

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

FORM 10-Q

☒ QUARTERLY REPORT UNDER TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE
QUARTERLY PERIOD ENDED JUNE 30, 2019

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

Commission file number 000-53676

LODE-STAR MINING INC.

(Exact name of registrant as specified in its charter)

NEVADA

(State or other jurisdiction of incorporation or organization)

47-4347638

(IRS Employer Identification No.)

**1 East Liberty Street, Suite 600
Reno, NV 89501**

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

(775) 234-5443

(Telephone number, including area code)

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

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

Large Accelerated Filer ☐
Non-accelerated Filer ☐
Emerging Growth Company ☐

Accelerated Filer ☐
Smaller Reporting Company ☒

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** ☒

State the number of shares outstanding of each of the issuer’s classes of common equity, as of the latest practicable date: 50,605,965 as of August 8, 2019.

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PART I – FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS.

LODE-STAR MINING INC.
INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2019 AND 2018
(Unaudited)

LODE-STAR MINING INC.

BALANCE SHEETS
(Unaudited)

	JUNE 30	DECEMBER 31
	2019	2018
ASSETS		
Current assets		
Cash	\$ 12,612	\$ 6,508
Prepaid fees	2,063	1,979
Total current assets	14,675	8,487
Mineral Property Interest, unproven	230,180	230,180
Total assets	\$ 244,855	\$ 238,667
LIABILITIES AND STOCKHOLDERS' DEFICIENCY		
Current liabilities		
Accounts payable and accrued liabilities	\$ 6,588	\$ 5,254
Due to related parties and accrued interest	1,456,406	1,286,011
Loans payable and accrued interest	15,819	30,267
Total current liabilities	1,478,813	1,321,532
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 with a par value of \$0.001 per share		
Issued:		
50,605,965 common shares and no preferred shares at June 30, 2019 and December 31, 2018	3,425	3,425
Additional Paid-In Capital	1,623,530	1,618,084
Accumulated Deficit	(2,860,913)	(2,704,374)
Total stockholders' deficiency	(1,233,958)	(1,082,865)
Total liabilities and stockholders' deficiency	\$ 244,855	\$ 238,667

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

LODE-STAR MINING INC.
STATEMENTS OF OPERATIONS
(Unaudited)

	THREE MONTHS ENDED		SIX MONTHS ENDED	
	JUNE 30		JUNE 30	
	2019	2018	2019	2018
Revenue	\$ -	\$ -	\$ -	\$ -
Operating Expenses				
Consulting services	8,834	23,301	23,233	60,420
Corporate support services	469	463	927	963
Mineral option fees	25,012	25,012	49,988	49,988
Office, foreign exchange and sundry	1,882	6,916	7,709	11,200
Professional fees	12,102	7,359	26,727	29,590
Transfer and filing fees	1,923	2,093	18,319	18,527
Total operating expenses	50,222	65,144	126,903	170,688
Operating Loss	(50,222)	(65,144)	(126,903)	(170,688)
Other Expenses				
Interest, bank and finance charges	(14,358)	(14,465)	(29,636)	(28,464)
Net Loss For The period	\$ (64,580)	\$ (79,609)	\$ (156,539)	\$ (199,152)
Basic And Diluted Net Loss Per Common Share	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)
Weighted Average Number Of Common Shares Outstanding – Basic and Diluted	50,605,965	49,127,825	50,605,965	49,127,825

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

LODE-STAR MINING INC.
STATEMENTS OF CASH FLOWS
(Unaudited)

