

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D. C. 20549

FORM 10-K

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

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2021

Commission File Number: 000-53676

LODE-STAR MINING INC.

(Exact name of registrant as specified in its charter)

NEVADA

47-4347638

(State or other jurisdiction of incorporation or organization)

(IRS Employer Identification No.)

1 East Liberty Street, Suite 600
Reno, NV 89501

(Address of principal executive offices, including zip code.)

(775) 234-5443

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

NONE

Securities registered pursuant to section 12(g) of the Act:

Common Stock, \$0.001 par value

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

YES ☐ NO ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act:

YES ☐ NO ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "non-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 type="checkbox"/> | Smaller Reporting Company | <input checked="" type="checkbox"/> |
| Emerging Growth Company | <input type="checkbox"/> | | |

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). YES ☐ NO ☒

The aggregate market value of the registrant's common stock held by non-affiliates at June 30, 2021, its most recently completed second fiscal quarter, was \$1,252,860. The stock price used in this calculation was the closing price of the registrant's stock reported on the OTCQB marketplace on July 2, 2021, the date of trading activity closest to the last business day of the registrant's most recently completed second fiscal quarter. For purposes of calculating this amount only, all executive officers, directors and beneficial owners of 5% or more of the outstanding shares of common stock have been treated as affiliates. At April 13, 2022 50,634,536 shares of the registrant's common stock were outstanding.

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Cautionary Note Regarding Forward-Looking Statements.

This current report on Form 10-K (this “Report”) contains forward-looking statements. In some cases, forward-looking statements can be identified by terminology such as “may”, “should”, “expects”, “plans”, “anticipates”, “believes”, “estimates”, “predicts”, “potential” or “continue” or the negative of these terms or other comparable terminology. These statements are only predictions and involve known and unknown risks and the risks set out below, any of which may cause our actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements. These risks include, by way of example and not in limitation:

- the uncertainty of future revenue and profitability based upon our current financial condition and history of losses;
- our lack of operating history;
- risks relating to our liquidity;
- risks related to the market for our common stock and our ability to dilute our current shareholders’ interest;
- risks related to our ability to locate and proceed with a new project or business for which we can obtain funding;
- risks related to our ability to obtain adequate financing on a timely basis and on acceptable terms; and
- other risks and uncertainties related to our business strategy.

This list is not an exhaustive list of the factors that may affect any of our forward-looking statements. These and other factors should be considered carefully, and readers should not place undue reliance on our forward-looking statements.

Forward looking statements are made based on management’s beliefs, estimates and opinions on the date the statements are issued, and we undertake no obligation to update forward-looking statements if these beliefs, estimates and opinions or other circumstances should change. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. Except as required by applicable law, including the securities laws of the United States, we do not intend to update any of the forward-looking statements to conform these statements to actual results.

Unless the context otherwise requires, references in this Report to “LSM,” the “Company”, “we”, “us”, “our”, or “ours” refer to Lode-Star Mining Inc.

PART I.

ITEM 1. BUSINESS

Lode-Star Mining Inc. was incorporated in the State of Nevada on December 9, 2004 for the purpose of acquiring and exploring mineral properties. Our principal executive offices are in Reno, Nevada. We also maintain a business office in Vancouver, British Columbia, Canada.

We have no revenues, have losses since inception, and have been issued a going concern opinion by our auditor. We are relying upon loans and/or the sale of securities to fund our operations. We have no employees and expect to use outside consultants, advisors, attorneys and accountants as necessary for the next twelve months.

New Business

On December, 28, 2021, we entered into an agreement with Sapir Pharmaceuticals, Inc. to acquire all of the assets used in connection with the proprietary stabilized formulation of the Epigallocatechin-gallate (EGCG) molecule for further pharmaceutical development. The molecule is an antioxidant polyphenol with a variety of potential profound health benefits. The consideration agreed to be paid by us for these assets was 1,000,000 shares of Series A Preferred Stock, nominally valued at \$1.00 per share. Sapir has the right to convert each preferred share to 450 shares of common stock. Each share of preferred stock will vote as 450 shares per one share of common stock. At the date of this report, the 1,000,000 shares have not been issued.

Any amendment to the Certificate of Designation designating the rights and preferences of the Preferred Stock requires the consent of the holders of at least two-thirds of the shares of Preferred Stock then outstanding. Pursuant to the terms of the Purchase Agreement, Sapir, as the holder of the Preferred Stock, agreed that until December 28, 2022, without the prior written consent of the holders of a majority of the common stock of the Company issued and outstanding immediately prior to the closing, it will not (i) cause the Company to effect more than one reverse stock split; (ii) issue any additional shares of Preferred Stock or rights to acquire the same or (iii) create any new series of preferred stock. At the closing, the parties also executed and delivered a royalty agreement (the "Royalty Agreement") pursuant to which the Company shall pay Sapir a royalty equal to five percent (5%) of the gross revenues realized from licenses or products generated or derived from the Business, including all license and/or sublicense fees, development and/or research fees, grants, joint ventures and other royalty payments received directly or indirectly by the Company. The royalty is due each quarter commencing when the Company first receives revenues generated by the Business. The royalty is to be paid for 5 years from the first date that initial proceeds are received by the Company directly or indirectly from the Business, and is automatically extended for a single additional 5-year period unless terminated in accordance with the terms of the Royalty Agreement.

The foregoing descriptions of the Purchase Agreement, the Royalty Agreement and the Certificate of Designation of Series A Preferred Stock include a summary of all the material provisions but are qualified in their entirety by reference to the complete text of those documents included as Exhibits 10.1, 10.2 and 4.1, respectively, to our report filed on Form 8-K on January 3, 2022 and incorporated herein by reference.

Mineral Property Interest (now terminated) - History

Further to a Mineral Option Agreement (the "Option Agreement") dated October 4, 2014, on December 5, 2014, we entered into a subscription agreement (the "Subscription Agreement") with Lode-Star Gold INC., a private Nevada corporation ("LSG") in which we agreed to issue 35,000,000 shares of our common stock, valued at \$230,180, to LSG in exchange for an initial 20% undivided beneficial interest in and to LSG's Goldfield property, which made LSG our largest and controlling shareholder.

LSG was incorporated in the State of Nevada on March 13, 1998 for the purpose of acquiring exploration stage mineral properties. It currently has one shareholder, Lonnie Humphries, who is the spouse of Mark Walmesley, our President and Chief Financial Officer. Mr. Walmesley is also the Director of Operations and a director of LSG.

LSG's Goldfield Bonanza property is comprised of 31 patented mineral claims owned 100% by LSG, located on approximately 460 acres in the district of Goldfield in the state of Nevada (the "Property"). The Property is clear titled, with a 1% Net Smelter Royalty ("NSR") existing in the favor of the original property owner. LSG has rehabbed approximately 1/2 mile of drift at the 300ft level and completed 22 surface core drill holes for a total of 10,400 ft and 152 underground core drill holes for a total of 23,000 ft.

LSG acquired the leases to the Property in 1997 and became the registered and beneficial owner of the Property on September 19, 2009. Since the earlier of those dates, it has conducted contract exploration work on the Property but has not determined whether it contains mineral reserves that are economically recoverable. LSG is an exploration stage company and has not generated any revenues since its inception. The Property represents its only material asset.

ITEM 1. BUSINESS (Continued)

The Property is located in west-central Nevada, in the Goldfield Mining District at Latitude 37° 42', and Longitude 117° 14'. The claims comprising the Property are located in surveyed sections 35 and 36, Township 2 South, Range 42 East, and in sections 1, 2, 11, and 12, Township 3 South, Range 42 East, in Esmeralda County, Nevada. The Property is accessible by traveling approximately one-half mile northeast of the community of Goldfield, along a county-maintained road that originates at U.S. Highway 95, which runs through "downtown" Goldfield. The town of Goldfield, which is the Esmeralda county seat (population 300), is approximately 200 air miles south of Reno and 180 air miles north of Las Vegas. Surface access on the Property is excellent and the relief is low, at an elevation of approximately 6,000 feet. Vegetation is sparse, consisting largely of sagebrush, rabbitbrush, Joshua trees and grasses. Water, electricity and other sundry needs such as restaurants, lodging, minor medical needs, fire station, and police are within 1 mile of the property.

All properties, claims, buildings, equipment, and supplies are owned by LSG and we have free access to utilize and manage all those items. Operations are managed from a 6,000 sq. ft. office and warehouse facility complete with showers and laundry amenities. Two residential trailer sites are immediately adjacent to this building for crew needs.

The Property has one working shaft, the February Premier, which has access to the 300 ft level, with approximately 1/2 mile of ventilated drift. Underground work has identified 2 high-grade gold-bearing zones which the company plans to further explore. The program that we envision undertaking includes the mining of approximately 10,000 tons of non-NI 43-101 compliant gold mineralization at an approximate grade of 0.9 ounces per ton. The estimated grade is based on historic drilling work done by LSG, for which the 1.5-inch core samples were consumed by assay requirements. In order to provide adequate sample weights to the assaying lab, the entire core was processed for individual samples. While we have encountered several additional high-grade drill anomalies throughout the property, it is important to note that we have no proven and/or probable reserves at the present time and therefore the program is exploratory in nature.

The Property has two operating water monitoring wells that were mandatory for us to receive a water pollution control permit. Part of the permitting application is for the allowance of the company to store its waste rock underground. The property has no milling onsite and we must rely on a third party to receive our mineralized material and tombstone our tailings.

The execution of the Subscription Agreement was one of the closing conditions of the Option Agreement, pursuant to which we acquired the sole and exclusive option to earn up to an 80% undivided interest in and to the Property. To earn the additional 60% interest in the Property, we were required to fund all expenditures on the Property and pay LSG an aggregate of \$5 million in cash from the Property's mineral production proceeds in the form of an NSR. Until we have earned the additional 60% interest, the NSR will be split 79.2% to LSG, 19.8% to us and 1% to the former Property owner.

The Option Agreement can be found as Exhibit 10.1 to our report filed on Form 8-K on October 9, 2014 and is incorporated by reference, shown as Exhibit 10.5 to this report. The Subscription Agreement can be found as Exhibit 10.7 to our report filed on Form 10-K/A on January 11, 2017 and is incorporated by reference, shown as Exhibit 10.7 to this report.

If we failed to make any cash payments to LSG within one year of October 4, 2014, we were required to pay LSG an additional \$100,000, and in any subsequent years in which we fail to complete the payment of the entire \$5 million described above, we were required to make quarterly cash payments to LSG of \$25,000 until we earned the additional 60% interest in the Property.

LSG granted us a series of deferrals of the payments, with the most recent being granted on January 11, 2017. LSG agreed on that date to defer payment of all amounts due in accordance with the Option Agreement until further notice. On January 17, 2017, the Company and LSG agreed that as of January 1, 2017, all outstanding balances shall carry a compound interest rate of 5% per annum. It was further agreed that the ongoing payment deferral shall apply to interest and principal, both of which will continue to be accrued.

Amendment to Option Agreement

On October 31, 2019, we entered into an amendment (the "Amendment") to the Option Agreement with LSG.

Under the Amendment, the exercise of the 60% option was restructured into two separate 30% options, such that we may now earn a 30% interest in the Property (for a total of 50%) (the "Second Option") by completing the following actions:

- paying LSG \$5 million in cash from the Property's mineral production proceeds in the form of an NSR royalty (the "Initial Payment");
- paying LSG all accrued and unpaid penalty payments under the Option Agreement;
- repaying to LSG (i) all loans, advances or other payments made by LSG to the Company and (ii) all expenditures on the Property funded by or on behalf of LSG until the date on which the Initial Payment has been completed; and

- funding all expenditures on the Property until the date on which the Initial Payment has been completed.

ITEM 1. BUSINESS *(Continued)*

Following the exercise of the Second Option, we may earn an additional 30% interest in the Property (for a total of 80%) (the “Third Option”) by completing the following actions:

- paying LSG a further \$5 million in cash from the Property’s mineral production proceeds in the form of a NSR royalty (the “Final Payment”); and
- funding all expenditures on the Property from the date on which the Second Option is exercised until the date on which the Final Payment has been completed.

The primary effect of the Amendment is therefore to increase the purchase price for the additional 60% interest in the Property from \$5 million to \$10 million, while at the same time separating it into tranches.

The foregoing description of the Amendment includes a summary of all the material provisions but is qualified in its entirety by reference to the complete text of the Amendment included as Exhibit 10.8 to our report filed on Form 8-K on November 6, 2019 and incorporated herein by reference.

