INTERNATIONAL STAR INC
Form 10KSB
March 30, 2005

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

FORM 10-KSB

[X] Annual report pursuant to section 13 or 15(d) of the Securities Exchange Act of 1934 for the fiscal year ended

December 31, 2004

[ ] Transition report pursuant to section 13 or 15(d) of the Securities Exchange Act of 1934 for the transition period from ____ to ______.

Commission file number 0-28861

INTERNATIONAL STAR, INC.
(Name of Small Business Issuer in its charter)

NEVADA	86-0876846
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
2266 Chestnut Bluffs, Henderson, NV	89052
(Address of principal executive offices)	(Zip Code)

Issuer's telephone number: (702) 897-5338

Securities registered pursuant to Section 12(b) of the Act: None

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

Common stock, par value $.001

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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 filed such reports), and (2) has been subject to such filing requirements for the past 90 days. YES [X] NO [ ]

Indicate by check mark if disclosure of delinquent filers, pursuant to Item 405 of Regulation S-K is not contained herein and will not be contained, to the best of the Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-KSB or any amendment to this Form 10-KSB. [ ]

Registrant's revenues in fiscal year 2004: $0.00.

Aggregate market value of the voting stock held by non-affiliates as of FEB 1, 2005:
$7,189,257.05

Number of common shares outstanding as of February 1, 2005:

64,428,741

Documents incorporated by reference: None.

Transitional Small Business Disclosure Format: YES [ ] NO [X]

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PART I.

ITEM 1. DESCRIPTION OF BUSINESS

Our Background and Business Development

International Star, Inc. was organized under the laws of the State of Nevada on October 28, 1993 as Mattress Showrooms, Inc. Our principal office is located at 2266 Chestnut Bluffs, Henderson, NV 89052.

We changed our name to International Star in 1997 and engaged in the business of construction, sale and operation of state of the art waste management systems, specializing in turnkey systems for management of hospital, industrial, petroleum, chemical and municipal solid waste collection systems. We were unable to develop the business beyond the start-up stage.

Following the unsuccessful venture in waste management, the Company then refocused its efforts into mineral exploration in 1998.

On March 3, 1998 the Company entered into a mineral lease with James R. Ardoin for the Detrital Wash mineral claims located around mile marker 22 on Hwy 93, Mohave County, Arizona. The lease does not require any minimum payments, and charges a royalty of 2% of net smelter returns (NSR). The term of the lease is for 20 years.

We accepted the resignations of our officers as of September 8, 1999, at which time Mr. Kamal Alawas and Mr. Pat Westphal (now deceased), as Officers and Directors began managing the Company.

On September 23, 2000, we acquired from Gold Standard Mines Inc. 51 lode mining claims located in the Wikieup mining district, Mohave County, Arizona and the exclusive rights to an extraction process for recovery of precious metals from the property, developed by the claim owner. We have not had the extraction process verified independently. This acquisition was completed on March 26, 2001 and the consideration was 1,000,000 restricted common shares valued at $400,000 as of the date of the agreement.

On October 15, 2001, the Company announced the formation of a wholly owned subsidiary, Qwik Track, Inc., and the appointment of Robert L. Hawkins to its Board of Directors. Qwik Track is a web-based information distribution service business intended to provide timely and accurate thoroughbred handicapping analytical data and statistical information to the international account wagering market.

Effective October 1, 2002 we acquired Pita King Bakeries International, Inc. and appointed Hassan Alaeddine to our Board of Directors. As noted in the Company's 10QSB filings during 2004, the further development of Qwik Track, Inc has been suspended for the time being and Pita King Bakeries International, Inc has been sold.

In December 2004 the authorized capitalization of the Company was increased to 780 Million Shares of Common Stock and 20 Million Shares of Undesignated Preferred Stock.

Our Business

We are primarily engaged in the acquisition and exploration of precious metals mineral properties. Since 1998, we have examined various mineral properties prospective for precious metals and minerals, and have acquired interests in those we believe may contain precious metals and minerals. Our properties are located in Arizona. We have not established that any of the properties contain reserves (a reserve is that part of a mineral deposit which could be economically and legally extracted or produced at the time of the reserve determination). Further exploration will be needed before a final determination can be made whether any property is economically and legally feasible. Therefore, at present we have no reserves and no income from mineral production.

For the fiscal year ended December 31, 2003 we reported revenues of $80,618 generated by the Pita King subsidiary; however, the unit was not profitable and we have since divested it. Our Qwik Track subsidiary is inactive at the current time, and we have no plans to pursue development of that business in the foreseeable future. Instead, we will focus our efforts and limited resources on the further exploration of our mineral property holdings.

Products and/or Services

As of December 31, 2003, our Pita King subsidiary produced and marketed a variety of pita breads and chips and the web-based Qwik Track subsidiary (development cost of $165,959) was capable of producing customized handicapping data for thoroughbred racing enthusiasts. We no longer own the bakery and have chosen to suspend further development of Qwik Track for an indefinite period. (See "Notes to Financial Statements," Notes F and G.)

Exploration Planning - Speculative Nature of Mineral Exploration

Exploration for and production of minerals is highly speculative and involves greater risks than exist in many other industries. Many exploration programs do not result in the discovery of minerals and any mineralization discovered may not be of a sufficient quantity or quality to be profitably mined. Also, because of the uncertainties in determining metallurgical amenability of any minerals discovered, the mere discovery of mineralization may not warrant the mining of the minerals on the basis of available technology.

Although we have processed and tested mineralized materials and produced very small amounts of precious metals on a testing basis (these have come from the testing of mineralized material from both the Detrital Wash and Wikieup properties), our decision as to whether any of the mineral properties we now hold, or which we may acquire in the future, contain commercially mineable

deposits, and whether such properties should be brought into production, will depend upon the results of the exploration programs and independent feasibility analysis and the recommendation of engineers and geologists. The decision will involve the consideration and evaluation of a number of significant factors, including, but not limited to:

1. The ability to obtain all required permits

2. Costs of bringing the property into production, including exploration and development or preparation of feasibility studies and construction of production facilities

3. Availability and costs of financing

4. Ongoing costs of production

5. Market prices for the metals to be produced

6. The existence of reserves or mineralization with economic grades of metals or minerals.

We cannot be certain that any of our properties contain commercially mineable mineral deposits, and no assurance can be given that the company will ever generate a positive cash flow from production operations on such properties.

