

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended **June 30, 2022**

OR

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

For the transition period from _____ to _____

Commission File No. **000-28837**

IDAHO STRATEGIC RESOURCES, INC

(Name of small business issuer in its charter)

Idaho

(State or other jurisdiction of incorporation or organization)

82-0490295

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

201 N. Third Street, Coeur d'Alene, ID 83814

(Address of principal executive offices) (zip code)

(208) 625-9001

Registrant's telephone number, including area code

Securities registered pursuant to Section 12(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

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

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

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

Large Accelerated Filer
Non-accelerated Filer

Accelerated Filer
Small Reporting Company
Emerging Growth Company

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

APPLICABLE ONLY TO CORPORATE ISSUERS:

At August 1, 2022, 11,985,747 shares of the registrant's common stock were outstanding.

IDAHO STRATEGIC RESOURCES, INC
QUARTERLY REPORT ON FORM 10-Q
FOR THE QUARTERLY PERIOD
ENDED JUNE 30, 2022

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PART I - FINANCIAL INFORMATION

ITEM 1: CONSOLIDATED FINANCIAL STATEMENTS

Idaho Strategic Resources, Inc
Consolidated Balance Sheets (Unaudited)

	June 30, 2022	December 31, 2021
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 3,133,623	\$ 1,976,518
Gold sales receivable	734,594	408,187
Inventories	646,302	213,722
Joint venture receivable	2,909	4,442
Other current assets	561,694	334,443
Total current assets	<u>5,079,122</u>	<u>2,937,312</u>
Property, plant and equipment, net of accumulated depreciation	8,553,696	8,255,961
Mineral properties, net of accumulated amortization	6,319,404	5,843,186
Investment in Buckskin	333,399	332,728
Investment in joint venture	435,000	435,000
Reclamation bond	321,120	103,320
Deposits	140,222	11,694
Total assets	<u>\$ 21,181,963</u>	<u>\$ 17,919,201</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued expenses	\$ 713,517	\$ 647,218
Accrued payroll and related payroll expenses	217,622	174,110
Notes payable related parties, current portion	11,376	10,543
Notes payable, current portion	743,589	664,153
Small Business Administration loan, current portion	1,813	2,469
Total current liabilities	<u>1,687,917</u>	<u>1,498,493</u>
Asset retirement obligation	254,596	172,348
Notes payable related parties, long term	84,727	106,068
Convertible debt	-	1,950,000
Notes payable, long term	1,106,230	961,748
Small Business Administration loan, long term	160,393	166,742
Total long-term liabilities	<u>1,605,946</u>	<u>3,356,906</u>
Total liabilities	<u>3,293,863</u>	<u>4,855,399</u>
Commitments (Note 11)	-	-
Stockholders' equity:		
Preferred stock, no par value, 1,000,000 shares authorized; no shares issued or outstanding	-	-
Common stock, no par value, 200,000,000 shares authorized; June 30, 2022-11,985,747 and December 31, 2021- 10,940,969 shares issued and outstanding	32,133,342	26,004,756
Accumulated deficit	(17,107,155)	(15,832,955)
Total Idaho Strategic Resources, Inc stockholders' equity	<u>15,026,187</u>	<u>10,171,801</u>
Non-controlling interest	2,861,913	2,892,001
Total stockholders' equity	<u>17,888,100</u>	<u>13,063,802</u>
Total liabilities and stockholders' equity	<u>\$ 21,181,963</u>	<u>\$ 17,919,201</u>

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

Idaho Strategic Resources, Inc
Consolidated Statements of Operations (Unaudited)
For the Three and Six-Month Periods Ended

	June 30, 2022		June 30, 2021	
	Three Months	Six Months	Three Months	Six Months
Revenue:				
Sales of products	\$ 2,358,492	\$ 4,402,909	\$ 2,180,232	\$ 3,766,859
Total revenue	<u>2,358,492</u>	<u>4,402,909</u>	<u>2,180,232</u>	<u>3,766,859</u>
Costs of Sales:				
Cost of sales and other direct production costs	2,109,129	3,617,195	1,622,606	3,097,841
Depreciation and amortization	241,906	472,115	195,377	378,173
Total costs of sales	<u>2,351,035</u>	<u>4,089,310</u>	<u>1,817,983</u>	<u>3,476,014</u>
Gross profit	7,457	313,599	362,249	290,845
Other operating expenses:				
Exploration	386,781	782,905	208,170	925,877
Management	53,484	108,373	55,331	256,391
Professional services	136,035	216,018	43,430	166,081
General and administrative	273,977	475,289	136,007	649,842
Loss on disposal of equipment	3,901	3,901	-	-
Total other operating expenses	<u>854,178</u>	<u>1,586,486</u>	<u>442,938</u>	<u>1,998,191</u>
Operating loss	<u>(846,721)</u>	<u>(1,272,887)</u>	<u>(80,689)</u>	<u>(1,707,346)</u>
Other (income) expense:				
Equity income on investment in Buckskin	(339)	(670)	-	-
Timber revenue net of costs	-	-	(735)	(4,338)
Gain on forgiveness of SBA loan	(10,000)	(10,000)	-	-
Interest income	(31)	(556)	(32)	(123)
Interest expense	15,898	63,657	60,846	100,287
Total other expense	<u>5,528</u>	<u>52,431</u>	<u>60,079</u>	<u>95,826</u>
Net loss	(852,249)	(1,325,318)	(140,768)	(1,803,172)
Net loss attributable to non-controlling interest	(33,651)	(51,118)	(31,580)	(47,497)
Net loss attributable to Idaho Strategic Resources, Inc	<u>\$ (818,598)</u>	<u>\$ (1,274,200)</u>	<u>\$ (109,188)</u>	<u>\$ (1,755,675)</u>
Net loss per common share-basic and diluted	\$ (0.07)	\$ (0.11)	\$ (0.01)	\$ (0.18)
Weighted average common shares outstanding-basic and diluted	<u>11,801,664</u>	<u>11,496,352</u>	<u>9,929,715</u>	<u>9,881,835</u>

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

Idaho Strategic Resources, Inc
Consolidated Statement of Changes in Stockholders' Equity (Unaudited)
For the Three and Six-Month Periods Ended June 30, 2022 and 2021

