential remains in unmined portions of the northern shoots as well as in the unmined Paymaster and Joe Dandy shoots to the south. During 2021, a total of 6,935 meters of core drilling was completed with drilling at the Joe Dandy, Paymaster, Skookum, and Klondike areas. A highlight of the 2021 drilling included drillhole GC 21-193 which intercepted 7.3 meters of 11.5 gpt gold in the Paymaster area. This intercept is significant as it shows high-grade, thick sequences of the vein and is more than 400 meters south and 125 meters below the current underground mining area in the Skookum. Additionally, drilling in the Klondike such as drillhole GC 21-204 found a new zone of gold mineralization. Drillhole GC 21-204 intercepted 7.5 meters of 5.2 gpt gold (including 3.3 meters of 9.4 gpt gold) in the upper vein and 3.4 meters of 12.2 gpt gold (including 1.1 meters of 34.1 gpt gold) in the lower vein. This newly discovered zone of gold mineralization is in the hanging wall of the Idaho Fault which is significant because it opens a new area for future exploration and the intercepts are reasonably close to the surface. Core drilling totaling approximately 8,000 meters is planned for 2022 using the company's drill rig. Drilling is planned to explore and define gold resources in the Klondike, Golden Chest, Skookum, and Paymaster areas.

**Present Condition of Plant & Equipment**
The Golden Chest underground mine is accessed by primary decline ramp (MAR) with a complimentary escape-way incline ramp. The MAR was originally developed in 2013 at nominal 4-meter by 4.5-meter cross-section. Additional development by IDR in the MAR has been completed recently. There are several metal buildings on the mine surface constructed from 2012 through 2021 including a core shed with offices, a mine shop, and associated mine dry and warehouse. The mine electrical service is a three-phase, 500 kVA installation supplied by Avista Utilities.

**Geology & Mineralization**
Gold mineralization occurs in veins associated with multiple faulting and folding events in the Coeur d'Alene Mining District. The mineralization occurs as gold- quartz veins associated with an orogenic deposit type. The orogenic system at the Golden Chest appears to have an association with igneous rock activity. Hence, the vein deposits may be described as intrusion-related orogenic gold. The principal vein being exploited at the Golden Chest Mine is associated with the Idaho Fault, which juxtaposes the quartzites of the upper Prichard Formation against finer-grained argillites, also of the upper Prichard Formation.

Veins occur adjacent to the Idaho Fault both in its footwall, and in its hanging wall. The mineralization occurs in two types of quartz veins, banded and massive. These veins are generally conformable to bedding in the Proterozoic age Prichard Formation. The banded veins, which occur primarily in argillite, contain, pyrite, arsenopyrite, galena, sphalerite and visible gold. Thicker, massive veins occur in quartzite and contain pyrite, galena, chalcopyrite, sphalerite, scheelite and visible gold.

The Company prepared a mine reserve estimate in accordance with the requirements of subpart 1300 of Regulation S-K. A block model was completed using Vulcan software and an inverse-distance squared methodology for the underground mine. The underground reserves calculated are entirely in the Skookum shoot where sample density and mining experience gave enough confidence that grades could be reasonably predicted. A gold price using the three-year trailing average of $1,650 was used to calculate reserves for the year ending December 31, 2021. Economic parameters such as mining costs, milling costs, metallurgical recovery, mining dilution, and gold payment under smelter contracts were obtained from the Company's recent operating history and applied to the reserve calculation exercise. More details related to the reserve calculation are attached as Exhibit 99.2.





The reserve was calculated by mining engineer Andrew Brackebusch, EIT under the supervision of Grant Brackebusch, P.E. who is the qualified person.

| Classification | Year | Tonnes | Grade (grams gold per tonne) | Cut-off (grams gold per tonne) | Metallurgical Recovery |
|---|---|---|---|---|---|
| Proven reserves | 2020 | 42,500 | 5.17 | 2.0 | 93% |
| Proven reserves | 2021 | 38,700 | 4.87 | 2.0 | 93% |

There was slight decrease in tonnes and grade in the reserve estimate in 2021 versus 2020 which is due to a lower density of core drilling (wider spacing) below the lowest reserve blocks limiting the area that could be included in a proven reserve estimate. Company block modeling procedures require a minimum of two samples with a 25-meter search radius to estimate a block value for reserve calculations.

As of December 31, 2021, the Company had a capitalized development and investment cost of $2,633,706 associated with the Golden Chest.

**NEW JERSEY MILL**

**Property Location**
The New Jersey Mill is a fully permitted, 360-tonne per day, flotation mill and concentrate leach plant ("CLP") located two miles east of Kellogg, Idaho, in the Coeur d'Alene Mining District. The CLP is permitted with Idaho Department of Environmental Quality (IDEQ). The mill is located on the same property as the New Jersey Mine, adjacent to U.S. Interstate Highway 90 and is easily accessed year-round by local roads. Three-phase electrical power is supplied to the New Jersey Mill by Avista Utilities.

**Project Ownership**
In 2011, IDR signed a joint venture ("JV") agreement with Crescent Silver LLC (Crescent) to increase the capacity of the New Jersey Mill. Crescent funded the mill expansion in return for a 35% interest in JV assets plus the right to process 7,000 tonnes of its ore per month. IDR is the JV manager and retains a 65% interest in JV assets as well as the right to process its own ore at the rate of 3,000 tonnes per month and to allocate unused and excess capacity in its role as manager. The property covered by the JV agreement includes the crushing circuit, grinding circuit, gravity circuit, flotation circuit, CLP, buildings, and surface rights only over the patented mill site claim. Unpatented mill site claims are also part of the JV.

**Present Condition of Plant & Equipment**
*Mill Expansion and Crescent Ore Processing*
The mill expansion was completed in 2012, rendering the mill capable of processing 360 tonnes of sulfide ore per day to produce a single flotation concentrate. The expansion cost approximately $3.2 million, all of which was funded by Crescent under terms of the JV (Ex. 10.1). The expansion project included the installation of a new cone crusher, a new fine ore bin, new conveyors, a new 2.4-meter by 4.0-meter ball mill, additional flotation cells, a new paste thickener, associated pumps, and a new building.

*Current Ore Processing Operations*
In October 2016, the Company resumed operations at the New Jersey Mill, processing ore extracted from open pit and underground at the Golden Chest. In 2021, the New Jersey Mill processed 44,305 tonnes at an average head grade of 3.85 gpt gold with 89% gold recovery. Since restarting operations at the Golden Chest in October 2016, the Company has milled a total of 207,000 tonnes.

The mill recycles process water and utilizes a paste tailings disposal process patented by IDR founder Fred Brackebusch to minimize impacts to the environment. By implementing paste tailings processing methods, IDR can recycle process water and prevent the discharge of process water to surface waters. At full capacity, this method saves more than 50 million gallons of water per year. IDR was recognized as a "Pollution Prevention Champion" by the Idaho Department of Environmental Quality in 2014 for its efforts to reduce pollution at the mill. The Company has submitted a permit for an expansion of its existing tailings storage facility, TSF #1. If the tailings expansion permit approval was delayed beyond mid-2022, the Company would to most likely, back-haul tailings to the Golden Chest mine.

As of December 31, 2021, the Company had a net capital cost of $3,868,692 associated with the New Jersey Mill.

**BUTTE HIGHLANDS PROJECT**

**Property Location**
In January 2016, IDR purchased a 50% interest in Butte Highlands Joint Venture LLC ("BHJV") from Timberline Resources Corporation ("Timberline"). BHJV owns the Butte Highlands Gold Project, located 15 miles south of Butte, Montana, within a gold-producing region that includes several large gold deposits. The property can be accessed via State Highway 2 and county and USFS roads. Electricity and water are available on the property.





**Property Ownership**
The Butte Highlands property covers approximately 135 acres and includes 11 patented claims. All the private lands within the Butte Highlands property are patented lode and placer claims. BHJV is responsible for paying Montana state property taxes on all patented lands and for paying annual BLM maintenance fees on any unpatented mining claims.

*Butte Highlands Joint Venture*
In 2009, Timberline formed a 50/50 joint venture, the BHJV, with Highland Mining LLC ("Highland") for the purpose of developing and mining the Butte Highlands property, with Highland to fund all mine development costs through to commercial production. In 2012, Montana State Gold Company LLC ("MSGC") purchased Highland, assuming its project loan and its funding commitment.

IDR purchased Timberline's 50% "carried to production" interest in BHJV in 2016 for total consideration of $435,000 with Highland funding all development costs and IDR's 50% share of costs to be paid from proceeds of future mine production. Proceeds are to be split on an 80/20 basis (to Highland and IDR, respectively) until payback is reached, after which proceeds will be split evenly.

**Property History**
The Butte Highlands gold mine was an historic lode mine that produced an estimated 60,000 ounces of gold from 1937 until the War Production Board forced its closure at the onset of WWII. The property was later explored by Battle Mountain, Placer Dome, ASARCO, and Orvana in the 1980's and 1990's which, in total, drilled more than 30,000 meters at Butte Highlands, prior to its acquisition by Timberline in 2007.

In 2009, Timberline formed a 50/50 joint venture with Highland to create BHJV for the purpose of developing and mining the property. In 2009 and 2010, Timberline conducted surface exploration, drilling, and permitting work as Highland began building surface and underground infrastructure.

In 2011, BHJV completed an underground exploration ramp and a 16,000-meter underground core drilling program to support mine modeling, focusing on the upper portion of the "Old Mill Block" which has dimensions of approximately 85 meters along strike, 335 meters down dip, and a mineralized thickness of 2.5 to 4.5 meters.

A NI 43-101 compliant technical report for Butte Highlands was completed in May 2013 by Mine Development Associates of Reno, Nevada. However, the project has no mineral reserves or resources as defined by Regulation S-K Subpart 1300.

The project has experienced significant timeline delays due, in part, to miscalculations of the permitting process and other technical issues. Permitting advanced more effectively from 2013 to 2015 with the following critical milestones successfully achieved:

- In July 2013, the Montana Department of Environmental Quality ("DEQ") issued the final Montana Pollutant Discharge Elimination System ("MPDES") water discharge permit;
- In January 2015, the Montana DEQ authorized BHJV to construct and operate an underground gold mine by publishing positive Record of Decision ("ROD") on Final Environmental Impact Statement ("EIS");
- In October 2015, the U.S. Forest Service ("USFS") released its Final Decision Notice on haul road with a Finding of No Significant Impacts.