However, encouraged by the early stage exploration performed on our Detrital Wash property by Kokanee Placer, Inc. of White Rock, BC, a geological exploration company, and independent tests performed by the Company on our Wikieup property, we are in the process of developing a staged exploration plan based on the perceived merits of both our properties and projected costs of further exploration. (See "Subsequent Events" below under this Item.)

Regulation

Our exploration activities are subject to various federal, state and local laws and regulations governing such matters as:

- prospecting
- development
- taxes
- labor standards
- waste disposal
- occupational safety and health
- protection of the environment

- reclamation of the environment
- toxic substances

and similar matters. We believe we are currently in substantial compliance with any such regulations that apply to us. However, we may not be able to anticipate

all liabilities that may arise in the future under existing regulations, or the costs of compliance. If we are not in compliance, we may be subject to fines, clean-up orders, restrictions on our operations, or other penalties.

Federal, state and local provisions regulating the discharge of material into the environment, or otherwise relating to the protection of the environment, such as the Clean Air Act, Clean Water Act, the Resource Conservation and Recovery Act, and the Comprehensive Environmental Response Liability Act ("Superfund") affect mineral operations. For exploration and mining operations, applicable environmental regulation includes a permitting process for mining operations, an abandoned mine reclamation program and a permitting program for industrial development and siting. Other non-environmental regulations can impact exploration and mining operations and indirectly affect compliance with environmental regulations. For example, a state highway department may have to approve a new access road to make a project accessible at lower costs, but the new road itself may raise environmental issues. Compliance with these laws, and any regulations, can make the development of mining claims prohibitively expensive, thereby impeding the sale or lease of properties, or curtailing profits or royalties, which might have been received. The company cannot anticipate what the further costs and/or effects of compliance with any environmental laws might be.

Facilities

We own no production, laboratory or storage facilities and rent space as appropriate when necessary. Our executive offices are located at 2266 Chestnut Bluffs, Henderson, NV (telephone 702.897.5338; fax 702.897.5832). (See Item 12 - Certain Relationships and Related Transactions.)

Employees

As of yearend 2004 we had no employees other than our executive officers, nor any plans to recruit employees within the next twelve months.

Competition

The business of mineral exploration is highly competitive, and tends to be dominated by a limited number of major mining companies. Inasmuch as we have exclusive exploration rights to the properties that are the targets of our current exploration activities, we do not compete directly against any particular firm for sales or market share. However, many of the human and physical resources we may require, such as engineering professionals, managers, skilled equipment operators, and metallurgical and extractive processes and equipment, among others, are also sought by companies with substantially greater financial resources than we possess, which places us at a competitive disadvantage in obtaining such resources for our own use. Accordingly, such competition may make our exploration activities more difficult than for a larger, more substantial company.

Subsidiaries

On October 15, 2001, we organized Qwik Track, Inc. as a wholly owned subsidiary of International Star, Inc. Qwik-Track was to operate as a web-based service business providing the wagering enthusiast with thoroughbred handicapping, analytical data and statistical information for racetrack wagering over the Internet.

As of November, 2003, we suspended development of the Qwik Track subsidiary's business to focus our limited resources on exploring our mineral properties.(See "Notes to Financial Statements," Note G.)

On October 1, 2002, we acquired 100% of the equity stock of Pita King Bakeries International, Inc. ("Pita King"), a Nevada corporation, in exchange for 4,139,500 restricted shares of common stock. Pita King operates a wholesale and retail pita bread bakery in Everett, Washington. We operated Pita King as a wholly owned subsidiary until January 1, 2004 when we sold the unit back to its founding shareholders.

On June 1, 2004 we divested our Pita King subsidiary by executing an agreement returning it assets to its original founders and shareholders, effective as of January 1, 2004.

In full settlement of this transaction each party made the following considerations:

1. International Star forgave debt totaling Thirty Five thousand dollars ($35,000.00) incurred by Pita King in the form of loans from the parent Company.

2. The principals and officers of Pita King returned to the Company Four million shares (4,000,000) of "common stock" issued in consideration of the acquisition.

3. Both parties agree that the remaining One hundred, Thirty nine thousand and five hundred shares of International Star restricted "common stock" issued for the acquisition to compensate the original shareholders of Pita King will remain the property of those shareholders and will not be effected by this agreement.

The results of Pita King's operations were included in the consolidated financial statements for the year ended December 31, 2003. (See "Notes to Financial Statements," Note "F".)

Changes in Capitalization

On December 21, 2004, in lieu of a meeting of shareholders, as authorized by NRS 78.320, by taking the written consents of shareholders holding a majority of the shares eligible to vote on such matters the Company increased its authorized capitalization to 780 Million Shares of Common Stock and 20 Million Shares of Undesignated Preferred Stock. As of December 31, 2004 approximately 711,711,259 shares of our common stock were authorized but un-issued. These

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shares may be issued in the future without stockholder approval. The prices at which we sell these securities and other terms and provisions will depend on prevailing market conditions and other factors in effect at that time, all of which are beyond our control. Shares may be issued at prices that are less than the then-current price for our common stock.

Subsequent Event

Exploration Planning - On February 16, 2005, the Company finalized its agreement with Zereko Nevada, Inc. (Zereko), a Nevada based corporation engaged in mining engineering and related services, for various services in support of the ongoing exploration activities at the Company's Detrital Wash property. Under the terms of the agreement, Zereko will review in detail available information on all previous work done on the property, define areas that merit further detailed examination, then propose and implementation plan, prepare budgets and obtain quotes for the indicated exploration activity.

RISK FACTORS

The business of mineral exploration is inherently speculative, and involves a number of general risks which could result in the complete loss of your investment, including among others, the rarity of commercial mineral deposits, environmental and other laws and regulations, physical dangers to personnel associated with exploration activity, and political events. Before making an investment in our securities, you should carefully consider these general risks as well as the specific risks listed below.

WE HAVE NO RESERVES, NO MINING OPERATIONS AND NO MINERAL RELATED INCOME. reserves, by definition, contain mineral deposits in a quantity and in a form room which the target minerals may be economically and legally extracted or produced. We have not established that such reserves exist on our properties and unless or until we do so we will not have any income from our mineral operations.

EXPLORATION FOR ECONOMIC DEPOSITS IS SPECULATIVE. The business of mineral exploration is very speculative, since there is generally no way to recover any of the funds expended on exploration unless the company establishes the existence of mineable reserves and then exploits those reserves by either commencing mining operations, selling or leasing its interest in the property, or entering into a joint venture with a larger resource company that can develop the property to the production stage. Unless we can establish and exploit reserves before our funds are exhausted, we will have to discontinue operations, which could make our stock valueless.