	SIX MONTHS ENDED	
	JUNE 30	
	2019	2018
Operating Activities		
Net loss	\$ (156,539)	\$ (199,152)
Adjustments to reconcile net loss to net cash used in operating activities:		
Foreign exchange loss	155	558
Stock options issued for services	5,446	48,025
Changes in operating assets and liabilities:		
Prepaid fees	(84)	703
Accounts payable and accrued liabilities	25,384	26,872
Due to related parties	49,988	49,988
Accrued interest payable	22,754	28,102
Net cash used in operating activities	<u>(52,896)</u>	<u>(44,904)</u>
Financing Activities		
Repayment of loans payable	(6,000)	(10,000)
Proceeds from loans payable – related party	65,000	55,000
Net cash provided by financing activities	<u>59,000</u>	<u>45,000</u>
Net Increase In Cash	6,104	96
Cash, Beginning of Period	6,508	818
Cash, End of Period	<u>\$ 12,612</u>	<u>\$ 914</u>
Supplemental Disclosure of Cash Flow Information		
Cash paid during the period for:		
Interest	\$ -	\$ -
Income taxes	<u>\$ -</u>	<u>\$ -</u>
Non-cash Financing Activity		
Expenses paid by related party on behalf of the Company	<u>\$ 24,050</u>	<u>\$ 27,266</u>

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

LODE-STAR MINING INC.

NOTES TO INTERIM FINANCIAL STATEMENTS

FOR THE THREE MONTHS AND SIX MONTHS ENDED JUNE 30, 2019 AND 2018
(Unaudited)

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 in Reno, Nevada. The Company was originally formed to acquire 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.

Going Concern

The accompanying unaudited interim 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 establish a business and to obtain new 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 \$2,860,913 as of June 30, 2019. These factors raise substantial doubt about the Company's ability to continue as a going concern. To continue as a going concern, the Company will need, among other things, additional capital resources. 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.

Basis of Presentation

The unaudited interim financial information furnished herein reflects all adjustments which, in the opinion of management, are necessary to fairly state the Company's financial position and the results of its operations for the periods presented. These financial statements should be read in conjunction with the Company's financial statements and notes thereto included in the Company's report on Form 10-K for the year ended December 31, 2018. The Company assumes that the users of the interim financial information herein have read, or have access to, the audited financial statements for the preceding fiscal year, and that the adequacy of additional disclosure needed for a fair presentation may be determined in that context. Accordingly, footnote disclosures, which would substantially duplicate the disclosures contained in the Company's financial statements for the fiscal year ended December 31, 2018, have been omitted. The results of operations for the six months ended June 30, 2019 are not necessarily indicative of results for the entire year ending December 31, 2019.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles 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.

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 is 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 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.

LODE-STAR MINING INC.

NOTES TO INTERIM FINANCIAL STATEMENTS

**FOR THE THREE MONTHS AND SIX MONTHS ENDED JUNE 30, 2019 AND 2018
(Unaudited)**

3. MINERAL PROPERTY INTEREST (Continued)

To earn the additional 60% interest, the Company is required to fund all expenditures on the Property and pay LSG an aggregate of \$5 million in cash in the form of a net smelter royalty, commencing after December 11, 2014. 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. 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 June 30, 2019 was \$473,901 (December 31, 2018: \$423,913), with total interest due in the amount of \$43,937 (December 31, 2018: \$32,220).

The Company has agreed with LSG that upon the successful completion of a toll milling agreement after permitting is achieved, it will have the basis to form a joint management committee to outline work programs and budgets, as contemplated in the option agreement, and for the Company to act as the operator of the property.

The Company assessed its mineral property interest to the date of issue of these financial statements and concluded that facts and circumstances do not suggest that the mineral property interest's carrying value exceeds its recoverable amount and therefore no impairment is required.

4. 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 50,605,965 common shares and no preferred shares. During the six months ended June 30, 2019, the Company did not issue any shares of its common stock.

Options

A total of 10,000,000 options are issued and outstanding.

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. For the six month period ended June 30, 2019, \$5,446 (June 30, 2018 - \$0) 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 2.51%, a weighted average life of 4.89 years, volatility of 190.47%, and dividend yield of 0%. At June 30, 2019, the options had an intrinsic value of \$0 (December 31, 2018: \$0) based on the exercise price of \$0.06 per option and a market price of \$0.045 per share on the closest trading date.