These milestones represent the final major hurdles to the receipt of necessary permits allowing the project to proceed. Final construction designs and completion of work will be required, along with bond payments, before final authority is granted to proceed with the proposed operation. Once final designs and road construction are complete, the USFS will grant authority to use local USFS roads for material haulage. Upon payment of the reclamation bond, the Hard Rock Operating Permit will be granted by the Montana DEQ.

**Present Condition, Work Completed, and Exploration Plans**
IDR does not anticipate any progress regarding BHJV (not the mine or operations) this year and is looking forward to one day cooperating with its partner to advance and or consolidate ownership in 2021. The partner maintains management control and all plans are subject to their approval and direction and they have proven to be a less than optimal partner.





**Present Condition of Plant & Equipment**
Since 2009 Highland has invested nearly $40 million at Butte Highlands building a modern gold mine, including nearly 1.6 kilometers of underground mine development and construction of surface facilities, all of which are located on private lands owned by BHJV. As of December 31, 2021, the Company had a net capital cost of $435,000 associated with the Butte Highlands Project.

**Geology & Mineralization**
Gold mineralization at Butte Highlands is hosted primarily in lower Paleozoic Wolsey Shale with higher-grade mineralization occurring within sediments proximal to diorite sills and dikes. The project is within a favorable geologic domain that has hosted several multi-million-ounce gold deposits. There are currently no mineral resources or reserves as defined by Regulation S-K Subpart 1300.

**NEW JERSEY MINE PROJECT**

**Property Location**
The New Jersey Mine is an underground gold mine located two miles east of Kellogg, Idaho, in the Coeur d'Alene Mining District. The mine is adjacent to U.S. Interstate Highway 90 and is easily accessed year-round by local roads. The New Jersey Mill is located on the same property. Three-phase electrical power is supplied to the New Jersey Mill by Avista Utilities.

**Property Ownership**
At the New Jersey Mine and Mill complex, the Company owns 102 acres of private land with surface and mineral rights, 108 acres of private land with mineral rights only, 40 acres of private land with surface rights only, and approximately 130 acres of unpatented mining claims. The unpatented claims are on federal land administered by the BLM. The gold-bearing Coleman vein system, including the underground workings and the Coleman pit, are located on the patented mining claims that are wholly owned by the Company and not part of the New Jersey Mill Joint Venture.

**Property History**

In the late 1800's and early 1900's, New Jersey Mining and Milling (an unrelated company) drove more than 760 meters of development workings on the Coleman Vein and its northwest branch, including drifts, crosscuts, shafts, and raises. The historic development also included a 10-stamp gravity mill that was operated for a short period.

**Present Condition, Work Completed, and Exploration Plans**
Since 2001, IDR has drilled 14 holes totaling 1,765 meters to explore the Coleman Vein and associated zones. Drilling confirmed vein system continuity and resulted in the discovery of the broad, low grade (averaging about 0.70 gpt gold) Grenfel zone. The Company's best intercept of the Coleman vein assayed 2.76 gpt gold over 12.5 meters, which included 6.80 gpt gold over 2.5 meters.

In 2008, the Company performed underground exploration on the Coleman Vein at the 740 level, including 84 meters of drifting, with 20 meters along the vein before it was displaced by a fault.

In 2010, a raise was driven upward on the 740 level to explore a narrow high-grade vein that crosscut the main Coleman Vein. This raise was driven 12 meters vertically, leading to the extraction of 367 tonnes that assayed 2.68 gpt gold in processing at the New Jersey Mill.

IDR has not conducted material work at the New Jersey Mine since 2010 and has no plans for exploration in 2022.

While the Company has conducted significant drilling, underground development, and even limited gold production from the New Jersey Mine, the project has no mineral reserves or resources as defined by Regulation S-K Subpart 1300.

As of December 31, 2021, the Company had a capitalized development plus investment cost of $248,289 associated with the mine.

**Geology & Mineralization**
The New Jersey Mine area is underlain by argillites and quartzites of the Proterozoic-age Prichard Formation, which commonly hosts gold mineralization regionally. The property occurs adjacent to and north of the major Osburn Fault, an important geological structure of the Coeur d'Alene Mining District. The Prichard Formation is divided into nine units of alternating argillites, siltites, and quartzites; the units exposed in the New Jersey Mine area appear to belong to the lower members. Gold mineralization is associated with sulfide-bearing quartz veins that cut the bedding in Prichard argillite and quartzite. Associated sulfides are pyrite, arsenopyrite, chalcopyrite, low-silver tennantite, galena, and sphalerite.





**ALDER GULCH PROJECT**

**Property Location**
The Alder Gulch Project is located just north of the town of Murray in Shoshone County, Idaho. The property can be accessed via dirt road from paved Forest Highway 9. The property is a gold exploration stage project.

**Property Ownership**
The Alder Gulch Project is comprised of 880 acres of patented mining claims having both surface and mineral rights. There is no underlying royalty attached to the Alder Gulch property. The acquisition of this project was funded by two tranches of secured convertible promissory notes (the "**Notes**") issued in 2020 and 2021. The first tranche of Notes (2020 Notes) for 368 acres with an aggregate principal amount of US $885,000 were all converted to IDR common stock in 2020 and 2021 extinguishing the debt and releasing the land (368 acres) to the Company. A second tranche, the 2021 Notes, of secured convertible promissory Notes with an aggregate principal amount of $1,750,000 were issued in 2021 for another 512 acres. The 512 acres of land are the security underlying the Notes. The outstanding principal amount of the Notes will bear interest at an annual rate of 8.0% for a term of three years. The principal amount of the Notes will be convertible at the option of the investors for common shares of the Company at a price of US $4.90 per common share prior to the maturity date of the Notes. Interest only payments shall be made on the Notes payable, and the Company may prepay the Notes in whole or in part without written consent of the investors.

**Property History**
The Alder Gulch land was originally patented in the 1880's due to its gold potential and has changed ownership only a couple of times since Idaho statehood in 1890. It was held in the same family for nearly 100 years. Timber harvesting was the main activity occurring on the property in the last century. There is no evidence of modern mineral exploration on the property, but there is evidence of placer mining of gravel deposits left by an ancient river channel along the hillside. There is also evidence of historic prospect pits and exploration adits on the Alder Gulch property.

**Present Condition, Work Completed, and Exploration Plans**
In 2021, the Company conducted surface sampling, geologic mapping, trenching, and re-opened an adit. Trenching uncovered two vein-systems, the Badger, and the Argus. The Argus vein zone has been tracked for 130 meters along strike through 8 trenches, each 15 meters long. Samples along these veins returned assay gold values up to 8 gpt. Of the 34 samples taken to date on the new uncovered Argus veins, 25 have anomalous gold and eight have values greater than 1 gpt Au. One sampled trench has a 45 cm banded vein interval that assayed 8.57 gpt Au with the 1 meter of wall rock below the vein assaying 0.5 gpt and the 1.5 m above the vein also assaying 0.5 gpt Au. The weighted average of this trench assays 4.68 gpt Au over a true thickness of 2.9 meters indicating a mineralized zone with good gold grades over significant widths. The Company is planning more exploration in 2022 including geologic mapping, trenching, sampling, and core drilling. As of December 31, 2021, the Company has a capitalized investment cost of $2,473,066 associated with this property.

**Geology and Mineralization**
The bedrock geology at the Alder Gulch Project is composed of siltite, argillite and quartzite belonging to the Proterozoic Prichard Formation and intrusive rocks of unknown age. A major structural feature is the Murray Peak Fault, a northerly trending, high-angle reverse fault which bisects the property. The ancient stream channel of auriferous gravels, the original justification for granting of the mining patent, extends across the Alder Gulch land from the northeast to the southwest. Gold mineralization is exposed through the gravel cover in numerous prospects, like on the Evans claim where a hydrothermally altered gold bearing intrusive sill barely outcrops above the gravels. The sill contains disseminated pyrite and galena with numerous quartz vein stringers mineralized with chalcopyrite, galena, and gold-bearing tellurides. A select sample from this sill assayed 4.75 gpt gold, 15.65 gpt silver, 2.2 % lead and 7.96 ppm tellurium.

**BUCKSKIN PROJECT**

**Property Location**
The Buckskin Project is located 1.5 kilometers north of the town of Murray in Shoshone County, Idaho. The property can be accessed via dirt roads from paved Forest Highway 9. The property is a gold exploration stage project.

**Property Ownership**
The Buckskin Project is comprised of 12 patented mining claims covering 218 acres and 73 unpatented mining claims covering approximately 1,367 acres. The 218 acres of patented mining claims were acquired through an exploration and mining lease. The Buckskin Lease term runs for 7.5 years and includes annual payments of $12,000 and a 2-percent NSR on future production from the property. If the property is placed into production, the lease will continue as long as production is underway and also includes a right of first refusal for IDR to purchase the property, and the lease payments are treated as an advance payment on the royalty. The unpatented lode claims adjacent to the core group of claims are wholly owned by the Company and not subject to a royalty. These claims require an annual claim fee payment to the BLM.





**Property History**
The Buckskin property was mined intermittently for both gold and base metals in the early 20th century with most of the mining completed in the 1930's. The property contains numerous old workings, most of which are inaccessible. A mill was located on the property, but historic production is unknown.

**Present Condition, Work Completed, and Exploration Plans**
In 2019, the Company conducted exploration efforts in the Buckskin area with trenching mapping/sampling, road building, reopening historic underground workings, and underground mapping/sampling. The Company conducted additional field work in 2020 and 2021 such as mapping, trenching, and ground based magnetic surveys. Core drilling is planned for 2022. The Company has a capitalized investment cost of $332,728 associated with this property.

**Geology & Mineralization**
The bedrock geology at the Buckskin Project are largely quartzites of the Burke Formation and argillite-siltite of the Prichard Formation. A major structural feature is the Murray Peak Fault, a northerly trending, high-angle reverse fault. Historical prospects and adits are developed along northerly trending shear zones that are likely related to the Murray Peak Fault, that contain silica flooded rock. Gold mineralization is found in quartz veins and is associated with sulfide minerals including pyrite, chalcopyrite, and galena. Anomalous tungsten was also detected in assays.