OUR DIRECTORS AND EXECUTIVE OFFICERS LACK SIGNIFICANT EXPERIENCE OR TECHNICAL TRAINING IN EXPLORING FOR PRECIOUS METAL DEPOSITS AND DEVELOPING MINES. Our directors and executive officers lack significant experience or technical training in exploring for precious metal deposits and developing mines. Accordingly, our management may not be fully aware of many of the specific requirements related to working within this industry. Their decisions

and choices may not take into account standard engineering or managerial approaches such as mineral exploration companies commonly use. Consequently, our operations, earnings, and ultimate financial success could suffer irreparable harm due to management's lack of experience in the industry. The Corporation plans to align itself with reputable, knowledgeable experts in the mining industry to overcome this lack of experience and expertise. On February 16, 2005 International Star, Inc. entered into a service agreement with one such entity; Zereko Nevada, Inc, and a mining engineer, Karel Pieterse.

FUTURE CHANGES IN REGULATORY OR POLITICAL POLICY COULD ADVERSELY AFFECT OUR EXPLORATION. Any changes in government policy may result in changes to laws affecting ownership of assets, land tenure, mining policies, taxation, environmental regulations, labor relations, or other factors relating to our exploration activities. Such changes could cause us to incur significant unforeseen expenses of compliance or even require us to suspend our activities altogether.

OUR DIRECTORS AND EXECUTIVE OFFICERS OWN A SIGNIFICANT AMOUNT OF STOCK OF INTERNATIONAL STAR, INC. AND EXERT CONSIDERABLE INFLUENCE OVER US. As of February 1, 2005, our directors and executive officers beneficially owned common stock and securities convertible into our common stock which, upon exercise, would equal to approximately 51.8% of the voting power. As a result, these stockholders are potentially able to decide all matters requiring stockholder approval, including the election of directors and the approval of significant corporate transactions. This concentration of ownership could also delay or prevent a change in control that may be favored by other stockholders.

FORWARD LOOKING STATEMENTS

Except for historical and current information, all the information in this annual report is considered to be "forward looking" statements. Specifically, all statements (other than statements of historical and current information) regarding financial and business strategy and the performance objectives of management for future operations are forward-looking statements. These forward-looking statements are based on the beliefs of management, as well as assumptions made by and information currently available to them. These statements involve known risks such as lack of capital to put our properties into production, disappointing recoveries of precious metals from our properties once we put them into production, higher than expected production costs, declining market prices for precious metals, and delays or increased costs to obtain production or mining permits.

When we use the words "anticipate," "believe," "estimate," "expect," "may," "will," "should," "continue," "intend" and similar words or phrases, we are identifying forward-looking statements (also known as "cautionary statements" because you should be cautious in evaluating such statements in the context of all the information in this annual report). These statements reflect our current views with respect to future events. However, the merit or validity of current

views is subject to the realization in fact of assumptions we have made. What we now think will happen may turn out much different, and therefore our assumptions may prove to have been inaccurate or incomplete.

ITEM 2 -- DESCRIPTION OF PROPERTY

We currently hold interests in two properties which we believe show potential for mineral development. Both properties are unpatented mining claims located on federal public land and managed by the United States Bureau of Land Management (the"BLM").

Unpatented claims are "located" or "staked" by individuals or companies on federal public land. Each placer claim covers 20 to 160 acres; each lode claim covers 20 acres. The company is obligated to pay a maintenance fee of $100 per claim per year to the BLM or file an Affidavit of Assessment Work with the County showing labor and improvements of at least $100 for each claim yearly.

If the statutes and regulations for the location and maintenance of a mining claim are complied with, the locator obtains a valid possessory right to the contained minerals. Failure to pay such fees or make the required filings may render the mining claim void or voidable. We believe we have valid claims, but, because mining claims are self-initiated and self-maintained, it is impossible to ascertain their validity solely from public real estate records.

If the government challenges the validity of an unpatented mining claim, we would have the burden of proving the present economic feasibility of mining minerals located on the claims.

There are uncertainties as to title matters in the mining industry. We believe that we have good title to our properties; however, defects in such title could have a material adverse effect on us. We have investigated our rights to explore, exploit and develop our various properties in manners consistent with industry practice and, to the best of our knowledge; those rights are in good standing. However, we cannot assure that the title to our properties will not be challenged or impugned by third parties or governmental agencies. In addition, there can be no assurance that the properties in which we have an interest are not subject to prior unregistered agreements; transfers or claims and title may be affected by undetected defects. Any such defects could cause us to lose our rights to the property or to incur substantial expense in defending our rights.

Detrital Wash, Mohave County, Arizona Property

On March 3, 1998 the Company entered into a mineral lease with James R. Ardoin for the DETRITAL WASH mineral claims located one mile east of mile marker 22 on Hwy 93, Mohave County, Arizona. The lease does not require any minimum payments, and charges a royalty of 2% of net smelter returns (NSR). The term of the lease is for 20 years with an option to renew for an additional 20-year period.

The DETRITAL WASH property originally consisted of 8 placer claims lying in Section 36, Township 28 N, Range 21W and is easily accessed by partially paved entry off Hwy 93 and has availability to electricity and water.

In July of 2004 we reached an agreement in principle with the holders of 131 placer association claims covering approximately 20,000 acres adjacent to and surrounding our DETRITAL WASH property. The agreement will grant us exclusive exploration rights on the claims, and first right of refusal for exclusive development rights in exchange for a 0.25% net smelter return payable to the claimholders. The agreement will require the company to expend a minimum of $125,000 on exploration during a three-year period.

The majority of this 22,240-acre property is composed of "alluvial sand," that is to say, a dry riverbed lying 210 feet above the existing water table. Two historically documented sources found at the County seat archives in Kingman, Arizona provide possible explanation for the deposition of valuable minerals in the Detrital Valley:

1. A major flood in early 1900's. This flood washed away approximately 15 major gold and silver mines overlooking the Detrital on the West. These mining camps, among the most prolific and highest producing mines in the Western USA, were known as Silverado, Excelsior, Prince Albert, Occidental, Etc. According to County records most of the mine stockpiles and tailing were washed into the Detrital Wash. The flood

acted as a water cannon stripping the landscape and washing everything down into the valley below.

2. In 1982, County Historian, Roman Malach, in a book entitled " White Hills, Silverado in Mohave County" confirms the disaster in White Hills, the valuable gold camps, particularly Silverado that were lost to the flood and, the likely presence of an ancient river which flowed through the Detrital Valley. This river was likely the transporter of gold, silver, platinum and palladium to the Valley.

