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## THE LONG PULL: Knowing What You Own (Idaho Strategic)

It's a weird time in mining stocks. Gold just hit \$2,960/oz, yet the miners are trading as if we're at \$1,800/oz.

Sure, gold is down ~2% from its most recent all-time highs, but Idaho Strategic (IDR) was cut ~20% during that period.

Knowing what you own **is essential at these times**. You can easily lose sight of the long-term picture if you constantly watch the tape.

IDR's business didn't lose 20% of its value over the past few weeks. Higher gold prices, stable AISCs, and a growing (and debt-free) treasury increased its value.

This week, we review IDR's 2024 performance, its plans for 2025, and why I believe it can eventually become a 20,000-60,000oz producer.

I'll also include quotes from [my most recent podcast interview](#) with IDR CEO John Swallow to help explain the **why** behind the numbers.

Let's get after it.

### A Year In Review

John Swallow released his [2024 Year In Review Letter](#) in early January. And there aren't many mining companies (or just companies in general) that can claim things like (emphasis mine):

*"Through the first three reported quarters, IDR has **increased its total revenue by 84%**, its **net income by 744%**, and its **earnings per share by 600%** – and the Company closed out the year strongly with **its best quarter ever**. Additionally, the Company's **cash per share increased from approximately \$0.18 at the end of 2023, to \$0.85 at the end of the third quarter in 2024, a 372% increase.**"*

The top-line numbers are nice, but IDR made real strides in all aspects of its business, most of which will not appear in the income statement or balance sheet (at least not today).

Some examples include:

- Started construction of an 80 ft x 150 ft steel-framed paste backfill plant with potential to add a new mill on-site.
- Hired two new geologists
- Purchased the Butte Gulch property, located immediately east of Golden Chest.
- Drilled 10,600 meters at Golden Queen and the discovery of the Red Star Vein.
- Continued sampling from its REE land package at Lemhi Pass.
- Received \$430K grant from Idaho's Rural Community Investment Fund to help pay for power infrastructure upgrades.
- Participated in industry events including *Vancouver Resource Investment Conference, Idaho Mining Day at the Capitol, US DoE Critical Minerals Workshop, MicroCapClub Annual Summit, Adamas Mines, Magnets, and Motors Conference, International Rare Earth Elements Conference, and the Idaho Mining Association Conference.*

Swallow concluded by saying (emphasis added):

*“While much was accomplished in 2024, it is my belief that if we continue to execute, **the accomplishments of 2024 will pale in comparison to those planned for 2025.** Many of the exploration and operational plans that were added to a ‘wish list’ in the early days are now becoming reality, actively being reevaluated, and logically implemented.”*

And I believe him.

For the first time in IDR's history, the company can invest in its business using cash generated from operations. In addition, it is investing *while growing* the treasury.

John explained this dynamic on the podcast:

*“I guess what we're really trying to do is fund everything out of cash flow and not touch the bank account. That's honestly what we're trying to do. So it took us a long time to get here and we're not looking to blow it anytime soon.”*

This allows the company to push more investment dollars into exploration, drilling, and expanding its resource base. It's one reason 2025 will “pale in comparison” to 2024.

Back to the podcast (emphasis added):

*“I think how it's going to pale in comparison is that we now get to actually put money into the Murray gold belt to drill this gold district, and this is a revenue-backed exploration model.*

*If you really think about it, **you almost want to hear from us the metric almost ought to be how much did you spend on drilling? And if you didn't spend much, why not? This is the thing we've all been training for and within reason.***

*I'm not saying you just go for it and drill a bunch of holes for the sake of drilling holes, but we're looking at kind of a multi-generational type plan here and these are the steps you take to get there. And that's what I mean by pale in comparison is we haven't hardly been able to do any exploration around mine at all.”*

I can't emphasize this point enough because it will dictate how investors react to the company's earnings announcements.

He's saying that they will invest (read: spend money) this year to do things they haven't been able to do before. In other words, we might see slightly higher AISCs in 2025 than in 2024, but **we should expect as much.**

Here's the good news. Each investment dollar, if correct, will expand Golden Chest's resource base, add incremental resources from new land packages, and extend the company's terminal value by years (maybe decades).

IDR has 447,000oz of gold in its 43-101 resource at Golden Queen. Yet it's spent the past 5-10 scratching and clawing towards profitability. It hasn't had the time or money to expand that resource.

That impacts how investors perceive the company. Most mining investors skip IDR because it has “too small of a resource base” and “produces too few ounces annually.”

The problem is that these investors miss John's much bigger picture and vision for IDR.

They've (pun intended) barely scratched the surface at Golden Queen and have the Murray Gold Belt, the new Red Vein, and the Butte Gulch property. All of them have Golden Queen-like properties.

IDR also has a backlog of people wanting to work at the company. This is almost unheard of in the mining industry.

To the podcast:

*I was hearing at the Christmas party that some very, very experienced miners are like, "Hey, I'll come sweep floors. I just want to get my foot in the door with these guys." That's good, but I mean, we don't have any openings. We haven't had any turnover.*

*So, it's like, we could create another [IDR] tomorrow with the number of people that want to come work for us. It's true, but we don't have the opportunity yet, and so we're staying very very measured, I think, on that side of it. But no, it's always a challenge. It's a great challenge to have."*

Read that part again ... *"we could create another IDR tomorrow with the number of people that want to come work for us."*

You won't see that on the balance sheet, but that quote is one of the most valuable assets any mining company can have.

Here's why most mining investors miss the IDR opportunity. The industry, in general, loves pumping "big mines."

Rick Rule, one of the most popular mining investors of all time, loves to say, "I hate small mines because they carry all the risks of a big mine without the big mine payoff."

John disagrees with that approach:

*"But most of the guys telling you that [you should only go for big mines and big projects] have never done either.*

*They've never run a small mine. And so they all have these things that they've just repeated.*

*Whoever the first guy was that made up this shit should be shot."*

John's approach just makes sense: Start small, learn, and make small mistakes. Scale as you generate more revenue and fund the growth with cash flow.

The "problem" with this approach is that it means delayed gratification. We can't gloat about a 1Moz deposit or 30,000oz of production *today*. That's not sexy to the average mining investor.

But it's this type of thinking that creates 100-year companies.

IDR won't stay small, either.

John sees the potential for IDR to generate 20,000 - 60,000oz of gold annually (emphasis added):

*“So, if you look we're, at the Golden Chest, I'd love to get to, 20,000 ounces of production a year. And if you could put another one or two of those in play, maybe Eastern Star turns into something like that as well, maybe we find another one or two out there that are good acquisition targets for us, and start increasing.*

*So, **our profile isn't like to start small and stay small, but it is to do it the right way.** So I don't know if that kind of helps, but it's one of these things I've had my eye on this district since I was a junior high school kid.”*

You can see how long the runway for IDR is and how much cash it could generate years from now.

We're paying \$0 for that potential at today's market cap.

If things go well, IDR could end 2025 producing 12,000-15,000oz of gold while investing heavily into expanding its resources.

At an average gold price of \$2,850/oz and AISCs of \$1,600/oz, IDR could generate ~\$16M in pre-tax profits. That's **~10x profits at the current market cap.** And you're getting incremental production, a rare earth land package, and an upside gold price that is optional for free.

I spend most of my time searching for the next great investment opportunity. But with IDR as my hurdle rate, I often return what we already own— that's a good thing.

If you think you've found a long-term winner, run by an exceptional person, with secular tailwinds ahead, the best thing you can do is nothing.