We agreed with LSG that upon the successful completion of a toll milling agreement after permitting is achieved, there would be a basis to form a joint management committee to outline work programs and budgets, as contemplated in the Option Agreement and for us to act as the operator of the Property. To the date of this report LSG has borne all costs in connection with operations on the Property.

Termination of the Option Agreement

Despite ongoing efforts to utilize the Company as the primary means of raising funds to finance development of the Property, such investment has not been obtained from the public markets. We and LSG agreed that there were no indicators to suggest that was likely to change and that a new strategic approach was in the best interest of both entities. On January 14, 2022, we executed a settlement and termination agreement (the “Settlement Agreement”) with LSG in order to terminate the mineral option agreement between the parties (the “Option Agreement”) pursuant to which we acquired an interest in the Goldfield Bonanza Project. Pursuant to the Settlement Agreement, we and LSG have agreed to the immediate termination of the Option Agreement (other than certain standard provisions that will survive according to their terms), with the result that we will return our 20% undivided interest in and to the Property to LSG. In exchange, LSG has agreed to forgive all amounts owing by us to LSG under the Option Agreement, which includes approximately \$2.224 million in accrued, unpaid penalty and other payments. The Settlement Agreement also includes a broad mutual release. Importantly, the Settlement Agreement does not require LSG to surrender any portion of the 35,000,000 shares of our common stock that LSG previously received in consideration for selling us a 20% interest in the Property.

The full terms of the Settlement Agreement had been agreed to between the parties prior to December 31, 2021, with the signing of the documentation left as a formality to be completed as soon as the final documents were drafted. For that reason, the impact of the agreement has been reflected in the accompanying financial statements, to most accurately reflect our financial position on December 31, 2021.

The foregoing description of the Settlement Agreement includes a summary of all the material provisions but is qualified in its entirety by reference to the complete text of the Agreement included as Exhibit 10.9 to our report filed on Form 8-K on January 14, 2022 and incorporated herein by reference.

This change gives LSG more flexibility in pursuing private or other funding options for developing the Property, while we pursue new business opportunities for the Company, such as the agreement with Sapir Pharmaceuticals, Inc., described above under New Business.

ITEM 1A. RISK FACTORS

You should carefully consider the risks described below before purchasing our common stock. The following risk factors could have a material adverse effect on our business, financial condition and results of operations.

We have a history of operating losses and there can be no assurance that we can achieve or maintain profitability.

We have a history of operating losses and may not achieve or sustain profitability. We cannot guarantee that we will become profitable. Even if we achieve profitability, given the competitive and evolving nature of the pharmaceutical industry in which we will now operate, we may be unable to sustain or increase profitability and our failure to do so would adversely affect our business, including our ability to raise additional funds.

Because our auditors have issued a going concern opinion, there is substantial uncertainty that we will be able to continue our operations.

Our auditors have issued a going concern opinion. This means that there is substantial doubt that we can continue to operate over the next 12 months. Our financial statements do not include any adjustments relating to the recoverability and classification of recorded assets, or the amounts of and classification of liabilities that might be necessary in the event we cannot continue in existence. As such, if we are unable to obtain new financing to execute our business plan we may be required to cease our operations.

We face significant competition in the pharmaceutical product development industry that presents an ongoing threat to the success of our business.

The pharmaceutical industry is intensely competitive in all of its phases, and we will be forced to compete with many companies that possess greater financial resources and technical facilities than we do. As a result of this competition, our ability to successfully develop the newly acquired project on terms we consider acceptable may be adversely affected.

We may be unable to attract and retain qualified, experienced, highly skilled personnel, which could adversely affect the implementation of our business plan.

Our success depends to a significant degree upon our ability to attract, retain and motivate skilled and qualified personnel. As we become a more mature company in the future, we may find recruiting and retention efforts more challenging. If we do not succeed in attracting, hiring and integrating such personnel, or retaining and motivating existing personnel, we may be unable to grow effectively. The loss of any key employee, including members of our management team, and our inability to attract highly skilled personnel with sufficient experience in our industry could harm our business.

We may indemnify our officers and directors against liability to us and our security holders, and such indemnification could increase our operating costs.

Our Amended and Restated Articles of Incorporation allow us to indemnify our officers and directors against claims associated with carrying out the duties of their offices. Our Bylaws also allow us to reimburse them for the costs of certain legal defenses. Insofar as indemnification for liabilities arising under the Securities Act may be permitted to our officers, directors or control persons, we have been advised by the SEC that such indemnification is against public policy and is therefore unenforceable.

Since our officers and directors are aware that they may be indemnified for carrying out the duties of their offices, they may be less motivated to meet the standards required by law to properly carry out such duties, which could increase our operating costs. Further, if any of our officers or directors files a claim against us for indemnification, the associated expenses could also increase our operating costs.

Failure to comply with the Foreign Corrupt Practices Act could subject us to penalties and other adverse consequences.

As a Nevada corporation, we are subject to the *Foreign Corrupt Practices Act*, which generally prohibits United States companies from engaging in bribery or other prohibited payments to foreign officials for the purpose of obtaining or retaining business. Some foreign companies, including some that may compete with us, may not be subject to these prohibitions. Corruption, extortion, bribery, pay-offs, theft and other fraudulent practices may occur from time-to-time in the countries in which we conduct our business. However, our employees or other agents may engage in conduct for which we might be held responsible. If our employees or other agents are found to have engaged in such practices, we could suffer severe penalties and other consequences that may have a material adverse effect on our business, financial condition and results of operations.

ITEM 1A. RISK FACTORS (Continued)

Current global financial and economic conditions could adversely impact our operations and financial condition.

Current global financial and economic conditions remain volatile. Many industries, including the mineral resource industry, are impacted by these market conditions. Some of the key impacts of financial market turmoil include contraction in credit markets resulting in a widening of credit risk; devaluations and high volatility in global equity, commodity, foreign exchange and precious metal markets; and a lack of market liquidity. Such factors may impact our ability to obtain financing on favorable terms or at all. Additionally, global economic conditions may cause a long term decrease in asset values. If such global volatility and market turmoil were to continue, our operations and financial condition could be adversely impacted.

Risks Related to Ownership of Our Common Stock

Because there is a limited public trading market for our common stock, investors may not be able to resell their shares.

There is currently a limited public trading market for our common stock. Therefore, there is no central place, such as stock exchange or electronic trading system, to resell any shares of our common stock. If investors wish to resell their shares, they will have to locate a buyer and negotiate their own sale. As a result, they may be unable to sell their shares or may be forced to sell them at a loss.

We cannot assure investors that there will be a market in the future for our common stock. The trading of securities on the OTCQB is often sporadic and investors may have difficulty buying and selling our shares or obtaining market quotations for them, which may have a negative effect on the market price of our common stock. Investors may not be able to sell shares at their purchase price or at any price at all.

Sapir will have voting control over matters submitted to a vote of the stockholders, and it may take actions that conflict with the interests of our other stockholders and holders of our debt securities.

On December, 28, 2021, we entered into an agreement with Sapir Pharmaceuticals, Inc. to acquire all of the assets used in connection with the proprietary stabilized formulation of the Epigallocatechin-gallate (EGCG) molecule for further pharmaceutical development. The consideration paid by us for these assets was 1,000,000 shares of Series A Preferred Stock valued at \$1.00 per share (to be issued). Sapir has the right to convert each preferred share to 450 shares of common stock. Each share of preferred votes as 450 shares per one share of common stock. As a result, Sapir will have the power to control all matters requiring the approval of our stockholders, including the election of directors and the approval of mergers and other significant corporate transactions.

The sale of securities by us in any equity or debt financing could result in dilution to our existing stockholders and have a material adverse effect on our earnings.

Any sale of common stock by us in a future private placement offering could result in dilution to the existing stockholders as a direct result of our issuance of additional shares of our capital stock. In addition, our business strategy may include expansion through the acquisition of additional property interests or through business combinations with entities operating in our industry. In order to do so, or to finance the cost of our operations, we may issue additional equity securities that could dilute our stockholders' stock ownership. We may also pursue debt financing, if and when available, and this could negatively impact our earnings and results of operations. If the board of directors issues an additional class of voting for less than fair value, the value of your interest in the company will be diluted. We have no present intention to issue any additional class of voting securities.

We are subject to penny stock regulations and restrictions and investors may have difficulty selling shares of our common stock.

Our common stock is subject to the provisions of Section 15(g) and Rule 15g-9 of the Exchange Act, commonly referred to as the "penny stock rules". Section 15(g) sets forth certain requirements for transactions in penny stock, and Rule 15g-9(d) incorporates the definition of "penny stock" that is found in Rule 3a51-1 of the Exchange Act. The SEC generally defines a penny stock to be any equity security that has a market price less than \$5.00 per share, subject to certain exceptions. We are subject to the SEC's penny stock rules.

Since our common stock is deemed to be penny stock, trading in the shares of our common stock is subject to additional sales practice requirements on broker-dealers who sell penny stock to persons other than established customers and accredited investors. "Accredited investors" are generally persons with assets in excess of \$1,000,000 (excluding the value of such person's primary residence) or annual income exceeding \$200,000 or \$300,000 together with their spouse. For transactions covered by these rules, broker-dealers must make a special suitability determination for the purchase of such security and must have the purchaser's written consent to the transaction prior to the purchase. Additionally, for any transaction involving a penny stock, unless exempt, the rules require the delivery, prior to the first transaction, of a risk disclosure document relating to the penny stock market. A broker-dealer also must disclose the commissions payable to both the broker-dealer and the registered representative and current quotations for the securities. Finally, monthly statements must be sent disclosing recent price information for the penny stocks held

in an account and information to the limited market in penny stocks. Consequently, these rules may restrict the ability of broker-dealers to trade and/or maintain a market in our common stock and may affect the ability of our stockholders to sell their shares of common stock.

ITEM 1A. RISK FACTORS *(Continued)*

There can be no assurance that our common stock will qualify for exemption from the penny stock rules. In any event, even if our common stock was exempt from the penny stock rules, we would remain subject to Section 15(b)(6) of the Exchange Act, which gives the SEC the authority to restrict any person from participating in a distribution of penny stock if the SEC finds that such a restriction would be in the public interest.

We do not expect to pay dividends for the foreseeable future.

We do not intend to declare dividends for the foreseeable future, as we anticipate that we will reinvest any future earnings in the development and growth of our business. Therefore, our stockholders will not receive any funds unless they sell their common stock, and stockholders may be unable to sell their shares on favorable terms or at all.

Investors may face significant restrictions on the resale of their shares due to state “blue sky” laws.

Each state has its own securities laws, commonly known as “blue sky” laws, which (1) limit sales of securities to a state’s residents unless the securities are registered in that state or qualify for an exemption from registration, and (2) govern the reporting requirements for broker-dealers doing business directly or indirectly in the state. Before a security is sold in a state, there must be a registration in place to cover the transaction, or it must be exempt from registration. The applicable broker-dealer must also be registered in that state.

We do not know whether our securities will be registered or exempt from registration under the laws of any state. A determination regarding registration will be made by those broker-dealers, if any, who agree to serve as market makers for our common stock. There may be significant state blue sky law restrictions on the ability of investors to sell, and on purchasers to buy, our securities. Investors should therefore consider the resale market for our common stock to be limited, as they may be unable to resell their shares without the significant expense of state registration or qualification.

ITEM 1 B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

Mineral Property Interest Agreement Terminated

The agreement with LSG giving us an interest in its mineral property has been terminated, as described above in Item 1, Business.

Our Mineral Property Interest was located in west-central Nevada (Figure 1), in the Goldfield Mining District at Latitude 37° 42', and Longitude 117° 14'. The claims comprising the Property are located in surveyed sections 35 and 36, Township 2 South, Range 42 East, and in sections 1, 2, 11, and 12, Township 3 South, Range 42 East, in Esmeralda County, Nevada. The Property is wholly owned by LSG, and is clear titled. The 31 patented claims cover an area of approximately 460 acres, or 186 hectares. The claims are owned as private land by LSG, and only annual property taxes must be paid (by LSG).

To the best of our knowledge, there are no existing environmental liabilities on the Property.

ITEM 3. LEGAL PROCEEDINGS

We are not a party to any pending legal proceeding which management believes is likely to result in a material liability and no such action has been threatened against us, or, to the best of our knowledge, is contemplated.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Our stock is quoted under the symbol "LSMG" on the OTCQB marketplace of the OTC Markets Group. OTCQB companies must verify via an annual OTCQB Certification, signed by the company CEO or CFO, that their company information is current, including information about a company's reporting status, company profile, information on management and boards, major shareholders, law firms, transfer agents, and IR / PR firms.

