

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, 2023

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	<input type="checkbox"/>	Accelerated Filer	<input type="checkbox"/>
Non-Accelerated Filer	<input checked="" type="checkbox"/>	Small Reporting Company	<input checked="" type="checkbox"/>
		Emerging Growth Company	<input type="checkbox"/>

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, 2023, 12,256,523 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, 2023**

**TABLE OF CONTENTS**

<a href="#">PART I - FINANCIAL INFORMATION</a>	3
<a href="#">ITEM 1: Financial Statements</a>	3
<a href="#">ITEM 2: Management's Discussion and Analysis of Financial Condition and Results of Operations</a>	13
<a href="#">ITEM 3: Quantitative and Qualitative Disclosures about Market Risk</a>	16
<a href="#">ITEM 4: Controls and Procedures</a>	16
<a href="#">PART II - OTHER INFORMATION</a>	17
<a href="#">ITEM 1. Legal Proceedings</a>	17
<a href="#">ITEM 2. Unregistered Sales of Equity Securities and Use of Proceeds.</a>	17
<a href="#">ITEM 3. Defaults upon Senior Securities</a>	17
<a href="#">ITEM 4. Mine Safety Disclosures</a>	17
<a href="#">ITEM 5. Other Information</a>	17
<a href="#">ITEM 6. Exhibits</a>	18

PART I - FINANCIAL INFORMATION

ITEM 1: Financial Statements

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

	June 30, 2023	December 31, 2022
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 2,230,018	\$ 1,638,031
Gold sales receivable	840,288	909,997
Inventories	655,292	618,313
Joint venture receivable	1,554	1,926
Investment in equity securities	8,220	-
Other current assets	121,623	192,025
Total current assets	<u>3,856,995</u>	<u>3,360,292</u>
Property, plant and equipment, net of accumulated depreciation	10,786,929	9,923,386
Mineral properties, net of accumulated amortization	7,038,651	6,527,561
Investment in Buckskin Gold and Silver	335,609	334,252
Investment in joint venture	435,000	435,000
Reclamation bond	327,020	327,020
Deposits	-	76,110
Total assets	<u>\$ 22,780,204</u>	<u>\$ 20,983,621</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 542,838	\$ 579,541
Accrued payroll and related payroll expenses	235,452	179,149
Note payable related parties, current portion	-	12,226
Notes payable, current portion	1,043,523	859,393
Total current liabilities	<u>1,821,813</u>	<u>1,630,309</u>
Asset retirement obligation	270,073	262,217
Note payable related parties, long term	-	62,957
Notes payable, long term	1,738,727	1,315,068
Total long-term liabilities	<u>2,008,800</u>	<u>1,640,242</u>
Total liabilities	<u>3,830,613</u>	<u>3,270,551</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, 2023-12,256,523 and December 31, 2022- 12,098,070 shares issued and outstanding	34,124,125	33,245,622
Accumulated deficit	(17,979,992)	(18,368,384)
Total Idaho Strategic Resources, Inc stockholders' equity	<u>16,144,133</u>	<u>14,877,238</u>
Non-controlling interest	2,805,458	2,835,832
Total stockholders' equity	<u>18,949,591</u>	<u>17,713,070</u>
Total liabilities and stockholders' equity	<u>\$ 22,780,204</u>	<u>\$ 20,983,621</u>

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

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

	June 30, 2023		June 30, 2022	
	Three Months	Six Months	Three Months	Six Months
<b>Revenue:</b>				
Sales of products	\$ 3,236,515	\$ 6,578,111	\$ 2,358,492	\$ 4,402,909
Total revenue	<u>3,236,515</u>	<u>6,578,111</u>	<u>2,358,492</u>	<u>4,402,909</u>
<b>Costs of Sales:</b>				
Cost of sales and other direct production costs	2,099,890	4,247,850	2,109,129	3,617,195
Depreciation and amortization	343,042	671,079	241,906	472,115
Total costs of sales	<u>2,442,932</u>	<u>4,918,929</u>	<u>2,351,035</u>	<u>4,089,310</u>
Gross profit	793,583	1,659,182	7,457	313,599
<b>Other operating expenses:</b>				
Exploration	207,369	480,811	386,781	782,905
Management	55,568	124,479	53,484	108,373
Professional services	123,238	364,043	136,035	216,018
General and administrative	123,765	387,063	273,977	475,289
(Gain) loss on disposal of equipment	(6,344)	(224)	3,901	3,901
Total other operating expenses	<u>503,596</u>	<u>1,356,172</u>	<u>854,178</u>	<u>1,586,486</u>
Operating income (loss)	<u>289,987</u>	<u>303,010</u>	<u>(846,721)</u>	<u>(1,272,887)</u>
<b>Other (income) expense:</b>				
Equity income on investment in Buckskin	(1,007)	(1,357)	(339)	(670)
Timber revenue net of costs	-	(20,724)	-	-
Gain on forgiveness of SBA loan	-	-	(10,000)	(10,000)
Loss on investment in equity securities	2,880	2,880	-	-
Interest income	(18,756)	(37,693)	(31)	(556)
Interest expense	11,048	19,896	15,898	63,657
Total other (income) expense	<u>(5,835)</u>	<u>(36,998)</u>	<u>5,528</u>	<u>52,431</u>
<b>Net income (loss)</b>	<b>295,822</b>	<b>340,008</b>	<b>(852,249)</b>	<b>(1,325,318)</b>
Net loss attributable to non-controlling interest	(31,971)	(48,384)	(33,651)	(51,118)
Net income (loss) attributable to Idaho Strategic Resources, Inc.	<u>\$ 327,793</u>	<u>\$ 388,392</u>	<u>\$ (818,598)</u>	<u>\$ (1,274,200)</u>
Net income (loss) per common share-basic	<u>\$ 0.03</u>	<u>\$ 0.03</u>	<u>\$ (0.07)</u>	<u>\$ (0.11)</u>
Weighted average common share outstanding-basic	<u>12,256,523</u>	<u>12,228,844</u>	<u>11,801,664</u>	<u>11,496,352</u>
Net income (loss) per common share-diluted	<u>\$ 0.03</u>	<u>\$ 0.03</u>	<u>\$ (0.07)</u>	<u>\$ (0.11)</u>
Weighted average common shares outstanding- diluted	<u>12,259,438</u>	<u>12,232,638</u>	<u>11,801,664</u>	<u>11,496,352</u>

