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THE LONG PULL: Quick Thoughts on IDR (Q3 Earnings, Drill Results & Valuation)

This is a quick update on Idaho Strategic's (IDR) Q3 earnings report, why the company remains undervalued at current prices, and how it can reach 20,000 ounces per year of gold production based on its latest Paymaster drilling results.

I had painters remove wallpaper and paint walls today, so if it sounds like I've been huffing paint all day … wellllll.

Let's get after it.

Q3 Earnings Update: Another Record Quarter

IDR generated another record quarter of revenue and gross profit. Here are the highlights (YoY growth):

- **Ounces produced:** 3,066 (+4.64%)
- **Revenue:** $11,081,272 (+80%)
- **Gross Profit**: $7,047,405 (+135%)
- **Net Income:** $2,974,558 (+87.52%)
- **AISC:** $2,444 (+64%)
- Completed **9,082 meters of drilling**

According to CEO John Swallow (emphasis added), *"We are on track to deliver our **highest level of production and drill the most meters in company history**; all while **constructing a new flotation mill**, a **paste backfill system**, and a **new warehouse/dry building** utilizing our own labor wherever possible to reduce contractor overhead while sticking to a tight timeline."*

These investments improve operations, reduce incremental costs, and allow the company to grow into a 20, 30, or 60,000oz/year producer.

It's also why AISCs increased 64% YoY. Remember, IDR includes all exploration and investments in its AISC calculation. The company drilled 9,000m between its Golden Chest Mine and the broader Murray Gold Belt District.

AISCs drop to $1,469/oz if you remove the exploration investments. In fact, *"adjusted all-in sustaining costs excluding exploration expenses were* ***$1,468.75 and $1,271.85*** *per ounce for the* ***three and nine-month periods ended September 30, 2025****, respectively."*

We can adjust Q3 financials to show "steady state" operating cash flow (see below).

	Exploration Included	Exploration Excluded
Q3 Production	3,066	3,066
AISC	$2,444.00	$1,371
Gold Price	$3,578.00	$3,578
NOPAT	$3,476,844.00	$6,768,195.00
Margin	32%	62%

Excluding exploration expense from AISC increases margins from 32% to 62% and doubles NOPAT ($3.4M to $6.8M) to **$27M on an annualized basis.**

In other words, the chart above shows IDR's true underlying profitability —the engine that drives its investment in long-term value creation. Even after investing an additional ~$1,100/oz in exploration, IDR still generated a 32% profit margin in Q3.

The other cool thing about this report is that **the company is doing what it said it wanted to do**: drill, baby, drill!

John Swallow said on our most recent podcast that (and I'm paraphrasing), *"you should measure IDR by how much we invest in exploration and development. How much are we drilling? How many dollars are we putting into the drill bit?"*

More drilling means more mineable ounces, longer mine lives, and higher annual production … all part of John's plan to reach 20,000oz/year in annual production, which brings us to the Paymaster drill results.