The high and low bid quotations of our common stock for the 2021 and 2020 quarters are as follows:

| Quarter Ended | 2021 | | 2020 | |
|---------------|-----------|------------|----------|----------|
| | High | Low | High | Low |
| March 31 | \$ 0.14 | \$ 0.06 | \$ 0.28 | \$ 0.065 |
| June 30 | \$ 0.1399 | \$ 0.06849 | \$ 0.14 | \$ 0.065 |
| September 30 | \$ 0.13 | \$ 0.0471 | \$ 0.138 | \$ 0.095 |
| December 31 | \$ 0.10 | \$ 0.048 | \$ 0.148 | \$ 0.065 |

These quotations reflect inter-dealer prices, without retail mark-up, mark-down or commissions and may not represent actual transactions.

The market for our common stock has been sporadic and there have been significant periods during which there were few, if any, transactions in the common stock and no reported quotations. Accordingly, reliance should not be placed on the quotes listed above, as the trades and depth of the market may be limited, and therefore, such quotes may not be a true indication of the current market value of the Company's common stock.

On December 31, 2021, we had 68 shareholders of record of our common stock.

Capitalization

Shares

Our authorized capital is 500,000,000 shares of capital stock, divided into 480,000,000 shares of common stock with a par value of \$0.001 per share, and 20,000,000 shares of preferred stock with a par value of \$0.001 par value per share.

At December 31, 2021, 50,634,36 (2020: 50,605,965) shares of common stock had been issued.

1,000,000 shares of Series A Preferred Stock nominally valued at \$1.00 per share are to be issued to Sapir Pharmaceuticals Inc. as detailed in **New Business** above. Sapir has the right to convert each preferred share to 450 shares of common stock. Each share of preferred votes as 450 shares per one share of common stock. No shares of preferred stock have been issued to date.

During the year ended December 31, 2021, 28,571 common shares were issued on the exercise of stock options as described below.

Stock Options

On November 20, 2018, we granted 500,000 non-qualified stock options pursuant to the Equity Incentive Plan, to key outside consultants, with 50% vesting after one year and 50% vesting after two years. Each option is exercisable into one share of our common stock at a price of \$0.06 per share, for a term of five years. 50,000 of the options were exercised March 4, 2021 on a cashless basis, resulting in the issuance of 28,571 common shares.

On February 14, 2017, we granted 9,500,000 non-qualified stock options to key corporate officers and outside consultants, with 25% vesting immediately and a further 25% vesting every six months thereafter for eighteen months. Each option is exercisable into one share of our common stock at a price of US\$0.06 per share, equal to the closing price of the common stock on the grant date, for a term of five years. None of the options have been exercised to date.

A total of 9,950,000 options remained outstanding at December 31, 2021.

Warrants

3,336,060 warrants that were issued in connection with a 2015 consulting agreement, expired, without being exercised, on November 19, 2020. No warrants were outstanding at December 31, 2021 and none were issued subsequently, to the date of this report.

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES *(Continued)*

Securities Authorized for Issuance under Equity Compensation Plans

We reserved 10,000,000 shares of common stock for issuance under our 2015 Omnibus Equity Incentive Plan. The purpose of the Plan is to maintain our ability to attract and retain highly qualified and experienced directors, officers and consultants and to give such directors, officers and consultants a continued proprietary interest in our success. The Plan is available to any stockholder on request.

Dividends

We have not declared any cash dividends, nor do we have any plans to do so. Management anticipates that, for the foreseeable future, any available cash will be needed to fund our operations.

Penny Stock

Our common stock is subject to the provisions of Section 15(g) of the Exchange Act and Rule 15g-9 thereunder, commonly referred to as the "penny stock rule". Section 15(g) sets forth certain requirements for transactions in penny stock, and Rule 15g-9(d) incorporates the definition of "penny stock" that is found in Rule 3a51-1 of the Exchange Act. The SEC generally defines a penny stock to be any equity security that has a market price less than \$5.00 per share, subject to certain exceptions. We are subject to the SEC's penny stock rules.

Since our common stock is deemed to be penny stock, trading in the shares of our common stock is subject to additional sales practice requirements on broker-dealers who sell penny stock to persons other than established customers and accredited investors. "Accredited investors" are generally persons with assets in excess of \$1,000,000 or annual income exceeding \$200,000 or \$300,000 together with their spouse. For transactions covered by these rules, broker-dealers must make a special suitability determination for the purchase of securities and must have the purchaser's written consent to the transaction prior to the purchase. Additionally, for any transaction involving a penny stock, unless exempt, the rules require the delivery, prior to the first transaction, of a risk disclosure document prepared by the SEC relating to the penny stock market. A broker-dealer also must disclose the commissions payable to both the broker-dealer and the registered representative and current quotations for the securities. Finally, monthly statements must be sent disclosing recent price information for penny stocks held in an account and information to the limited market in penny stocks. Consequently, these rules may restrict the ability of broker-dealer to trade and/or maintain a market in our common stock and may affect the ability of our stockholders to sell their shares.

Recent Sales of Unregistered Securities

During the years ended December 31, 2021 and 2020, we had no subscriptions for shares of our common stock.

Within the past three years, other than the following, we have not issued any equity securities that were not registered under the Securities Act.

- On March 4, 2021, we issued 28,571 common shares upon the cashless exercise of 50,000 stock options.

ITEM 6. SELECTED FINANCIAL DATA

We are a smaller reporting company as defined by Rule 12b-2 of the Exchange Act and are not required to provide the information under this item.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Funding

All of our ongoing operations, since the inception of our Mineral Option Agreement on October 4, 2014, have been funded by monies advanced to us by Lode-Star Gold INC. (LSG) our largest shareholder and one other related party, LSG's primary shareholder. Given the termination of our Mineral Property Option Agreement with LSG, we do not anticipate that those two related party sources will continue to provide any significant future funding.

We do not currently have enough funds to carry out our entire plan of operations, so we intend to meet the balance of our cash requirements for the next 12 months through a combination of debt financing and equity financing through private placements. There is no assurance that we will be successful in completing any such financings.

If we are unsuccessful in obtaining sufficient funds through our capital raising efforts, we may review other financing options, although we cannot provide any assurance that any such options will be available to us or on terms reasonably acceptable to us. Further, if we are unable to secure any additional financing then we plan to reduce the amount that we spend on our operations, including our management-related consulting fees and other general expenses, so as not to exceed the capital resources available to us. Regardless, our current cash reserves and working capital will not be sufficient for us to sustain our business for the next 12 months, even if we decide to scale back our operations.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS *(Continued)*

Going Concern

Our auditors have issued a going concern opinion. This means that there is substantial doubt that we can continue as an on-going business for the next twelve months unless we obtain additional capital to pay our expenses. This is because we have not generated any revenues to date, and we cannot currently estimate the timing of any possible future revenues. Our only source for cash currently is loans or investments by others in our common stock.

Intellectual Property

We do not have any intellectual property.

As detailed above under New Business, on December, 28, 2021, we entered into an agreement with Sapir Pharmaceuticals, Inc. to acquire all of the assets used in connection with the proprietary stabilized formulation of the Epigallocatechin-gallate (EGCG) molecule for further pharmaceutical development. The molecule is an antioxidant polyphenol with a variety of potential profound health benefits. This acquired in-process research and development ("IPR&D") expense includes the initial costs of the IPR&D project, acquired directly in a transaction other than a business combination. It does not have an alternative future use and has been expensed on acquisition, as opposed to being recorded as intellectual property.

Personnel

We have no employees. Our president and CEO, our COO and our Corporate Secretary received no compensation in the years ended December 31, 2021 and 2020 for their services, other than \$100,000 in consulting fees incurred to another company controlled by our CEO in both 2021 and in 2020. We expect to continue to use outside consultants, advisors, attorneys and accountants as necessary. See Item 10 for information regarding our officers and directors.

Results of Operations

The following comments on our results of operations should be read in conjunction with our audited financial statements for the year ended December 31, 2021 which are included with this Report. See the "Cautionary Note Regarding Forward Looking Statements" above for a discussion of forward-looking statements and the significance of such statements in the context of this Report. We recorded a net loss of \$2,569,174 for the year ended December 31, 2021, have an accumulated deficit of \$4,048,109 and have had no operating revenues. The possibility and timing of revenue being generated from our business is uncertain.

Revenues, Expenses and Net Loss

| | Years Ended December 31 | | Increase/(Decrease) | |
|--------------------|-------------------------|--------------|---------------------|------------|
| | 2021 | 2020 | Amount | Percentage |
| Revenue | \$ - | \$ - | \$ - | - |
| Operating Expenses | 309,324 | 355,732 | (46,408) | (13%) |
| Operating Loss | (309,324) | (355,732) | 46,408 | (13%) |
| Other Expenses | (2,259,850) | (137,908) | (2,121,942) | 1,539% |
| Net Loss | \$ (2,569,174) | \$ (493,640) | \$ (2,075,534) | 420% |

The most significant driver of the year over year change in Net Loss is the \$2,186,917 expense attributed to the acquisition of in-process research and development from Sapir Pharmaceuticals.

Working Capital Deficiency

| | December 31 | | Increase/(Decrease) | |
|------------------------------|--------------|----------------|---------------------|------------|
| | 2021 | 2020 | Amount | Percentage |
| Current Assets | \$ 6,281 | \$ 16,584 | \$ (10,303) | (62%) |
| Current Liabilities | 231,867 | 2,106,059 | (1,874,192) | (89%) |
| Working Capital (Deficiency) | \$ (225,586) | \$ (2,089,475) | \$ 1,863,889 | (89%) |

The most significant driver of the year over year change our working capital deficiency is the \$2,015,966 attributed to settlement of shareholder debt.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Continued)

Cash Flows

| | Year Ended December 31 | | Increase/(Decrease) | |
|-----------------------------------|------------------------|--------------|---------------------|------------|
| | 2021 | 2020 | Amount | Percentage |
| Cash Flows Provided By (Used In): | | | | |
| Operating Activities | \$ (75,575) | \$ (127,036) | 51,461 | (41%) |
| Financing Activities | 68,939 | 129,181 | (60,242) | (47%) |
| Net increase (decrease) in cash | \$ (6,636) | \$ 2,145 | (8,781) | 409% |

As of the date of this report, we have yet to generate any revenues from our business operations. Our principal sources of working capital have been related party loans and funds received as subscriptions for our common stock. We have no assurance that we can successfully engage in any private sales of our securities or that we can obtain any additional loans.

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that are material to investors.

Commitments

We do not have any commitments as of December 31, 2021 which are required to be disclosed in tabular form.

Critical Accounting Policies

Our critical accounting policies are mainly those subject to significant judgments and uncertainties which could potentially result in materially different results under different conditions and assumptions. We believe the following critical accounting policies reflect our most significant estimates, judgments and assumptions used in the preparation of our financial statements:

Use of Estimates and Assumptions

The preparation of financial statements, in conformity with US GAAP, requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying disclosures. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant. Management bases its estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Significant areas requiring management's estimates and assumptions are determining the fair value of transactions involving related parties and common stock. Actual results may differ from the estimates.

Foreign Currency Accounting

Our functional currency is the U.S. dollar. Branch office activities are generally in Canadian dollars. Transactions in Canadian currency are translated into U.S. dollars as follows:

- monetary items at the exchange rate prevailing at the balance sheet date;
- non-monetary items at the historical exchange rate; and
- revenue and expense items at the rate in effect of the date of transactions.

Gains and losses arising on the settlement of foreign currency denominated transactions or balances are recorded in the statements of operations.

Income Taxes

We use the asset and liability method of accounting for income taxes in accordance with ASC Topic 740, Income Taxes. This standard requires the use of an asset and liability approach for financial accounting and reporting on income taxes. If it is more likely than not that some portion or all of a deferred tax asset will not be realized, a valuation allowance is recognized.

Reclamation Liabilities and Asset Retirement Obligations

We have no asset retirement obligations, including environmental rehabilitation expenditures, which relate to an existing condition caused by past operations.

ITEM 7. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS *(Continued)*

Acquired In-Process Research and Development Expenses

Acquired in-process research and development (“IPR&D”) expense includes the initial costs of IPR&D projects, acquired directly in a transaction other than a business combination, that do not have an alternative future use and is expensed on acquisition.