	Common Stock Shares	Common Stock Amount	Accumulated Deficit Attributable to Idaho Strategic Resources, Inc	Non-Controlling Interest	Stockholders' Equity
Balance January 1, 2021	9,826,665	\$ 20,986,062	\$ (12,672,786)	\$ 2,950,888	\$ 11,264,164
Contribution from non-controlling interest in Mill JV	-	-	-	2,469	2,469
Issuance of common stock for services	714	2,300	-	-	2,300
Options issued to management, directors, and employees	-	604,571	-	-	604,571
Options issued for services	-	9,860	-	-	9,860
Issuance of common stock for cashless option exercise	28,196	-	-	-	-
Net loss	-	-	(1,646,487)	(15,917)	(1,662,404)
Balance March 31, 2021	<u>9,855,575</u>	<u>\$ 21,602,793</u>	<u>\$ (14,319,273)</u>	<u>\$ 2,937,440</u>	<u>\$ 10,220,960</u>
Contribution from non-controlling interest in Mill JV	-	-	-	17,459	17,459
Issuance of common stock for services	1,071	4,200	-	-	4,200
Issuance of common stock for warrants exercised	19,841	50,000	-	-	50,000
Issuance of common stock for cashless option exercise	3,571	-	-	-	-
Conversion of convertible debt to common stock	291,667	735,000	-	-	735,000
Net loss	-	-	(109,188)	(31,580)	(140,768)
Balance June 30, 2021	<u>10,171,725</u>	<u>\$ 22,391,993</u>	<u>\$ (14,428,461)</u>	<u>\$ 2,923,319</u>	<u>\$ 10,886,851</u>
Balance January 1, 2022	10,940,969	\$ 26,004,756	\$ (15,832,955)	\$ 2,892,001	\$ 13,063,802
Contribution from non-controlling interest in Mill JV	-	-	-	2,828	2,828
Issuance of common stock for cash, net of offering costs	360,134	2,701,000	-	-	2,701,000
Issuance of common stock for services	3,572	32,326	-	-	32,326
Issuance of common stock for warrants exercised	23,057	68,006	-	-	68,006
Issuance of common stock for cashless option exercise	28,981	-	-	-	-
Conversion of convertible debt to common stock	392,866	1,950,000	-	-	1,950,000
Net loss	-	-	(455,602)	(17,467)	(473,069)
Balance March 31, 2022	<u>11,749,579</u>	<u>\$ 30,756,088</u>	<u>\$ (16,288,557)</u>	<u>\$ 2,877,362</u>	<u>\$ 17,344,893</u>
Contribution from non-controlling interest in Mill JV	-	-	-	18,202	18,202
Issuance of common stock for cash, net of offering costs	138,665	980,107	-	-	980,107
Issuance of common stock for warrants exercised	70,919	397,147	-	-	397,147
Issuance of common stock for cashless option exercise	26,584	-	-	-	-
Net loss	-	-	(818,598)	(33,651)	(852,249)
Balance June 30, 2022	<u>11,985,747</u>	<u>\$ 32,133,342</u>	<u>\$ (17,107,155)</u>	<u>\$ 2,861,913</u>	<u>\$ 17,888,100</u>

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

Idaho Strategic Resources, Inc
Consolidated Statements of Cash Flows (Unaudited)
For the Six-Month Periods Ended June 30, 2022 and 2021

	June 30,	
	2022	2021
Cash flows from operating activities:		
Net loss	\$ (1,325,318)	\$ (1,803,172)
Adjustments to reconcile net loss to net cash used by operating activities:		
Depreciation and amortization	472,115	378,173
Loss on disposal of equipment	3,901	-
Accretion of asset retirement obligation	5,069	5,035
Stock based compensation	-	614,431
Issuance of common stock for services	32,326	6,500
Gain on forgiveness of SBA loan	(10,000)	-
Equity income on investment in Buckskin	(671)	-
Change in operating assets and liabilities:		
Gold sales receivable	(326,407)	1,194
Inventories	(432,580)	108,896
Joint venture receivable	1,533	1,712
Other current assets	(227,251)	(35,042)
Accounts payable and accrued expenses	69,295	(49,864)
Accrued payroll and related payroll expenses	43,512	9,555
Net cash used by operating activities	<u>(1,694,476)</u>	<u>(762,582)</u>
Cash flows from investing activities:		
Purchases of property, plant, and equipment	(229,763)	(249,328)
Deposits on equipment	(32,528)	(21,829)
Purchase of reclamation bonds	(217,800)	-
Additions to mineral property	(408,913)	(2,063,742)
Net cash used by investing activities	<u>(889,004)</u>	<u>(2,334,899)</u>
Cash flows from financing activities:		
Proceeds from sale of common stock and warrants net of issuance cost	3,681,107	-
Proceeds from exercise of common stock warrants	465,153	50,000
Principal payments on notes payable	(406,197)	(249,449)
Principal payments on notes payable, related parties	(20,508)	(18,262)
Issuance of convertible debt	-	1,750,000
Contributions from non-controlling interest	21,030	19,928
Net cash provided by financing activities	<u>3,740,585</u>	<u>1,552,217</u>
Net change in cash and cash equivalents	1,157,105	(1,545,264)
Cash and cash equivalents, beginning of period	1,976,518	2,539,945
Cash and cash equivalents, end of period	<u>\$ 3,133,623</u>	<u>\$ 994,681</u>
Non-cash investing and financing activities:		
Deposit on equipment applied to purchase	\$ 96,000	-
Notes payable for equipment and land purchase	\$ 630,115	\$ 1,130,143
Conversion of convertible debt to common stock	\$ 1,950,000	\$ 735,000

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

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

1. The Company and Significant Accounting Policies

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

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities known to exist as of the date the financial statements are published, and the reported amounts of revenues and expenses during the reporting period. Uncertainties with respect to such estimates and assumptions are inherent in the preparation of the Company’s financial statements; accordingly, it is possible that the actual results could differ from these estimates and assumptions, which could have a material effect on the reported amounts of the Company’s financial position and results of operations. Operating results for the three- and six-month periods ended June 30, 2022, are not necessarily indicative of the results that may be expected for the full year ending December 31, 2022.

On December 6, 2021, New Jersey Mining Company changed its name to Idaho Strategic Resources Inc. and also finalized a 1 for 14 reverse stock split of its common stock as previously approved by shareholders at a Special Meeting of the Shareholders held on October 6, 2021. On the date of the reverse stock split, every fourteen (14) shares of New Jersey Mining Company were automatically converted into one issued and outstanding share of Idaho Strategic Resources, Inc. common stock without any change in the par value per share.

For further information refer to the financial statements and footnotes thereto in the Company’s audited consolidated financial statements for the year ended December 31, 2021, as filed with the Securities and Exchange Commission.

Principles of Consolidation

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

Revenue Recognition

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

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

Other Revenue Recognition-Revenue from harvest of raw timber is recognized when the performance obligation under a contract and transfer of control of the timber have both been completed. Sales of timber found on the Company’s mineral properties are not a part of normal operations.