On February 14, 2017, the Company granted 9,500,000 non-qualified stock options pursuant to its 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 expensed by the end of the third quarter of 2018, based on fair value estimates determined using the Black-Scholes option pricing model. Therefore, no related expense was incurred in the current period. For the six-month period ended June 30, 2018, \$48,025 was included in Consulting services expense. At June 30, 2019, the options had an intrinsic value of \$0 (December 31, 2018: \$0) based on the exercise price of \$0.06 per option and a market price of \$0.045 per share on the closest trading date.

LODE-STAR MINING INC.

NOTES TO INTERIM FINANCIAL STATEMENTS

FOR THE THREE MONTHS AND SIX MONTHS ENDED JUNE 30, 2019 AND 2018
(Unaudited)

4. CAPITAL STOCK (Continued)

Summary of option activity in the current six-month period and options outstanding at June 30, 2019:

	Options		Exercise Price	Weighted Average Exercise Price	Weighted Average Life Remaining (Years)	Expiry Date	Intrinsic Value
	Issued	Vested					
	9,500,000	9,500,000	\$0.06			February 14, 2022	
	500,000	-	\$0.06			November 20, 2023	
Balance December 31, 2018	10,000,000	9,500,000		\$0.06	3.21		-
Issued	-	-	-	-	-	-	-
Expired	-	-	-	-	-	-	-
Exercised	-	-	-	-	-	-	-
Vested	-	-	-	-	-	-	-
Balance June 30, 2019	10,000,000	9,500,000		\$0.06	2.72		-

Warrants

During the six months ended June 30, 2019, no warrants to purchase shares of common stock were issued, exercised, or expired. At June 30, 2019, warrants issued in 2015 had an intrinsic value of \$83,401 (December 31, 2018: \$6,672), based on the exercise price of \$0.02 per warrant and a market price of \$0.045 per share on the closest trading date.

Summary of warrant activity in the current six-month period and warrants outstanding at June 30, 2019:

	Number of Warrants	Exercise Price	Weighted Average Exercise Price	Weighted Average Life Remaining (Years)	Expiry Date	Intrinsic Value
Balance December 31, 2018	3,336,060	\$0.02	\$0.02	1.88	November 19, 2020	\$6,672
Issued	-	-	-	-	-	-
Expired	-	-	-	-	-	-
Exercised	-	-	-	-	-	-
Balance outstanding and exercisable at June 30, 2019	3,336,060	\$0.02	\$0.02	1.39	November 19, 2020	\$83,401

5. LOANS PAYABLE

At June 30, 2019, the Company had the following loans payable:

- i. \$0 (December 31, 2018 - \$1,000): unsecured; interest at 15% per annum; originally due on April 20, 2012. Accrued interest payable on the loan at June 30, 2019 was \$0 (December 31, 2018: \$3,518). During the six-month period ended June 30, 2019, the Company reached an agreement with the lender to settle the outstanding principal of \$1,000 and accrued interest of \$3,555 for a payment of \$2,500. Interest of \$2,055 was forgiven and credited to interest expense for the period.
- ii. \$0 (December 31, 2018 - \$5,000): unsecured; interest at 10% per annum from January 10, 2015. Accrued interest payable on the loan at June 30, 2019 was \$15,819 (December 31, 2018: \$20,748). During the six months ended June 30, 2019, the Company repaid \$10,000 (2018: \$10,000), of which \$5,000 was for the remaining principal balance and \$5,000 was in partial payment of interest due. No further interest is required to be accrued after January 10, 2019, when the final principal balance outstanding was repaid.
 - The outstanding principal, and any accrued interest was due and payable in full on written demand (not received to date) on the earlier of June 9, 2015 or the date on which the Company completes one or more debt or equity financings that generate aggregate gross proceeds of at least \$250,000;
 - The Company has the right to repay all or any part of the Principal and any accrued interest to the lender at any time and from time to time, without any premium.
 - There are no changes to the terms due to the loan being in default.