Recent Accounting Pronouncements

From time to time, new accounting pronouncements are issued by the Financial Accounting Standards Board, (“FASB”) or other standard setting bodies that are adopted by us as of the specified effective date. Unless otherwise discussed, we believe that the impact of recently issued standards that are not yet effective will not have a material impact on our financial statements upon adoption.

ITEM 7A QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

We are a smaller reporting company as defined by Rule 12b-2 of the Exchange Act and are not required to provide the information required under this item.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

LODE-STAR MINING INC.

FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

| | |
|---|-----|
| <u>Report of Independent Registered Public Accounting Firm (PCAOB ID No: 995)</u> | F-1 |
| <u>Balance Sheets</u> | F-3 |
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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and the Board of Directors of
Lode-Star Mining Inc.

Opinion on the Financial Statements

We have audited the accompanying balance sheets of Lode-Star Mining Inc. (the “Company”) as at December 31, 2021 and 2020, the related statements of operations and comprehensive loss, cash flows, and changes in stockholders’ deficiency, for the years then ended, and the related notes (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2021 and 2020, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (“PCAOB”) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Emphasis of Matter

The accompanying financial statements referred to above have been prepared assuming the Company will continue as a going concern. As discussed in Note 1 to the financial statements, the Company incurred losses from operations since inception, has not attained profitable operations and is dependent upon obtaining adequate financing to fulfill its operating activities. These conditions raise substantial doubt about the Company’s ability to continue as a going concern. Management’s plans in regard to these matters are also discussed in Note 1. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements; and (2) involved our especially challenging, subjective, or complex judgments. The communication of a critical audit matter does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Valuation of acquired in process research and development

As described in note 4 to the financial statements, the Company acquired all of the assets related to a pharmaceutical development project in exchange for 1,000,000 shares of Series A Convertible Preferred Stock, each convertible into 450 shares of common stock. Management estimated the fair value of the consideration to be \$2,186,917. The valuation of the consideration required management to make significant estimates and judgments. Significant judgments were used to determine if the acquired in-process research and development (“IPR&D”) expense was an asset acquisition and whether the IPR&D had any alternative future uses. Management has determined that the IPR&D was reflected as an expense rather than an asset in the accompanying financial statements.

The principal considerations for our determination that performing procedures relating to valuation of the consideration transferred to acquire the assets is a critical audit matter are (i) the significant judgments by management to determine the fair values of the Series A Convertible Preferred Stock; (ii) the significant audit effort due to a high degree of auditor subjectivity and judgment to evaluate the audit evidence obtained related to the significant assumptions used in the valuation.

Addressing the matter involved in performing procedures and evaluating audit evidence in connection with forming our overall opinion on the financial statements. These procedures also included, among others, testing management’s process for determining the fair value of the consideration, which included evaluating the appropriateness of the methodology used by management, forming an independent assessment of the fair value of the consideration and comparing that independent assessment to management’s estimate to evaluate the reasonableness of management’s estimate.

/s/ Smythe LLP

Smythe LLP, Chartered Professional Accountants

We have served as the Company’s auditor since 2017.

Vancouver, Canada

April 13, 2022

LODE-STAR MINING INC.

BALANCE SHEETS

| | DECEMBER 31 | |
|--|--------------------|-------------------|
| | 2021 | 2020 |
| ASSETS | | |
| Current assets | | |
| Cash | \$ 6,008 | \$ 12,644 |
| Prepaid fees | 273 | 3,940 |
| Total current assets | 6,281 | 16,584 |
| Mineral Property Interest, unproven | - | 230,180 |
| Total assets | \$ 6,281 | \$ 246,764 |
| LIABILITIES AND STOCKHOLDERS' DEFICIENCY | | |
| Current liabilities: | | |
| Accounts payable and accrued liabilities | \$ 190,394 | \$ 84,181 |
| Due to related parties and accrued interest | 41,473 | 2,021,878 |
| Total current liabilities | 231,867 | 2,106,059 |
| STOCKHOLDERS' DEFICIENCY | | |
| Capital Stock: | | |
| Authorized: 480,000,000 voting common shares with a par value of \$0.001 per share; 20,000,000 preferred shares and 1,000,000 Series A convertible preferred shares Issued: 50,634,536 common shares and no preferred shares at December 31, 2021 50,605,965 common shares and no preferred shares at December 31, 2020 | 3,454 | 3,425 |
| Shares To Be Issued – 1,000,000 Series A convertible preferred shares | 2,186,917 | - |
| Additional Paid-In Capital | 1,632,152 | 1,632,181 |
| Accumulated Deficit | (4,048,109) | (3,494,901) |
| Total stockholders' deficiency | (225,586) | (1,859,295) |
| Total liabilities and stockholders' deficiency | \$ 6,281 | \$ 246,764 |

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

LODE-STAR MINING INC.

STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

| | YEARS ENDED DECEMBER 31 | |
|---|--------------------------------|---------------------|
| | 2021 | 2020 |
| Revenue | \$ - | \$ - |
| Operating Expenses | | |
| Consulting services | 125,117 | 160,892 |
| Corporate support services | 2,010 | 1,869 |
| Exploration and evaluation | 28,443 | 18,043 |
| Mineral option fees | 75,000 | 100,000 |
| Office, foreign exchange and sundry | 7,475 | 10,425 |
| Professional fees | 46,232 | 40,574 |
| Transfer and filing fees | 25,047 | 23,929 |
| Total operating expenses | 309,324 | 355,732 |
| Operating Loss | (309,324) | (355,732) |
| Other Expenses | | |
| Acquired in-process research and development | (2,186,917) | - |
| Impairment | - | (54,318) |
| Interest, bank and finance charges | (72,933) | (83,590) |
| Total other expenses | (2,259,850) | (137,908) |
| Net Loss and Comprehensive Loss For The Year | \$ (2,569,174) | \$ (493,640) |
| Basic and Diluted Net Loss Per Common Share | \$ (0.05) | \$ (0.01) |
| Weighted Average Common Shares Outstanding – Basic and Diluted | 50,629,605 | 50,605,965 |

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

LODE-STAR MINING INC.

STATEMENTS OF CASH FLOWS

| | YEARS ENDED DECEMBER 31 | |
|---|--------------------------------|------------------|
| | 2021 | 2020 |
| Operating Activities | | |
| Net loss for the year | \$ (2,569,174) | \$ (493,640) |
| Adjustments to reconcile net loss to net cash used in operating activities: | | |
| Acquired in-process research and development | 2,186,917 | - |
| Foreign exchange loss | 35 | 30 |
| Stock options issued for services | - | 3,535 |
| Changes in operating assets and liabilities: | | |
| Prepaid fees | 3,667 | (1,827) |
| Accrued mineral option fees | 75,000 | 100,000 |
| Accounts payable and accrued liabilities | 155,746 | 182,114 |
| Accrued interest | 72,234 | 82,752 |
| Net cash used in operating activities | (75,575) | (127,036) |
| Financing Activities | | |
| Repayment of loans payable – related party | (6,061) | (5,819) |
| Proceeds from loans payable – related party | 75,000 | 135,000 |
| Net cash provided by financing activities | 68,939 | 129,181 |
| Net (Decrease) Increase in Cash | (6,636) | 2,145 |
| Cash, Beginning of Year | 12,644 | 10,499 |
| Cash, End of Year | \$ 6,008 | \$ 12,644 |
| Supplemental Disclosure of Cash Flow Information | | |
| Cash paid during the year for: | | |
| Interest | \$ - | \$ - |
| Income taxes | \$ - | \$ - |
| Non-cash Financing Activity | | |
| Expenses paid by related party on behalf of the Company | \$ 49,533 | \$ 105,947 |
| Settlement of shareholder debt recognized in stockholders' deficiency | \$ 2,015,966 | - |

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

LODE-STAR MINING INC.

**STATEMENTS OF CHANGES IN STOCKHOLDERS' DEFICIENCY
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

| | NUMBER OF COMMON SHARES | PAR VALUE | SHARES TO BE ISSUED | ADDITIONAL PAID-IN CAPITAL | ACCUMULATED DEFICIT | TOTAL |
|---|--|----------------------|--------------------------------|---|--------------------------------|---------------------|
| Balance, December 31, 2019 | 50,605,965 | \$ 3,425 | \$ - | \$ 1,628,646 | \$ (3,001,261) | \$(1,369,190) |
| Stock options issued for services | - | - | - | 3,535 | - | 3,535 |
| Net loss for the year | - | - | - | - | (493,640) | (493,640) |
| Balance, December 31, 2020 | 50,605,965 | 3,425 | - | 1,632,181 | (3,494,901) | (1,859,295) |
| Shares issued on cashless exercise of stock options | 28,571 | 29 | - | (29) | - | - |
| Preferred shares to be issued (1,000,000 Preferred) | - | - | 2,186,917 | - | - | 2,186,917 |
| Settlement of shareholder debt | - | - | - | - | 2,015,966 | 2,015,966 |
| Net loss for the year | - | - | - | - | (2,569,174) | (2,569,174) |
| Balance, December 31, 2021 | 50,634,536 | \$ 3,454 | \$ 2,186,917 | \$ 1,632,152 | \$ (4,048,109) | \$ (225,586) |

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

LODE-STAR MINING INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

1. BASIS OF PRESENTATION AND NATURE OF OPERATIONS

Organization

Lode-Star Mining Inc. (“the Company”) was incorporated in the State of Nevada, U.S.A., on December 9, 2004. The Company’s principal executive offices are located in Reno, Nevada. The Company was originally formed for the purpose of acquiring exploration stage natural resource properties. The Company acquired a mineral property interest from Lode-Star Gold INC., a private Nevada corporation (“LSG”) on December 11, 2014, in consideration for the issuance of 35,000,000 common shares of the Company. As a result of this transaction, control of the Company was acquired by LSG.

On December 28, 2021, the Company acquired from Sapir Pharmaceuticals, Inc., a Delaware company (“Sapir”), all of the assets used in connection with the proprietary stabilized formulation of the Epigallocatechin-gallate (EGCG) molecule for further pharmaceutical development (the “Assets”). The consideration for these Assets is 1,000,000 shares of Series A Convertible Preferred Stock where each preferred share is convertible into 450 shares of common stock.

Going Concern

The accompanying financial statements have been prepared assuming the Company will continue as a going concern. The future of the Company is dependent upon its ability to and to obtain additional financing to execute its business plan. As shown in the accompanying financial statements, the Company has had no revenue and has incurred accumulated losses of \$2,569,174 as of December 31, 2021. These factors raise substantial doubt about the Company’s ability to continue as a going concern. In order to continue as a going concern, the Company will need, among other things, additional capital resources and successfully develop its EGCG drug candidates. The Company is significantly dependent upon its ability, and will continue to attempt, to secure additional equity and/or debt financing. There are no assurances that the Company will be successful and without sufficient financing it would be unlikely for the Company to continue as a going concern. These financial statements do not include any adjustments relating to the recoverability and classification of recorded assets, or the amounts of and classification of liabilities that might be necessary in the event the Company cannot continue in existence.

In March 2020, the World Health Organization declared COVID-19 a global pandemic. This contagious disease outbreak and the related adverse public health developments have adversely affected workforces, economies, and financial markets, leading to a global economic downturn. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID- 19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Company have been prepared in accordance with accounting principles generally accepted in the United States (“GAAP”). Because a precise determination of many assets and liabilities is dependent upon future events, the preparation of financial statements for a period necessarily involves the use of estimates which have been made using careful judgment. All dollar amounts are in U.S. dollars unless otherwise noted.

The financial statements have, in management’s opinion, been properly prepared within reasonable limits of materiality and within the framework of the significant accounting policies summarized below:

a) Basis of Accounting

The Company’s financial statements have been prepared using the accrual method of accounting. In the opinion of management, all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation of financial position and the results of operations for the periods presented have been reflected herein.

b) Cash and Cash Equivalents

Cash consists of cash on deposit with high quality, major financial institutions. For purposes of the balance sheets and statements of cash flows, the Company considers all highly liquid debt instruments purchased with maturity of 90 days or less to be cash equivalents. At December 31, 2021 and 2020, the Company had no items that were cash equivalents.

LODE-STAR MINING INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Foreign Currency Accounting

The Company's functional currency is the U.S. dollar. Branch office activities are generally in Canadian dollars. Transactions in Canadian currency are translated into U.S. dollars as follows:

- i) monetary items at the exchange rate prevailing at the balance sheet date;
- ii) non-monetary items at the historical exchange rate; and
- iii) revenue and expense items at the rate in effect of the date of transactions.