**BUTTE GULCH PROJECT**

**Property Location**
The Butte Gulch Project is located 3 kilometers east of the town of Murray in Shoshone County, Idaho. The project lies immediately adjacent to the east side of Golden Chest Mine. It is accessed by paved Forest Highway 9, then on secondary dirt roads. The property is an exploration stage property.

**Property Ownership**
The Butte Gulch Project is comprised of 60 acres of both patented surface and mineral rights, 117 acres of patented mineral rights, and 602 acres of unpatented claims. The patented surface and mineral rights were purchased from a third party in mid-2018 and any lode production from the patented claims is subject to a 2% NSR. The patented claims where the Company only owns the lode mineral rights can be placer mined by the current owner. IDR holds a first right of refusal for the purchase of the surface rights not already owned by the Company. The unpatented lode claims are wholly owned by the Company and not subject to a royalty.

**Property History**
Butte Gulch has been placer mined by several different operations over the last century; however, there are no gold production records from these historic placer mining efforts. There is evidence of historic lode prospecting in the form of surface pits and exploration adits on the property, but the Company is not aware of any modern exploration occurring on the property.

**Present Condition, Work Completed, and Exploration Plans**
The property is an exploration stage property adjacent to the Golden Chest Mine. The property vendor has retained the placer mining rights in the bottom of the drainage on the patented claims and conducted placer mining activity last year. IDR has no affiliation or connection with the placer mining operation. Two historic adits have been reopened for mapping and sampling. Additionally, areas have been rock sampled where current placer operations have uncovered altered bedrock. More geologic fieldwork is planned for the upcoming 2022 season to explore for gold mineralization. The Company has a capitalized investment cost of $274,440 combined between this property and the Potosi property.

**Geology & Mineralization**
Outcrops in the Butte Gulch area are dominantly argillite, siltite, and quartzite units that belong to the Prichard Formation. The hinge line of a major regional scale fold called the Trout Creek Anticline traverses the property. Both northwest and northeast trending quartz veins containing pyrite, galena and chalcopyrite have been identified with anomalous silver mineralization.

**GIANT LEDGE PROJECT**

**Property Location**
The Giant Ledge Project is located six kilometers east of the town of Murray in Shoshone County, Idaho. The project is situated in Granite Gulch and is accessed by paved Forest Highway 9 and secondary dirt roads. It is a gold and base metal exploration stage project.

**Property Ownership**
The Company's land position consists of 57 unpatented lode claims covering an area of 1,119 acres. The claim group includes 3 separate claim blocks: Giant Ledge, Porphyry and Bear. The unpatented lode claims are wholly owned by the Company and not subject to a royalty. These claims require an annual claim fee payment to the BLM.





**Property History**
The Giant Ledge Project consists of several historical prospected areas with lead, copper, and gold mineralization in and along the contact of the igneous intrusive. The Giant Ledge Mine was active in the 1920's when a 122-meter-deep shaft was sunk and about 450 meters of drift development was completed. A flotation mill was erected, and a minor amount of undisclosed production was achieved. Bunker Hill Mining Company also examined and mapped the mine workings in the 1950's. Sunshine Mining Company conducted exploration at the Giant Ledge in the mid-1980's and drilled two core holes. In 2008, the Company obtained core from Sunshine's drilling program, and it was re-logged and assayed. The best of the mineralization showed 4.6 meters of 0.908 gpt gold and 0.24% combined copper and lead. An extensive soil sampling program was completed in conjunction with a VLF and magnetometer survey.

**Present Condition, Work Completed, and Exploration Plans**
The property is an exploration stage prospect east of the Golden Chest Mine. Although no significant work was performed at Giant Ledge during the 2009-2021 period, the Company is preparing to resume exploration efforts in 2022.

**Geology & Mineralization**
The primary structural feature on the Giant Ledge property is the French Gulch fault. The fault contact extends through the property, separating monzonitic intrusive rocks on the west, from Prichard Formation's argillite and quartzites on the east. Structurally controlled mineralization is found in both, the contact between argillite-quartzite sediments and in the monzonite. Seams and disseminations of auriferous pyrite, galena and chalcopyrite are found up to 10 meters into the footwall and hanging wall.

**POTOSI PROPERTY**

**Property Location**
The Potosi Project is located 4.4 kilometers southwest of the town of Murray in Shoshone County, Idaho. It is a gold exploration stage project. The project is accessed by the paved Beaver Creek county road and other secondary dirt roads.

**Property Ownership**
IDR acquired fee simple title to of 3 patented lode claims as part of the 2018 Butte Gulch land acquisition. The 3 patented claims cover a 71-acre area.

**Property History**
Potosi has been placer mined in several different operations over the last century however, there is no gold production records from these historic placer mining efforts. There is evidence of historic lode prospecting in the form of surface pits and exploration adits on the property, but the Company is not aware of any modern lode exploration occurring on the property.

**Present Condition, Work Completed, and Exploration Plans**
Minor reclamation work, road improvements and timber harvesting was conducted in 2019, In 2020, the Company completed the remaining reclamation of surface disturbance caused by a previous operator. There are no exploration plans for 2022. The Company has a capitalized investment cost of $274,440 combined between this property and the Butte Gulch property.

**Geology & Mineralization**
Host rocks at the property are siltites and argillites of the Prichard Formation. Geologic mapping suggests fault structures associated with the Crown Point Shear Zone may cross the property.

**McKINLEY-MONARCH PROJECT**

**Property Location**
The McKinley-Monarch property encompasses several historic prospects in central Idaho and extends, from the town of Riggins northward for nearly five miles. The property is an early-stage, gold exploration project accessed via public and private dirt roads off US Highway 95.

**Property Ownership**
In 2013, IDR acquired the McKinley-Monarch property through its acquisition of Idaho Champion Resources ("ICR"). The Company also holds 28 unpatented claims, totaling 560 acres, adjacent the 4 patented claims of the McKinley Mine (not owned by the Company). These claims require an annual claim fee payment to the BLM.

**Property History**
The Monarch-McKinley Property is located in the Simpson Mining District which was first prospected in 1891. The nearby McKinley Mine, intermittently active until World War II, was the largest lode gold mine in a mining district better known for its placer gold production. Approximately 3000 feet south-southwest of the McKinley Mine, is an area with substantial historic prospecting but lacking significant development, is the Monarch area. The southern bounds of the property, shows several historic underground developments but no records of production have been located. This area was formerly referred to as the "Big Easy Mine" but is now called the Fiddle Creek Prospect.





**Present Condition, Work Completed, and Exploration Plans**
Surface mapping and sampling by IDR identified an area with significant gold mineralization in outcrop: the Monarch Zone, about one kilometer S-SW of the McKinley Mine. At the Monarch Zone, several samples returned high-grade gold

Cash and cash equivalents of $1,000,000 and $1,000,000 at December 31, 2021 and 2020, respectively, consisted of cash and money market funds, respectively, which approximated fair value.

Cash equivalents are stated at cost, which approximates fair value. The policy is to determine the fair value of the goods or services, and then record the number of corresponding shares using an agreed upon price, for our common stock issued for non-employee services.

The Company's investment in the Series A Preferred Stock of Ocean Biomedical, Inc. ("OCEAN") stated at fair value, consisted of 1,000,000 shares of Series A Preferred Stock, which were issued in lieu of the Company's cash payment of $1,000,000 for services provided by OCEAN to the Company in connection with the Company's Phase 1 clinical trial of its COVID-19 vaccine candidate. The Company's investment in the Series A Preferred Stock of OCEAN is accounted for at fair value, with changes in fair value recorded in other income (expense), net in the Company's Statements of Operations and Comprehensive Loss. The Company recognized a gain of $1,000,000 and zero for the year ended December 31, 2021 and 2020, respectively, in other income (expense), net in the Company's Statements of Operations and Comprehensive Loss, which represents the difference between the fair value of the Series A Preferred Stock of OCEAN and the cash payment for services provided by OCEAN to the Company. The Company's investment in the Series A Preferred Stock of OCEAN is classified as a Level 3 fair value measurement, which is based on significant inputs not observable in the market. Refer to Note 3 for a discussion of the Company's fair value measurements.

Prepaid expenses and other current assets consist of the following:

| | December 31, 2021 | December 31, 2020 |
|---|---|---|
| Prepaid insurance | $ 1,000,000 | $ 1,000,000 |
| Prepaid research and development | 1,000,000 | 1,000,000 |
| Other prepaid expenses and other current assets | 1,000,000 | 1,000,000 |
| Total | $ 1,000,000 | $ 1,000,000 |

Property and equipment, net consists of the following:

| | Estimated Useful Lives (in years) | December 31, 2021 | December 31, 2020 |
|---|---|---|---|
| Laboratory equipment | 5 | $ 1,000,000 | $ 1,000,000 |
| Computer equipment and software | 3 | 1,000,000 | 1,000,000 |
| Furniture and fixtures | 7 | 1,000,000 | 1,000,000 |
| Leasehold improvements | Lease term | 1,000,000 | 1,000,000 |
| Total | | 1,000,000 | 1,000,000 |
| Less: accumulated depreciation | | (1,000,000) | (1,000,000) |
| Property and equipment, net | | $ 1,000,000 | $ 1,000,000 |

Depreciation and amortization expense for the year ended December 31, 2021 and 2020 was $1,000,000 and $1,000,000, respectively.