LODE-STAR MINING INC.

NOTES TO INTERIM FINANCIAL STATEMENTS

**FOR THE THREE MONTHS AND SIX MONTHS ENDED JUNE 30, 2019 AND 2018
(Unaudited)**

6. RELATED PARTY TRANSACTIONS AND AMOUNTS DUE

At June 30, 2019, the Company had the following amounts due to related parties:

- i. \$590,000 (December 31, 2018 - \$525,000): unsecured; interest at 5% per annum from January 1, 2015; with no specific terms of repayment, due to LSG, the Company's majority shareholder. Accrued interest payable on the loan at June 30, 2019 was \$82,951 (December 31, 2018: \$69,034). During the six months ended June 30, 2019, the Company borrowed \$65,000 (2018: \$55,000) from LSG.
- ii. \$235,454 (December 31, 2018 - \$211,403): unsecured; interest at 5% per annum; with no specific terms of repayment, due to LSG, the Company's majority shareholder. Accrued interest payable on the loan at June 30, 2019 was \$26,343 (December 31, 2018: \$20,776). During the six months ended June 30, 2019, LSG paid expenses directly on behalf of the Company totaling \$24,050 (2018: \$27,266).
- iii. \$3,820 (December 31, 2018 - \$3,665): unsecured; non-interest bearing; with no specific terms of repayment, due to the controlling shareholder of LSG. The change in value was due solely to fluctuation in foreign exchange rates.

Total interest accrued on the above related party loans at June 30, 2019 was \$109,294 (December 31, 2018: \$89,810).

During the period ended June 30, 2019, there was a \$155 foreign exchange loss (2018: \$558) resulting from related party loan amounts in non-US currency. Stock-based compensation to related parties was \$0 during the period ended June 30, 2019 (2018: \$49,286).

During the six months ended June 30, 2019, the Company incurred \$49,988 (2018: \$49,988) in mineral option fees and \$11,717 (2018: \$10,645) in interest payable to LSG, which were accrued as of that date. The total amount of such fees due at June 30, 2019 was \$473,901 (December 31, 2018: \$423,913), with total interest due in the amount of \$43,937 (December 31, 2018: \$32,220).

At June 30, 2019, the total due to related parties of \$1,456,406 (December 31, 2018: \$1,286,011) was comprised of the following:

- Loans and accrued interest - \$938,568 (December 31, 2018: \$829,878)
- Mineral option fees payable and accrued interest - \$517,838 (December 31, 2018: \$456,133)

During the period ended June 30, 2019, \$6,000 (2018: \$0) in consulting fees for strategic development was paid to the Company's President. \$0 (December 31, 2018: \$966) was owing to the President for expenses outstanding in accounts payable as at June 30, 2019.

7. CONTRACTUAL OBLIGATIONS AND COMMITMENTS

See Note 3 for details about the Company's obligations and commitments regarding its Mineral Property Interest.

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

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our unaudited financial statements and related notes appearing elsewhere in this Quarterly Report. In addition to historical financial information, the following discussion includes a number of forward-looking statements that reflect our plans, estimates and our current views with respect to future events and financial performance. Forward-looking statements are often identified by words like: believe, expect, estimate, anticipate, intend, project and similar expressions, or words which, by their nature, refer to future events. You should not place undue certainty on these forward-looking statements, which apply only as of the date of this report. 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

Mineral Property Interest

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 (the "Acquisition"), which made LSG our largest and controlling shareholder.

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 spent over \$7 million to rehab approximately 1/2 mile of drift at the 300ft sub-surface level and to complete 22 surface core drill holes for a total of 10,400ft and 152 underground core drill holes for a total of 23,000ft.

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 are 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 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.

LSG, our controlling shareholder, 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 CFO, Treasurer and a director of LSG.

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.