Gains and losses arising on the settlement of foreign currency denominated transactions or balances are recorded in the statements of operations.

d) Fair Value of Financial Instruments

ASC Topic 820-10 establishes a three-tier value hierarchy, which prioritizes the inputs used in measuring fair value. The hierarchy prioritizes the inputs into three levels based on the extent to which inputs used in measuring fair value are observable in the market. These tiers include:

- Level 1 – defined as observable inputs such as quoted prices in active markets;
- Level 2 – defined as inputs other than quoted prices in active markets that are either directly or indirectly observable; and
- Level 3 – defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions.

The Company's financial instruments consist of cash, accounts payable and accrued liabilities, due to related parties, and loans payable. The Company is not exposed to significant interest, currency or credit risks arising from these financial instruments. Pursuant to ASC 820 and 825, the fair value of cash is determined based on "Level 1" inputs, which consist of quoted prices in active markets for identical assets. Accounts payable and accrued liabilities and loans payable are measured using "Level 2" inputs as there are no quoted prices in active markets for identical instruments. The carrying values of cash, accounts payable and accrued liabilities, and loans payable approximate their fair values due to the immediate or short term maturity of these financial instruments.

e) Asset Retirement Obligations

The Company has no asset retirement obligations, including environmental rehabilitation expenditures, which relate to an existing condition caused by past operations.

f) Use of Estimates and Assumptions

The preparation of financial statements, in conformity with GAAP, requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying disclosures. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant. Significant areas requiring management's estimates and assumptions are determining the fair value of transactions involving related parties and common stock, fair value of assets acquired with non-monetary consideration, evaluating impairment of mineral property interest and calculating stock-based compensation. Actual results may differ from the estimates.

g) Basic and Diluted Earnings Per Share

The Company reports basic earnings or loss per share in accordance with ASC Topic 260, "Earnings Per Share". Basic earnings per share is computed by dividing net earnings available to common stockholders by the weighted average number of common shares outstanding during the period. As the Company generated net losses in the periods presented, the impact of including potential shares from outstanding options and warrants would be anti-dilutive and is therefore not part of the net loss per share calculation.

LODE-STAR MINING INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

h) Acquired In-Process Research and Development Expenses

Acquired in-process research and development ("IPR&D") expense includes the initial costs of IPR&D projects, acquired directly in a transaction other than a business combination, that do not have an alternative future use and is expensed on acquisition.

i) Income Taxes

The Company uses the asset and liability method of accounting for income taxes in accordance with ASC Topic 740, Income Taxes. This standard requires the use of an asset and liability approach for financial accounting and reporting on income taxes. If it is more likely than not that some portion or all of a deferred tax asset will not be realized, a valuation allowance is recognized.

j) Acquisitions

Business combinations are accounted for using the acquisition method of accounting, which generally requires that assets acquired, including IPR&D projects, and liabilities assumed be recorded at their fair values as of the acquisition date on the Balance Sheet. Any excess of consideration over the fair value of net assets acquired is recorded as goodwill. The determination of estimated fair value requires significant estimates and assumptions. As a result, adjustments to the fair values of assets acquired and liabilities assumed within the measurement period, which may be up to one year from the acquisition date, with the corresponding offset to goodwill. Transaction costs associated with business combinations are expensed as they are incurred.

When it is determined net assets acquired do not meet the definition of a business combination under the acquisition method of accounting, the transaction is accounted for as an acquisition of assets and, therefore, no goodwill is recorded and contingent consideration, such as payments upon achievement of various developmental, regulatory and commercial milestones, generally are not recognized at the acquisition date. In an asset acquisition, upfront payments allocated to IPR&D projects at the acquisition date and subsequent milestone payments are expensed as incurred on the Statements of Operations unless there is an alternative future use.

k) Stock-Based Compensation

Stock-based compensation is accounted for in accordance with ASC 718 whereby a compensation charge based on the fair value of the equity instruments issued, measured at the grant date, is recorded against earnings over the period during which the employee is required to perform the services in exchange for the award (generally the vesting period).

The Company uses the Black-Scholes pricing model as a method for determining the estimated fair value for all stock options awarded to employees, officers, directors and consultants. The expected term of the options is based upon an evaluation of historical and expected future exercise behavior. The risk-free interest rate is based on rates published by the government for bonds with a maturity similar to the expected remaining life of the options at the valuation date. Volatility is determined based upon historical volatility of the Company's stock and adjusted if future volatility is expected to vary from historical experience. The dividend yield is assumed to be none as the Company has not paid dividends nor does the Company anticipate paying any dividends in the foreseeable future.

l) Related Party Transactions

In accordance with ASC 850, the Company discloses: the nature of the related party relationship(s) involved; a description of the transactions, including transactions to which no amounts or nominal amounts were ascribed, for each of the periods for which income statements are presented, and such other information deemed necessary to an understanding of the effects of the transactions on the financial statements; the dollar amounts of transactions for each of the periods for which income statements are presented and the effects of any change in the method of establishing the terms from that used in the preceding period; and amounts due from or to related parties as of the date of each balance sheet presented and, if not otherwise apparent, the terms and manner of settlement.

LODE-STAR MINING INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

m) Recent Accounting Pronouncements

The Company has implemented all applicable new accounting pronouncements that are in effect. Those pronouncements did not have any material impact on the financial statements unless otherwise disclosed, and the Company does not believe that there are any other new accounting pronouncements that have been issued that might have a material impact on its financial position or results of operations.

3. MINERAL PROPERTY INTEREST

The Company's mineral property interest was in a group of thirty-one claims known as the "Goldfield Bonanza Project" (the "Property"), in the State of Nevada. Pursuant to an option agreement dated October 14, 2014, as amended October 31, 2019 ("Option Agreement"), with Lode-Star Gold INC. ("LSG"), a private Nevada corporation, the Company acquired an initial 20% undivided interest in and to the mineral claims owned by LSG and an option to earn a further 60% interest in the claims. LSG received 35,000,000 shares of the Company's common stock and is its controlling shareholder. Until the Company has earned the additional 60% interest, the net smelter royalty will be split 79.2% to LSG, 19.8% to the Company and 1% to the former Property owner.

The exercise of the 60% option was segregated into two separate 30% options, such that the Company may earn a 30% interest in the Property (for a total of 50%) (the "Second Option") by completing the following actions:

- paying LSG \$5 million in cash from the Property's mineral production proceeds in the form of a NSR royalty (the "Initial Payment");
- paying LSG all accrued and unpaid penalty payments under the Option Agreement;
- repaying to LSG (i) all loans, advances or other payments made by LSG to the Company and (ii) all expenditures on the Property funded by or on behalf of LSG until the date on which the Initial Payment has been completed; and
- funding all expenditures on the Property until the date on which the Initial Payment has been completed.

Following the exercise of the Second Option, the Company may earn an additional 30% interest in the Property (for a total of 80%) (the "Third Option") by completing the following actions:

- paying LSG a further \$5 million in cash from the Property's mineral production proceeds in the form of an NSR royalty (the "Final Payment"); and
- funding all expenditures on the Property from the date on which the Second Option is exercised until the date on which the Final Payment has been completed.

If the Company fails to make any cash payments to LSG within one year of the date of the option agreement, it is required to pay LSG an additional \$100,000, and in any subsequent years in which the Company fails to complete the payment of the entire \$5 million, it must make quarterly cash payments to LSG of \$25,000.

On January 11, 2017, LSG agreed to defer payment of all amounts due in accordance with the mineral option agreement until further notice, however \$25,000 per quarter plus interest on amounts due will still be accrued. On January 17, 2017, the Company and LSG agreed that as of January 1, 2017, all outstanding balances shall carry a compound interest rate of 5% per annum. It was further agreed that the ongoing payment deferral shall apply to both interest and principal. The total amount of such fees due at December 31, 2020 was \$623,913, with total interest due in the amount of \$88,716.

On January 22, 2020, the Company executed a toll milling agreement (the "Agreement") with Scorpio Gold Corporation's affiliate, Goldwedge LLC. The Agreement allowed for the processing of ore delivered from the Company's Property to the 400 ton per day Goldwedge milling facility located in Manhattan, Nevada.

Under the terms of the Agreement, the Company would advance funds required for the design, engineering, permitting and modifications to the Goldwedge facility to include the addition of a flotation circuit, supporting reagent tanks/silos, secondary lining of process containment ponds, leak detection and monitoring wells associated with fluid containments.

The Agreement provided for the Company to recoup the advanced funds through a reduction in toll milling rates until all advanced funds have been offset. Following that, the toll charges would revert to standard rates.

LODE-STAR MINING INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

3. MINERAL PROPERTY INTEREST

Subsequent to a change in ownership of Scorpio, the Company re-assessed the agreement, concluding that it is unlikely to be completed and that the Company has no commitment to continue with it. Based on that, the total of \$54,318 incurred in connection with the agreement and included in prepaid fees has been written off and charged to impairment expense at December 31, 2020.

Termination of the Option Agreement

On January 14, 2022, the Company executed a settlement and termination agreement (the “Settlement Agreement”) with LSG to terminate the Option Agreement between the parties. Pursuant to the Settlement Agreement, the Company and LSG have agreed to the immediate termination of the Option Agreement (other than certain standard provisions that will survive according to their terms), with the result that the Company will return its 20% undivided interest in and to the Property to LSG. In exchange, LSG has agreed to forgive all amounts owing by the Company to LSG under the Option Agreement, which includes \$2,246,146 in accrued, unpaid penalties and other payments. The Settlement Agreement also includes a broad mutual release.

The full terms of the Settlement Agreement were agreed to between the parties prior to December 31, 2021, with the formal execution to be completed as soon as the documentation was prepared. Therefore, the impact of the Settlement Agreement has been reflected in these financial statements, to most accurately report the Company’s financial position on December 31, 2021, resulting in a gain on settlement of shareholder debt of \$2,015,966 recognized in stockholders’ deficiency (the gain included forgiveness of shareholder debt of \$2,246,146 and write-off of mineral property interest of \$230,180).

4. PHARMACEUTICAL DEVELOPMENT PROJECT

On December 23rd, 2021, the Company acquired from Sapir, all of the assets used in connection with the proprietary stabilized formulation of the Epigallocatechin-gallate (EGCG) molecule for further pharmaceutical development (the “Assets”).

The consideration to be paid by the Company for these assets is 1,000,000 shares of Series A Convertible Preferred Stock nominally valued at \$1.00 per share (to be issued). Sapir has the right to convert each preferred share to 450 shares of common stock. Each preferred share votes as 450 shares per one share of common stock.

The Company recorded the transaction as an asset acquisition as management concluded that all of the gross value received was related to the Assets. The fair value of the assets acquired was estimated to be \$2,186,917 using level 2 of the fair value hierarchy. Further, as the asset was still in development at the time of acquisition, management concluded that there was no alternative future use for the asset and recorded a charge to acquired in-process research and development expense of \$2,186,917 at the closing of the transaction, which consisted of the value assigned to the Series A Convertible Preferred Stock to be issued in connection with the Purchase Agreement.

Pursuant to the terms of the Purchase Agreement, Sapir, as the holder of the Preferred Stock, agreed that until December 28, 2022, without the prior written consent of the holders of a majority of the common stock of the Company issued and outstanding immediately prior to the closing, it will not (i) cause the Company to effect more than one reverse stock split; (ii) issue any additional shares of Preferred Stock or rights to acquire the same or (iii) create any new series of preferred stock.

At the closing, the parties also executed and delivered a royalty agreement (the “Royalty Agreement”) pursuant to which the Company shall pay Sapir a royalty equal to five percent (5%) of the gross revenues realized from licenses or products generated or derived from the Business, including all license and/or sublicense fees, development and/or research fees, grants, joint ventures and other royalty payments received directly or indirectly by the Company. The royalty is due each quarter commencing when the Company first receives revenues generated by the Assets. The royalty is to be paid for 5 years from the first date that initial proceeds are received by the Company directly or indirectly from the Business, and is automatically extended for a single additional 5-year period unless terminated in accordance with the terms of the Royalty Agreement. No amount has been accrued for the royalty payable as management cannot reliably estimate an amount payable.