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

**Idaho Strategic Resources, Inc.**  
**Condensed Consolidated Statement of Changes in Stockholders' Equity (Unaudited)**  
**For the Three and Six-Month Periods Ended June 30, 2023 and 2022**

	Common Stock Shares	Common Stock Amount	Accumulated Deficit Attributable to Idaho Strategic Resources, Inc	Non-Controlling Interest	Stockholders' Equity
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 New Jersey Mill Joint Venture	-	-	-	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	11,749,579	\$ 30,756,088	\$ (16,288,557)	\$ 2,877,362	\$ 17,344,893
Contribution from non-controlling interest in New Jersey Mill Joint Venture	-	-	-	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	11,985,747	\$ 32,133,342	\$ (17,107,155)	\$ 2,861,913	\$ 17,888,100
Balance January 1, 2023	12,098,070	\$ 33,245,622	\$ (18,368,384)	\$ 2,835,832	\$ 17,713,070
Contribution from non-controlling interest in New Jersey Mill Joint Venture	-	-	-	1,601	1,601
Issuance of common stock for cash, net of offering costs	158,453	878,503	-	-	878,503
Net income (loss)	-	-	60,599	(16,413)	44,186
Balance March 31, 2023	12,256,523	\$ 34,124,125	\$ (18,307,785)	\$ 2,821,020	\$ 18,637,360
Contribution from non-controlling interest in New Jersey Mill Joint Venture	-	-	-	16,409	16,409
Net income (loss)	-	-	327,793	(31,971)	295,822
Balance June 30, 2023	12,256,523	\$ 34,124,125	\$ (17,979,992)	\$ 2,805,458	\$ 18,949,591

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

**Idaho Strategic Resources, Inc.**  
**Condensed Consolidated Statements of Cash Flows (Unaudited)**  
**For the Six-Month Periods Ended June 30, 2023 and 2022**

	June 30,	
	2023	2022
Cash flows from operating activities:		
Net income (loss)	\$ 340,008	\$ (1,325,318)
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:		
Depreciation and amortization	671,079	472,115
Loss on disposal of equipment	(224)	3,901
Accretion of asset retirement obligation	7,856	5,069
Issuance of common stock for services	-	32,326
Gain on forgiveness of SBA loan	-	(10,000)
Loss in investment in equity securities	2,880	-
Equity income on investment in Buckskin	(1,357)	(671)
Change in operating assets and liabilities:		
Gold sales receivable	69,709	(326,407)
Inventories	(36,979)	(432,580)
Joint venture receivable	372	1,533
Other current assets	70,402	(227,251)
Accounts payable and accrued expenses	(36,703)	69,295
Accrued payroll and related payroll expenses	56,303	43,512
Net cash provided (used) by operating activities	<u>1,143,346</u>	<u>(1,694,476)</u>
Cash flows from investing activities:		
Purchases of property, plant, and equipment	(343,356)	(229,763)
Deposits on equipment	-	(32,528)
Proceeds from sale of equipment	8,500	-
Purchase of reclamation bonds	-	(217,800)
Additions to mineral property	(523,785)	(408,913)
Purchase of equity securities	(11,100)	-
Net cash used by investing activities	<u>(869,741)</u>	<u>(889,004)</u>
Cash flows from financing activities:		
Proceeds from sale of common stock, net of issuance cost	878,503	3,681,107
Proceeds from exercise of common stock warrants	-	465,153
Principal payments on notes payable	(502,948)	(406,197)
Principal payments on notes payable, related parties	(75,183)	(20,508)
Contributions from non-controlling interest	18,010	21,030
Net cash provided by financing activities	<u>318,382</u>	<u>3,740,585</u>
Net change in cash and cash equivalents	591,987	1,157,105
Cash and cash equivalents, beginning of period	1,638,031	1,976,518
Cash and cash equivalents, end of period	<u>\$ 2,230,018</u>	<u>\$ 3,133,623</u>
Non-cash investing and financing activities:		
Deposit on equipment applied to purchase	\$ 76,110	\$ 96,000
Notes payable for equipment and land purchase	\$ 1,110,737	\$ 630,115
Conversion of convertible debt to common stock	\$ -	\$ 1,950,000