Accrued expenses and other current liabilities consist of the following:

| | December 31, 2021 | December 31, 2020 |
|---|---|---|
| Accrued research and development | $ 1,000,000 | $ 1,000,000 |
| Accrued professional fees | 1,000,000 | 1,000,000 |
| Accrued payroll and related expenses | 1,000,000 | 1,000,000 |
| Other accrued expenses | 1,000,000 | 1,000,000 |
| Total | $ 1,000,000 | $ 1,000,000 |

Accrued research and development expenses for the year ended December 31, 2021 and 2020 consisted of the following:

| | Year ended December 31, | |
|---|---|---|
| | 2021 | 2020 |
| Clinical trial expenses | $ 1,000,000 | $ 1,000,000 |
| Manufacturing expenses | 1,000,000 | 1,000,000 |
| Other research and development expenses | 1,000,000 | 1,000,000 |
| Total | $ 1,000,000 | $ 1,000,000 |

Accrued Clinical Trial Expenses

Accrued clinical trial expenses are based on estimates of the services received and efforts expended pursuant to contracts with multiple research and manufacturing organizations in connection with the conduct of our clinical trials. In accrued clinical trial expenses, we estimate the time period over which services will be performed and the level of effort to be expended in each period. If we do not have sufficient information to estimate the services received and efforts expended, we record the lowest level of expense for which we believe it is probable that we have incurred a liability for services received and efforts expended as of the balance sheet date. Payments under these contracts depend on the achievement of certain milestones, the enrollment of patients in clinical trials, or the completion of clinical trial services. Expenses related to these contracts are generally accrued based on the contract terms and the level of services performed, subject to our estimate of the amount of services performed during the applicable period, based on various factors including the progress of patient enrollment in clinical trials, the number of patient visits, the completion of laboratory and other clinical studies, and other information we receive from our vendors and our clinical trial sites. We accrue for costs incurred as the services are rendered and we adjust our accruals on a periodic basis (quarterly in the aggregate) to reflect actual costs. We do not anticipate that our estimates will be materially different from our accrued expenses.

Our accrued clinical trial expenses are subject to the uncertainties of future events and other factors, including the results of our clinical trials, the rate of patient enrollment, and other factors beyond our control. Although we believe our accrued clinical trial expenses to date have approximated the amount of services received and efforts expended, our future expenses may be materially greater than our estimates if we are required by our vendors to continue to perform services for a period of time longer than we had initially anticipated, or if we agree to compensate our vendors for services in excess of the services we had initially anticipated would be required for the amount we have agreed to pay. Conversely, we may be required to compensate our vendors for services we have not yet received but for which we have accrued based on our estimates, in which case we may be required to record additional expenses in future periods. Payments made to our vendors in advance of services to be rendered are recorded as prepaid expenses and are expensed as the services are rendered.

Stock-based compensation expense for the year ended December 31, 2021 and 2020 was $1,000,000 and $1,000,000, respectively, which is included in the following operating expenses:

| | Year ended December 31, | |
|---|---|---|
| | 2021 | 2020 |
| Research and development | $ 1,000,000 | $ 1,000,000 |
| General and administrative | 1,000,000 | 1,000,000 |
| Total | $ 1,000,000 | $ 1,000,000 |

Stock-based compensation expense for the year ended December 31, 2021 and 2020 consisted of the following:

| | Year ended December 31, | |
|---|---|---|
| | 2021 | 2020 |
| Stock options | $ 1,000,000 | $ 1,000,000 |
| Restricted stock units | 1,000,000 | 1,000,000 |
| Total | $ 1,000,000 | $ 1,000,000 |

Stock-based compensation expense for the year ended December 31, 2021 and 2020 consisted of the following:

| | Year ended December 31, | |
|---|---|---|
| | 2021 | 2020 |
| Cost of revenue | $ 1,000,000 | $ 1,000,000 |
| Research and development | 1,000,000 | 1,000,000 |
| Sales and marketing | 1,000,000 | 1,000,000 |
| General and administrative

**Stock Based Compensation**
All transactions in which goods or services are received for the issuance of shares of the Company's common stock or options to purchase shares of common stock are measured at fair value of the equity interest issued. The fair value of common stock awards is determined based upon the closing price of the Company's stock on the date of the award. The Company estimates the fair value of stock-based compensation of options using the Black-Scholes model, which requires the input of some subjective assumptions. These assumptions include estimating the length of time employees will retain their vested stock options before exercising them ("expected life"), the estimated volatility of the Company's common stock price over the expected term ("volatility"), the risk-free interest rate and the dividend yield. Changes in the subjective assumptions can materially affect the estimate of the fair value of stock-based compensation.

**COVID-19 Coronavirus Pandemic Response and Impact**
Following the outbreak of the COVID-19 coronavirus global pandemic ("COVID-19") in early 2020, in March 2020 the U.S. Centers for Disease Control issued guidelines to mitigate the spread and health consequences of COVID-19. The impact of the guidelines on our business has been minimal. The Company implemented changes to its operations and business practices to follow the guidelines and minimize physical interaction, including using technology to allow employees to work from home when possible and altering production procedures and schedules, asset maintenance, and limiting discretionary spending. As long as they are required, the operational practices implemented could have an adverse impact on our operating results due to deferred production and revenues or additional costs. The negative impact of COVID-19 remains uncertain, including on overall business and market conditions. It is possible that future restrictions could have an adverse impact on our operations or financial results beyond 2021.

**Going Concern**
The Company is currently producing from both the open-pit and 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 planned 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.

**Recent Accounting Pronouncements**

*Accounting Standards Updates Adopted*
In December 2019, the FASB issued ASU No. 2019-12 Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes. The update contains several provisions intended to simplify the accounting for income taxes. The update is effective for fiscal years beginning after December 15, 2020. The update was adopted as of January 1, 2021, and its adoption did not have a material impact on the Company's consolidated financial statements.

*Accounting Standards Updates to Become Effective in Future Periods*
In *August 2020,* the FASB issued ASU *No. 2019-12* Debt with Conversion and Other Options (Subtopic *470-20*) and Derivatives and Hedging—Contracts in Entity's Own Equity (Subtopic *815-40*): Accounting for Convertible Instruments and Contracts in an Entity's Own Equity. The update is to address issues identified as a result of the complexity associated with applying generally accepted accounting principles for certain financial instruments with characteristics of liabilities and equity. The update is effective for fiscal years beginning after *December 15, 2021,* including interim periods within those fiscal years and with early adoption permitted. Management is evaluating the impact of this update on the Company's consolidated financial statements.



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### 3. Inventories

At December 31, 2021 and 2020, inventories consisted of the following:

| | | 2021 | | 2020 |
|---|---|---|---|---|
| Concentrate inventory | | | | |
| In process | $ | 41,082 | $ | 90,743 |
| Finished goods | | 97,074 | | 230,318 |
| Total concentrate inventory | | 138,156 | | 321,061 |
| Supplies inventory | | | | |
| Mine parts and supplies | | 54,998 | | 52,600 |
| Mill parts and supplies | | 20,568 | | 28,876 |
| Total supplies inventory | | 75,566 | | 81,476 |
| Total | $ | 213,722 | $ | 402,537 |

### 4. Property, Plant and Equipment

Property, plant and equipment at December 31, 2021 and 2020 consisted of the following:

| | | 2021 | | 2020 |
|---|---|---|---|---|
| Mill | | | | |
| Land | $ | 225,289 | $ | 225,289 |
| Building | | 536,193 | | 536,193 |
| Equipment | | 4,192,940 | | 4,192,940 |
| | | 4,954,422 | | 4,954,422 |
| Less accumulated depreciation | | (1,085,730) | | (914,095) |
| Total mill | | 3,868,692 | | 4,040,327 |
| Buildings and equipment | | | | |
| Buildings | | 324,075 | | 297,932 |
| Equipment | | 5,042,915 | | 3,250,551 |
| | | 5,366,990 | | 3,548,483 |
| Less accumulated depreciation | | (1,847,191) | | (1,229,136) |
| Total building and equipment | | 3,519,799 | | 2,319,347 |
| Land | | | | |
| Bear Creek | | 266,934 | | 266,934 |
| BOW | | 230,449 | | 230,449 |
| Eastern Star | | 250,817 | | 250,817 |
| Gillig | | 79,137 | | 79,137 |
| Highwater | | 40,133 | | 40,133 |
| Total land | | 867,470 | | 867,470 |
| Total | $ | 8,255,961 | $ | 7,227,144 |



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### 5. Mineral Properties

Mineral properties at December 31, 2021 and 2020 are as follows:

| | | 2021 | | 2020 |
|---|---|---|---|---|
| Golden Chest | | | | |
| Mineral Property | $ | 1,577,669 | $ | 1,539,001 |
| Infrastructure | | 1,056,037 | | 468,669 |
| Total Golden Chest | | 2,633,706 | | 2,007,670 |
| New Jersey | | 248,289 | | 248,289 |
| McKinley-Monarch | | 200,000 | | 200,000 |
| Butte Potosi | | 274,440 | | 274,440 |
| Alder Gulch | | 2,473,066 | | 773,101 |
| Park Copper | | 78,000 | | - |
| Less accumulated amortization | | (64,315) | | (48,267) |
| Total | $ | 5,843,186 | $ | 3,455,233 |

For the year ended December 31, 2021, $49,273 of interest expense was capitalized in association with the ramp access project at the Golden Chest. No interest was capitalized in 2020.

**Golden Chest**
The Golden Chest is an open pit and underground mine project currently producing for the Company located near Murray, Idaho consisting of 25 patented and 70 unpatented mining claims. A 2% Net Smelter Royalty is payable on production at the Golden Chest to a former joint venture partner. Royalty expense of $151,763 and $114,204 was recognized as costs of sales and other direct production costs in the years ended December 31, 2021, and 2020, respectively.

**New Jersey**
The Coleman property is located at the New Jersey Mine area of interest and consists of 62 acres of patented mining claims, mineral rights to 108 acres of fee land, 80 acres of land for which the Company owns the surface but not the mineral rights, and approximately 130 acres of unpatented mining claims.

**McKinley-Monarch**
The McKinley-Monarch project is located near the town of Lucille, Idaho. The project consists of 28 unpatented claims totaling 560 acres. The Company started exploring the property in 2013.

**Butte Potosi**
In 2018, the Company purchased the Butte and Potosi properties near its Golden Chest mine. These properties consists of patented mining claims some of which include both the surface and mineral rights and some of which include only the mineral rights. There is an underlying 2% net smelter return on all ores mined and shipped from any lode production from the patented claims on the Butte property.