Paymaster Drill Results: The Path To 20,000oz

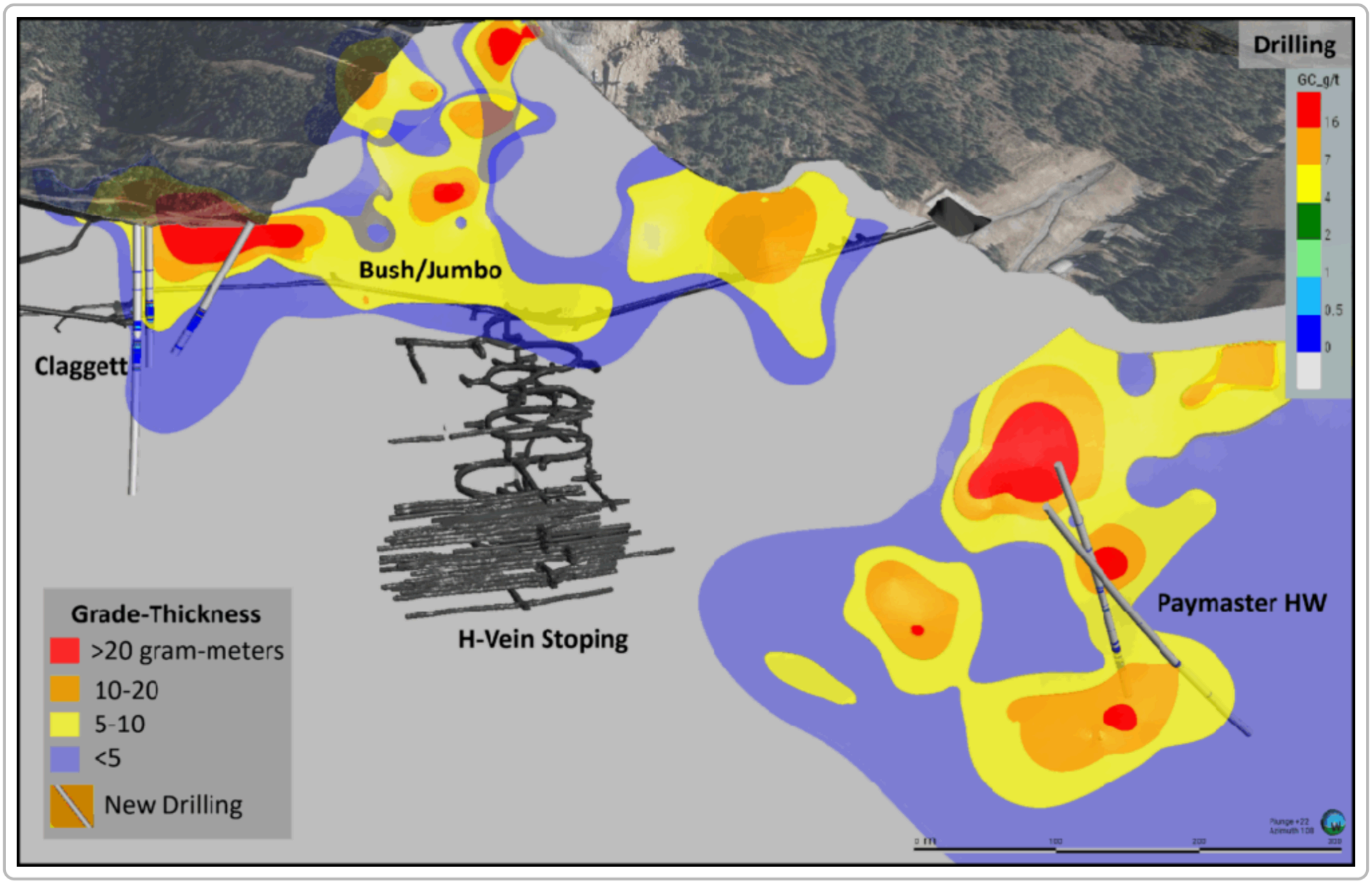
Idaho Strategic Resources (IDR) reported high-grade gold intercepts from its 2025 summer drill program (3,821 meters) in the Paymaster zone of the Golden Chest Mine this week.

Highlight holes include:

➢ **GC 25-335**: 20.0 g/t Au over 1.5 m, including 26.3 g/t over 0.8 m
➢ **GC 25-332:** 11.0 g/t Au over 2.1 m, including 16.7 g/t over 1.2 m
➢ **GC 25-330A:** 8.93 g/t Au over 2.3 m, including 16.7 g/t over 1.0 m

With the big one being **15.53 g/t gold over 4.3 meters.**

These are excellent results and confirm high-grade continuity and extension (down dip and along strike) near existing mine workings (168m away from the current H-Vein). The image below provides a clearer context.



The Paymaster zone is not a new discovery in 2025. It has a history of high-grade hits over the past few years, which established it as a key growth target. For example, earlier drilling in 2021–2022 returned ultrahigh grades, including **104.0 g/t Au over 0.4 m (drill hole GC 21-184) and 54.7 g/t over 0.32 m.**

At $4,000 gold, the company *finally* has enough cash flow to press the drill campaign, move ounces from inferred to M&I, and expand its resource base.

Historical drill highlights from Paymaster underscore why IDR is optimistic about expanding it. The veins consistently show high-grade gold, with portions revealing multi-ounce-per-ton grades.

More importantly, drilling has demonstrated continuity of the high-grade structures. For instance, multiple holes in 2024 hit the Paymaster veins along a broad area, leading company geologists to interpret two subparallel veins (a hangingwall and a footwall vein) extending through the zone.

The company will update its resource estimate in Q1 2026, and Paymaster should see a substantial increase in average grades and ounces. Check out the 2023 Golden Chest Mine Mineral Resource below.