Although limited in number prior to 2005, all "spot/surface samples" taken by the Company on this property indicated the existence of "precious metals". Of major significance was a 2-ton "bulk sample" (at a depth of 4 to 12 feet) by AuRIC Metallurgical Laboratories, LLC, Salt Lake City, Utah, conducted in 1998 under a "chain of custody" (COC) that provided evidence of gold and silver with traces of palladium and platinum.

Two batch tests of 1,000 lbs. each were performed, each batch produced a "dore bar" (composite of all metalliferous minerals recovered from the sample). One of the dore bars was then refined and yielded metals equivalent to the following values per ton of original material:

Gold (Au)	0.812 oz.
Silver (Ag)	1.359 oz.
Platinum (Pt)	0.440 oz.
Palladium (Pd)	0.019 oz.

Believing that the precious metals derived from the surface and bulk samples were of sufficient quantity and quality to warrant further exploration of the DETRITAL WASH property, the Company on January 9, 2004 engaged Kokanee Placer, Inc. of White Rock, BC, a geological exploration company, to execute the initial phase of an exploration program on our original 1,280 acre Detrital Wash property, the results of which would dictate subsequent exploration phases, if found to be practical.

This initial work effort called for surface sampling of the property in a grid pattern at intervals of every 500 feet (in excess of 200 samples).

The results of the sampling program identified areas of elevated to anomalous values of placer gold and silver that require follow-up exploration and evaluation.

Hence, on February 16, 2005, the Company finalized its agreement with Zereko Nevada, Inc. (Zereko), a Nevada based corporation engaged in mining engineering and related services, for various services in support of the ongoing exploration activities at the Company's Detrital Wash property.

Currently we are attempting to raise additional capital to continue a staged exploration program on this property. Although a number of parties have expressed interest in funding the needed exploration of the DETRITAL WASH, as of yearend 2004 the Company has been partially successful in completing arrangements for the start of a staged exploration program.

Wikieup, Arizona Property

In March, 2001 we purchased from Gold Standard Mines Inc. 51 lode mining claims located in the WIKIEUP mining district, Mohave County, Arizona.

Consideration for the acquisition was 1,000,000 restricted common shares valued at $400,000 as of the date of the agreement.

The WIKIEUP property at present consists of approximately 840 acres (42 lode claims) of mountainous terrain and is accessible by paved and dirt roads west of Wikieup, Arizona off U.S. Highway 93. The property is located in Section 36, Township 16N, Range 14W in the Holapa Mountain Range. There is nearby access to electricity and water.

In the area of the claims where the Company has explored, is the Oakman mining district, which is located to the northwest and also the Bagdad open pit copper property located to the southeast of this area.

We processed a limited number of "spot samples" of stockpiled screened material from a claim immediately adjacent to our WIKIEUP and found precious metals to exist in the material, although our sampling did not permit a reliable quantitative evaluation as we could not be certain of the degree of pre-treatment and concentration the material had undergone. Nevertheless, the

spot samples confirmed our belief, based on the available literature, that the property shows promise as an exploration target. However, the mountainous terrain and complex nature of the geological makeup of the WIKIEUP property would likely make it much more costly to explore and develop than the Company's other property. As a result, the Detrital Wash property is the Company's primary focus at this time.

We have not systematically drilled and sampled the Wikieup property. The sampling of Detrital Wash property is not sufficient to confirm the presence of any concentrations of precious metals in a mineable mass. The Company believes that the staged exploration program being conducted by Zereko Nevada will assist in making those determinations. There is substantial risk that such testing would show limited concentrations of precious metals, and such testing may show a lack of precious metals in a mineable mass. Test results so far have been positive and confirm the presence of precious metals in the samples. However, you cannot safely assume that precious metals-bearing materials exist in quality and quantity to make a mining operation economically feasible.

Wikieup testing to date has focused principally on assaying materials for precious metals content, with very limited testing of how to process materials for production. The various procedures we have used to assay the samples have not addressed what metallurgical procedures would be best suited to process precious metals out of the materials on an economic scale. Even if independent reserve reports indicate the presence of precious metals, further extensive work will be needed in the form of a feasibility study to determine if the precious metals (if any are shown likely to be present in the property) in fact can be processed out of the material at a profit. Some companies decide that even though one of their properties contains valuable minerals, it is impossible to remove them profitably in commercial production.

ITEM 3 - LEGAL PROCEEDINGS

We know of no current or threatened legal proceedings involving us or our properties reportable under this Item 3.

ITEM 4 - SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

On December 23, 2004 the Company, by taking the written consents of shareholders holding a majority of the shares eligible to vote on such matters increased the authorized capitalization of the Company, approved a Stock Option and Restricted Stock Plan and announced the election of its Board of Directors. Actions were taken in lieu of a meeting of shareholders, as authorized by NRS 78.320.

Total Authorized Capital Stock Increased to 780 Million Shares of Common Stock and 20 Million Shares of Undesignated Preferred Stock - Having deemed the current capitalization inadequate to meet the future needs of the corporation; and to ensure the Company has capital stock available in the future for issue

for legitimate corporate purposes; the Company has amended its Articles of Incorporation as follows:

> "The total authorized capital stock of the corporation shall be Seven Hundred Eighty Million (780,000,000) shares of $.001 par value Common Stock, all of which shall be entitled to voting power when issued, and Twenty Million (20,000,000) shares of undesignated preferred stock. The Board of Directors may issue authorized shares of common and preferred stock from time to time without action by the shareholders, at such consideration as may from time to time be set by the Board of Directors. The Board of Directors may issue such shares of common and preferred stock in one or more series, at such price and in such number of each series with such voting powers, designations, preferences, and rights or qualifications or restrictions thereof as shall be stated in the resolution or resolutions adopted by them."

The Company also approved eighteen million (18,000,000) shares of the authorized but unissued Common Stock (the "Shares") of the Corporation be reserved for issuance pursuant to the terms and conditions of the Stock Option and Restricted Stock Plan currently under consideration by its Board of Directors.

And, the Company announced the following individuals had been elected Directors of the Corporation beginning as of January 1, 2005, to serve for one year or until their successors are elected and qualified: Robert L. Hawkins, Denny Cashatt, Kamal Alawas and Hassan Alaeddine.

PART II

ITEM 5 -- MARKET FOR COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Market for Our Common Stock

International Star, Inc was dropped from the NASD Over-the-counter Bulletin Board (OTC-BB) in May of 2003 for failure to file timely its required yearend 2002 10-KSB Annual Report and is currently quoted on the "Pink Sheets" quotation system under the symbol ISRI:PK.