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

## **1. The Company and Significant Accounting Policies**

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

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities known to exist as of the date the financial statements are published, and the reported amounts of revenues and expenses during the reporting period. Uncertainties with respect to such estimates and assumptions are inherent in the preparation of the Company’s consolidated financial statements; accordingly, it is possible that the actual results could differ from these estimates and assumptions, which could have a material effect on the reported amounts of the Company’s consolidated financial position and results of operations. Operating results for the three and six-month periods ended June 30, 2023, are not necessarily indicative of the results that may be expected for the full year ending December 31, 2023.

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, 2022, in the Company’s Form 10-K as filed with the Securities and Exchange Commission on March 31, 2023.

### **Principles of Consolidation**

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

### **Revenue Recognition**

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

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

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

### **Inventories**

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

### **Mine Exploration and Development Costs**

The Company expenses exploration costs as such in the period they occur. The mine development stage begins once the Company identifies ore reserves which is based on a determination whether an ore body can be economically developed. Expenditures incurred during the development stage are capitalized as deferred development costs and include such costs for drift, ramps, 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, 2023, the Company had equity securities measured at fair value using level 1 quoted prices and no liabilities required measurement at fair value. At December 31, 2022, the Company had no assets or liabilities that required measurement at fair value on a recurring basis.

## [Table of Contents](#)

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

### 1. The Company and Significant Accounting Policies (continued)

#### **Accounting for Investments in Joint Ventures 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, 2023, and December 31, 2022, 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, 2023 and December 31, 2022, the Company's percentage ownership and method of accounting for each joint venture and equity method investment is as follows:

Joint Venture	June 30, 2023			December 31, 2022		
	% 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 Inc.	37%	Yes	Equity	37%	Yes	Equity

#### **Reclassifications**

Certain prior period amounts have been reclassified to conform to the 2023 financial statement presentation. Reclassifications had no effect on net loss, stockholders' equity, or cash flows as previously reported.

#### **Investments in Equity Securities**

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

#### **New Accounting Pronouncement**

Accounting standards that have been issued or proposed by the Financial Accounting Standards Board ("FASB") that do not require adoption until a future date are not expected to have a material impact on the financial statements upon adoption. The Company does not discuss recent pronouncements that are not anticipated to have an impact on or are unrelated to its financial condition, results of operations, cash flows or disclosures.

### 2. Going Concern

The Company is currently producing from underground at the Golden Chest Mine. In the past, the Company has been successful in raising required capital from sale of common stock, forward gold contracts, and debt. As a result of its 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, 2023 and December 31, 2022, the Company's inventories consisted of the following:

	June 30, 2023	December 31, 2022
Concentrate inventory		
In process	\$ 124,117	\$ 111,741
Finished goods	45,468	111,574
Total concentrate inventory	169,585	223,315
Supplies inventory		
Mine parts and supplies	346,109	233,465
Mill parts and supplies	62,028	83,963
Core drilling supplies and materials	77,570	77,570
Total supplies inventory	485,707	394,998
Total	\$ 655,292	\$ 618,313



[Table of Contents](#)

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

**4. Sales of Products**

Our products consist of both gold flotation concentrates which we sell to a single broker (H&H Metal), and an unrefined gold-silver product known as doré which we sell to a precious metal refinery. At June 30, 2023, metals that had been sold but not finally settled included 5,223 ounces of which 4,276 ounces were sold at a predetermined price with the remaining 947 exposed to future price changes. 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, 2023 and 2022 were as follows:

	June 30, 2023		June 30, 2022	
	Three Months	Six Months	Three Months	Six Months
Gold	\$ 3,399,049	\$ 6,883,110	\$ 2,547,096	\$ 4,730,119
Silver	13,824	23,346	3,517	6,958
Less: Smelter and refining charges	(176,358)	(328,345)	(192,121)	(334,168)
Total	<u>\$ 3,236,515</u>	<u>\$ 6,578,111</u>	<u>\$ 2,358,492</u>	<u>\$ 4,402,909</u>

Sales by significant product type for the three and six-month periods ended June 30, 2023, and 2022 were as follows:

	June 30, 2023		June 30, 2022	
	Three Months	Six Months	Three Months	Six Months
Concentrate sales to H&H Metal	\$ 3,098,410	\$ 6,440,006	\$ 2,054,876	\$ 4,099,293
Dore sales to refinery	138,105	138,105	303,616	303,616
Total	<u>\$ 3,236,515</u>	<u>\$ 6,578,111</u>	<u>\$ 2,358,492</u>	<u>\$ 4,402,909</u>

At June 30, 2023 and December 31, 2022, our gold sales receivable balance related to contracts with customers of \$840,288 and \$909,997, respectively, consist only of amounts due from H&H Metal. There is no allowance for doubtful accounts.