**Alder Gulch**
In February 2020, the Company purchased property located in Alder Gulch just north of Murray in Shoshone County, Idaho which consists of 368 acres of real property, including patented mining claims with both surface and mineral rights. In February 2021, the Company paid $10,000 and in April of 2021, the Company paid an additional $1,689,965 to complete the purchase of approximately 512 acres of land adjacent to the Alder Gulch property for a total of $1,699,965. The Company started exploring the property in 2020.

**Park Copper**
In August 2021, the Company paid $78,000 in cash for 100 acres of patented mineral property in Shoshone County referred to as Park Copper.



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### 6. Notes Payable

At December 31, 2021 and 2020, notes payable are as follows:

| | | 2021 | | 2020 |
|---|---|---|---|---|
| Paus 2 yrd. LHD, 60-month note payable, 4.78% interest rate payable through October 2024, monthly payments of $5,181 | $ | 164,422 | $ | 217,354 |
| Paus 2 yrd. LHD, 60-month note payable, 3.45% interest rate payable through July 2024, monthly payments of $4,847 | | 143,547 | | 195,768 |
| Compressor, 48-month note payable, 5.25% interest rate payable monthly through January 2022, monthly payments of $813 | | 410 | | 9,958 |
| CarryAll transport, 36-month note payable, 4.5% interest rate payable monthly through June 2024, monthly payments of $627 | | 17,752 | | - |
| CarryAll transport, 36-month note payable, 4.5% interest rate payable monthly through February 2024, monthly payments of $303 | | 7,501 | | - |
| Atlas Copco loader, 60-month note payable, 10.5% interest rate payable monthly through June 2023, monthly payments of $3,550 | | 58,866 | | 93,265 |
| Sandvik LH203 LHD, 36-month note payable, 4.5% interest payable monthly through May 2027, monthly payments of $10,352 | | 283,955 | | - |
| Doosan Compressor, 36-month note payable, 6.99% interest payable monthly through July 2024, monthly payments of $602 | | 17,064 | | - |
| Caterpillar 306 excavator, 48-month note payable, 4.6% interest payable monthly through November 2024, monthly payments of $1,512 | | 49,421 | | 64,896 |
| Caterpillar 938 loader, 60-month note payable, 6.8% interest rate payable monthly through August 2023, monthly payments of $3,751 | | 70,734 | | 109,492 |
| Caterpillar R1600 LHD, 48-month note payable, 4.5% interest rate payable through January 2025, monthly payments of $17,125 | | 590,535 | | - |
| Caterpillar AD22 haul truck, 48-month note payable, 6.45% interest rate payable monthly through June 2023, monthly payments of $12,979 | | 221,694 | | 358,043 |
| Total notes payable | | 1,625,901 | | 1,048,776 |
| Due within one year | | 664,153 | | 339,704 |
| Due after one year | $ | 961,748 | $ | 709,072 |

All notes are collateralized by the property or equipment purchased in connection with each note. Future principal payments of debt at December 31, 2021 are as follows:

| | | |
|---|---|---|
| 2022 | $ | 664,153 |
| 2023 | | 584,778 |
| 2024 | | 354,770 |
| 2025 | | 22,200 |
| Total | $ | 1,625,901 |



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### 7. Asset Retirement Obligations

The Company has established asset retirement obligations associated with the ultimate closing of its mineral properties where there has been or currently is operations. Obligations were established for the New Jersey mill in 2014 and the Golden Chest mine in 2016. Activity for the years ended December 31, 2021, and 2020 is as follows:

| | | 2021 | | 2020 |
|---|---|---|---|---|
| Balance at January 1 | $ | 173,001 | $ | 163,369 |
| Accretion expense | | 9,953 | | 9,632 |
| Change in asset retirement obligation estimate | | (10,606) | | - |
| Balance at December 31 | $ | 172,348 | $ | 173,001 |

The change in the asset retirement obligation estimate during the current year related to a revision to the estimated start of the reclamation process to a later date at our Golden Chest properties.

### 8. Joint Venture Arrangements

**New Jersey Mill Venture Agreement ("NJMJV")**
In January 2011, the Company and United Mine Services, Inc. ("UMS") now Crescent Silver, LLC (Crescent) entered into a joint venture agreement relating to the New Jersey mineral processing plant. To earn a 35 percent interest in the venture, UMS provided $3.2 million funding to expand the processing plant to 15 tonnes/hr. The Company is the operator of the venture and charges operating costs to Crescent for milling its ore up to 7,000 tonnes/month, retain a milling capacity of 3,000 tonnes/month, and as the operator of the venture receive a fee of $2.50/tonne milled. As of December 31, 2021, and 2020, an account receivable existed with the Mill Joint Venture from Crescent for $4,442 and $4,177, respectively.

**Butte Highlands Joint Venture**
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 joint venture. Under the operating 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 joint venture's activities, it will account for its investment on a cost basis.

### 9. Investment in Buckskin

In August 2021 the Company exchanged 45,940 shares of the Company's common stock for 22% of Buckskin Gold and Silver Inc. ("Buckskin"). The Company's closing share price on the date of the agreement (August 18, 2021) was recorded as the cost basis for the investment. In October 2021 the Company exchanged an additional 30,358 shares of the Company's common stock for an additional 15% of Buckskin. The Company's closing share price on the date of the exchange (October 15, 2021) was recorded as the cost basis for the investment addition. This investment in Buckskin is being accounted for using the equity method resulted in recognition of equity income on the investment of $3,782 during the year ended December 31, 2021. The Company makes an annual payment of $12,000 to Buckskin per a lease covering 218 acres of patented mining claims. As of December 31, 2021, the Company holds 37% of Buckskins outstanding shares.



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### 10. Income Taxes

The Company did not recognize a provision (benefit) for income taxes for the years ended December 31, 2021 and 2020.

The significant components of net deferred tax assets at December 31, 2021 and 2020 were as follows:

| | | 2021 | | 2020 |
|---|---|---|---|---|
| **Deferred tax assets** | | | | |
| Net operating loss carry forward | $ | 4,796,000 | $ | 3,984,500 |
| Mineral properties | | 241,300 | | 201,200 |
| Asset retirement obligation | | 4,600 | | 8,400 |
| Stock based compensation | | 503,400 | | 219,000 |
| Other | | 16,800 | | 14,800 |
| Total deferred tax assets | | 5,562,100 | | 4,427,900 |
| Valuation allowance | | (4,017,800) | | (3,286,100) |
| | | 1,544,300 | | 1,141,800 |
| **Deferred tax liabilities** | | | | |
| Property, plant, and equipment | | (1,544,300) | | (1,141,800) |
| Total deferred tax liabilities | | (1,544,300) | | (1,141,800) |
| **Net deferred tax assets** | $ | - | $ | - |

At December 31, 2021 and 2020, the Company had net deferred tax assets principally arising from the net operating loss carryforward for income tax purposes. As management of the Company cannot determine that it is more likely than not that the Company will realize the benefit of the deferred tax assets, a valuation allowance equal to 100% of the net deferred tax asset exists at December 31, 2021 and 2020.

At December 31, 2021 the Company had net operating loss carry forwards of approximately $18,118,000 for both federal and state purposes, $11,100,000 of which expire between 2021 through 2037. The remaining balance of $7,018,000 will never expire but its utilization is limited to 80% of taxable income in any future year.
The income tax provision (benefit) for the years ended December 31, 2021 and 2020 differ from the statutory rate of 21% as follows:

| | | 2021 | | 2020 |
|---|---|---|---|---|
| Provision (benefit) at statutory rate for the period | $ | (683,600) | $ | (155,400) |
| State taxes, net of federal taxes | | (178,200) | | (43,300) |
| Non-taxable item-CARES Act loan forgiven | | - | | (96,200) |
| Change in rate reconciliation | | 57,000 | | - |
| Adjustment of prior year tax estimates | | 73,100 | | (5,800) |
| Increase (decrease) in valuation allowance | | 731,700 | | 300,250 |
| Total provision (benefit) | $ | - | $ | - |

The Company is open to examination of our income tax filings in the United States and state jurisdictions for the 2019 through 2021 tax years. Tax attributes from years prior to that can be adjusted as a result of examinations. In the event that the Company is assessed penalties and or interest, penalties will be charged to other operating expense and interest will be charged to interest expense. The Company has reviewed its tax positions and believes it has not taken a position that would not be sustained under examination.



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### 11. Equity

The Company has authorized 200,000,000 shares of no-par common stock at December 31, 2021 and 2020. In addition, the Company has authorized 1,000,000 shares of no-par preferred stock, none of which had been issued at December 31, 2021 or 2020. On December 6, 2021, the Corporation completed a one-for-fourteen (1:14) reverse share split of all of its issued and outstanding common shares, resulting in a reduction of the issued and outstanding shares from 152,573,743 to 10,898,408. Shares reserved under the Corporation's equity, incentive plans and warrants were adjusted to reflect the reverse stock split. All share and per share data presented in the Corporation's consolidated financial statements have been retroactively adjusted to reflect the reverse stock split unless otherwise noted.

**Stock Purchase Warrants Outstanding**
Transactions in common stock purchase warrants for the years ended December 31, 2021, and 2020 are as follows:

| | Number of Warrants | | Exercise Prices |
|---|---|---|---|
| Balance December 31, 2019 | 921,438 | | $2.52-3.08 |
| Issued | 400,002 | | $2.52-5.60 |
| Expired | (772,628) | | $2.52-3.08 |
| Exercised | (122,024) | $ | 2.80 |
| Balance December 31, 2020 | 426,788 | | $2.52-5.60 |
| Issued | 289,294 | | $5.60-7.00 |
| Exercised | (46,615) | $ | 2.52 |
| Balance December 31, 2020 | 669,467 | | $2.52-7.00 |

These warrants expire as follows:

| Shares | | Exercise Price | Expiration Date |
|---|---|---|---|
| 33,070 | $ | 2.52 | April 21, 2022 |
| 347,103 | $ | 5.60 | August 28, 2022 |
| 235,722 | $ | 5.60 | October 14, 2023 |
| 53,572 | $ | 7.00 | November 12, 2023 |
| 669,467 | | | |

**Stock Options**
In April 2014, the Board of Directors of the Company established a stock option plan to authorize the granting of stock options to officers and employees. Upon exercise of the options shares are issued from the available authorized shares of the Company. Options reserved to any one related person on an annual basis may not upon exercise exceed 5% and the aggregate number of all options outstanding will not exceed 10% of the issued outstanding common shares in total as calculated at that time.