The following table shows in United States dollars the high and low bid quotation for the shares for the last two years. Quotations reflect inter-dealer prices, without retail mark-up, markdown, or commissions, and do not necessarily represent actual transactions.

2003

First Quarter	$0.040	$0.040
Second Quarter	$0.000	$0.000
Third Quarter	$0.000	$0.000
Fourth Quarter	$0.010	$0.010

2004		
First Quarter	$0.059	$0.059
Second Quarter	$0.059	$0.109
Third Quarter	$0.15	$0.17
Fourth Quarter	$0.10	$0.10

Security Holders

We had approximately 146 shareholders of record on December 31, 2004, plus an unknown number of holders in street name.

Dividends

The company has never paid any dividends, and has no plans to do so in the foreseeable future. There are no legal, contractual or other restrictions, which limit the company's ability to pay dividends.

Adoption of Stock Benefit Plan

Effective January 1, 2005, subsequent to the period covered by this report, we adopted our 2005 Stock Benefit Plan (the "Plan"). The Plan provides that 18,000,000 of our common shares be reserved for future issuance as direct awards or upon exercise of options granted under the Plan. We expect to file a Registration Statement on Form S-8 in connection with the adoption of the Plan.

Recent Sales Of Unregistered Securities

During the three fiscal years ending on December 31, 2004, we issued and/or sold the securities listed in the table below without registration under the Securities Act of 1933. No underwriters were involved in these transactions. Selling prices for the shares may have been discounted from then prevailing market prices to reflect the restricted status of the shares or the urgency of our need for capital. When shares were issued for property or services, in each instance the valuation of the property or services was based on the board of director's determination of the value received for the shares.

The securities were sold by our officers without the use of an underwriter. In effecting the sales, we relied on the exemption authority provided by Section 4(2) of the Securities Act of 1933, as amended, relating to sales not involving any public offering. We believe that all such sales were made by our executive officers in private, negotiated transactions without any advertising, public announcements or general solicitation. The purchasers of the shares represented themselves in writing to be, and we believe them to be, members of one or more of the following classes of purchaser:

a. Officers, directors, promoters or control persons of the issuer;
b. Accredited investors, as defined in Rule 501 under Regulation D of the Securities Act;
c. Purchasers in bona fide overseas transactions, as defined in Rule 902 of Regulation S under the Securities Act; and

d. Individuals who:
   i. Are knowledgeable and sophisticated in investment matters;
   ii. Are able to assess the risks of an investment such as in our securities;
   iii. Are financially able to bear the risk of a loss of their entire investment; and
   iv. Have access to pertinent information regarding the issuer and its operations.

The shares are subject to the resale provisions of Rule 144 under the Securities Act of 1933, as amended, and may not be sold or transferred without registration except in accordance with that rule. Certificates representing the securities bear a legend to that effect.

Date Issued	Class	Amount	Price	Number of Purchasers
Dec 31, 2004	Common Stock	$14,000	$0.10 (1)	1
Dec 3, 2004	Common Stock	$325,000	$0.10 (2)	6
Dec 1, 2004	Common Stock	$50,000	$0.10 (3)	2
Sep 30, 2004	Common Stock	$74,973	$0.10 (4)	1
May 21, 2004	Common Stock	$100,000	$0.066 (5)	2
April 1, 2004	Common Stock	$15,000	$0.11 (6)	1
Feb 17, 2004	Common Stock	$6,000	$0.06 (7)	1
Feb 2, 2004	Common Stock	$1,500	$0.05 (8)	1

(1) Issued to a director of the company in settlement of management fees due.
(2) For cash, including 1,620,000 issued to Kilpatrick Life Insurance Co., and 1,630,000 to affiliates of Kilpatrick. Warrants were issued at $0.15 and will expire December 2006.
(3) Issued for cash to non-affiliate investors. Warrants were issued at $0.15 and will expire December 2005.
(4) Issued for cash to non-affiliate investors.
(5) For cash, 1,515,152 to affiliates of Kilpatrick.
(6) Issued for cash to non-affiliate investors.
(7) Issued for cash to non-affiliate investors.
(8) Issued for cash to non-affiliate investors.

Derivitive Securities

The following table lists all of the outstanding securities that are convertible into our common stock.

Table of Warrants and Stock Options

Type of Derivative	No. of Common Shares	Expiration

Security	Issue Date	Exercise Price	Underlying Securities	Date
Options	01/01/2005	$0.10	15,500,000(1)	01/01/2010
Warrants	12/03/2004	$0.15	2,430,000(2)	12/03/2006

1 Issued to our executive officers and directors pursuant to our 2005 Stock Benefit Plan

2 Issued in connection with a private placement of our stock to Kilpatrick Life Insurance Co. and affiliates of Kilpatrick.

Subsequent Event - 3:1 Forward Split and New Trading Symbol

As of February 18, 2005, NASDAQ approved the Company's plans for a 3:1 forward split of the company's common stock. As a result, shareholders of record received three shares for each share held as of the opening of the stock market on the effective date, Feb. 22, 2005. As of the approval date, the total number of shares outstanding for ISRI was 64,428,741, after the 3:1 Forward Split the total number of shares outstanding was 193,286,223.

Current ISRI stock certificates displaying a CUSIP# 460371 10 7 were automatically valued at three times their face value as of the stock market's opening on Feb. 22, 2005. Surrendered certificates and all newly issued certificates will be issued with a new CUSIP# 460371 20 6 and will be worth face value.

NASDAQ has also assigned a new symbol for International Star Inc. effective at the opening of the market on Feb. 22, 2005. The new symbol has been assigned as ILST, and is found on the Pink Sheets listings.

ITEM 6 -- MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

Plan of Operation

We intend to focus on rising the funding necessary for further exploration on the Detrital Wash property. We believe the results of the limited sampling conducted in 1998 by AuRic Metallurgical Laboratories and completion of surface sampling program conducted by Kokanee Placer Ltd. warrant further investigation of the mineral potential of that property.

During the year we secured additional funding through private placements of our common stock. Kilpatrick Life Insurance Co. and associated individuals of Shreveport, Louisiana purchased 4,765,152 shares of our common stock for $425,000. Additionally, we secured funding through private placements in the amount of $147,473 for 1,516,364 shares of our common stock, for a total of $572,473 secured for 6,281,516 shares of common stock for the year.