Inventories

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

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

1. The Company and Significant Accounting Policies (continued)

Mine Exploration and Development Costs

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

Fair Value Measurements

When required to measure assets or liabilities at fair value, the Company uses a fair value hierarchy based on the level of independent, objective evidence surrounding the inputs used. The Company determines the level within the fair value hierarchy in which the fair value measurements in their entirety fall. The categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. Level 1 uses quoted prices in active markets for identical assets or liabilities, Level 2 uses significant other observable inputs, and Level 3 uses significant unobservable inputs. The amount of the total gains or losses for the period that are included in earnings are attributable to the change in unrealized gains or losses relating to those assets and liabilities still held at the reporting date. At June 30, 2022, and December 31, 2021, the Company had no assets or liabilities that required measurement at fair value on a recurring basis.

Accounting for Investments in Joint Ventures and Equity Method Investments

Investment in Joint Ventures

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

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

Equity Method Investments

Investments in companies and joint ventures in which the Company has the ability to exercise significant influence, but do not control, are accounted for under the equity method of accounting. In determining whether significant influence exists, the Company considers its participation in policy-making decisions and representation on governing bodies. Under the equity method of accounting, our share of the net earnings or losses of the investee are included in net income (loss) in the consolidated statements of operations. We evaluate equity method investments whenever events or changes in circumstance indicate the carrying amounts of such investments may be impaired. If a decline in the value of an equity method investment is determined to be other than temporary, a loss is recorded in earnings in the current period. At June 30, 2022, and December 31, 2021, the Company's 37% common stock holding of Buckskin Gold and Silver, Inc. is accounted for using the equity method (Note 10).

At June 30, 2022 and December 31, 2021, the Company's percentage ownership and method of accounting for each joint venture and equity method investment is as follows:

Joint Venture	June 30, 2022			December 31, 2021		
	% Ownership	Significant Influence?	Accounting Method	% Ownership	Significant Influence?	Accounting Method
NJMJV	65%	Yes	Consolidated	65%	Yes	Consolidated
Butte Highlands Joint Venture ("BHJV")	50%	No	Cost	50%	No	Cost
Buckskin Gold and Silver	37%	Yes	Equity	37%	Yes	Equity

Reclassifications

Certain prior period amounts have been reclassified to conform to the 2022 financial statement presentation. Reclassifications had no effect on net loss, stockholders' equity, or cash flows as previously reported.

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

1. The Company and Significant Accounting Policies (continued)

New Accounting Pronouncement

Accounting Standards Updates Adopted—In August 2020, the FASB issued ASU No. 2020-06 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. The adoption of this update on January 1, 2022, did not have a material impact on our consolidated financial statements.

2. 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.

3. Inventories

At June 30, 2022 and December 31, 2021, the Company’s inventories consisted of the following:

	June 30, 2022	December 31, 2021
Concentrate inventory		
In process	\$ 208,774	\$ 41,082
Finished goods	14,125	97,074
Total concentrate inventory	222,899	138,156
Supplies inventory		
Mine parts and supplies	244,363	54,998
Mill parts and supplies	103,139	20,568
Core drilling supplies and materials	75,901	-
Total supplies inventory	423,403	75,566
Total	\$ 646,302	\$ 213,722

The carrying value of inventory is determined each period based on the lower of cost or net realizable value. At June 30, 2022 and December 31, 2021 gold concentrate is carried at cost.

4. Sales of Products

Our products consist of both gold flotation concentrates which we sell to a single broker (H&H Metal), and an unrefined gold-silver product known as doré which we sell to a precious metal refinery. At June 30, 2022, metals that had been sold but not final settled thus exposed to future price changes totaled 2,568 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 of products by metal type for the three and six-month periods ended June 30, 2022, and 2021 were as follows:

	June 30, 2022		June 30, 2021	
	Three Months	Six Months	Three Months	Six Months
Gold	\$ 2,547,096	\$ 4,730,119	\$ 2,296,378	\$ 4,010,102
Silver	3,517	6,958	9,103	13,424
Less: Smelter and refining charges	(192,121)	(334,168)	(125,249)	(256,667)
Total	\$ 2,358,492	\$ 4,402,909	\$ 2,180,232	\$ 3,766,859

Sales by significant product type for the three and six-month periods ended June 30, 2022, and 2021 were as follows:

	June 30, 2022		June 30, 2021	
	Three Months	Six Months	Three Months	Six Months
Concentrate sales to H&H Metal	\$ 2,054,876	\$ 4,099,293	\$ 2,180,232	\$ 3,690,351
Dore sales to refinery	303,616	303,616	-	76,508
Total	\$ 2,358,492	\$ 4,402,909	\$ 2,180,232	\$ 3,766,859

At June 30, 2022 and December 31, 2021, our gold sales receivable balance related to contracts with customers of \$734,594 and \$408,187, respectively, consist only of amounts due from H&H Metal. There is no allowance for doubtful accounts.

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

5. Related Party Transactions

At June 30, 2022 and December 31, 2021, the Company had the following note payable to related parties:

	June 30, 2022	December 31, 2021
Ophir Holdings LLC, a company owned by two officers of the Company, 3.99% interest, monthly payments of \$1,250 with a balloon payment of \$76,887 in February 2024.	\$ 96,103	\$ 116,611
Total	96,103	116,611
Current portion	(11,376)	(10,543)
Long term portion	\$ 84,727	\$ 106,068

As of June 30, 2022 and December 31, 2021, there was no accrued interest payable to related parties. Related party interest expense for the three and six-months ended June 30, 2022 and 2021 is as follows.

June 30, 2022		June 30, 2021	
Three Months	Six Months	Three Months	Six Months
\$ 1,027	\$ 2,157	\$ 2,133	\$ 4,402

The Company leases office space from certain related parties on a month-to-month basis. \$1,500 per month is paid to NP Depot, a company owned by the Company's president, John Swallow. Payments under these short-term lease arrangements are included in general and administrative expenses on the Consolidated Statement of Operations and are as follows:

June 30, 2022		June 30, 2021	
Three Months	Six Months	Three Months	Six Months
\$ 6,217	\$ 12,434	\$ 6,210	\$ 12,427

6. Joint Ventures

New Jersey Mill Joint Venture Agreement

The Company owns 65% of the New Jersey Mill Joint Venture (JV) and has significant influence in its operations. Thus, the venture is included in the consolidated financial statements along with presentation of the non-controlling interest. At June 30, 2022 and December 31, 2021, an account receivable existed with Crescent Silver, LLC, the other joint venture participant ("Crescent"), for \$2,909 and \$4,442, respectively, for shared operating costs as defined in the JV agreement.