LODE-STAR MINING INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

5. CAPITAL STOCK

Capitalization

The authorized capital of the Company is 500,000,000 shares of capital stock, divided into 480,000,000 shares of common stock with a par value of \$0.001 per share, and 20,000,000 shares of preferred stock with a par value of \$0.001 per share. The Company reserved 10,000,000 shares of common stock for issuance under its 2016 Omnibus Equity Incentive Plan. The Company has issued 50,634,536 common shares and no preferred shares. During the year ended December 31, 2021, the Company issued 28,571 shares of its common stock on the cashless exercise of 50,000 options.

1,000,000 shares of Series A Convertible Preferred Stock are to be issued to Sapir, as consideration for the Assets. Sapir has the right to convert each preferred share to 450 shares of common stock. Each preferred share votes as 450 shares per one share of common stock.

Options

A total of 9,950,000 options were issued and outstanding at December 31, 2021, all of which were vested.

On November 20, 2018, the Company granted 500,000 non-qualified stock options pursuant to its Equity Incentive Plan, to key outside consultants, with 50% vesting after one year and 50% vesting after two years. Each option is exercisable into one share of the Company's common stock at a price of \$0.06 per share, for a term of five years. The options had an estimated grant date fair value of \$10,408. 50,000 of the options were exercised on March 4, 2021 on a cashless basis at a price of \$0.06, resulting in the issuance of 28,571 common shares. The cash component, equivalent to \$3,000, is calculated as 21,429 shares at \$0.14, the closing market price of the Company on the date of issuance.

The 500,000 options were fully expensed by December 31, 2020. For the year ended December 31, 2021, \$Nil (2020 - \$3,535) was included in consulting services expense, based on fair value estimates determined using the Black-Scholes option pricing model with an average risk-free rate of 2.88%, a weighted average life of 5 years, volatility of 195.37%, and dividend yield of 0%. At December 31, 2021, the remaining 450,000 options had an intrinsic value of \$15,750 (2020 - \$40,000) based on the exercise price of \$0.06 per option and a market price of \$0.095 per share.

On February 14, 2017, the Company granted 9,500,000 non-qualified stock options pursuant to the Equity Incentive Plan, to key corporate officers and outside consultants, with 25% vesting immediately and a further 25% vesting every six months thereafter for eighteen months. Each option is exercisable into one share of the Company's common stock at a price of \$0.06 per share, equal to the closing price of the common stock on the grant date, for a term of five years. The options were fully amortized by the end of 2018. At December 31, 2021, the options had an intrinsic value of \$332,500 (2020 - \$760,000) based on the exercise price of \$0.06 per option and a market price of \$0.095 per share.

Summary of option activity in the current year and options outstanding (all fully vested) at December 31, 2021:

| | Options Outstanding | Weighted Average Life Remaining (Years) | Intrinsic Value |
|------------------------------------|------------------------|---|--------------------|
| Balance December 31, 2020 and 2019 | 10,000,000 | | \$ 800,000 |
| Issued | - | | |
| Exercised | (50,000) | | |
| Expired | - | | |
| Balance December 31, 2021 | 9,950,000 | 0.20 | \$ 348,250 |

Warrants

During the year ended December 31, 2021, no warrants to purchase shares of common stock were issued, exercised, or expired. On November 19, 2020, 3,336,060 warrants issued in 2015 expired without being exercised, leaving no warrants outstanding and no intrinsic value at December 31, 2021 or 2020.

LODE-STAR MINING INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

6. RELATED PARTY TRANSACTIONS AND AMOUNTS DUE

As described in Note 3, the Company has terminated its mineral option agreement with LSG and entered in a Settlement Agreement, with the result that the Company has returned its 20% undivided interest in and to the Property to LSG, the Company's majority shareholder. In exchange, LSG agreed to forgive all the following amounts owing by the Company to LSG under the Option Agreement, which includes the following principal and interest amounts (the parties agreed that no further interest would be accrued after Q3 of 2021).

- i) \$402,540 (2020: \$353,007): unsecured; interest at 5% per annum; with no specific terms of repayment, due to LSG. Accrued interest payable on the loan to December 31, 2021 of \$62,009 (2020: \$47,701). During the year ended December 31, 2021, LSG paid expenses directly on behalf of the Company totaling \$49,533 (2020: \$105,947).
- ii) \$805,000 (2020: \$730,000): unsecured; interest at 5% per annum from January 1, 2015; with no specific terms of repayment, due to LSG. Accrued interest payable on the loan to December 31, 2021 was \$161,310 (2020: \$132,982). During the year ended December 31, 2021, the Company was advanced an additional \$65,000 (2020: \$95,000).

The settlement of the amounts owing to LSG resulted in a gain on settlement of shareholder debt recognized in stockholders' deficiency of \$2,015,966.

The following amounts are due to a related party, LSG's principal shareholder, not to LSG and therefore remain outstanding.

- i) \$3,950 (2020: \$3,915): unsecured; non-interest bearing; with no specific terms of repayment. The minor change in value during 2021 was due to fluctuation in the US to Canadian dollar exchange rate.
- ii) \$33,939 (2020: \$40,000): unsecured; interest at 5% per annum; with no specific terms of repayment. Accrued interest payable on the loan at December 31, 2021 was \$3,584 (2020: \$1,644).

During the year ended December 31, 2021, the Company incurred \$75,000 (2020: \$100,000) in mineral option fees payable to LSG, which were accrued. The total amount of such fees accrued and forgiven as part of the termination of the mineral option agreement with LSG was \$698,913, along with interest due totaling \$116,374. The accrued fees due at December 31, 2020 was \$623,913, with total interest due in the amount of \$88,716.

At December 31, 2021, the total due to related parties of \$41,473 (2020: \$2,021,878) was comprised of the following:

- Loans and accrued interest - \$41,473 (2020: \$1,309,249)
- Mineral option fees payable and accrued interest - \$0 (2020: \$712,629)

During the year ended December 31, 2021, the Company incurred \$100,000 (2020: \$100,000) in consulting fees for strategic and mine development, payable to a company controlled by the Company's President. \$183,500 (2020: \$83,500) of those fees was outstanding and included in Accounts Payable at December 31, 2021. A further \$1,779 included in Accounts Payable at that date was owing to the same company controlled by the President, for expenses outstanding (2019: \$422).

7. CONTRACTUAL OBLIGATIONS AND COMMITMENTS

See Notes 3 and 4 for details about the Company's obligations and commitments.

LODE-STAR MINING INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

8. INCOME TAXES

In December 2014, the Company underwent a change in control which subjected it to limitations under Internal Revenue Code Section 382. That section restricts post-change annual net operating loss utilization, based on applying an IRS- prescribed rate to the purchase price of the stock acquired in the change in control. The Company accordingly revised its estimates of net operating loss carry forwards, resulting in a reduction in the estimate of losses available for utilization in the amount of approximately \$872,000.

A reconciliation of income tax benefit to the amount computed at the estimated rate of 34% (2020 – 34%) is as follows:

| | <u>2021</u> | <u>2020</u> |
|---------------------------------------|-------------|-------------|
| Expected income tax recovery | \$ 873,500 | \$ 167,800 |
| Adjustment for non-deductible amounts | (104,000) | (120,900) |
| Increase in valuation allowance | (769,500) | (46,900) |
| | <u>\$ -</u> | <u>\$ -</u> |

Significant components of deferred income tax assets are as follows:

| | <u>2021</u> | <u>2020</u> |
|--------------------------------------|--------------|-------------|
| Deferred income tax assets | | |
| Net operating losses carried forward | \$ 1,163,400 | \$ 412,300 |
| Valuation allowance | (1,163,400) | (412,300) |
| | <u>\$ -</u> | <u>\$ -</u> |

The Company has approximately \$951,000 (2020: \$951,000) in net operating losses carried forward which will expire between 2032 and 2037 if not utilized and approximately \$2,470,000 (2020: \$261,000) in net operating losses which will be carried forward indefinitely. Future tax benefits, which may arise as a result of these losses, have not been recognized in these financial statements, and have been offset by a valuation allowance.

Realization of the above losses carried forward is dependent on the Company filing the applicable tax returns with the tax authorities and generating sufficient taxable income prior to expiration of the losses carried forward. Continuing use of the acquired historic business or a significant portion of the acquired assets for two years after a change of control transaction is required, otherwise the annual net operating loss limitation on pre-change losses is zero. The two-year continuing use requirement has been met.

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

Effective August 1, 2020, our auditors, Morgan & Company LLP, 609 Granville Street, Vancouver, BC, Canada, merged their operations with Smythe LLP, Chartered Professional Accountants, 475 Howe Street, Suite 700, Vancouver, BC, Canada and continue to provide services to us as Smythe LLP.

There have been no disagreements regarding accounting and financial disclosures from the inception of our company through the date of this report on Form 10-K. Our financial statements for the years ended December 31, 2021 and 2020 included in this report, have been audited by Smythe LLP.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

We conducted an evaluation under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures. The term “disclosure controls and procedures,” as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, means controls and other procedures of a company that are designed to ensure that information required to be disclosed by the company in the reports it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission’s rules and forms. Disclosure controls and procedures also include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company’s management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of December 31, 2021, our disclosure controls and procedures were not effective, due to the size and nature of the existing business operation. Given the size of our current operation and existing personnel, the opportunity to implement disclosure control procedures is limited. Until such time as the organization can increase sufficiently in size to warrant an increase in personnel required to effectively execute and monitor formal disclosure control procedures, those formal procedures will not be implemented. As a result of the current size of the organization, there are not significant levels of supervision, review, independent directors or a formal audit committee.

Management’s Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting for the Company. Internal control over financial reporting (as defined in Rule 13a-15(f) of the Exchange Act) is a process to provide reasonable assurance regarding the reliability of our financial reporting for external purposes in accordance with accounting principles generally accepted in the United States of America. Internal control over financial reporting includes maintaining records that in reasonable detail accurately and fairly reflect our transactions; providing reasonable assurance that transactions are recorded as necessary for preparation of our financial statements; providing reasonable assurance that receipts and expenditures of Company assets are made in accordance with management authorization; and providing reasonable assurance that unauthorized acquisition, use or disposition of company assets that could have a material effect on our financial statements would be prevented or detected on a timely basis.

Because of its inherent limitations, internal control over financial reporting is not intended to provide absolute assurance that a misstatement of our financial statements would be prevented or detected. Also, projections of any evaluation of effectiveness to future periods are subject to the risks that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management conducted an evaluation of the effectiveness, as of December 31, 2021, of our internal control over financial reporting based on criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on this evaluation, our Chief Executive and Chief Financial Officer concluded that, as of December 31, 2021, our internal control over financial reporting was not effective, due to the size and nature of the existing business operation. Given the size of our current operation and existing personnel, the opportunity to implement internal control procedures that segregate accounting duties and responsibilities is limited. Until such time as the organization can increase sufficiently in size to warrant an increase in personnel required to effectively execute and monitor formal internal control procedures, those formal procedures will not be implemented. As a result of the size of the current organization, there are not significant levels of supervision, review, independent directors or a formal audit committee.

ITEM 9A. CONTROLS AND PROCEDURES (Continued)

Changes in Internal Control Over Financial Reporting:

There were no changes in our internal control over financial reporting during the quarter ended December 31, 2021 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Officers and Directors

On January 14, 2022 we announced that in connection with the acquisition of Sapir Pharmaceuticals, Inc (announced December 30, 2021) we appointed Mr. Samuel Sternheim as a member of the Board of Directors effective January 14, 2022. Mr. Sternheim will also be assuming the roles of Corporate Secretary, Chief Financial Officer and Treasurer.

Mr. Sternheim started his career as a financial advisor working with high net worth individuals and advising on wealth management. He then actively managed multiple businesses while working for a family office in NY. He is a director of Sapir Pharmaceuticals, and has been CFO of Sapir since 2015, where he has overseen fundraising, numerous acquisitions and licensing ventures globally.

Mark Walmesley, President stated “We are excited to welcome Samuel to our board of directors. He brings years of leadership in key areas, such as, strategy implementation, and technology development, that are vital to our future operations. His counsel and expertise will bring energy to our board enhancing mission-critical solutions to better serve our shareholders.”

Tom Temkin, effective February 17, 2022 resigned as COO and as a Director of the Company, given that the Company is moving out of the mining sector.

As of the date of this report, the names, ages and positions of our executive officers and directors were as follows:

| Name | Age | Position |
|----------------|-----|--|
| Mark Walmesley | 64 | President, Chief Executive Officer, Chief Financial Officer, Treasurer, Director |
| Pam Walters | 72 | Secretary |

Mark Walmesley was appointed as our Chief Financial Officer, Treasurer and director on September 22, 2014, and our President and Chief Executive Officer on December 11, 2014. He has been LSG’s Director of Operations since 2005 and a director of the company since March 2009.