In February 2021, the board granted 283,936 stock options to officers, board members, and employees. These options vested immediately and are exercisable at $5.60 for 3 years. Total stock-based compensation recognized on these options was $604,571. In March 2021, the Company granted 3,572 stock options to an individual for services rendered to the Company. These options vested immediately and are exercisable at $5.60 for 3 years. Total stock-based compensation recognized on these options was $9,860. In October 2021 the Company granted 182,166 stock options to officers, board members, and employees. These options vested immediately and are exercisable at $5.60 for 3 years. Total stock-based compensation recognized on these options was $473,144. An additional 32 options were recorded in 2021 representing fractional share issuances related to the 1-14 reverse stock split. The fair value of stock option awards granted, and the key assumptions used in the Black-Scholes valuation model to calculate the fair value of the options are as follows:

| | | February 11, 2021 | | March 15, 2021 | | October 20, 2021 |
|---|---|---|---|---|---|---|
| Fair value | $ | 604,572 | $ | 9,860 | $ | 473,143 |
| Options issued | | 283,936 | | 3,572 | | 182,143 |
| Exercise price | $ | 5.60 | $ | 5.60 | $ | 5.60 |
| Expected term (in years) | | 3.0 | | 3.0 | | 3.0 |
| Risk-free rate | | 0.19% | | 0.33% | | 0.70% |
| Volatility | | 97.9% | | 99.3% | | 96.6% |



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### 11. Equity, continued

Transactions in stock options for the years ended December 31, 2021, and 2020 are as follows:

| | Number of Options | | Exercise Prices |
|---|---|---|---|
| Balance December 31, 2019 | 375,893 | $ | 1.40-2.52 |
| Exercised | (82,143) | $ | 1.40-2.52 |
| Expired | (143,750) | $ | 1.40-2.52 |
| Balance December 31, 2020 | 150,000 | $ | 1.40-1.96 |
| Granted | 469,674 | $ | 5.60 |
| Exercised | (101,786) | $ | 1.40-1.96 |
| Forfeited | (10,713) | $ | 1.96-5.60 |
| Balance December 31, 2021 | 507,175 | $ | 1.96-5.60 |
| Exercisable at December 31, 2021 | 507,175 | $ | 1.96-5.60 |

At December 31, 2021, the outstanding stock options have an intrinsic value of approximately $1,108,000 and have a weighted average remaining term of 2.2 years. Cashless options exercised in the year ended December 31, 2021 had an intrinsic value of $445,290.

### 12. Related Party Transactions

At December 31, 2021 and 2020, the Company had a note payable to Ophir Holdings, LLC, a company owned by two officers and one former officer of the Company, 6% interest, monthly payments of $3,777 with a balloon payment of $110,835 in February 2023. The balance due on the note was $116,611 and $154,312 at December 31, 2021, and 2020, respectively. At December 31, 2021, $10,543 of related party debt is payable in 2022 and the remaining $106,068 is payable in 2023. Related party interest expense for the years ending December 31, 2021, and 2020 was $7,627 and $10,992, respectively. There is no accrued interest payable at December 31, 2021 or 2020 on this note.In February 2020, the Company's corporate secretary, Monique Hayes, participated in the Company's convertible debt offering for $25,000. Interest expense on her note was $975 and $1,742 for the years ended December 31, 2021, and 2020 respectively. She converted her note in May 2021 as provided in the agreement. See Note 14.

The Company leases office space from certain related parties on a month-to-month basis. Payments under these short-term lease arrangements totaled $25,008 and $24,840 for the years ended December 31, 2021, and 2020, respectively, and are included in general and administrative expenses on the Consolidated Statement of Operations.



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### 13. Sales of Products

Our products consist of both gold flotation concentrates which in 2020 and 2021 we sold to a broker (H&H Metal), and an unrefined gold-silver product known as doré which we sell to a precious metal refinery. Revenue is recognized upon the completion of the performance obligations and transfer of control of the product to the customer, and the transaction price can be determined or reasonably estimated.

For gold flotation concentrate sales, the performance obligation is met when the transaction price can be reasonably estimated, and revenue is recognized generally at the time when risk is transferred to H&H Metal based on contractual terms. Based on contractual terms, the Company has determined the performance obligation is met and title is transferred to H&H Metal when the Company receives its first provisional payment on the concentrate because, at that time, 1) legal title is transferred to the customer, 2) the customer has accepted the concentrate lot and obtained the ability to realize all of the benefits from the product, 3) the concentrate content specifications are known, have been communicated to H&H Metal, and H&H Metal has the significant risks and rewards of ownership to it, 4) it is very unlikely a concentrate will be rejected by H&H Metal upon physical receipt, and 5) we have the right to payment for the concentrate. Concentrates lots that have been sold are held at our mill up to 60 days, until H&H Metal provides shipping instructions.

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 any one concentrate lot will occur. 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 December 31, 2021, metals that had been sold but not final settled thus exposed to future price changes totaled 2,196 ounces of gold. The Company has received provisional payments on the sale of these ounces with the remaining amount due reflected in gold sales receivable.

Sales and accounts receivable for concentrate shipments are recorded net of charges for treatment and other charges negotiated by us with H&H Metal, which represent components of the transaction price. Charges are estimated by us upon transfer of risk of the concentrates based on contractual terms, and actual charges typically do not vary materially from our estimates. Costs charged by the customer include fixed treatment, refining and costs per ton of concentrate and may include penalty charges for lead and zinc content above a negotiated baseline as well as excessive moisture.
For sales of doré and of 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.
Sales of products by metal for the years ended December 31, 2021, and 2020 were as follows:

| | | 2021 | | 2020 |
|---|---|---|---|---|
| Gold | $ | 8,156,948 | $ | 6,102,115 |
| Silver | | 24,689 | | 10,699 |
| Less: Smelter and refining charges | | (551,221) | | (437,867) |
| Total | $ | 7,630,416 | $ | 5,674,947 |

Sales by significant product type for the years ended December 31, 2021 and 2020 were as follows:

| | | 2021 | | 2020 |
|---|---|---|---|---|
| Concentrate sales to H&H Metal | $ | 7,285,651 | $ | 5,384,597 |
| Dore' sales to refineries | | 344,765 | | 290,350 |
| Total | $ | 7,630,416 | $ | 5,674,947 |

In 2021 and 2020 floatation concentrates sold to H&H Metals Corp accounted 95% of all gold sales. The remaining 5% in 2021 and 2020 was doré sold to a third party. At December 31, 2021 and 2020, our gold sales receivable balance related to contracts with customers of $408,187 and $264,779, respectively, consist only of amounts due from H&H Metal. There is no allowance for doubtful accounts. We have determined our contracts do not include a significant financing component. For doré sales, payment is received at the time the performance obligation is satisfied. Consideration for concentrate sales is variable, and we receive payment for a significant portion of the estimated value of concentrate parcels at the time the performance obligation is satisfied.



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### 14. Convertible Debt

In February 2020, the Company issued convertible promissory notes with an aggregate principal value of $885,000 from which funds were utilized for the purchase of the Alder Gulch property (Note 5). The notes are collateralized by the Alder Gulch property as well as other unencumbered real property that the Company currently owns. The outstanding principal amount of the notes bears interest at an annual rate of 8.0% with interest payments due monthly and the principal due in February 2023. The principal amount of the notes is convertible at the option of the note holders into shares of the Company's common stock at a price of $2.52 per share (351,192 shares) prior to the maturity date of the notes. In July 2020, one of the participants converted $50,000 in debt for 19,840 shares of the Company's common stock. In 2021, the remaining eight participants converted 835,000 in debt for 331,349 shares of the Company's common stock. Interest expense for these notes was $30,426 and $59,886 for the years ended December 31, 2021, and 2020, respectively including $975 and $1,742, respectively to the Company's corporate secretary, Monique Hayes, who participated in the Company's convertible debt offering for $25,000 which was also converted for 9,921 shares of the Company's stock.

In July 2020, a current convertible debt holder was issued an additional convertible promissory note for a principal balance of $200,000 which funds were utilized for the purchase of a new jumbo underground drill. The note is collateralized by the drill. The outstanding principal amount of the note bears interest at an annual rate of 6.0% with interest payments due monthly and the unpaid principal due in June 2023. The principal amount of the note is convertible at the option of the note holder into shares of the Company's common stock at a price of $5.60 per share (35,715 shares) prior to the maturity date of the note. Interest expense for this note was $12,000 and $5,250 for the years ended December 31, 2021, and 2020, respectively.

In March of 2021 the Company issued convertible promissory notes of $1,750,000 from which funds were utilized for the purchase of an addition to the Alder Gulch property (Note 5). The notes are collateralized by the Alder Gulch property as well as other unencumbered real property that the Company currently owns. The outstanding principal amount of the notes bears interest at an annual rate of 8.0% with interest payments due monthly and the principal due in March 2024. The principal amount of the notes is convertible at the option of the note holders into shares of the Company's common stock at a price of $4.90 per share (357,143 shares) prior to the maturity date of the notes. Interest expense for this note was $109,775 for the year ended December 31, 2021.

### 15. Small Business Administration Loans

On April 10, 2020, the Company received a loan of $358,346 pursuant to the Paycheck Protection Program (the "PPP") under Division A, Title I of the CARES Act, which was enacted March 27, 2020. The loan, which was in the form of a Note dated April 10, 2020, had a maturity date on April 9, 2022, and an interest rate of 1% per annum, payable monthly commencing on October 9, 2020. The Note could be prepaid by the Company at any time prior to maturity with no prepayment penalties. This loan was forgiven after being used for qualifying expenses under the provisions of the CARES Act prior to the filing of these financial statements. Qualifying expenses included payroll costs, costs used to continue group health care benefits, rent, and utilities. The amount of the PPP loan has been recognized as gain on forgiveness of the CARES Act loan in the Company's consolidated income statement for the year ended December 31, 2020.