Butte Highlands JV, LLC ("BHJV")

On January 29, 2016, the Company purchased a 50% interest in Butte Highlands JV, LLC ("BHJV") from Timberline Resources Corporation for \$225,000 in cash and 3,000,000 restricted shares of the Company's common stock valued at \$210,000 for a total consideration of \$435,000. Highland Mining, LLC ("Highland") is the other 50% owner and manager of the joint venture. Under the agreement, Highland will fund all future project exploration and mine development costs. The agreement stipulates that Highland is manager of BHJV and will manage BHJV until such time as all mine development costs, less \$2 million are distributed to Highland out of the proceeds from future mine production. The Company has determined that because it does not currently have significant influence over the joint venture's activities, it accounts for its investment on a cost basis.

7. Earnings per Share

For the three and six-month periods ended June 30, 2022, and 2021, potentially dilutive shares including outstanding stock options (Note 14), warrants (Note 13), and convertible debt (Note 15) were excluded from the computation of diluted loss per share because they were anti-dilutive due to net losses in those periods. For the three and six-month periods ended June 30, 2022 and 2021, potentially dilutive common stock equivalents excluded from the calculation of diluted earnings per share as their effect would have been anti-dilutive are as follows:

	June 30, 2022	June 30, 2021
Stock options	405,384	394,643
Stock purchase warrants	562,263	406,947
Convertible debt	-	432,540
Total	967,647	1,234,130

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

8. Property, Plant, and Equipment

Property, plant and equipment at June 30, 2022 and December 31, 2021 consisted of the following:

	June 30, 2022	December 31, 2021
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	(1,173,429)	(1,085,730)
Total mill	3,780,993	3,868,692
Building and equipment		
Buildings	337,859	324,075
Equipment	5,374,798	5,042,915
	5,712,657	5,366,990
Less accumulated depreciation	(2,217,709)	(1,847,191)
Total building and equipment	3,494,948	3,519,799
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
Salmon Building	410,285	-
Total land	1,277,755	867,470
Total	\$ 8,553,696	\$ 8,255,961

An office/warehouse building was purchased in Salmon, Idaho in the second quarter of 2022 for \$100,000 in cash and a note payable in the amount of \$310,285 for use by the Company as it explores its rare earth properties in the area.

9. Mineral Properties

Mineral properties at June 30, 2022 and December 31, 2021 consisted of the following:

	June 30, 2022	December 31, 2021
Golden Chest		
Mineral Property	\$ 1,590,525	\$ 1,577,669
Infrastructure	1,441,542	1,056,037
Total Golden Chest	3,032,067	2,633,706
New Jersey	336,020	248,289
McKinley-Monarch	200,000	200,000
Butte Potosi	274,440	274,440
Alder Gulch	2,473,066	2,473,066
Park Copper	78,000	78,000
Less accumulated amortization	(74,189)	(64,315)
Total	\$ 6,319,404	\$ 5,843,186

For the three and six-month periods ended June 30, 2022 and 2021, interest expense was capitalized in association with the ramp access project at the Golden Chest as follows.

June 30, 2022		June 30, 2021	
Three Months	Six Months	Three Months	Six Months
\$ 7,914	\$ 20,917	\$ 16,330	\$ 26,516

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

10. 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. The Company's closing share price on the date of the agreement (August 18, 2021) was recorded as the cost basis for the property. 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 and resulted in recognition of equity income on the investment of \$339 and \$671 for the three- and six-month periods ending June 30, 2022. The Company makes an annual payment of \$12,000 to Buckskin per a lease covering 218 acres of patented mining claims. As of June 30, 2022, the Company holds 37% of Buckskin's outstanding shares.

11. Notes Payable

At June 30, 2022 and December 31, 2021, notes payable are as follows:

	June 30, 2022	December 31, 2021
Building in Salmon, Idaho, 60-month note payable, 7.00% interest payable monthly through June 2027, monthly payments of \$2,500 with a balloon payment of \$260,886 in July 2027	\$ 310,285	\$ -
Resimin Muki Bolter, 36-month note payable, 7.00% interest payable monthly through January 2025, monthly payments of \$827	23,398	-
Paus 2 yrd. LHD, 48-month note payable, 4.78% interest rate payable through September 2024, monthly payments of \$5,181	136,994	164,422
Paus 2 yrd. LHD, 60-month note payable, 3.45% interest rate payable through July 2024, monthly payments of \$4,847	116,754	143,547
Compressor, 48-month note payable, 5.25% interest rate payable monthly through January 2022, monthly payments of \$813	-	410
CarryAll transport, 36-month note payable, 4.5% interest rate payable monthly through June 2024, monthly payments of \$627	14,360	17,752
CarryAll transport, 36-month note payable, 4.5% interest rate payable monthly through February 2024, monthly payments of \$303	5,835	7,501
Atlas Copco loader, 60-month note payable, 10.5% interest rate payable monthly through June 2023, monthly payments of \$3,550	40,264	58,866
Sandvik LH203 LHD, 36-month note payable, 4.5% interest payable monthly through May 2027, monthly payments of \$10,352	227,707	283,955
Doosan Compressor, 36-month note payable, 6.99% interest payable monthly through July 2024, monthly payments of \$602	13,997	17,064
Caterpillar 306 excavator, 48-month note payable, 4.6% interest payable monthly through November 2024, monthly payments of \$1,512	41,410	49,421
Caterpillar 938 loader, 60-month note payable, 6.8% interest rate payable monthly through August 2023, monthly payments of \$3,751	50,346	70,734
Caterpillar R1600 LHD, 48-month note payable, 4.5% interest rate payable through January 2025, monthly payments of \$17,125	500,249	590,535
Caterpillar AD22 underground truck, 48-month note payable, 6.45% interest rate payable through June 2023, monthly payments of \$12,979	150,160	221,694
2022 Dodge Ram, 75-month note payable, 5.99% interest rate payable monthly through June 2028, monthly payments of \$1,152	69,539	-
2016 Dodge Ram, 75-month note payable, 5.99% interest rate payable monthly through June 2028, monthly payments of \$1,190	71,808	-
Two CarryAll transports, 36-month note payable, 6.3% interest rate payable monthly through May 2025, monthly payments of \$1,515	48,366	-
CarryAll transport, 36-month note payable, 6.3% interest rate payable monthly through June 2025, monthly payments of \$866	28,347	-
Total notes payable	1,849,819	1,625,901
Due within one year	743,589	664,153
Due after one year	<u>\$ 1,106,230</u>	<u>\$ 961,748</u>

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

11. Notes Payable (continued)

All notes are collateralized by the property or equipment purchased in connection with each note. Future principal payments of notes payable at June 30, 2022 are as follows:

12 months ended June 30,	
2023	\$ 743,589
2024	530,561
2025	215,942
2026	34,689
2027	297,825
2028	27,213
Total	<u>\$ 1,849,819</u>

12. Small Business Administration Loan and Grant

In the second quarter of 2020, the Company received a loan of \$149,900 pursuant to the Small Business Act Section 7(b). The 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 November 2022. At June 30, 2022, and December 31, 2021 accrued interest on the loan was \$12,306 and \$9,311, respectively and is included in the Small Business Administration Loan balance on the consolidated balance sheet. In the second quarter of 2022, it was determined that an additional \$10,000 also received in the second quarter of 2020 was a grant that was forgiven as part of the Covid-19 relief program. This \$10,000 was recorded as a gain on forgiveness of the SBA loan in the statement of operations during the current quarter.