From 2005 to 2010, Mr. Walmesley directed operations on the Property, during which time LSG had a crew of up to eight people performing surface and underground exploratory drilling and mine rehabilitation work. In 2010 and 2011, he negotiated the terms of the ICN Option Agreement on behalf of LSG, and he is currently directing all of LSG’s advancement activities.

Since 1985, Mr. Walmesley has been the owner and operator of Mark Walmesley, Inc., a private Texas corporation, which specializes in the sale of window etching theft deterrent products that are distributed throughout the United States in the automotive aftermarket industry. Through an established network of agents and car dealerships, he has achieved product fulfillment on millions of vehicles over his 34-year career.

Since 2008, Mr. Walmesley has been developing an emergency medical communications platform for FAST Alert Support Team, Inc., a company dedicated to facilitating worldwide communication between emergency medical technicians (EMTs), incapacitated individuals and people assigned by those individuals to accommodate pre-determined essential support. Although the project is currently on hold, Mr. Walmesley originally developed this online software solution for the medical industry in the United States and plans to build the business using his existing network of automotive industry contacts. He remains the company’s Founder and Chief Software Architect.

Mr. Walmesley has also been involved in financing and mentoring a variety of other private companies throughout his professional career.

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE *(Continued)*

Pam Walters was appointed as our Secretary on April 22, 2015. Since 1985 Ms. Walters has been working as the Corporate Administration person responsible for employee relations as well as managing the day-to-day corporate finance and business operations of Lode Star Gold, Inc. Ms. Walters has been associated with the mining industry for over 25 years. She attended the University of New Orleans in the early 1970s and since 1998 she has been acquiring and practicing the skills required to manage and maintain our busy and growing corporate needs.

Term of Office

Our officers are appointed to serve until the meeting of our Board of Directors following the next annual meeting of our stockholders and until their successors have been elected and qualified.

Committees of the Board of Directors

Our board of directors has authorized an audit committee charter, compensation committee charter, nominating and governance committee charter, executive committee charter and nominating committee charter. Our board may also establish from time to time any other committees that it deems necessary or desirable. The composition of each committee will comply, when required, with NYSE MKT listing standards and other rules of the SEC and NYSE MKT.

Audit Committee

We have not appointed members of our audit committee. However, the chairman will be independent within the meaning of applicable SEC rules and NYSE MKT listing standards as an “audit committee financial expert” as defined in the rules and regulations of the SEC, and that is financially literate under the current listing standards of the NYSE MKT. The audit committee has oversight responsibilities regarding matters including:

- the integrity of our financial statements and our financial reporting and disclosure practices;
- the soundness of our system of internal controls regarding finance and accounting compliance;
- the independent registered public accounting firm’s qualifications and independence;
- the engagement of the independent registered public accounting firm;
- the performance of our internal audit function and independent registered public accounting firm;
- our compliance with legal and regulatory requirements in connection with the foregoing;
- review of related party transactions in accordance with our written policy as to such transactions; and
- compliance with our Code of Conduct and Ethics.

We will rely on the phase-in rules of the SEC and NYSE MKT with respect to the independence of our audit committee. These rules permit us to have an audit committee that has at least one member who is independent by the NYSE MKT listing date, at least two members (a majority of whom are independent) within 90 days after the listing date, and at least three members (all of whom are independent) within one year thereafter.

Compensation Committee

We have not appointed members of our compensation committee. However, the chairman of the committee will be independent within the meaning of the listing standards of the NYSE MKT. The compensation committee is authorized to assist the board in discharging the board’s responsibilities relating to matters including:

- review and administration of compensation and benefit policies and programs designed to attract, motivate and retain personnel with the requisite skills and abilities to us to achieve superior operating results;
- review and approval, annually of goals and objectives relevant to compensation of our Chief Executive Officer, including evaluating the performance of the Chief Executive Officer in light of those goals and objectives and setting of our Chief Executive Officer’s compensation based on such evaluation (and our compensation committee will have sole authority to determine such compensation);
- establishment of the compensation of our other executives and the Chairman of our board, and recommendation of the compensation of our non-employee directors for approval by majority vote of independent directors, and

- issuance of an annual report on executive compensation for inclusion in our annual proxy statement, once required.

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE (Continued)

We will rely on the phase-in rules of the SEC and NYSE MKT with respect to the independence of our compensation committee. These rules permit us to have a compensation committee that has at least one member who is independent by five business days from the NYSE MKT listing date, at least a majority of members who are independent within 90 days of the NYSE MKT listing date and all independent members within one year of the NYSE MKT listing date.

Nominating and Governance Committee

We have not appointed members of our nominating and governance committee. However, the chairman of the committee will be independent within the meaning of the listing standards of NYSE MKT. The nominating and governance committee is authorized to:

- recommend to the board nominees for election as directors and committee members;
- develop and recommend to the board a set of corporate governance guidelines;
- review candidates for nomination for election as directors submitted by directors, officers, employees and stockholders and establish procedures to be followed by stockholders in submitting nominees;
- recommend to the board non-renomination or removal from the board or a board committee as appropriate;
- review with the board the requisite skills and characteristics for continuation as board members, the selection of new board members and board composition; and
- select, retain and evaluate any search firm with respect to the identification of candidates for nomination for election as directors (and our nominating and governance committee shall have the sole authority to approve any such firm's fees and other retention terms).

We will rely on the phase-in rules of the SEC and NYSE MKT with respect to the independence of our nominating and governance committee. These rules permit us to have a nominating and governance committee that has at least one member who is independent by five business days from the NYSE MKT listing date, at least a majority of members who are independent within 90 days of the NYSE listing date and all independent members within one year of the NYSE listing date.

The committee will assist the board in the selection of nominees for election as directors at each annual meeting of our stockholders and will establish policies and procedures regarding the consideration of director nominations from stockholders.

Code of Ethics

We have adopted a corporate code of ethics. We believe our code of ethics is reasonably designed to deter wrongdoing and promote honest and ethical conduct; provide full, fair, accurate, timely and understandable disclosure in public reports; comply with applicable laws; ensure prompt internal reporting of code violations; and provide accountability for adherence to the code. A copy of the code of ethics was included as Exhibit 14.1 to our annual report on Form 10-K filed with the SEC on April 7, 2009.

Significant Employees

Other than our officers and directors, we do not expect any other individuals to make a significant contribution to our business as employees.

Family Relationships

There are no family relationships among our directors, executive officers or persons nominated or chosen by us to become directors or executive officers.

Involvement in Certain Legal Proceedings

None of our directors, executive officers, promoters or control persons has been involved in any of the following events during the past 10 years:

- any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time;
- any conviction in a criminal proceeding or being subject to a pending criminal proceeding (excluding traffic violations and other minor offenses);

- being subject to any order, judgment or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities or banking activities;

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE *(Continued)*

- being found by a court of competent jurisdiction (in a civil action), the SEC or the Commodity Futures Trading Commission to have violated any federal or state securities or commodities law, and the judgment has not been reversed, suspended or vacated;
- being the subject of, or a party to, any federal or state judicial or administrative order, judgment, decree or finding, not subsequently reversed, suspended or vacated, relating to an alleged violation of any law or regulation prohibiting mail or wire fraud or fraud in connection with any business activity;
- being the subject of, or a party to, any judicial or administrative order, judgment, decree or finding, not subsequently reversed, suspended or vacated relating to an alleged violation of any federal or state securities or commodities law or regulation or any law or regulation respecting financial institutions or insurance companies; or
- being the subject of, or a party to, any sanction or order, not subsequently reversed, suspended or vacated, of any stock, commodities or derivatives exchange or other self-regulatory organization.

Except as set forth in our discussion below in “Certain Relationships and Related Transactions,” none of our directors or executive officers has been involved in any transactions with us or any of our directors, executive officers, affiliates or associates which are required to be disclosed pursuant to the rules and regulations of the SEC.

Management Agreements

We do not yet have a formal management or consulting agreement in place with Mark Walmesley, our President, Chief Executive Officer, Chief Financial Officer, Treasurer and director. Regardless, we expect Mr. Walmesley to allocate the majority of his working time to our business. We also do not yet have a formal management or consulting agreement in place with Thomas Temkin, our Chief Operating Officer and director. Until a formal work program for the Property is in place, Mr. Temkin is being compensated by Lode-Star Gold INC.

ITEM 11. EXECUTIVE COMPENSATION**Summary Compensation Table**

The following sets forth information with respect to the compensation awarded or paid to Mark Walmesley, our President, Chief Executive Officer, Chief Financial, Treasurer and director, Thomas Temkin, our former Chief Operating Officer and director, and Pam Walters, our Secretary, for all services rendered in all capacities to us during our fiscal years ended December 31, 2021 and 2020. We do not have any other executive officers and no other individual received total compensation from us in excess of \$100,000 during those years.

Pursuant to Item 402(a)(5) of Regulation S-K we have omitted certain columns from the table since there was no compensation awarded to, earned by or paid to these individuals required to be reported in such columns in either year.

| Name and Principal Position | Years Ended December 31 | Salary (\$) | Option Awards (\$) | All Other Compensation (\$) | Total (\$) |
|--|----------------------------|----------------|--------------------------|-----------------------------------|---------------|
| Mark Walmesley, CEO ⁽¹⁾ | 2021 | - | - | 100,000 | 100,000 |
| | 2020 | - | - | 100,000 | 100,000 |
| Thomas Temkin, Director and COO ⁽²⁾ | 2021 | - | - | - | - |
| | 2020 | - | - | - | - |
| Pam Walters, Secretary ⁽³⁾ | 2021 | - | - | - | - |
| | 2020 | - | - | - | - |

ITEM 11. EXECUTIVE COMPENSATION *(Continued)*

- (1) Mark Walmesley was appointed as our Chief Financial Officer, Treasurer and director on September 22, 2014, and our President and Chief Executive Officer on the December 11, 2014. Mr. Walmesley has been LSG's Director of Operations since 2005 and a director of the company since March 2009.

On February 14, 2017 Mr. Walmesley was granted 5,000,000 non-qualified stock options pursuant to our Equity Incentive Plan, with 25% vesting immediately and a further 25% vesting every six months thereafter for eighteen months. Each option was exercisable into one share of the Company's common stock at a price of \$0.06 per share, equal to the closing price of the common stock on the grant date, for a term of five years. The options had an estimated grant date fair value of \$290,640 based on fair value estimates determined using the Black-Scholes option pricing model. The full amount of the Black Scholes valuation had been amortized by the end of 2018 so, for the years ended December 31, 2021 and 2020, \$0 was included in Consulting services expense. At December 31, 2021, the options had an intrinsic value of \$175,000 based on the exercise price of \$0.06 per option and a market price of \$0.095 per share. The options expired, unexercised, on February 14, 2022.

During the year ended December 31, 2021, we incurred \$100,000 in consulting fees payable to another company controlled by Mr. Walmesley (2020: \$100,000).

- (2) Thomas Temkin was appointed as our Chief Operating Officer and director on January 19, 2015.

On February 14, 2017 Mr. Temkin was granted 1,600,000 non-qualified stock options pursuant to our Equity Incentive Plan, with 25% vesting immediately and a further 25% vesting every six months thereafter for eighteen months. Each option was exercisable into one share of the Company's common stock at a price of \$0.06 per share, equal to the closing price of the common stock on the grant date, for a term of five years. The options had an estimated grant date fair value of \$93,004 based on fair value estimates determined using the Black-Scholes option pricing model. The full amount of the Black Scholes valuation had been amortized by the end of 2018 so, for the years ended December 31, 2021 and 2020, \$0 was included in Consulting services expense. At December 31, 2021, the options had an intrinsic value of \$56,000 based on the exercise price of \$0.06 per option and a market price of \$0.095 per share. The options expired, unexercised, on February 14, 2022.

Mr. Temkin resigned as a director and as COO effective February 17, 2022.

- (3) Pam Walters was appointed as our Secretary on April 22, 2015.