**5. Related Party Transactions**

At December 31, 2022, the Company had a note payable to Ophir Holdings, a company owned by two officers and one former officer of the Company, with a balance of \$75,183 of which \$12,226 was due within one year and the remaining \$62,957 due thereafter.

The Company paid the remaining amount due to Ophir Holdings on May 10, 2023. This payment resulted in a negative net interest charge for the three and six-months ended June 30, 2023. Related party interest expense for the three and six-months ended June 30, 2023 and 2022 is as follows.

	June 30, 2023		June 30, 2022	
	Three Months	Six Months	Three Months	Six Months
\$	(3,391)	(2,676)	1,027	2,157

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 and approximately \$1,700 is paid quarterly to Mine Systems Design which is partially owned by the Company's vice president, Grant Brackebusch. Payments under these short-term lease arrangements are included in general and administrative expenses on the Consolidated Statement of Operations and for the three and six-months ended June 30, 2023 and 2022 are as follows:

	June 30, 2023		June 30, 2022	
	Three Months	Six Months	Three Months	Six Months
\$	6,040	12,435	6,217	12,434

**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, 2023 and December 31, 2022, an account receivable existed with Crescent Silver, LLC, the other joint venture participant ("Crescent"), for \$1,554 and \$1,926, 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") 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.

[Table of Contents](#)

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

**7. Earnings per Share**

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

	June 30, 2023		June 30, 2022	
	Three Months	Six Months	Three Months	Six Months
Incremental shares included in diluted net income (loss) per share				
Stock options	2,915	3,794	-	-
Stock purchase warrants	-	-	-	-
	<u>2,915</u>	<u>3,794</u>	<u>-</u>	<u>-</u>
Excluded in diluted net income (loss) per share as inclusion would have an antidilutive effect:				
Stock options	332,164	332,164	405,384	405,384
Stock purchase warrants	289,294	289,294	562,263	562,263
	<u>621,458</u>	<u>621,458</u>	<u>967,647</u>	<u>967,647</u>

**8. Property, Plant, and Equipment**

Property, plant and equipment at June 30, 2023 and December 31, 2022 consisted of the following:

	June 30, 2023	December 31, 2022
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	(1,337,974)	(1,249,445)
Total mill	<u>3,616,448</u>	<u>3,704,977</u>
Building and equipment		
Buildings	611,382	611,382
Equipment	8,428,534	6,927,474
	9,039,916	7,538,856
Less accumulated depreciation	(2,873,667)	(2,324,679)
Total building and equipment	<u>6,166,249</u>	<u>5,214,177</u>
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 property	136,762	136,762
Total land	<u>1,004,232</u>	<u>1,004,232</u>
Total	<u>\$ 10,786,929</u>	<u>\$ 9,923,386</u>

**9. Mineral Properties**

Mineral properties at June 30, 2023 and December 31, 2022 consisted of the following:

	June 30, 2023	December 31, 2022
Golden Chest		
Mineral Property	\$ 4,130,797	\$ 4,088,462
Infrastructure	2,203,478	1,722,028
Total Golden Chest	<u>6,334,275</u>	<u>5,810,490</u>
New Jersey	248,289	248,289
McKinley-Monarch	200,000	200,000
Butte Gulch	124,055	124,055
Potosi	150,385	150,385
Park Copper	78,000	78,000
Less accumulated amortization	(96,353)	(83,658)
Total	<u>\$ 7,038,651</u>	<u>\$ 6,527,561</u>

[Table of Contents](#)

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

**9. Mineral Properties (continued)**

For the three and six-month periods ended June 30, 2023 and 2022, interest expense was capitalized in association with the ramp access project at the Golden Chest as follows.

June 30, 2023		June 30, 2022	
Three Months	Six Months	Three Months	Six Months
\$ 19,374	\$ 42,335	\$ 7,914	\$ 20,917

**10. Investment in Buckskin**

The investment in Buckskin is being accounted for using the equity method and resulted in recognition of equity income on the investment of \$1,007 and \$1,357 for the respective three and six-month periods ended June 30, 2023 and \$339 and \$670 in 2022 for the respective three and six month periods ended June 30, 2022. The Company makes an annual payment of \$12,000 to Buckskin per a mineral lease covering 218 acres of patented mining claims. As of June 30, 2023, the Company holds 37% of Buckskin's outstanding shares.