13. Stockholders' Equity

Stock issuance activity

In the first quarter of 2021 the Company issued 714 shares of common stock at \$3.22 per share for a total value of \$2,300. In the second quarter of 2021 the Company issued 1,071 shares of common stock at \$3.92 per share for services provided for a total value of \$4,200. 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 common stock. In the first quarter of 2022, the Company issued 3,572 shares of common stock at \$9.05 per share for services provided for a total value of \$32,326. In the second quarter of 2022, the Company sold 138,665 shares of common stock for net proceeds of \$980,107.

Stock Purchase Warrants Outstanding

In the second quarter of 2021 19,841 shares were issued in exchange for outstanding warrants for net proceeds of \$50,000. In the first quarter of 2022, 23,057 shares were issued in exchange for outstanding warrants for net proceeds of \$68,006. In the second quarter of 2022, 70,919 shares were issued in exchange for outstanding warrants for net proceeds of \$397,147.

The activity in stock purchase warrants is as follows:	Number of Warrants	Exercise Prices
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, 2021	669,467	\$ 2.52-7.00
Expired	(13,228)	\$ 2.52
Exercised	(93,976)	\$ 2.52-5.60
Balance June 30, 2022	<u>562,263</u>	\$ 5.60-7.00

These warrants expire as follows:	Shares	Exercise Price	Expiration Date
	272,969	\$ 5.60	August 28, 2022
	235,722	\$ 5.60	October 14, 2023
	53,572	\$ 7.00	November 12, 2023
	<u>562,263</u>		

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

14. Stock Options

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 during the six months ended June 30, 2021. No options were granted in the second quarter of 2021 or the first six months of 2022. 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
Fair value	\$ 604,572	\$ 9,860
Options issued	283,936	3,572
Exercise price	\$ 5.60	\$ 5.60
Expected term (in years)	3.0	3.0
Risk-free rate	0.19%	0.33%
Volatility	97.9%	99.3%

In the first quarter of 2021, 44,643 options were exercised in exchange for 28,196 shares at \$5.32 per share in a cashless warrant exercise. In the second quarter of 2021, 7,143 options were exercised in exchange for 3,571 shares at \$3.92 per share in a cashless warrant exercise. In the first quarter of 2022, 51,789 options were exercised in exchange for 28,981 shares at an average price of \$9.72 per share in a cashless warrant exercise. In the second quarter of 2022, 42,859 options were exercised in exchange for 26,584 shares at an average price of \$9.44 per share in a cashless warrant exercise. No stock-based compensation was recognized during the six months ended June 30, 2022. Activity in the Company's stock options is as follows:

	Number of Options	Weighted average exercise prices
Balance December 31, 2020	150,000	\$ 1.83
Granted	469,674	\$ 5.53
Exercised	(101,786)	\$ 1.87
Forfeited	(10,713)	\$ 5.60
Balance December 31, 2021	507,175	\$ 5.25
Exercised	(94,648)	\$ 1.71
Forfeited	(7,143)	\$ 1.96
Balance June 30, 2022	405,384	\$ 5.67
Outstanding and exercisable at June 30, 2022	<u>405,384</u>	<u>\$ 5.67</u>

At June 30, 2022, outstanding stock options have a weighted average remaining term of approximately 2.3 years and an intrinsic value of approximately \$919,800. Intrinsic value of the options exercised for the six-month period ended June 30, 2022, was \$255,993.

15. Convertible Debt

The balance of convertible debt at December 31, 2021 consisted of \$200,000 convertible to Common shares at a price of \$5.60 per share (35,715 shares) and \$1,750,000 convertible to Common shares at a price of \$4.90 per share (357,151 shares). All of this debt was converted to Common shares as provided in the respective agreements in March 2022.

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

Plan of Operation

Idaho Strategic Resources, Inc is a gold producer focused on diversifying and building its asset base and cash flows through a portfolio of mineral properties located in historic producing gold districts in Idaho and Montana.

The Company's plan of operation is to generate positive cash flow, increase its gold production and asset base over time while being mindful of corporate overhead. The Company's management is focused on utilizing its in-house skills to build a portfolio of producing mines and milling operations with a primary focus on gold and exploration for Rare Earth elements (REE).

The Company's properties include: the Golden Chest Mine (currently in production), the New Jersey Mill (majority ownership interest), and a 50% carried to production interest in the past producing Butte Highlands Mine located in Montana. In addition to its producing and near-term production projects, Idaho Strategic Resources, Inc. has additional gold exploration prospects, including the McKinley-Monarch and Eastern Star located in Central Idaho, and additional holdings near the Golden Chest in the Murray Gold Belt. Recently, the Company added two rare earth element properties in Idaho to its portfolio of exploration properties in an effort to diversify its holdings towards the anticipated demand for these elements in the electrification of motorized vehicles.

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 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. There is uncertainty related to the potential additional impacts COVID-19 could have on our operations and financial results for the year.

Critical Accounting Estimates

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

Our concentrate sales sometimes involve variable consideration, as they can be subject to changes in metals prices between the time of shipment and their final settlement. However, we are able to 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 June 30, 2022, metals that had been sold but not final settled thus exposed to future price changes totaled 2,568 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.

The asset retirement obligation and asset on our balance sheet is based on an estimate of the future cost to recover and remediate our properties as required by our permits upon cessation of our operations and may differ when we cease operations. At June 30, 2022 we reviewed our December 31, 2021 estimate that the cost of the machine and man hours probable to be needed to put our properties in the condition required by our permits once we cease operations. As of June 30, 2022 we added \$107,000 to our New Jersey Mine and Mill for a tailing impoundment expansion. The June 30, 2022 estimated costs would be \$103,906 for the Golden Chest property and \$203,600 for the New Jersey Mine and Mill. For purposes of the estimate, we evaluated the expected life in years and costs that, initially, are comparable to rates that we would incur at the present. We are adding to the liability each year, and amortizing the asset over the estimated life, which decreases our net income in total each year. We make periodic reviews of the remaining life of the mine and other operations, and the estimated remediation costs upon closure, and adjust our account balances accordingly. At this time, we think that an adjustment in our asset recovery obligation is not required, and an adjustment in future periods would not have a material impact in the year of adjustment but would change the amount of the annual accretion and amortization costs charged to our expenses by an undetermined amount.