We have no credit lines or other sources of cash. We believe our current cash is sufficient to sustain our administrative overhead over the next twelve months, and to commence some exploration operations on our Detrital Wash property. We will continue to pursue means to expand our exploration activities, either by seeking additional capital through loans or private placements of our securities, or possibly entering joint venture arrangements with one or more other, more substantial companies. However, there are no arrangements now in place to further fund the company by any of these means, and the outcome of the discussions with other entities cannot be predicted. If we raise capital by selling our equity stock, the proportionate ownership of existing shareholders will be diminished (i.e., "diluted").

Results of Discontinued Operations

For the fiscal year ended December 31, 2004 we reported no revenues versus $364,146 for the prior year. Revenue for the prior year was attributable to our Pita King Bakeries subsidiary, acquired in the fourth quarter. In 2004 we divested the subsidiary, taking effect as of January 1, 2004, so that the revenue have no significance to our ongoing operations.

Effective January 1, 2004 we sold our 100% ownership of Pita King Bakeries International, Inc. back to the founding shareholders from whom we had purchased the unit. The principals and officers of Pita King returned 4,000,000 of the 4,139,500 shares of International Star's common stock to us, and we forgave debt totaling $35,000 that we had advanced to Pita King. See "Notes to Financial Statements," Note F.

Going Concern

We have incurred substantial operating and net losses, as well as negative operating cash flow, since our inception. Accordingly, we continued to have significant stockholder deficits and working capital deficits during the year ended December 31, 2004. In recognition of these trends, our independent registered accountants, Madsen and Associates CPAs, Inc., included cautionary statements in their report on our financial statements for the year ended December 31, 2004 that expressed "substantial doubt" regarding our ability to continue as a going concern.

Our ability to continue as a going concern is dependent on obtaining additional working capital and our management has developed a strategy which it believes will accomplish this objective through additional equity funding, long term financing, and payment of Company expenses by our officers, if needed, which will enable us to operate for the coming year.

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ITEM 7 -- FINANCIAL STATEMENTS

The Financial Statements meeting the requirements of Regulation S-B follow.

Board of Directors
International Star, Inc. and Subsidiaries
Henderson, Nevada

REPORT OF INDEPENDENT REGISTERED ACCOUNTING FIRM

We have audited the accompanying consolidated balance sheets of International Star, Inc. and Subsidiaries (an Exploration Stage Company) as of December 31, 2004 and 2003 and the related consolidated statements of operations, stockholders' equity and cash flows for the years ended December 31, 2004 and 2003. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with auditing standards of the Public Company Accounting Oversight Board ("PCAOB"). Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used, significant estimates made by management and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, based upon our audits, these consolidated financial statements present fairly, in all material aspects, the consolidated financial position of the Company as of December 31, 2004 and 2003, and the consolidated results of its operations and cash flows for the years ended December 31, 2004 and 2003 in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. The Company does not have the necessary working capital to service its debt and for its planned activity, which raises substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are described in Note F to the financial statements. These financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Madsen & Associates CPA's, Inc.
March 10, 2005
Salt Lake City, Utah

INTERNATIONAL STAR, INC.
AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(An Exploration Stage Company)

ASSETS	December 31, 2004	Decembe 200
Current Assets:		
Cash	$ 200,266	$ 36
Accounts Receivable	-	2
Inventories	-	6
Prepaid Legal Fees	-	
Prepaid expenses	54,000	

Total Current Assets	254,266	45
Mineral Assets:		
Screened Ore	-	
Total Mineral Assets	-	
Fixed Assets (Net of Depreciation)	33,578	28
Other Assets & Prepaid Rent	-	2
Goodwill	-	64
Total Assets	$ 287,844	$ 83

LIABILITIES AND SHAREHOLDERS' EQUITY

Current Liabilities:		
Accounts payable and accrued interest	$ 1,275	$ 3
Advances and Loans from officers with accrued interest	-	4
Accrued Compensation and Management Fees	-	11
Total Current Liabilities	1,275	19
Long-term Liabilities:		
Line of Credit and Accrued Interest	$ -	$ 8
Note Payable	250,000	25
Total Long-term Liabilities	250,000	33
Stockholders' Equity:		
Common Stock, $.001 par value; authorized 100,000,000 shares; issued and outstanding 64,428,741 and 60,042,227 at December 31, 2004 and December 31, 2003, respectively.	$ 64,430	$ 6
Paid-In Capital	3,015,787	2,29
Accumulated Deficit	(3,043,648)	(2,05
Total Stockholders' Equity	36,569	30
Total Liabilities and Stockholders' Equity	$ (287,844)	$ 83

See accompanying notes to the financial statements.

INTERNATIONAL STAR, INC.
AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(An Exploration Stage Company)

	Year Ended December 31, 2004	Year Ende December 31,

Revenue:	$ -	$ 363
Total Revenue	-	363
Cost of Goods Sold:		
Materials	-	134
Packaging	-	
Total Cost of Goods Sold:	-	$ 134
Gross Profit	-	$ 228
Expenses:		
Mineral exploration costs	231,145	1
Professional fees	87,813	
Management fees	219,827	135
Compensation	277,000	212
Depreciation & amortization	2,859	25
General & administrative	42,374	302
Total Expenses	861,018	676
Net (loss) from operation	$ (861,018)	$ (447
Other Income (Expenses)		
Interest Expense	(29,277)	(11
Loss on divestiture of subsidiary	(99,472)	
Total Other Expenses	(128,749)	(11
Net Loss	(989,767)	(459
Weighted Average Shares Common Stock Outstanding	58,366,381	40,393,0
Net Loss Per Common Share (Basic and Fully Dilutive)	$ (0.02)	$ (0

See accompanying notes to financial statements.