**11. Notes Payable**

At June 30, 2023 and December 31, 2022, notes payable are as follows:

	June 30, 2023	December 31, 2022
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	\$ 301,734	\$ 306,084
Resemin Muki Bolter, 36-month note payable, 7.00% interest payable monthly through January 2025, monthly payments of \$14,821	267,297	345,268
Paus 2 yrd. LHD, 48-month note payable, 4.78% interest rate payable through September 2024, monthly payments of \$5,181	80,135	108,904
Paus 2 yrd. LHD, 60-month note payable, 3.45% interest rate payable through July 2024, monthly payments of \$4,847	61,759	89,493
CarryAll transport, 36-month note payable, 4.5% interest rate payable monthly through June 2024, monthly payments of \$627	7,342	10,891
CarryAll transport, 36-month note payable, 4.5% interest rate payable monthly through February 2024, monthly payments of \$303	2,387	4,130
Two CarryAll transports, 36-month note payable, 6.3% interest rate payable monthly through May 2025, monthly payments of \$1,515	32,764	40,687
CarryAll transport, 36-month note payable, 6.3% interest rate payable monthly through June 2025, monthly payments of \$866	19,487	23,987
Two CarryAll transports, 48-month note payable, 5.9% interest rate payable monthly through June 2027, monthly payments of \$1,174	50,081	-
Atlas Copco loader, 60-month note payable, 10.5% interest rate payable monthly through June 2023, monthly payments of \$3,550	-	20,660
Sandvik LH203 LHD, 36-month note payable, 4.5% interest payable monthly through May 2024, monthly payments of \$10,352	118,817	170,182
Sandvik LH202 LHD, 36-month note payable, 6.9% interest payable monthly through August 2025, monthly payments of \$4,933	111,350	143,812
Doosan Compressor, 36-month note payable, 6.99% interest payable monthly through July 2024, monthly payments of \$602	7,532	10,820
Caterpillar 306 excavator, 48-month note payable, 4.6% interest payable monthly through November 2024, monthly payments of \$1,512	24,830	33,216
Caterpillar 938 loader, 60-month note payable, 6.8% interest rate payable monthly through August 2023, monthly payments of \$3,751	7,438	29,256
Caterpillar R1600 LHD, 48-month note payable, 4.5% interest rate payable through January 2025, monthly payments of \$17,125	313,469	407,909
Caterpillar AD22 underground truck, 48-month note payable, 6.45% interest rate payable through June 2023, monthly payments of \$12,979	-	76,287
Caterpillar AD30 underground truck, 40-month note payable, 8.01% interest rate payable through October 2026, monthly payments of \$29,656	1,038,079	-
Small Business Administration EIDL 30 year note payable, 3.75% interest payable monthly through December 2054, monthly payments of \$731	161,918	163,287
2022 Dodge Ram, 75-month note payable, 5.99% interest rate payable monthly through June 2028, monthly payments of \$1,152	59,610	64,648
2016 Dodge Ram, 75-month note payable, 5.99% interest rate payable monthly through June 2028, monthly payments of \$1,190	61,555	66,758
2020 Ford Transit Van, 72-month note payable, 9.24% interest rate payable monthly through December 2028, monthly payments of \$1,060	54,666	58,182
<b>Total notes payable</b>	<b>2,782,250</b>	<b>2,174,461</b>
Due within one year	1,043,523	859,393
Due after one year	\$ 1,738,727	\$ 1,315,068

[Table of Contents](#)

Idaho Strategic Resources, Inc  
Notes to Condensed 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, 2023 are as follows:

12 months ended June 30,	
2024	\$ 1,043,523
2025	699,860
2026	401,863
2027	441,757
2028	41,962
2029	9,503
Thereafter	143,782
	Total \$ 2,782,250

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.

**12. Stockholders' Equity**

**Stock issuance activity**

The Company closed a private placement in February 2023. Under the private placement, the Company sold 123,365 shares of common stock at \$5.50 per share and 35,088 shares of common stock at \$5.70 per share for net proceeds of \$878,503. No shares were issued in the second quarter of 2023.

The Company closed a private placement in February 2022. Under the private placement, the Company sold 360,134 shares of common stock at \$7.50 per share for net proceeds of \$2,701,000. 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 six months ended June 30, 2022, 93,976 shares of common stock were issued in exchange for outstanding warrants for net proceeds of \$465,453.