Critical Accounting Policies

The SEC has requested that all registrants address their most critical accounting policies. The SEC has indicated that a “critical accounting policy” is one which is both important to the representation of the registrant’s financial condition and results and requires management’s most difficult, subjective, or complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain. We base our estimates on past experience and on various other assumptions our management believes to be reasonable under the circumstances, the results of which form the basis for making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results will differ and may differ materially from these estimates under different assumptions or conditions. Additionally, changes in accounting estimates could occur in the future from period to period. Our management has discussed the development and selection of our most critical financial estimates with the Audit and Finance Committee of our Board of Directors. The following paragraphs identify our most critical accounting policies:

Determination of Fair Values

Management determines the fair value of a financial instrument based on the amount that could be received upon the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value is calculated based on assumptions that market participants would use in pricing the asset or liability, not on assumptions specific to the entity. In addition, the fair value of liabilities includes consideration of non-performance risk, including the party’s own credit risk.

Impairment of Mineral Rights and Properties, Plant and Equipment

The Company assesses its mineral rights and properties, plant, and equipment for possible impairment whenever events or changes in circumstances indicate the carrying value of the assets may not be recoverable. Such indicators include changes in the Company’s business plans, changes in precious metal prices and significant downward revisions of estimated mineralization quantities. If the carrying value of an asset exceeds the future undiscounted cash flows expected from the asset, an impairment charge is recorded for the excess of carrying value of the asset over its estimated fair value.

Determination as to whether and how much an asset is impaired involves management estimates on highly uncertain matters such as future commodity prices, the effects of inflation and technology improvements on operating expenses, and the outlook for global or regional demand conditions for gold and silver. However, the impairment reviews and calculations are based on assumptions that are consistent with the Company’s business plans and long-term investment decisions. Management does not believe there are impairments present in mineral rights and properties, plant, and equipment.

Reclamation and Remediation Obligations

Reclamation costs are allocated to expense over the life of the related assets and are periodically adjusted to reflect changes in the estimated present value resulting from the passage of time and revisions to the estimates of either the timing or amount of the reclamation and remediation costs. Reclamation obligations are based on when the spending for an existing environmental disturbance will occur. We review, on at least an annual basis, the reclamation obligation at each mine site in accordance with guidance for accounting for asset retirement obligations.

Reclamation obligations for inactive mines are accrued based on management’s best estimate of the costs expected to be incurred at a site. Such cost estimates include, where applicable, ongoing care, maintenance, and monitoring costs. Changes in estimates at inactive mines are reflected in earnings in the period an estimate is revised.

Accounting for reclamation and remediation obligations requires management to make estimates unique to each mining operation of the future costs we will incur to complete the reclamation and remediation work required to comply with existing laws and regulations. Actual costs incurred in future periods could differ from amounts estimated. Additionally, future changes to environmental laws and regulations could increase the extent of reclamation and remediation work required. Any such increases in future costs could materially impact the amounts charged to earnings for reclamation and remediation.

Income Taxes

Our income tax expense and deferred tax assets and liabilities reflect management’s best assessment of estimated future taxes to be paid. Deferred income taxes arise from temporary differences between the tax and financial statement recognition of revenue and expense. In evaluating our ability to recover our deferred tax assets, we consider all available positive and negative evidence, including scheduled reversals of deferred tax liabilities, projected future taxable income, tax planning strategies and recent financial operations. In projecting future taxable income, we develop assumptions including the amount of future state and federal pretax operating income, the reversal of temporary differences, and the implementation of feasible and prudent tax planning strategies. These assumptions require significant judgment about the forecasts of future taxable income and are consistent with the plans and estimates that we are using to manage the underlying businesses. Valuation allowances are recorded as reserves against net deferred tax assets by the Company when it is determined that net deferred tax assets are not likely to be realized in the foreseeable future.

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The calculation of our tax liabilities involves dealing with uncertainties in the application of complex tax laws and regulations. Income tax positions must meet a more-likely-than-not recognition threshold to be recognized.

Highlights during the second quarter of 2022 include:

Rare Earth Elements/Thorium

- In May the Company announced *Idaho Strategic Resources Adds the Lemhi Pass Project – The Largest Known Concentration of Thorium Resources in the United States*. The Lemhi Pass District is “listed as the largest concentration of Thorium resources in the United States”, per the U.S. Geological Survey (USGS) and the Idaho Geological Survey (IGS). The addition of this land package not only compliments IDR’s nationally ranked ‘Technology Metals’ Rare Earth Element (REE) holdings; by adding this Thorium land package to its portfolio, the Company’s entrance into the ‘Energy Metals’ sector has been realized and a major U.S. Thorium/REE area is secured.
- Also in May, the Company announced *Idaho Strategic Resources Announces Addition of the Lemhi Pass Rare Earth Element Project in Central Idaho*. This land package consists of 25 unpatented claims, covering an area of approximately 425 acres in the northeastern part of the Lemhi Pass District. The northeastern portion of Lemhi Pass contains the greatest concentration of veins where the large Lemhi Pass, Bull Moose, and Dan Patch faults either intersect or approach one another.
- In June the Company received final approval for its Diamond Creek drill program and announced the purchase of a company office building in Salmon, Idaho.

Golden Chest/Murray Gold Belt

- At the Golden Chest, ore mined from underground stopes totaled approximately 8,540 tonnes from the 815, 830, and 833 stopes. Development waste tonnage totaled 1,070 tonnes as the Main Access Ramp (MAR) was extended at depth. Additionally, 4,021 cubic meters of backfill was placed during the quarter which was a 40% increase over the first quarter as the mining crews increased the efficiency of the backfill cycle.
- Open pit mining was completed in the Klondike pit and another small pit was started on a high-grade hangingwall vein exposure called the Jumbo vein. Average daily mining production on the surface was 816 tonnes per day with about 3,100 tonnes of ore mined during the quarter.
- For the quarter ended June 30, 2022, a total of 11,624 dry metric tonnes (dmt) were processed at the Company’s New Jersey mill with a flotation feed head grade of 4.58 grams per tonne (gpt) with gold recovery of 90.1%
- The Company drilled 1,700 meters during the quarter in nine holes spread out amongst the Skookum, Golden Chest, and Paymaster Shoots at the Golden Chest mine. Assay results are pending. At the end of the quarter the Company drill rig was moved to the Argus exploration property to drill the first holes ever drilled on the Company’s Murray Gold Belt properties.
- In early June, the Company began an exploration crosscut on the 941 Level in the northern end of the Golden Chest mine in an area known as the Klondike. The target of the crosscut the target is one of the vein intercepts in GC 21-207 (11.8 gpt gold over 1.9 meters) previously reported (*Idaho Strategic Resources Continues to Drill Gold-Quartz Veins at Klondike and Paymaster* December 13, 2021). The crosscut hit the vein in early August and drifting on the vein will commence to determine the grade and continuity of the new vein.