		Total Measured + Indicated		
Zone	**Tonnage**	**Au Grams**	**Au gpt**	**Au Troy Oz.**
M+I	**1,072,155**	**4,326,684**	**4.04**	**139,106**
		Inferred		
Zone	**Tonnage**	**Au Grams**	**Au gpt**	**Au Troy Oz.**
Paymaster	322,352	1,211,701	3.76	38,957
Skookum	153,839	472,982	3.07	15,207
Klondike	267,602	718,667	2.69	23,106
Combined	**743,793**	**2,403,350**	**3.23**	**77,269**

Paymaster reports 322Kt at an average grade of 3.76g/t for 38,957 ounces. Yet since 2024, the company has consistently drilled 10g/t+ intercepts across 3-5 meters, with some holes hitting over 100g/t.

More mineable ounces mean more cash flow, and Paymaster is IDR's ticket to hitting 20,000oz/year.

The company produces ~12,000oz/year, nearly entirely from its Skookum H-Vein. Imagine if Paymaster becomes another H-Vein, which is just one of many potential veins in IDR's development pipeline. There's still Klondike, Joe Dandy, Katie-Dora, and Popcorn … and that's just within the Golden Chest!

You can see the 12,000oz to 20,000oz pathway develop, and it becomes more feasible than you think. A slight production increase at Skookum and a few thousand ounces from Paymaster, and you're there. Add production from the other veins, and you're approaching 30,000oz.

Again, all within the existing Golden Chest Mine District.

Which brings me to valuation. A few Collective members have asked me about IDR's valuation. The stock went up a lot, then crashed 45%, and is trying to find a bottom here. So now seems like a good time to refresh my thoughts on valuation.

A Cheap Gold Producer w/ Rare Earths For Free

> *"You always have to sort of imagine the world the way it's going to be in 18 to 24 months as opposed to now. If you buy it now, you're buying into every single fad every single moment. Whereas if you envision the future, you're trying to imagine how that might be reflected differently in security prices." - Stanley Druckenmiller*

I should print that quote and hang it on my desktop. The stock doesn't care when you bought it or at what price. All it cares about is what it will look like in 18-24 months. And the only thing we have to ask ourselves is, *"Is this stock still cheap looking 18-24 months from now?"*

IDR is still cheap using Druck's framework. Let me explain. Here's what I think IDR will look like in 24 months:

- ➢ **Annual production:** *at least* 20,000/oz.
- ➢ **Resource base:** expanding at incrementally higher grades.
- ➢ **Gold price:** Probably somewhere >$4,000/oz on average.
- ➢ **Costs:** declining from higher average grades and benefits from new mill, paste backfill, etc.
- ➢ **REE assets:** extensive drilling to define a resource, recipient of government grant or direct investment, or JV with a large industry player (MP, maybe).
- ➢ **Balance sheet:** growing war chest of cash, no debt, enough interest income to cover all G&A (they're basically there today!).

Here are all of those assumptions in math form.

Annual production	20,000.00
Avg gold price	$4,000.00
Avg AISC	$1,500.00
Avg Profit Margin	$2,500.00
NOPAT	$50,000,000.00
Multiple (10x)	$500,000,000

In other words, you're still getting IDR's REE asset package for free at today's stock price. There are publicly traded REE companies with lower quality assets that have IDR's current market cap. And **that's *without* a profitable and growing gold mining business.**

I've said this in prior reports and amongst Collective member DMs: **IDR's REE assets alone could be worth their current market cap.**

What happens if IDR hits 20,000oz/year, expands its resource, generates higher margins due to improved grades, and has outlined a path towards 40,000/oz the following 18-24 months? What multiple do you assign to that company? In a gold bull market, it's around 15x cash flow.

Of course, the valuation gets silly at those levels, but that's my point.

Look out 18-24 months, and **you're paying 10x cash flow for a growing gold producer in a Tier-1 jurisdiction while getting the US's largest REE land package for free.**

We bought more IDR on this dip and plan to add in the coming weeks if we see the price stabilize around these levels.

I wrote this snippet about IDR in April. It stands true today:

> *"There are thousands of mining stocks to buy. I spend most of my time going through each of them, and the result is the same: "I'd rather just buy more IDR."*
>
> *And that's the point!*
>
> *IDR has everything it needs to go from a 10Koz producer to a 60Koz producer, from 477,000oz in resources to over 1Moz, and from a $250M market cap to a $1B market cap.*
>
> *It's all right there in Idaho, in land packages they already own, with a CEO who has spent his entire life studying that specific area."*

Know what you own, look 18-24 months out, and if it's still cheap, have a plan to own more of it.