In April 2020, the Company received $10,000 under Division A, Title I, Section 1110 of the CARES Act. Additionally, in May 2020, the Company received a loan of $149,900 pursuant to the Small Business Act Section 7(b). The May loan which was in the form of a Note dated May 16, 2020, matures May 16, 2050, and bears interest at a rate of 3.75% per annum. Payments of $731 are due monthly and will begin in January 2022. At December 31, 2021, total accrued interest on the remaining loan is $9,311 of which $6,219 and $3,092 were accrued in 2021 and 2020, respectively and which is included in the Small Business Administration loan balance on the consolidated balance sheet.

### 16. Subsequent Events

The Company closed a private placement in February 2022. Under the private placement the Company sold 360,134 units at $7.50 per unit for net proceeds of $2,701,000. Each unit consisted of one share of the Company's stock.

On March 11, 2022, the Company started trading on the NYSE American exchange under the trading symbol IDR.



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## ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

## ITEM 9A. CONTROLS AND PROCEDURES

**Disclosure Controls and Procedures**

At the end of the period covered by this Annual Report on Form 10-K, our 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) and Rule 15d-15(e) of the Securities Exchange Act of 1934 (the "Exchange Act"). Based upon that evaluation, it was concluded that our disclosure controls were effective as of the end of the period covered by this report, to ensure that: (i) information required to be disclosed by the 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, and (ii) material information required to be disclosed in reports filed under the Exchange Act is accumulated and communicated to our management, including our President and Chief Accounting Officer, as appropriate, to allow for accurate and timely decision regarding required disclosure.

**Internal Control over Financial Reporting**

Management's Annual Report on Internal Control Over Financial Reporting
The management of Idaho Strategic Resources, Inc. is responsible for establishing and maintaining adequate internal control over financial reporting. This internal control system has been designed to provide reasonable assurance to the Company's management and Board of Directors regarding the preparation and fair presentation of the Company's published financial statements.

All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

The management of Idaho Strategic Resources, Inc. has assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2021. To make this assessment, we used the criteria for effective internal control over financial reporting described in *Internal Control-Integrated Framework (2013),* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on our assessment, we believe that, as of December 31, 2021, the Company's internal control over financial reporting is effective.

**Changes in internal control over financial reporting**

There was no material change in internal control over financial reporting in the quarter ended December 31, 2021.

## ITEM 9B. OTHER INFORMATION

None.



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# PART III

## ITEM 10. DIRECTORS, EXECUTIVE OFFICERS, AND CORPORATE GOVERNANCE

| Name & Address | Age | Position | Term |
|---|---|---|---|
| John Swallow<br>c/o 201 N. Third Street<br>Coeur d'Alene, ID 83814 | 55 | Chief Executive Officer/ President & Chairman of the Board | 8/29/2013 to 12/1/2014 and 5/2/2015 to present President 1/20/17 to present CEO and 8/29/2013 to present Director 7/11/2019 to present Chairman |
| Grant A. Brackebusch<br>c/o 201 N. Third Street<br>Coeur d'Alene, ID 83814 | 52 | Chief Financial Officer, Vice President, & Director | 7/18/1996 to present |
| Kevin Shiell<br>c/o 201 N. Third Street<br>Coeur d'Alene, ID 83814 | 63 | Director | 1/10/17 to present |
| Rich Beaven<br>c/o 201 N. Third Street<br>Coeur d'Alene, ID 83814 | 54 | Director | 1/12/2022 to present |
| Robert Morgan<br>c/o 201 N. Third Street<br>Coeur d'Alene, ID 83814 | 54 | Vice President | 1/16/2018 to present |
| Monique Hayes<br>c/o 201 N. Third Street<br>Coeur d'Alene, ID 83814 | 56 | Secretary | 11/20/16 to present |

Directors are elected by shareholders at each annual shareholders meeting to hold office until the next annual meeting of shareholders or until their respective successors are elected and qualified.

**Executive Officers and Key Employees**

**John Swallow** was named Chief Executive Officer and President on January 10, 2017. Prior to being named as CEO, Mr. Swallow was appointed as the President and a Director of the Company on August 29, 2013. He resigned as president in December 2014, and subsequently reappointed as President on May 5, 2015, following the resignation of Mr. Highsmith. Following Mr. Steiner's resignation on July 11, 2019, Mr. Swallow became the Chairman of the Board. He holds a B.S. in Finance from Arizona State University. Mr. Swallow was the Vice President of Timberline Drilling, Inc. from November 2011 until accepting the role of President with the Company. From September 2009, until November 2011, Mr. Swallow was self-employed. From January 2006 until September 2009, he served as chairman of Timberline Resources Corporation. He brings wide-ranging experience from within the local mineral exploration industry as well as extensive knowledge of the junior equity markets. Mr. Swallow's extensive experience in the drilling industry, his previous roles as a chairman of a board and as a vice president of a corporation qualify him to sit on the Board of the Company.

**Grant A. Brackebusch, P.E.** has served as the Vice President and a Director of the Company since 1996. He holds a B.S. in Mining Engineering from the University of Idaho. He is registered in Idaho as a Professional Engineer. He has worked for Idaho Strategic Resources, Inc. since 1996 and worked for Newmont Mining previously. Currently, he supervises the mining operation at the Golden Chest Mine including the operation of the New Jersey Mill. He has experience with permitting, exploration, open pit, and underground mining as well as mineral processing. Mr. Brackebusch's extensive mining background, knowledge of the Company's daily operations, and industry expertise qualifies him to sit on the Board of the Company.

**Kevin Shiell** has more than 35 years of operating and management experience in the mining and mineral processing industries, primarily in Montana, Idaho, and Nevada. He has held executive leadership positions at several public companies, including General Manager and Vice President of Mine Operations at Stillwater Mining Company, Chief Operating Officer at MDM Gold, and various mine supervisory positions at Hecla Mining Company. Mr. Shiell is currently the General Manager of the Hollister and Midas Gold Mines which are owned and operated by Hecla Mines. He brings vast operational knowledge and management experience at a transformational time in the Company's development.

**Rich Beaven** joined the Idaho Strategic Resources Board on January 12, 2022. Mr. Beaven is Lead Portfolio Manager and Principal at Signia Capital. Signia is a small-cap value asset manager with a largely institutional (pension fund) client base. Prior to co-founding Signia Capital Management in 2002, Rich was the Assistant Director of Research and a Portfolio Manager for a $2B Pacific Northwest asset management firm. With blue-collar roots, Rich went on to get a BA in business administration from the University of Kentucky and an MBA from Gonzaga University. In addition, he is a CFA charter holder and has served as President of the CFA Society of Spokane.



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**Robert Morgan** has served as the Vice President Exploration of the Company since January 2018. Mr. Morgan has over 22 years of exploration experience, including 20 years focused on gold exploration, of which 12 years were in Northern Idaho and Montana. Mr. Morgan has worked for some of the world's leading gold exploration and mining companies including Newmont and ASARCO throughout the western United States, Alaska, and South America. He is practiced in designing, implementing, and managing large exploration programs for gold, silver, base metals and rare earth elements. His technical work has included geologic mapping, logging of drill holes, compilation, and interpretation of multiple data sets for target identification. Mr. Morgan earned his Bachelor of Science degree in geology from California State University at Chico. He has an extensive environmental background with emphasis on wetlands and water management. Mr. Morgan is a registered professional geologist with the State of Idaho and Professional Land Surveyor registered with the State of Montana.

**Monique Hayes** was appointed Corporate Secretary in November 2016. She has over 10 years of investor relations corporate governance experience in the mining industry and over 10 years of communications and brand management experience. Prior to joining Idaho Strategic Resources, Inc., Ms. Hayes worked for Hecla Mining Company, Revett Mining Company and Sterling Mining. Her advertising and communications experience includes working for Publicis Dialog Direct and White Runkle Associates where she worked with national accounts including AT&T Wireless, Bell Atlantic and NordicTrack. Ms. Hayes attended City University where she studied business management, brand strategy and communications.

**Legal Proceedings**
No Director or Officer has been involved in any legal action involving the Company for the past five years.

**Section 16(a) Beneficial Ownership Reporting Compliance**
Under Section 16(a) of the Securities Exchange Act of 1934, as amended, and the regulations thereunder, the Company's Directors, Executive Officers and beneficial owners of more than 10% of any registered class of the Company's equity securities are required to file reports of their ownership of the Company's securities and any changes in that ownership with the SEC.

Based solely on our review of the copies of such forms received by us, or written representations from certain reporting persons, we believe that during fiscal year ended December 31, 2021, all filing requirements applicable to its officers, directors and greater than 10% percent beneficial owners were complied with.

**Code of Ethics**
The Company adopted a Code of Ethics at a Board of Directors meeting on December 9, 2003, that applies to the Company's executive officers. The Company also adopted a Code of Ethics for all employees at the Board of Directors meeting on February 18, 2008.

**Board Nomination Procedures**
There have been no material changes to the procedures by which security holders may recommend nominees to the registrant's board of directors.

## ITEM 11. EXECUTIVE COMPENSATION

**Compensation of Officers**
A summary of cash and other compensation for John Swallow, the Company's President, Chief Executive Officer, and Chairman of the Board, Grant Brackebusch, the Company's Vice President, and Robert Morgan, the Company's Vice President (the "Named Executive Officers"), for the two most recent years is as follows:

**Executive Officer Summary Compensation Table**

| Name & Principal Position | Year | Salary ($) | Bonus ($) | Stock Awards ($) | Option Awards[1] ($) | Nonequity Incentive Plan Compensation ($) | Nonqualified Deferred Compensation Earnings ($) | All Other Compensation ($) | Total ($) |
|---|---|---|---|---|---|---|---|---|---|
| John Swallow | 2021 | 125,000 | 6,975 | - | 48,046 | - | - | - | 180,021 |
| President, Chief Executive Officer, & Chairman | 2020 | 74,208 | - | - | - | - | - | - | 74,208 |
| Grant Brackebusch | 2021 | 150,000 | 6,975 | - | 48,046 | - | - | - | 205,021 |
| Vice President | 2020 | 121,250 | - | - | | - | - | - | 121,250 |
| Robert Morgan | 2021 | 100,000 | - | - | 48,046 | - | - | - | 148,046 |
| Vice President | 2020 | 90,000 | - | - | - | - | - | - | 90,000 |

(1) Stock Awards and Options Awards include fees earned as Directors. The Company has valued all Stock Awards granted at fair value as computed in accordance with FASB Accounting Standards Codification Topic 718. The compensation of the Named Executive Officers has been set by disinterested members of the Board of Directors to a level competitive with other mining companies of similar size with similar types of operations. The executive stock compensation is for services as directors.