Results of Operations

Our financial performance during the quarter is summarized below:

- The Company had a gross profit of \$7,457 and \$313,599 in the three- and six-month periods ending June 30, 2022 compared to a gross profit of \$362,249 and \$290,845 for the comparative periods in. Gross profit decreased in the second quarter of 2022 because of lower gold prices, increased costs of consumables, and a gold inventory adjustment.
- Cash costs per ounce and AISC increased for the three-month period but decreased for the six-month periods ended June 30, 2022. The Company increased underground production of higher-grade ore and experienced lower gold prices in the second quarter of 2022 compared to 2021. The AISC per ounce six month decrease in cost was also a result of utilizing the Company’s in house core drilling only in 2022. In 2021 the Company used both in-house drilling and a contract driller for drilling in the Paymaster/Joe Dandy in 2021.

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- Revenue was \$2,358,492 and \$4,402,909, respectively for the three and six-month periods ended June 30, 2022, compared to \$2,180,232 and \$3,766,859 for the comparable periods of 2021. The increase was mostly the result of increased production.
- An operating loss of \$846,721 and \$1,272,887 for the three and six-month periods ended June 30, 2022, compared to an operating loss of \$80,689 and \$1,707,346 in the comparable periods of 2021. Some of the changes were a result of increased exploration, costs associated with the Company's NYSE original listing application, a portion of the annual listing fee and legal expenses, fees associated with the Company's S-3 Registration Statement filed with the SEC, contract core drilling in the Paymaster/Joe Dandy, and expense for stock options granted in the first quarter of 2021.
- Net loss of \$852,249 and \$1,352,318 for the three and six-month periods ended June 30, 2022, compared to net loss of \$140,768 and 1,803,172 in the comparable periods ended June 30, 2021. The reasons for these changes are the same as those for the operating loss described above.
- Exploration costs increased for the three-month period and decreased for the six-month period ending June 30, 2022 compared to 2021 because of increased drilling by the in-house drill, an increase in exploration on the Rare Earth properties in the second quarter of 2022, and the use of contract core drilling for the Paymaster/Joe Dandy in the first quarter of 2021.
- Reasons for changes in management, professional services, and general and administrative expenses between the comparable periods in 2022 and 2021 include costs associated with the Company's NYSE original listing application fee and SEC filings as mentioned above in the second quarter of 2022 and options being granted to management, directors, and employees for a total cost of \$604,571 in the first quarter of 2021.
- Timber revenue decreased in 2022. No logging on the Company's property occurred in 2022.
- The consolidated net loss for the six-months ended June 30, 2022, and 2021 included non-cash charges as follows: depreciation and amortization of \$472,115 (\$378,173 in 2021), loss on disposal of equipment of \$3,901 (none in 2021), accretion of asset retirement obligation of \$5,069 (\$5,035 in 2021), stock-based compensation of none in 2022 (\$614,431 in 2021), the issuance of common stock for services \$32,326 (\$6,500 in 2021), gain on forgiveness of SBA loan of \$10,000 (none in 2021), and equity income on investment in Buckskin \$671 in 2022 (None in 2021).

Cash Costs and All-In Sustaining Costs Reconciliation to GAAP-Reconciliation of cost of sales and other direct production costs and depreciation, depletion, and amortization (GAAP) to cash cost per ounce and all-in sustaining costs (AISC) per ounce (non-GAAP).

The table below presents reconciliations between the most comparable GAAP measure of cost of sales and other direct production costs and depreciation, depletion, and amortization to the non-GAAP measures of cash cost per ounce and all in sustaining costs per ounce for the Company's gold production in the three and six-month periods ended June 30, 2022, and 2021.

Cash cost per ounce is an important operating measure that we utilize to measure operating performance. AISC per ounce is an important measure that we utilize to assess net cash flow after costs for pre-development, exploration, reclamation, and sustaining capital. Current GAAP measures used in the mining industry, such as cost of goods sold do not capture all of the expenditures incurred to discover, develop, and sustain gold production.

	2022		2021	
	Three Months	Six Months	Three Months	Six Months
Cost of sales and other direct production costs and depreciation and amortization	\$ 2,351,035	\$ 4,089,310	\$ 1,817,983	\$ 3,476,014
Depreciation and amortization	(241,906)	(472,115)	(195,377)	(378,173)
Change in concentrate inventory	(40,229)	(432,580)	11,936	108,896
Cash Cost	\$ 2,068,900	\$ 3,184,615	\$ 1,634,542	\$ 3,206,737
Exploration	386,781	782,905	208,170	925,877
Sustaining capital	165,582	262,291	228,948	278,106
General and administrative	273,977	475,289	136,007	649,842
Less stock-based compensation and other non-cash items	3,885	(30,626)	(6,736)	(625,967)
All in sustaining costs	\$ 2,899,125	\$ 4,674,474	\$ 2,200,931	\$ 4,434,595
Divided by ounces produced	1,589	2,730	1,373	2,429
Cash cost per ounce	\$ 1,302.01	\$ 1,166.53	\$ 1,190.49	\$ 1,320.19
All in sustaining cost (AISC) per ounce	\$ 1,824.50	\$ 1,712.26	\$ 1,603.01	\$ 1,825.69

Financial Condition and Liquidity

	For the Six Months Ended June 30,	
	2022	2021
Net cash provided (used) by:		
Operating activities	\$ (1,694,476)	\$ (762,582)
Investing activities	(889,004)	(2,334,899)
Financing activities	3,740,585	1,552,217
Net change in cash and cash equivalents	1,157,105	(1,545,264)
Cash and cash equivalents, beginning of period	1,976,518	2,539,945
Cash and cash equivalents, end of period	<u>\$ 3,133,623</u>	<u>\$ 994,681</u>

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.