The Company did not make any cash payments to LSG within one year of October 4, 2014, and as a consequence, we are required to pay LSG an additional \$100,000. Any subsequent years in which we fail to complete the payment of the entire \$5 million described above, we must make quarterly cash payments to LSG of \$25,000 until we have 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.

All properties, claims, buildings, equipment, and supplies are owned by LSG and we have free access to utilize and manage all those items.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS
(Continued)

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 (completed April 15, 2016) that are 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 on site and we must rely on a third party to receive our mineralized material and tombstone our tailings.

On February 17, 2017, we executed an agreement with Scorpio Gold Corporation (Scorpio) for a pilot toll milling test. We completed the first test in May 2017 and both companies have determined that further testing needs to be completed to determine a definitive cost analysis and other operational details. The sample processed was historic material stockpiled on the property surface and therefore of limited metallurgical value, but indicative of material that will be run through the mill. Milling throughput did identify specific equipment configuration details that need to be considered for future runs. Both parties agree that additional milling circuitry is needed for the most optimum gold yield. We expect to provide material from our targeted underground zone for more comprehensive milling results when we are permitted to do so. The Company is still working with Scorpio to facilitate its milling needs.

We agreed with LSG that upon the successful completion of a toll milling agreement after permitting is achieved, there will 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, no work programs have been approved and LSG has borne all costs in connection with operations on the Property.

Underground work has identified 2 high-grade gold-bearing zones that can support mine development utilizing our current infrastructure. The property is now permitted for production and should be mine ready during 2019. It is our intention to then start mining the property. Much of the property remains under-explored and it is our belief that the district's high-grade, million-ounce ore zones repeat themselves. Further surface and underground exploration work need to be executed. We plan to explore through production and chase our known, high-grade vein zones.

It is important to note the following sample preparation and quality controls used by LSG and by ICN, a previous operator of the Property:

Lode-Star Gold drill hole core sampling and analytical protocol

All drill core samples were prepared and delivered to ALS Minerals in Reno by Tom Temkin, our COO. Individual sampled intervals varied from one to five-foot lengths, based on geologic parameters, and included 100% of core intervals. No core splitting was conducted. No duplicate samples or standards were introduced other than those inserted and utilized by ALS for their internal quality control. Lab preparation of individual samples included crushing and grinding to minus 200 mesh, followed by a 1-ton assay for gold. All samples that initially assayed over 1.0 opt Au were systematically re-assayed.

ICN drill hole core and Rotary RC sampling and analytical protocol

All drill core samples were prepared by ICN personnel and either delivered to the assay lab or were picked up on-site by lab personnel. Rotary RC chip drilling samples were collected on-site and transported to Reno by the respective labs. The labs used included ALS Minerals and American Assay Lab. Core was sawn by ALS Minerals and/or ICN personnel. Individual core sampled intervals varied from one to five-foot lengths, based on geologic parameters, and included one-half of the original core material. Rotary RC samples were taken at five-foot intervals entirely. Quality control for all samples included a protocol of inserting duplicate samples, blanks, and known standards, at repeating intervals to maintain .08% check sampling. Lab preparation of Individual samples included crushing and grinding to minus 200 mesh, followed by a 1-ton assay for gold. All samples that initially assayed over 1.0 opt Au were systematically re-assayed.

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

(Continued)

Third Party Assay Data Audit

Mine Development Associates (MDA Reno), a highly regarded third party NI 43-101 service provider, has audited our drill hole database and performed a comparative QA/QC check assay analysis on selected drilling and determined no inconsistencies to exist and assays were repeatable.

NI 43-101 Update Status

The Company's original NI 43-101 report was completed on July 12, 2014 by Dana Durgan, QP and AIPG Certified Professional Geologist #10364. A newly revised report for 2019 has been completed and is available for the Company when required.