The activity in stock purchase warrants is as follows:

	Number of Warrants	Exercise Prices
Balance December 31, 2021	669,467	\$ 2.52-7.00
Expired	(185,304)	\$ 2.52-5.60
Exercised quarter 1, 2022	(23,057)	\$ 2.52-5.60
Exercised quarter 2, 2022	(70,919)	\$ 5.60
Exercised in remainder of 2022	(100,893)	\$ 5.60
Balance December 31, 2022 and June 30, 2023	<u>289,294</u>	\$ 5.60-7.00

These warrants expire as follows:

Shares	Exercise Price	Expiration Date
235,722	\$ 5.60	October 14, 2023
53,572	\$ 7.00	November 12, 2023
<u>289,294</u>		

**13. Stock Options**

There were no stock options granted during the six months ended June 30, 2023 or 2022. Activity in the Company's stock options is as follows:

	Number of Options	Weighted Average Exercise Prices
Balance December 31, 2021	507,175	\$ 5.25
Granted	180,000	\$ 5.21
Exercised quarter 1, 2022	(51,789)	\$ 1.71
Exercised quarter 2, 2022	(42,859)	\$ 1.71
Expired quarter 2, 2022	(7,143)	\$ 1.96
Exercised in remainder of 2022	(21,430)	\$ 4.31
Forfeited	(28,001)	\$ 5.56
Balance December 31, 2022 and June 30, 2023	<u>535,953</u>	\$ 5.47
Forfeited	(44,789)	\$ 5.46
Outstanding and exercisable at June 30, 2023	<u>491,164</u>	\$ 5.47

At June 30, 2023, outstanding stock options have a weighted average remaining term of approximately 1.31 years and have an intrinsic value of \$21,810. There were no stock options exercised during the first six months of 2023.

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

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

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

In addition to its gold properties, Idaho Strategic has three rare earth elements exploration properties in Idaho known as Lemhi Pass, Diamond Creek, and Mineral Hill. The Company's expansion into rare earth elements came about in an effort to diversify its holdings towards the anticipated demand for these elements in the electrification of motorized vehicles and a renewed focus on the United States' domestic critical minerals supply chain security. To date, Idaho Strategic has conducted numerous exploration programs on its rare earth elements landholdings which include drilling, trenching, sampling, and mapping of certain areas within the Company's 18,030-acre landholdings.

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

### **Critical Accounting Estimates**

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

Our concentrate sales sometimes involve variable consideration, as they can be subject to changes in metals prices between the time of shipment and their final settlement. However, we 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 the concentrate receivable as a whole will occur upon final settlement of the lots. As such, we use the expected value method to price the concentrate until the final settlement date occurs, at which time the final transaction price is known. At June 30, 2023, metals that had been sold but not finally settled included 5,223 ounces of which 4,276 ounces were sold at a predetermined price with the remaining 947 exposed to future price changes. 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, 2023 we reviewed our December 31, 2022 estimate that the cost of the machine and man hours probable to be needed to put our properties in the condition required by our permits once we cease operations. The June 30, 2023 estimated costs would be \$103,320 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. An expected present value technique is used to estimate the fair value of the liability. This includes inflating the estimated costs in today's dollars using a reasonable inflation rate up to the date of expected retirement and discounting the inflated costs using a credit-adjusted risk-free rate. Upon initial recognition of the liability, the carrying amount of the related long-lived asset is increased by the same amount. The liability is accreted over time through periodic charges to earnings. In addition, the asset retirement cost is amortized over the life of the related asset. We are adding to the liability each year, and amortizing the asset over the estimated life, which decreases our net income in total each year. Changes resulting from revisions to the timing or amount of the original estimate of undiscounted cash flows are recognized as either an increase or a decrease in the carrying amount of the liability for an asset retirement obligation and the related asset retirement cost capitalized as part of the carrying amount of the related long-lived asset. Upward revisions of the amount of undiscounted estimated cash flows are discounted using the current credit-adjusted risk-free rate. Downward revisions in the amount of undiscounted estimated cash flows are discounted using the credit-adjusted risk-free rate that existed when the original liability was recognized. The Company reviews, on an annual basis, unless otherwise deemed necessary, the asset retirement obligations. Separately, the Company accrues costs associated with environmental remediation obligations when it is probable that such costs will be incurred and they are reasonably estimable.

### **Highlights during the second quarter of 2023 include:**

#### **Rare Earth Elements**

- Idaho Strategic announced the expansion (and consolidation) of the Company's Roberts project with the addition of the Phyllis Gross and Lower Lee Buck claim groups; and the subsequent rebranding of this landholding as the Mineral Hill REE project.
- Subsequent to the end of the second quarter, Idaho Strategic announced the results of a sample taken during the second quarter from the Company's Mineral Hill project. The sample returned a grade of 23.5% total rare earth elements (TREE) and was taken from a seam of monazite enveloped between two distinct carbonatites, which each assayed 7.5% TREE respectively.