The Company entered into a Sales Agreement with Roth Capital Partners, LLC (the “Sales Agents”) dated June 7, 2022 (the “Sales Agreement”), pursuant to which the Company may, from time to time, sell up to \$10 million in shares (the “Placement Shares”) of the Company’s common stock through the Sales Agents, acting as the Company’s sales agent and/or principal, in a continuous at-the-market offering (the “ATM Offering”). The Company will pay the Sales Agents a commission of up to 3.0% of the aggregate gross proceeds the Company receives from all sales of the Company’s common stock under the Sales Agreement. The Placement Shares will be offered and sold pursuant to the Company’s shelf registration statement on Form S-3 (Registration No. 333-264647) and the related base prospectus included in the registration statement, as supplemented by the prospectus supplement dated June 7, 2022. As of June 30, 2022, the Company received net proceeds on sales of 138,665 shares of common stock under the Sales Agreement of approximately \$980,107 (after deducting \$30,532 in commissions and expenses) at a weighted average price of \$7.29.

ITEM 3: QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not required for small reporting companies.

ITEM 4: CONTROLS AND PROCEDURES**Disclosure Controls and Procedures**

At June 30, 2022, our Vice President who also serves as our Chief Accounting Officer evaluated the effectiveness of the design and operation of our disclosure controls and procedures pursuant to Rule 13a-15(e) of the Securities Exchange Act of 1934 (the “Exchange Act”), which disclosure controls and procedures are designed to insure that information required to be disclosed by a company in the reports that it files under the Exchange Act is recorded, processed, summarized, and reported within required time periods specified by the Securities & Exchange Commission rules and forms.

Based upon that evaluation, it was concluded that our disclosure controls were effective as of June 30, 2022, to ensure timely reporting with the Securities and Exchange Commission. Specifically, the Company’s corporate governance and disclosure controls and procedures provided reasonable assurance that required reports were timely and accurately reported in our periodic reports filed with the Securities and Exchange Commission.

Changes in internal control over financial reporting

There was no material change in internal control over financial reporting in the quarter ended June 30, 2022.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

None.

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

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

In the first quarter of 2021 the Company issued 714 shares of common stock at \$3.22 per share for services provided for a total value of \$2,300. Also, in the first quarter of 2021, 44,643 options were exercised in exchange for 28,196 shares at \$5.32 per share in a cashless warrant exercise. In the second quarter of 2021 the Company issued 1,071 shares of common stock at \$3.92 per share for services provided for a total value of \$4,200. 19,841 warrants were exercised at \$2.52 per share for \$50,000. 291,667 options were exercised at \$2.52 per share in exchange for \$735,000 of convertible debt. Also, in the second quarter of 2021, 7,143 options were exercised in exchange for 3,571 shares at \$3.92 per share in a cashless warrant exercise.

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 common stock. In the first quarter of 2022 the Company issued 3,572 shares of common stock at \$9.05 per share for services provided for a total value of \$32,326. In the first quarter of 2022 23,057 shares were issued in exchange for outstanding warrants for net proceeds of \$68,006. In the first quarter of 2022, 51,789 options were exercised in exchange for 28,981 shares at an average price of \$9.72 per share in a cashless warrant exercise. In March of 2022 392,866 shares of the Company's stock were issued to holders of convertible debt. 35,715 of those shares were issued at rate of \$5.60 per share and the remaining 357,151 of those shares were issued at a rate of \$4.90 per share in exchange for a total of \$1,950,000 in debt. In the second quarter of 2022, 70,919 shares were issued in exchange for outstanding warrants for net proceeds of \$397,147. In the second quarter of 2022, 42,859 options were exercised in exchange for 26,584 shares at an average price of \$9.44 per share in a cashless warrant exercise.

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

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

The Company has no outstanding senior securities.

ITEM 4. MINE SAFETY DISCLOSURES

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

ITEM 5. OTHER INFORMATION

In January 2022, the Board adopted its (a) Code of Business Conduct and Ethics; (b) Charter of the Audit Committee; (c) Charter of the Compensation Committee; (d) Charter of the Corporate Governance and Nominating Committee; and (e) Whistle Blower Policy. Copies of each are attached hereto as Exhibits 14, 99.1, 99.2, 99.3, and 99.4, respectively.

ITEM 6. EXHIBITS

Exhibits

3.1	Amended and Restated Articles of Incorporation, incorporated by reference to the Company's Form 8-K as filed with the Securities and Exchange Commission on October 27, 2021
3.2	Amended and Restated By-laws of Idaho Strategic Resources, Inc., incorporated by reference to the Company's Form 8-K as filed with the Securities and Exchange Commission on October 27, 2021
10.1*	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.
10.9	Sales Agreement, dated June 7, 2022, by and between the Company and Roth Capital Partners, LLC, incorporated by reference to the Company's 8-K as filed with the Securities and Exchange Commission on June 9, 2022.
23.1*****	Consent of Lyons O'Dowd, PLLC
23.2*****	Consent of Assure CPA, LLC
31.1****	Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2****	Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1****	Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2****	Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
95****	Mine safety information listed in Section 1503 of the Dodd-Frank Act.
101.INS****	XBRL Instance Document
101.SCH****	XBRL Taxonomy Extension Schema Document
101.CAL****	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF****	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB****	XBRL Taxonomy Extension Label Linkbase Document
101.PRE****	XBRL Taxonomy Extension Presentation Linkbase Document

* Filed with the Registrant's Form 10 on June 4, 2014.

** Filed July 2, 2014

*** Filed March 31, 2015.

**** Filed herewith.

***** Filed with the Registrant's S-3 Registration Statement on May 3, 2022.

SIGNATURES

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

IDAHO STRATEGIC RESOURCES, INC

By: /s/ John Swallow
John Swallow,
its: President and Chief Executive Officer
Date: August 15, 2022

By: /s/ Grant Brackebusch
Grant Brackebusch,
its: Vice President and Chief Financial Officer
Date: August 15, 2022

Certification

I, John Swallow, certify that:

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

Date: August 15, 2022

By /s/ John Swallow
John Swallow
Chief Executive Officer

Certification

I, Grant Brackebusch, certify that:

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

Date: August 15, 2022

By /s/ Grant Brackebusch
Grant Brackebusch
Chief Financial Officer

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

In connection with the Quarterly Report of New Jersey Mining Company, (the "Company") on Form 10-Q for the period ending June 30, 2022, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, John Swallow, Chief Executive Officer and Director of New Jersey Mining Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

Date: August 15, 2022

By /s/ John Swallow
John Swallow
Chief Executive Officer

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

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

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

In connection with the Quarterly Report of New Jersey Mining Company, (the "Company") on Form 10-Q for the period ending June 30, 2022, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Grant Brackebusch, Chief Financial Officer and Director of New Jersey Mining Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

Date: August 15, 2022

By /s/ Grant Brackebusch
Grant Brackebusch
Chief Financial Officer

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

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

Mine Safety Disclosures

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

As required by the reporting requirements of the Dodd-Frank Act, as amended, the table below presents the following information for the quarter ended June 30, 2022.

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

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