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INTERNATIONAL STAR, INC.
AND SUBSIDIARIES
STATEMENT OF STOCKHOLDERS' EQUITY
(AN EXPLORATION STAGE COMPANY)
FROM JANUARY 1, 2003 TO DECEMBER 31, 2004

Common Common

	Stock Shares	Stock Amount	Paid-In Capital
Balances as of January 1, 2003	$36,050,737	$ 36,051	$1,494,501
Common stock issued for cash. August 13, 2003 Valued at $.010 per share	185,000	185	18,315
Common stock issued for cash. August 13, 2003 Valued at $.05 per share	1,000,000	1,000	49,000
Common stock issued for cash. September 25, 2003 Valued at $.10 per share	30,000	30	2,970
Common stock issued for cash. September 25, 2003 Valued at $.02 per share	255,000	255	4,845
Common stock issued for debt to shareholders and officers. November 12, 2003 Valued at $0.0331/3 per share	14,807,990	14,808	475,415
Common stock issued for debt. November 14, 2003 Valued at $0.0331/3 per share	7,663,500	7,664	247,786
Common stock issued for debt. November 17, 2003 Valued at $.05 per share	50,000	50	2,450
Net Loss for the year ended December 31, 2003	-	-	-
Balances at December 31, 2003	60,042,227	$ 60,043	$ 2,295,282
Shares cancelled from divestiture of Pita King Bakeries, Int'l, Inc.	(4,000,000)	(4,000)	(4,000)
Shares returned to Company and cancelled	(35,000)	(35)	(2,965)
Common stock issued for cash. February 20, 2004 Valued at $.05 per share	30,000	30	1,470
Common stock issued for cash. February 20, 2004 Valued at $.06 per share	100,000	100	5,900
Common stock issued for cash. April 27, 2004 Valued at $.11 per share	136,364	136	14,864
Common stock issued for cash. May 28, 2004 Valued at $.07 per share	151,515	152	9,848
Common stock issued for cash. June 7, 2004 Valued at $.07 per share	1,363,636	1,364	88,636

(continued)	Common Stock Shares	Common Stock Amount	Paid-In Capital
Capital contributed for interest expenses. June 30, 2004	-	-	7,500
Common stock issued for services.			

September 30, 2004 Valued at $.03 per share	2,000,000	2,000	58,000
Common stock issued for cash. October 6, 2004 Valued at $.10 per share	750,000	750	74,250
Common stock issued for cash. November 29, 2004 Valued at $.10 per share	500,000	500	49,500
Common stock issued for cash. December 8, 2004 Valued at $.10 per share	3,250,000	3,250	321,750
Common stock issued for services. December 31, 2004 Valued at $.10 per share	140,000	140	13,860
Capital contributed for services and accrued expenses	-	-	73,892
Net (loss) for year ended December 31, 2004	64,428,741	64,430	3,015,787

See accompanying notes to financial statements.

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INTERNATIONAL STAR, INC.
AND SUBSIDIARIES
STATEMENTS OF CASH FLOWS
(AN EXPLORATION STAGE COMPANY)

	Year Ended December 31, 2004	Ye De
Cash Flows Used in Operating Activities:		
Net Loss	$ (989,767)	$
Adjustments to Reconcile net loss to		
Common stock issued for services	74,000	
Loss of divestiture of Pita King	99,472	
Depreciation & Amortization	2,859	
Net Cash used in Operations	(813,436)	$
Changes to Operating Assets and Liabilities:		
(Increase) decrease in screened ore	2,600	
(Increase) decrease in Accounts Receivable and Prepaids	25,795	
(Increase) decrease in Inventories	63,812	
(Increase) decrease in Goodwill and other assets	92,874	
(Decrease) Increase in accounts payables and accrued interest	(30,693)	
(Decrease) Increase in accrued management fees / compensation	(44,474)	
Cash Flows Used in Operating Activities	(703,522)	
Cash Flows used in Investing Activities:		
Purchase fixed assets	(29,355)	

Cash Flows Used in Investing Activities		
Cash Flows from Financing Activities:		
Common stock issued for cash	569,000	
Proceeds from notes payable	-	
Repayments on line of credit	-	
Advances from officers/affiliates	-	
Cash Flows from Financing Activities	569,000	
Net Increase (Decrease) in Cash	(163,880)	
Cash at Beginning of Period	364,146	
Cash at End of Period	$ 200,266	$
Supplemental Non-Cash Financing Activities:		
Cancellation of 4,000,000 shares from the divestiture of Pita King Bakeries Int'l at January 1, 2004	$ -	$
Common stock issued for loans, cash advances, accrued management fees and interest	$ -	$
Capital contributed for payment of loans, cash advances and interest	$ 81,392	$
Interest Paid	$ 21,777	$
Income Taxes Paid	$ -	$

See accompanying notes to financial statements.

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INTERNATIONAL STAR, INC.
AND SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2004

A. ORIGINATION AND HISTORY

International Star, Inc. (the Company) was incorporated October 28, 1993 as a Nevada corporation. On November 5, 1993, the Company issued 2,500 shares, no par value, for cash consideration of $5,000 in a 504 intrastate offering. The Company amended its "Articles of Incorporation" on January 22, 1997, increasing its authorized common stock from 2,500 shares to 100,000,000 shares and modifying its par value to $.001 per share.

In January 1997, the Company forward split its common stock to 6,000,000 shares in a 2400:1 exchange. In April 1997, the Company again forward split its stock 5:1, increasing the total outstanding shares to 30,000,000 and, in a reorganization of outstanding shares canceled 17,400,000 shares forward split the balance of the shares 8:1 for an additional issuance of 10,080,000 shares to the 12,600,000 shares outstanding, and then issued 300,000 shares to the shareholders who canceled the 17,400,000 shares, resulting in 22,980,000 shares issued and outstanding. Also, in April 1997, the Company issued 4,500,000 shares, (valued at $10,000) in consideration of services performed by various individuals and corporations. The 4,500,000-share transaction, which predates the 5:1 and 8:1 transactions, were apparently not impacted by either of the two aforementioned forward splits, but resulted in a total of 27,480,000 shares of common stock issued and outstanding.

In April 1997, the Company entered the waste management business. A loan of $50,000 was obtained from an affiliated entity, American Holding Group, at 3%, (no formal loan documents were drafted), a portion of which was used to open a Company office in Idaho Falls, Idaho.

Due to a lack of capital, the Company was only able to obtain a small instrumentation sale for $17,444 to Asia Kingtec Co. LTD., in December 1997. The Company closed its office in January 1998 and abandoned the computers and office equipment, purchased at $6,981, to the three individuals who lead the Company into the waste management business. The Company accounts payable reflect $11,455 in disputed bills from these discontinued operations, which the Company does not intend to pay.

The three officers and directors who were appointed at the time of the Company's connection with the foray into the waste management business, resigned in August 1999. The Company accepted the resignations on September 8, 1999.

On July 17, 1998, the Company entered into an extraction agreement with AuRic Metallurgical Laboratories, Inc., a Utah limited liability corporation, with the requirement that the Company pay a 1% net smelter return to AuRic for utilization of its technology.

On October 12, 1998, the Company entered into a letter of intent with North American Industrial Development Authority, Inc. (NAIDA), of Kingman, Arizona. The original proposal involved constructing an investment in a mineral processing plant in order to process ores from the Company's mineral property. In exchange, NAIDA would receive 15% of the total ore produced. However, because of NAIDA's inability to perform, the proposal was never set into motion.