**Golden Chest/Operations**

- At the Golden Chest, ore mined from underground stopes totaled approximately 8,700 tonnes with about 60% of that coming from the 797 and 812H-Vein stopes and the remainder from Idaho Vein stopes. A total of 1,800 cubic meters of cemented rockfill were placed during the quarter. The Main Access Ramp (“MAR”) and associated drifts were advanced by 60 meters at depth during the quarter to the 785 meter elevation and a ventilation raise was also completed.
- Near the end of the quarter, the Company started work on a portal at the bottom of the Jumbo Pit as part of an exploration project to drift on the Jumbo Vein to establish vein continuity and gold grade.
- For the quarter ended June 30, 2023, a total of 11,708 dry metric tonnes (“dmt”) were processed at the Company’s New Jersey mill with a flotation feed head grade of 7.31 gpt gold and gold recovery of 92.6%. The head grade increased 30% over the first quarter as a result of mining on the H-vein which accounted for about one-half of the ore tonnage during the quarter with the remainder from Idaho Vein stopes and a stockpile of Jumbo open pit ore.

**Results of Operations**

Our financial performance during the quarter is summarized below:

- Revenue increased 37.2% from \$2,358,492 in 2022 to \$3,236,515 in 2023 for the three-month period ended June 30, 2023, and increased 49.4% from \$4,402,909 to \$6,578,111 for the 6-month period ended June 30, 2023. The increase in revenue is largely due to the increased gold production throughout the quarter as well as a higher average gold price recognized on ounces produced. Gold production is expected to remain at approximately this level for the remainder of the year as mining on the H-Vein continues.
- Gross profit as a percentage of sales increased from 0.3% in the second quarter of 2022 to 24.5% in the second quarter of 2023. For the six months ending June 30, 2022 gross profit as a percentage of sales was 7.1% compared to 25.2% in 2023
- Exploration expense decreased in 2023, when compared to 2022, primarily due to a decrease in drilling by the company owned and operated drill rig, and a reduction in overall exploration activity.
- Professional services remained relatively consistent with the exception of the six-month period where they increased significantly, compared to the same period in 2022. This was due to legal fees related to merger and acquisition activity in the first quarter of 2023. This was a one-time increase and is not expected to continue.
- Operating income for the three-month period ended June 30, 2023, was \$289,987 which is an increase of \$1,136,708 from an operating loss of \$846,721 in the second quarter of 2022. For the six-month period ending June 30, 2023, operating income of \$303,010 was an increase of \$1,575,897 over the same period in 2022 which had an operating loss of \$1,272,887.
- Other (income) expense increased \$11,363 from an expense of \$5,528 in the second quarter of 2022, to income of \$5,835 in the same period in 2023. Other (income) expense increased \$89,429 from an expense of \$52,431 in the six months ending June 30, 2022, to income of \$36,998 in the same period in 2023. The increase was from timber sales during the first quarter of 2023, as well as increased interest income from the company’s interest-bearing money market account that was not in place during 2022. Interest expense also decreased significantly due to many of the company’s notes being near the end of their term.
- Net income increased \$1,148,071 from a net loss of \$852,249 for the three-month period ended June 30, 2022 to net income of \$295,822 for the three-month period ending June 30, 2023. Net income increased \$1,665,326 from a net loss of \$1,325,318 in the six months ending June 30, 2022, to net income of \$340,008 in the same period in 2023.
- The consolidated net income for the six-month period ending June 30, 2023 and net loss for the six-month period ended June 30, 2022 included non-cash charges as follows: depreciation and amortization of \$671,079 (\$472,115 in 2022), income on disposal of equipment of \$224 (loss of \$3,901 in 2022), accretion of asset retirement obligation of \$7,856 (\$5,069 in 2022), issuance of common stock for services of \$0 (\$32,326 in 2022), gain on forgiveness of SBA loan of none in 2023 (\$10,000 in 2022) and equity income on investment in Buckskin of \$1,357 (\$671 in 2022).
- Cash cost and all-in sustaining cost per ounce decreased in 2023 compared to 2022 due to a higher ore grade and tonnes mined. A core drilling exploration program is planned for the Golden Chest for the late third and early fourth quarter which may increase all-in sustaining costs in the second half of 2023.

[Table of Contents](#)

**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, 2023, and 2022.

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.

	June 30, 2023		June 30, 2022	
	Three Months	Six Months	Three Months	Six Months
Cost of sales and other direct production costs and depreciation and amortization	\$ 2,442,932	\$ 4,918,929	\$ 2,351,035	\$ 4,089,310
Depreciation and amortization	(343,042)	(671,079)	(241,906)	(472,115)
Change in concentrate inventory	(109,648)	(36,979)	(40,229)	(432,580)
Cash Cost	\$ 1,990,242	\$ 4,210,871	\$ 2,068,900	\$ 3,184,615
Exploration	207,369	480,811	386,781	782,905
Less rare earth exploration costs	(122,760)	(334,358)	(154,130)	(242,624)
Sustaining capital	214,107	334,856	165,582	262,291
General and administrative	123,765	387,063	273,977	475,289
Less stock-based compensation and other non-cash items	514	(9,155)	3,885	(30,626)
All in sustaining costs	\$ 2,413,237	\$ 5,070,088	\$ 2,744,995	\$ 4,431,850
Divided by ounces produced	2,152	3,877	1,589	2,730
Cash cost per ounce	\$ 924.83	\$ 1,086.12	\$ 1,302.01	\$ 1,166.53
All in sustaining cost (AISC) per ounce	\$ 1,121.39	\$ 1,307.73	\$ 1,727.50	\$ 1,623.39