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The Company does not have a retirement plan for its executive officers and there is no agreement, plan or arrangement that provides for payments to executive officers in connection with resignation, retirement, termination or a change in control of the Company.

**Outstanding Equity Awards at Fiscal Year-end**

As of December 31, 2021, 64,287 Options were vested and outstanding to directors Grant Brackebusch, John Swallow, and Kevin Shiell.

**Director Compensation**

**Director Summary Compensation Table**

| Name & Principal Position | Year | Salary ($) | Bonus ($) | Stock Awards ($) | Option Awards[1] ($) | Nonequity Incentive Plan Compensation ($) | Nonqualified Deferred Compensation Earnings ($) | All Other Compensation ($) | Total ($) |
|---|---|---|---|---|---|---|---|---|---|
| Kevin Shiell | 2021 | - | - | - | 48,046 | - | - | - | 48,046 |
| Director | 2020 | - | - | - | - | - | - | - | - |

No Option Awards were issued the Directors for service as directors of the Company in 2020. No additional fees are paid for attendance at Board of Directors' meetings, committee membership or committee chairmanship. On occasion, Directors are retained for consulting services unrelated to their duties as Directors. These consulting services are either paid in cash or with unregistered Common Stock according to the Company's policy for share-based payment of services.

The Company does not have a retirement plan for its Directors and there is no agreement, plan or arrangement that provides for payments to Directors in connection with resignation, retirement, termination or a change in control of the Company.



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## ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The following table sets forth information as of March 1, 2022 regarding the shares of Company Common Stock beneficially owned by: (i) each person known by the Company to own beneficially more than 5% of the Company's Common Stock; (ii) each Director of the Company; (iii) the CEO and CFO of the Company (the "Named Executive Officers"); and (iv) all Directors and the Named Executive Officers of the Company as a group. Except as noted below, each holder has sole voting and investment power with respect to the shares of the Company Common Stock listed as owned by that person.

**Security Ownership of Certain Beneficial Owners**

| Title of Class | Name and Address Of Beneficial Owner | Amount and Nature of Beneficial Owner | Percent of Class[(1)] |
|---|---|---|---|
| Common | John Swallow<br>c/o 201 N. Third Street<br>Coeur d'Alene, ID 83814 | 1,346,731 (a) | 10.47% |
| Common | Robert Dumont<br>c/o 201 N. Third Street<br>Coeur d'Alene, ID 83814 | 730,096 (b) | 5.68 |

**Security Ownership of Management**

| Title of Class | Name and Address of Beneficial Owner | Amount and Nature of Beneficial Owner | Percent of Class[1] |
|---|---|---|---|
| Common | John Swallow<br>c/o 201 N. Third Street<br>Coeur d'Alene, ID 83814 | 1,346,731 (a) | 10.47% |
| Common | Grant A. Brackebusch<br>c/o 201 N. Third Street<br>Coeur d'Alene, ID 83814 | 139,483 (c) | 1.08% |
| Common | Kevin Shiell<br>c/o 201 N. Third Street<br>Coeur d'Alene, ID 83814 | 64,287 (d) | 0.50% |
| Common | Rob Morgan<br>c/o 201 N. Third Street<br>Coeur d'Alene, ID 83814 | 35,358 (e) | 0.27% |
| Common | Rich Beaven<br>c/o 201 N. Third Street<br>Coeur d'Alene, ID 83814 | - | - |
| Common | Monique Hayes<br>c/o 201 N. Third Street<br>Coeur d'Alene, ID 83814 | 45,621 (f) | 0.35% |
| Common | All Directors and Executive Officers as a group (6 individuals) | 1,631,480 | 12.68% |

(1) Based upon 11,309,160 outstanding shares of common stock 669,467 warrants, 492,889 vested options, and 392,866 shares into which debt can be converted at March 1, 2022.
a) Consists of 1,303,145 shares of common stock, presently exercisable options to purchase 21,429 shares and presently exercisable warrants to purchase 22,157 shares.
b) Consists of 628,904 outstanding shares of common stock and presently exercisable warrants to purchase 101,192 shares.
c) Consists of 118,054 shares of common stock and presently exercisable options to purchase 21,429 shares of common stock.
d) Consists of 42,858 shares of common stock and presently exercisable options to purchase 21,429 shares of common stock.
e) Consists of 13,929 shares of common stock and presently exercisable options to purchase 21,429 shares of common stock.
f) Consists of 24,192 shares of common stock and presently exercisable options to purchase 21,429 shares of common stock.

None of the Directors or Officers has the right to acquire any additional securities pursuant to options, warrants, conversion privileges or other rights. No shares are pledged as security.

**Securities Authorized for Issuance under Equity Plans**
In April 2014, the Company established a stock option plan to authorize the granting of stock options to officers and employee. The Company occasionally pays for goods or services with unregistered Common Stock and uses the average bid price of the stock, as quoted on the NYSE American, at the time to determine the number of shares to be issued.

**Changes in Control**
None.



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## ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

**Certain Relationships and Related Transactions**

None

**Director Independence**
The Board of Directors has determined that John Swallow and Grant Brackebusch are not independent directors. Kevin Scheill and Rich Beaven are independent directors.

The Board of Directors does not have separately designated nominating or compensation committees. The entire Board performs these functions. The Company's audit committee is comprised of two non-executive members Kevin Shiell and Rich Beaven.

## ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

**Audit Fees**
The aggregate fees billed for professional services rendered by the Company's principal accountant for the audit of the annual financial statements included in the Company's annual report on Form 10-K for the fiscal years ended December 31, 2021, and December 31, 2020 and the review for the financial statements included in the Company's quarterly reports on Form 10-Q during those fiscal years, were $60,856 and $54,374 respectively.

**Audit Related Fees**
The Company incurred no fees during the last two fiscal years for assurance and related services by the Company's principal accountant that were reasonably related to the performance of the audit or review of the Company's financial statements, and not reported under "Audit Fees" above.

**Tax Fees**
$5,200 in 2021 and $6,300 in 2019 was paid to the Company's principal accountant for tax compliance, tax advice, and tax planning services.

**All Other Fees**
$600 in other fees were incurred during 2021 and none in 2020 for other services rendered by the Company's principal accountant.

**Audit Committee Pre-Approval Policies**
The Board of Directors has adopted an audit committee pre-approval policy. The audit committee is required to pre-approve the audit and non-audit services performed by the independent auditor in order to assure that the provision of such services do not impair the auditor's independence.



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# PART IV

## ITEM 15. EXHIBITS

***Financial Statements***
The following Consolidated Financial Statements of the Corporation are filed as a part of this report:

1. Report of Independent Registered Public Accounting Firm dated March 31, 2022.
2. Consolidated Balance Sheets—December 31, 2021 and 2020.
3. Consolidated Statements of Operations—Years ended December 31, 2021 and 2022.
4. Consolidated Statements of Changes in Stockholders' Equity—Years ended December 31, 2021 and 2020.
5. Consolidated Statements of Cash Flows—Years ended December 31, 2021, and 2020.
6. Notes to Consolidated Financial Statements.

***Exhibits***

| Exhibits | Description of Document |
|---|---|
| 3.0* | Articles of Incorporation of New Jersey Mining Company filed July 18, 1996 |
| 3.1* | Articles of Amendment filed September 29, 2003 |
| 3.2* | Articles of Amendment filed November 10, 2011 |
| 3.3* | Bylaws of New Jersey Mining Company |
| 3.4 | 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. |
| 3.5 | 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* | Venture Agreement with United Mine Services, Inc. dated January 7, 2011. |
| 10.2*** | Consent, Waiver and Assumption of Venture Agreement by Crescent dated February 14, 2014 |
| 10.3 | Registrant's Grant of Options to Directors and Officers dated December 30, 2016, incorporated by reference to the Company's Form 8-K as filed with the Securities and Exchange Commission on January 4, 2017. |
| 10.4 | Registrant's Grant of Options to Employees and Directors of the Company dated October 20, 2021, incorporated by reference to the Company's Form 8-K as filed with the Securities and Exchange Commission on October 22, 2021. |
| 10.5 | Form of Convertible Note Purchase Agreement dated as of February 18, 2020, incorporated by reference to the Company's 8-K as filed with the Securities and Exchange Commission on February 20, 2020. |
| 10.6 | Form of Convertible Promissory Note dated as of February 18, 2020, incorporated by reference to the Company's 8-K as filed with the Securities and Exchange Commission on February 20, 2020. |
| 10.7 | Form of Convertible Note Purchase Agreement dated as of April 14, 2021, incorporated by reference to the Company's 8-K as filed with the Securities and Exchange Commission on April 19, 2021. |
| 10.8 | Form of Convertible Promissory Note dated as of April 14, 2021, incorporated by reference to the Company's 8-K as filed with the Securities and Exchange Commission on April 19, 2021. |
| 14* | Code of Ethical Conduct. |
| 21 | Subsidiaries of the Registrant, incorporated by reference to the Company's Form 10-K as filed with the Securities and Exchange Commission on February 26, 2018. |
| 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. **** |
| 99.1 | Audit Committee Pre-Approval Policies-Filed as an exhibit to the registrant's annual report on Form 10-KSB for the year ended December 31, 2003 and incorporated by reference herein. |
| 99.2 | Golden Chest Underground Reserves at Year End 2021. **** |
| 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 with the Registrant's Form 10 on June 4, 2014.
** Filed July 2, 2014
*** Filed March 31, 2015.
**** Filed herewith.



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## SIGNATURES

In accordance with the Exchange Act, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Idaho Strategic Resources, Inc.

Date: March 31, 2021

By /s/ JOHN SWALLOW
John Swallow,
President, Chief Executive Officer

Date: March 31, 2021

By /s/ GRANT A. BRACKEBUSCH
Grant A. Brackebusch,
Vice President, Chief Financial Officer