On February 14, 2017 Ms. Walters was granted 800,000 non-qualified stock options pursuant to our Equity Incentive Plan, with 25% vesting immediately and a further 25% vesting every six months thereafter for eighteen months. Each option was exercisable into one share of the Company's common stock at a price of \$0.06 per share, equal to the closing price of the common stock on the grant date, for a term of five years. The options had an estimated grant date fair value of \$46,504 based on fair value estimates determined using the Black-Scholes option pricing model. The full amount of the Black Scholes valuation had been amortized by the end of 2018 so, for the years ended December 31, 2021 and 2020, \$0 was included in Consulting services expense. At December 31, 2021, the options had an intrinsic value of \$28,000 based on the exercise price of \$0.06 per option and a market price of \$0.095 per share. The options expired, unexercised, on February 14, 2022.

Section 16(a) Beneficial Ownership Compliance

Section 16(a) of the Exchange Act, as amended, requires our executive officers, directors and persons who beneficially own more than 10% of our common stock to file reports of their beneficial ownership and changes in ownership (Forms 3, 4 and 5, and any amendment thereto) with the SEC. Executive officers, directors, and greater than ten percent holders are required to furnish us with copies of all Section 16(a) forms they file.

To the best of our knowledge, no person who, at any time during such fiscal year, was a director, officer, or beneficial owner of more than 10% of our common stock, or any other reporting person (as defined in Item 405 of Regulation SK) ("reporting person"), failed to file on a timely basis, as disclosed in the above forms, reports required by Section 16(a) of the Exchange Act during the most recent fiscal year or prior fiscal year.

Outstanding Equity Awards at Fiscal Year-End

As of December 31, 2021, we had no unvested stock awards held by the named executive officers, which are part of the option awards described in the table notes above.

ITEM 11. EXECUTIVE COMPENSATION (Continued)

Benefit Plans

We do not have any pensions plan, profit sharing plan or similar plan for the benefit of our officers, directors or employees. However, we may establish such plans in the future.

Director Compensation

We have not compensated any of our directors for their service on the Board. Management directors are not compensated for their service as officers except as detailed in the compensation table above.

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

The following table lists the beneficial ownership of shares of our common stock by (i) all persons and groups known by the company to own beneficially more than 5% of the outstanding shares of our common stock, (ii) each director, (iii) each person who held the office of chief executive officer at any time during the year ended December 31, 2021, (iv) up to two executive officers other than the Chief Executive Officer who were serving as executive officers on December 31, 2020 and to whom the company paid more than \$100,000 in compensation during the last fiscal year, (v) up to two additional persons to whom the company paid more than \$100,000 during the last fiscal year but who were not serving as an executive officer on December 31, 2021 and (vi) all directors and officers as a group. None of the directors, nominees, or officers of the company owned any equity security issued by the company's subsidiaries. Information with respect to officers, directors and their families is as of December 31, 2021 and is based on the books and records of the company and information obtained from each individual. Information with respect to other stockholders is based upon the Schedule 13D or Schedule 13G filed by such stockholders with the Securities and Exchange Commission. Unless otherwise stated, the business address of each individual or group is the same as the address of the company's principal executive office.

| Name and Address of Beneficial Owner (1) | Number of Common Shares | Percentage of Ownership (2) |
|---|-------------------------|-----------------------------|
| Mark Walmesley (3) | 2,553,140 | 5.04% |
| Thomas Temkin (4) | 70,000 | 0.14% |
| All executive officers and directors as a group (2 persons) | 2,623,140 | 5.18% |
| Lode Star Gold INC. (5) | 35,000,000 | 69.12% |
| Lonnie S. Humphries Non-Exempt Trust (5) | 200,000 | 0.39% |
| Lonnie S. Humphries | 1,369,756 | 2.71% |

- 1) Unless otherwise indicated, the address of all named persons is **1 East Liberty Street, Suite 600, Reno, NV 89501**
- 2) Based on 50,634,536 shares of our common stock issued and outstanding as of December 31, 2021.
- 3) Mark Walmesley was appointed as our Chief Financial Officer, Treasurer and director on September 22, 2014, and our President and Chief Executive Officer on December 11, 2014. Mr. Walmesley has been LSG's Director of Operations since 2005 and a director of the company since March 2009.
- 4) Thomas Temkin was appointed as Chief Operating Officer and to the Board of Directors on January 19, 2015 and resigned from both positions effective February 17, 2021.
- 5) The person with investment and dispositive authority is Lonnie Humphries.

Changes in Control

As of the date of this report, we are not aware of any arrangements that are not already described in this report, including any pledge by any person of our securities, the operation of which may at a subsequent date result in a change in our control.

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

As of December 31, 2021, the following amounts were due to related parties:

- To Lonnie Humphries, the sole shareholder of Lode Star Gold INC., our controlling shareholder: an unsecured, non-interest-bearing loan of \$3,950, with no specific terms of repayment; and a second unsecured loan of \$33,939, with interest at 5% per annum and no specific terms of repayment. Accrued interest payable on that loan at December 31, 2021 was \$3,584.
- During the years ended December 31, 2021 and 2020, the Company incurred \$100,000 in consulting fees for strategic and mine development, payable to a company controlled by our President. \$183,500 of those fees was outstanding and included in Accounts Payable at December 31, 2021. A further \$1,779 included in Accounts Payable at that date was owing to the same company controlled by the President, for expenses outstanding.

Other than as described above and in Item 11, Executive Compensation, we have not entered into any transactions with our officers, directors, persons nominated for these positions, beneficial owners of 5% or more of our common stock, or family members of those persons wherein the amount involved in the transaction or a series of similar transactions exceeded the lesser of \$120,000 or 1% of the average of our total assets for the last two fiscal years.

Director Independence

Because our common stock is not currently listed on a national securities exchange, we currently use the definition in NASDAQ Listing Rule 5605(a)(2) for determining director independence, which provides that an “independent director” is a person other than an executive officer or employee of the company or any other individual having a relationship which, in the opinion of the company’s Board of Directors, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. The NASDAQ listing rules provide that a director cannot be considered independent if:

- the director is, or at any time during the past three years was, an employee of the company;
- the director or a family member of the director accepted any compensation from the company in excess of \$120,000 during any period of 12 consecutive months within the three years preceding the independence determination (subject to certain exclusions, including, among other things, compensation for board or board committee service);
- a family member of the director is, or at any time during the past three years was, an executive officer of the company;
- the director or a family member of the director is a partner in, controlling stockholder of, or an executive officer of an entity to which the company made, or from which the company received, payments in the current or any of the past three fiscal years that exceed 5% of the recipient’s consolidated gross revenue for that year or \$200,000, whichever is greater (subject to certain exclusions);
- the director or a family member of the director is employed as an executive officer of an entity where, at any time during the past three years, any of the executive officers of the company served on the compensation committee of such other entity; or
- the director or a family member of the director is a current partner of the company’s outside auditor, or at any time during the past three years was a partner or employee of the company’s outside auditor, and who worked on the company’s audit.

We have determined that none of our directors meet this definition of independence because they are also our executive officers.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

(1) Audit Fees

The aggregate fees billed for each of the last two fiscal years for professional services rendered by the principal accountant for our audit of annual financial statements and review of financial statements included in our Form 10-Qs or services that are normally provided by the accountant in connection with statutory and regulatory filings or engagements for those fiscal years was:

| | | | |
|------|----|--------|------------|
| 2021 | \$ | 24,276 | Smythe LLP |
| 2020 | \$ | 20,946 | Smythe LLP |

(2) Audit-Related Fees

The aggregate fees billed in each of the last two fiscal years for assurance and related services by the principal accountants that are reasonably related to the performance of the audit or review of our financial statements and are not reported in the preceding paragraph:

| | | | |
|------|----|---|------------|
| 2021 | \$ | 0 | Smythe LLP |
| 2020 | \$ | 0 | Smythe LLP |

(3) Tax Fees

The aggregate fees billed in each of the last two fiscal years for professional services rendered by the principal accountant for tax compliance, tax advice, and tax planning was:

| | | | |
|------|----|---|------------|
| 2021 | \$ | 0 | Smythe LLP |
| 2020 | \$ | 0 | Smythe LLP |

(4) All Other Fees

The aggregate fees billed in each of the last two fiscal years for the products and services provided by the principal accountant, other than the services reported in paragraphs (1), (2), and (3) was:

| | | | |
|------|----|---|------------|
| 2021 | \$ | 0 | Smythe LLP |
| 2020 | \$ | 0 | Smythe LLP |

- (5) The percentage of hours expended on the principal accountant's engagement to audit our financial statements for the most recent fiscal year that were attributed to work performed by persons other than the principal accountant's full time, permanent employees was nil.

PART IV. OTHER INFORMATION

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

The following is a complete list of exhibits filed as part of this annual report:

| Exhibit | Document Description | Incorporated by reference | | | Filed herewith |
|--------------------------|---|---------------------------|------------|---------|----------------|
| | | Form | Date | Number | |
| 3.1 | Articles of Incorporation. | SB-2 | 3/04/05 | 3.1 | |
| 3.2 | Bylaws. | SB-2 | 3/04/05 | 3.2 | |
| 3.3 | Amended and Restated Articles of Incorporation | 14-C | 11/24/14 | 3.3 | |
| 3.4 | Omnibus Equity Incentive Plan | 14-C | 11/24/15 | 3.4 | |
| 4.1 | Specimen Stock Certificate. | SB-2 | 3/04/05 | 4.1 | |
| 4.1 (a) | Certificate of Designation of Series A Preferred Stock | 8-K | 1/03/2022 | 4.1 | |
| 10.1 | Mining Claim. | S-1/A-5 | 2/08/08 | 10.1 | |
| 10.1 (a) | Purchase Agreement | 8-K | 1/03/2022 | 10.1 | |
| 10.2 | Bill of Sale. | SB-2 | 3/04/05 | 10.2 | |
| 10.2 (a) | Royalty Agreement | 8-K | 1/03/2022 | 10.2 | |
| 10.3 | Trust Agreement. | SB-2 | 12/19/07 | 10.3 | |
| 10.4 | Consulting Agreement with Woodburn Holdings Ltd. | 8-K | 2/21/12 | 10.1 | |
| 10.5 | Mineral Option Agreement with Lode Star Gold INC. | 8-K | 10/09/14 | 10.1 | |
| 10.6 | Settlement Agreement | 8-K | 12/16/14 | 10.2 | |
| 10.7 | Acquisition of Mineral Property Interest | 10-K/A2 | 1/11/2017 | 10.7 | |
| 10.8 | Amendment to Mineral Option Agreement | 8-K | 11/06/2019 | 10.8 | |
| 10.9 | Settlement and Termination Agreement with Lode-Star Gold INC. | 8-K | 1/14/2022 | 10.9 | |
| 14.1 | Code of Ethics. | 10-K | 4/15/11 | 14.1 | |
| 31.1 | Certification of Principal Executive and Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 | | | | X |
| 32.1 | Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 for the Chief Executive and Chief Financial Officer. | | | | X |
| 99.1 | Subscription Agreement. | SB-2 | 3/04/05 | 99.1 | |
| 99.2 | Charter Audit Committee | 10-K | 4/15/11 | 99.2 | |
| 99.3 | Disclosure Committee | 10-K | 4/15/11 | 99.3 | |
| 101.INS | Inline XBRL Instance Document (the instance document does not appear in the Interactive Data File because XBRL tags are embedded within the Inline XBRL document) | 10-K | 4/14/14 | 101.INS | X |
| 101.SCH | Inline XBRL Taxonomy Extension Schema | 10-K | 4/14/14 | 101.SCH | X |
| 101.CAL | Inline XBRL Taxonomy Extension Calculation Linkbase | 10-K | 4/14/14 | 101.CAL | X |
| 101.DEF | Inline XBRL Taxonomy Extension Definition Linkbase | 10-K | 4/14/14 | 101.DEF | X |
| 101.LAB | Inline XBRL Taxonomy Extension Label Linkbase | 10-K | 4/14/14 | 101.LAB | X |
| 101.PRE | Inline XBRL Taxonomy Extension Presentation Linkbase | 10-K | 4/14/14 | 101.PRE | X |
| 104 | Cover Page Interactive Data File (embedded within the Inline XBRL document) | 10-K | 4/14/14 | 104 | X |

SIGNATURES

In accordance with Section 13 or 15(d) of the Securities and Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized on this 13th day of April 2022.

LODE-STAR MINING INC.

By: /s/ Mark Walmesley

Mark Walmesley
President, Principal Executive Officer, Principal
Financial Officer, and Principal Accounting
Officer

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

| <u>Signature</u> | <u>Title</u> | <u>Date</u> |
|---|--|----------------|
| <u>/s/ Mark Walmesley</u> Mark Walmesley | Director, President, Chief Executive Officer and Chief Financial Officer | April 13, 2022 |