**Financial Condition and Liquidity**

	For the Six Months Ended June 30,	
	2023	2022
Net cash provided (used) by:		
Operating activities	\$ 1,143,346	\$ (1,694,476)
Investing activities	(869,741)	(889,004)
Financing activities	318,382	3,740,585
Net change in cash and cash equivalents	591,987	1,157,105
Cash and cash equivalents, beginning of period	1,638,031	1,976,518
Cash and cash equivalents, end of period	<b>\$ 2,230,018</b>	<b>\$ 3,133,623</b>

The Company is currently producing from the underground mine at the Golden Chest. 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.

**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, 2023, 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, 2023, 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, 2023.



**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.

The Company closed a private placement in February 2023. Under the private placement, the Company sold 123,365 shares at \$5.50 per share and 35,088 shares at \$5.70 per share for net proceeds of \$878,503.

The Company closed a private placement in February 2022. Under the private placement, the Company sold 360,134 shares at \$7.50 per share for net proceeds of \$2,701,000. 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.

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

**ITEM 3. DEFAULTS UPON SENIOR SECURITIES**

The Company has no outstanding senior securities.

**ITEM 4. MINE SAFETY DISCLOSURES**

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

**ITEM 5. OTHER INFORMATION**

None.

[Table of Contents](#)

**ITEM 6. EXHIBITS**

***Exhibits***

<a href="#">3.1</a>	<a href="#">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</a>
<a href="#">3.2</a>	<a href="#">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</a>
<a href="#">10.1</a>	<a href="#">Registrant's 2023 Equity Incentive Compensation Plan approved at the June 12, 2023, Annual Meeting of Shareholders, incorporated by reference Appendix B to the Company's Schedule DEF14A(Proxy Statement) as filed with the Securities and Exchange Commission</a>
<a href="#">31.1****</a>	<a href="#">Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a>
<a href="#">31.2****</a>	<a href="#">Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a>
<a href="#">32.1****</a>	<a href="#">Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a>
<a href="#">32.2****</a>	<a href="#">Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a>
<a href="#">95****</a>	<a href="#">Mine safety information listed in Section 1503 of the Dodd-Frank Act.</a>
<a href="#">101.INS****</a>	XBRL Instance Document
<a href="#">101.SCH****</a>	XBRL Taxonomy Extension Schema Document
<a href="#">101.CAL****</a>	XBRL Taxonomy Extension Calculation Linkbase Document
<a href="#">101.DEF****</a>	XBRL Taxonomy Extension Definition Linkbase Document
<a href="#">101.LAB****</a>	XBRL Taxonomy Extension Label Linkbase Document
<a href="#">101.PRE****</a>	XBRL Taxonomy Extension Presentation Linkbase Document

\*\*\*\*Filed herewith.

**SIGNATURES**

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

**IDAHO STRATEGIC RESOURCES, INC**

By: /s/ John Swallow

John Swallow,

its: President and Chief Executive Officer

Date August 14, 2023

By: /s/ Grant Brackebusch

Grant Brackebusch,

its: Vice President and Chief Financial Officer

Date: August 14, 2023

**Certification**

I, John Swallow, certify that:

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

Date:

August 14, 2023

By /s/John Swallow

John Swallow  
Chief Executive Officer

**Certification**

I, Grant Brackebusch, certify that:

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

Date:

August 14, 2023

By /s/Grant Brackebusch  
Grant Brackebusch  
Chief Financial Officer

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

In connection with the Quarterly Report of Idaho Strategic Resources Inc., (the "Company") on Form 10-Q for the period ending June 30, 2023, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, John Swallow, Chief Executive Officer and Director of Idaho Strategic Resources Inc., certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

Date:

August 14, 2023

By /s/John Swallow  
John Swallow  
Chief Executive Officer

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

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

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

In connection with the Quarterly Report of Idaho Strategic Resources Inc., (the "Company") on Form 10-Q for the period ending June 30, 2023, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Grant Brackebusch, Chief Financial Officer and Director of Idaho Strategic Resources Inc., certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

Date:

August 14, 2023

By /s/Grant Brackebusch  
Grant Brackebusch  
Chief Financial Officer

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

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

Mine Safety Disclosures

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

As required by the reporting requirements of the Dodd-Frank Act, as amended, the table below presents the following information for the quarter ended June 30, 2023.

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 Patterns to have 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	\$ 429	0	no	no	0	0	0
New Jersey Mill	0	0	0	0	0	\$ 143	0	no	no	0	0	0



THIS PAGE IS INTENTIONALLY LEFT BLANK  
IT IS NOT A PART OF EDGAR SUBMISSION