Metallurgy Reports

To date the Company has had three metallurgy reports prepared. In order they are: Kappes Cassady & Associates located in Reno, NV dated July 10, 2006, Newmont Mining located in Carlin, NV dated May 27, 2010, and McClelland Laboratories, Inc. located in Reno, NV dated January 26, 2016. Indications are that the Company can expect at a minimum, an 85% AU recovery from floatation milling. Better recovery is achieved by Agitated Leach processing, which show results closer to +90%. The best recovery results, +95%, due to the high sulphide content of the ore, is achieved through roasting. An additional lab report has been generated by Kappes Cassady & Associates to determine ore compatibility for processing at Scorpio Gold's milling circuit.

Recent Developments

On November 20, 2018 the Company was issued Water Pollution Control Permit NEV2017109 from the Nevada Department of Environmental Protection (NDEP) regarding production at the property. This Permit authorizes the construction, operation, and closure of approved mining facilities in Esmeralda County, Nevada. The Permit is effective for 5 years until November 20, 2023 and authorizes the processing of 10,000 tons of ore per year from Lode-Star's underground operations. 100% of the permitting cost has been borne by our largest shareholder, Lode-Star Gold INC.

Unique to the Company's production permit, the Nevada Department of Environmental Protection has endorsed the Company's intentions to temporarily store waste rock underground. Once stockpiled, waste rock is brought to the surface to backfill and remediate our historic abandoned mine shafts. This will save the Company the significant time and expense of having to permit and build a surface waste containment facility.

The Company has received its ATF blasting permit. Long term road closures on LSM's property to curtail public access and ensure safety are underway.

We anticipate being mine-ready by end of Q3-Q4 of 2019.

Mine Design and Utilization of Equipment

The mine will be designed through the interpretation of detailed drilling data in cross sections and the use of conventional software. Currently there are two areas, the Red Hills and the Church, containing high-grade gold mineralization identified that are to be incorporated into the mine plan. Currently the mine is equipped with a 1-yard scoop-tram loader. Mining activity will be conducted with the utilization of this loader, pneumatic equipment and by an existing conveyor system providing for the transfer of ore to the surface.

Production Mining Method

We intend to maximize profitability through a disciplined approach involving the separation of high-grade gold ore from waste rock during the mining stage, thus avoiding the additional cost of pre-shipment concentration. In order to maintain the highest grade of ore production the blast holes will be sampled during drilling, then assayed to determine ore boundaries prior to blasting. The current plan is to ship ore directly from the mine to an offsite mill employing a toll-milling arrangement.

Mine Development - Drilling the Northeast Corridor

The Company is currently structuring a drill program, targeting expansion of its known gold zones. The Company's immediate drill program is to define its existing and mineable gold mineralization within the property's northeast corridor, specifically the Church, Red Hills and Newmont Zones. Current drill budgeting is US\$800,000 plus US\$200,000 in analytical fees, for a combined total cost of US\$1,000,000.

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

(Continued)

Funding

The Property continues to be advanced by work executed by LSG. This interim advancement will continue for the foreseeable future. We do not currently have sufficient 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. Now that we have received our production permit, financing instruments can include a gold streaming or royalty financing alternative. Currently we are active in contacting broker/dealers regarding possible financing arrangements. However, we do not currently have any arrangements in place to complete any private placement financings and 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.

Personnel

We have no employees. Apart from a consulting fee paid in the current quarter, our president and CEO, Mark Walmesley, receives no compensation for his services. We expect to continue to use outside consultants, advisors, attorneys and accountants as necessary.

Our Chief Operating Officer, Thomas Temkin, who is also a director, is a Certified Professional Geologist and a Qualified Person under National Instrument (NI) 43101, with more than 38 years of experience in the mining industry, primarily in exploration in the Western United States. He is currently a consulting geologist working with LSG. Mr. Temkin has been associated with LSG and the Property for over 15 years and has been instrumental through its entire exploration program to date.

Our Corporate Secretary, Pam Walters, has been associated with the mining industry for over 25 years and has managed the corporate finance and business operations of LSG and its owners.

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 at this time is investments by others in our common stock, or loans.

Results of Operations

The following summary of our results of operations for the three months and six months ended June 30, 2019 and 2018 should be read in conjunction with our financial statements for the period ended June 30, 2019 which are included above in Part I, Item 1.

	Three Months Ended June 30		Change	
	2019	2018	Amount	Percentage
	\$	\$	\$	
Revenue	-	-	-	-
Operating Expenses	50,222	65,144	(14,922)	(23%)
Operating Loss	(50,222)	(65,144)	14,922	(23%)
Other Expenses	(14,358)	(14,465)	107	(1%)
Net Loss	(64,580)	(79,609)	15,029	(19%)

	Six Months Ended June 30		Change	
	2019	2018	Amount	Percentage
	\$	\$	\$	
Revenue	-	-	-	-
Operating Expenses	126,903	170,688	(43,785)	(26%)
Operating Loss	(126,903)	(170,688)	43,785	(26%)
Other Expenses	(29,636)	(28,464)	(1,172)	4%
Net Loss	(156,539)	(199,152)	42,613	(21%)

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS
(Continued)**Revenues**

We had no operating revenues during the three-month and six-month periods ended June 30, 2019 and 2018. We recorded a net loss of \$64,580 for the current quarter (2018: \$79,609) and \$156,539 for the six months ended June 30, 2019 (2018: \$199,152) and have an accumulated deficit of \$2,860,913. The possibility and timing of revenue being generated from our mineral property interest remains uncertain.

Expenses

Notable year over year differences in expenses for the second quarter were as follows:

	Three Months Ended June 30		Increase/(Decrease)	
	2019	2018	Amount	Percentage
Consulting services	8,834	\$ 23,301	(14,467)	(62%)
Office, foreign exchange and sundry	1,882	\$ 6,916	(5,034)	(73%)
Professional fees	12,102	\$ 7,359	4,743	64%

Consulting services expense in the second quarter of 2018 included approximately \$17,000 related to options granted during 2017. While there was no expense related to those 2017 options in Q2 of 2019, the quarter did include an expense of approximately \$3,000 related to options granted in Q3 of 2018, resulting in the net change of approximately \$14,000 year over year for Q2.

Office, foreign exchange and sundry expenses were lower in Q2 of 2019 primarily due to less travel required in the 2019 quarter.

Professional fees were higher in the Q2 of 2019 primarily due to differences in timing of invoicing for accounting services (approximately \$3,000), plus a cost of approximately \$2,000 incurred in Q2 of 2019 for NI 43-101 report preparation, with no equivalent expense in 2018.

Balance Sheets at June 30, 2019 and December 31, 2018

Items with notable period-end differences are as follows:

			Change	
	June 30, 2019	December 31, 2018	Amount	Percentage
	\$	\$	\$	
Due to related parties and accrued interest	1,456,406	1,286,011	170,395	13%
Loans payable and accrued interest	15,819	30,267	(14,448)	(48%)

The increase in Due to related parties resulted from increased related party loans and accrued interest in the current six-month period of approximately \$109,000, together with the accrual of fees and interest due under the terms of our mineral option agreement with LSG of approximately \$62,000.

Loans payable decreased primarily due to repayments totaling \$6,000 of loan principal and \$6,500 of loan interest, together with accrued interest of approximately \$2,000 being forgiven as part of a debt settlement.

Liquidity and Capital Resources

At June 30, 2019, our total assets were \$244,855 (December 31, 2018: \$238,667) and our total liabilities were \$1,478,813 (December 31, 2018: \$1,321,532).

Our working capital deficiency at June 30, 2019 and December 31, 2018 and the changes between those dates were as follows:

			Increase/(Decrease)	
	June 30, 2019	December 31, 2018	Amount	Percentage
	\$	\$	\$	
Current Assets	14,675	8,487	6,188	73%
Current Liabilities	1,478,813	1,321,532	157,281	12%
Working Capital (Deficiency)	(1,464,138)	(1,313,045)	(151,093)	12%

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS
(Continued)

The increase in our working capital deficiency from December 31, 2018 to March 31, 2019 was primarily due to the increase in Due to related parties of approximately \$170,000, partially offset by the decrease in Loans payable and accrued interest of approximately \$14,000 (each of which are explained above) and the increase in Cash of approximately \$6,000. That increase was due to cash provided by financing activities being in excess of net cash used in operating activities.

Cash Flows

	Six Months Ended June 30		Increase/(Decrease)	
	2019	2018	Amount	Percentage
	\$	\$	\$	
Cash Flows Provided By (Used In):				
Operating Activities	(52,896)	(44,904)	(7,992)	18%
Financing Activities	59,000	45,000	14,000	31%
Net increase in cash	6,104	96	6,008	6,258%

We have yet to generate any revenues from our business operation and our ability to generate adequate amounts of cash to meet our needs is entirely dependent on the issuance of shares or loans, which have been our principal sources of working capital so far. For the foreseeable future, we will have to continue to rely on those sources for funding. We have no assurance that we can successfully engage in any further private sales of our securities or that we can obtain any additional loans.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

We are a smaller reporting company as defined by Rule 12b-2 of the Securities Exchange Act of 1934 and are not required to provide the information under this item.

ITEM 4. 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 June 30, 2019, 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 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. Given the current size of the organization, there are not significant levels of supervision, review, independent directors or a formal audit committee.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting during the quarter ended June 30, 2019 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

ITEM 1A. RISK FACTORS

We are a smaller reporting company as defined by Rule 12b-2 of the Securities Exchange Act of 1934 and are not required to provide information under this item. Our business is subject to risks inherent in the establishment of a new business enterprise, including, without limitation, the items listed in Item 1A RISK FACTORS in our report filed on Form 10-K for the period ended December 31, 2018.

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

We had no unregistered sales of securities during the six months ended June 30, 2019.

Other than as disclosed in previous reports filed with the SEC, we have not issued any equity securities that were not registered under the Securities Act within the past three years.

ITEM 6. EXHIBITS.

The following documents are included herein:

**Exhibit Document Description
No.**

[31.1](#) [Certification of Principal Executive and Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.](#)

[32.1](#) [Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 for the Chief Executive and Chief Financial Officer.](#)

101.INS XBRL Instance Document

101.SCHXBRL Taxonomy Extension Schema

101.CALXBRL Taxonomy Extension Calculation Linkbase

101.DEF XBRL Taxonomy Extension Definition Linkbase

101.LABXBRL Taxonomy Extension Label Linkbase

101.PRE XBRL Taxonomy Extension Presentation Linkbase

SIGNATURES

In accordance with the requirements of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on this 8th day of August 2019.

LODE-STAR GOLD INC.

BY "Mark Walmesley"
Mark Walmesley
President, Principal Executive Officer, Treasurer,
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:

Signature	Title	Date
<u>/s/ Mark Walmesley</u> Mark Walmesley	Director, President, Chief Executive Officer and Chief Financial Officer	August 8, 2019
<u>/s/ Thomas Temkin</u> Thomas Temkin	Director and Chief Operating Officer	August 8, 2019

EXHIBIT INDEX

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Exhibit 31.1

SARBANES-OXLEY SECTION 302(a) CERTIFICATION

I, Mark Walmesley, certify that:

1. I have reviewed this quarterly report on Form 10- Q for the period ended June 30, 2019 of Lode-Star Mining INC.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under my supervision, to ensure that material information relating to the registrant is made known to me by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under my supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report my conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and,
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and,
5. I have disclosed, based on my most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 8, 2019

/s/ Mark Walmesley

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

Exhibit 32.1

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

In connection with the quarterly report of Lode-Star Mining INC. (the "Company") on Form 10-Q for the period ended June 30, 2019, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Mark Walmesley, President, Principal Executive Officer, Treasurer, Principal Financial Officer, and Principal Accounting Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

Dated this 8th day of August 2019

/s/ Mark Walmesley

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