On October 15, 2001, the Company formed a wholly owned subsidiary called Qwik Track, Inc. (Qwik Track). Qwik Track operated as an internet web-based business that provides handicapping, analytical data and statistical information for wagering on thoroughbred horse races. Qwik Track was to offer wagering enthusiasts the opportunity to participate in multiple racetrack wagering via the Internet. Further development of this web-based business has been halted for the time being while we focus our limited resources on our mineral exploration activities.

On October 1, 2002, the Company acquired all of the outstanding shares of common stock of Pita King Bakeries International, Inc. (Pita King) making Pita King a wholly owned subsidiary of the Company. Pita King operated a retail bakery outlet in Everett, Washington which commenced operations in September of 2001.

On January 1, 2004, the original shareholders of Pita King and the management of the Company mutually agreed to dissolve their business relationship. See "Notes to Financial Statements," Note F.

The Company's main focus of business, commencing January 1, 2004, is the exploration of mining claims and mining properties. The Company has in accordance with guidelines of the Securities and Exchange Commission (SEC) appropriately disclosed that the company is considered and exploration stage company.

B. SIGNIFICANT ACCOUNTING POLICIES

1. Principles of Consolidation and Accounting Methods

These consolidated financial statements include the accounts of International Star, Inc., and Qwik Track, Inc. (a wholly owned subsidiary) for the fiscal year ended December 31, 2004 and the accounts of International Star, Inc., Qwik Track, Inc. and Pita King Bakeries International, Inc. (a wholly owned subsidiary) for the fiscal year ended December 31, 2003.

2. Use of Estimates

The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

3. Dividend Policy

The Company has not adopted a policy regarding the payment of dividends.

4. Mineral Properties and Equipment

The Company has expensed the costs of acquiring and exploring its properties during the periods in which they were incurred, and will continue to do so until it is able to determine that commercially recoverable ore reserves are present on the properties. If it determines that such reserves exist, it will capitalize further costs.

5. Basic and Dilutive Net Income (Loss) Per Share

Basic net income (loss) per share amounts are computed based on the weighted average number of shares actively outstanding in accordance with SFAS NO. 128 "Earnings Per Share." Diluted net income (loss) per share amounts are computed using the weighted average number of common shares and common equivalent shares outstanding as if shares had been issued on the exercise of any common share rights unless the exercise becomes antidultive and then only the basic per share amounts are shown in the report.

6. Comprehensive Income

The Company adopted SFAS No. 130, "Reporting Comprehensive Income", which requires inclusion of foreign currency translation adjustments, reported separately in its Statement of Stockholders' Equity, in other comprehensive income. Such amounts are immaterial and have not been reported separately. The Company had no other forms of comprehensive income since inception.

7. Stock Based Compensation

The Company has elected to follow Accounting Principles Board Opinion No.25 (APB 25) and related interpretations in accounting for its employee stock options. Under APB25, when the exercise price of employee stock options is equal to the estimated market price of the stock on the date of grant, no compensation expense is recorded. The Company has adopted the disclosure-only provisions of Statement of Financial Accounting Standards No. 123 (SFAS 123) with respect to employee stock options.

8. Income Taxes

The Company has adopted SFAS No. 109 "Accounting for Income Taxes". The Company accounts for income taxes under an asset and liability approach that requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been recognized in the Company's financial statements or tax returns. In estimating future tax consequences, all expected future events, other than enactment of changes in the tax laws or rates, are considered.

Due to the uncertainty regarding the Company's future profitability, the future tax benefits of its losses have been fully reserved and no net tax benefit has been recorded in these financial statements.

9. Fair Value of Financial Instruments

The respective carrying value of certain on-balance-sheet financial instruments approximated their fair values. These financial instruments include cash, tax credit recoverable, reclamation bond, accounts payable and accrued liabilities, amount due to a director and loan payable.

10. Recent Accounting Pronouncements

The Company does not expect that the adoption of other recent account pronouncements will have a material effect on its financial statements.

11. Revenue Recognition

Revenue will be recognized on the sale and delivery of a product or the completion of a service provided.

12. Statement of Cash Flows

For the purposes of the statement of cash flows, the Company considers all highly liquid investments with maturity of three months or less to be cash equivalents.

13. Financial and Concentration Risk

The Company does not have any concentration or related financial credit risk.

C. EXPLORATION PROPERTIES INCREASED BY 20,000 ACRES

February 13, 2004 we acquired the exploration rights on 131 mineral claims (approximately 20,000 acres) surrounding our existing Detrital Wash property by entering into a mineral lease agreement with Associated Placer Group (APG). The lease required no cash or stock settlement; did not require any minimum royalty payments and charged a royalty of .025% of net smelter returns (NSR). The term of the lease was 20 years, renewable for an additional 20 years. Furthermore, the Company agreed to spend a minimum of $125,000 in exploration costs over a three-year period and to keep the claims in good standings by paying the Bureau of Land Management (BLM)"maintenance fees" during the three-year period.

D. LOANS AND ADVANCES FROM COMPANY DIRECTORS

Company directors have from time to time advanced funds to the Company for the payment of operating expenses. These advances have been repaid in cash and through common stock of the Company. The amounts that were due to the Company directors for these advances was $0 and $49,392 at December 31, 2004 and 2003, respectively. During the year ended December 31, 2004, directors of the Company contributed to capital amounts that totaled $73,892 as payment for the advances and accrued compensation that was owed to them.

The Company's President/CEO and Vice-President/COO charges the Company a management fee of $5,000 each per month, totaling $120,000 annually. A director of the Company is also compensated in the form of a management fee in the amount of $5,000 per month as the Director of Mineral Operations for the Company.

E. COMMON STOCK

During the year ended December 31, 2003, the Company issued 9,133,500 shares of common stock for cash with the shares valued at a range of $0.01 to $0.10 per share. The Company also issued 14,857,990 shares of common stock for loans, cash advances, accrued management fees and interest valued at a range of $0.03 1/3 to $0.05 per share.

During the year ended December 31, 2004, the Company issued 6,281,515 shares of common stock for cash with the shares valued at a range of $0.05 to $0.11 per share. The Company also issued 2,140,000 shares of common stock for services rendered to the Company at $0.03 and $0.10 per share.

F. ACQUISITION AND DIVESTITURE OF PITA KING BAKERIES INTERNATIONAL, INC.

On October 1, 2002, the Company issued 4,139,500 restricted shares of common stock to the shareholders of Pita King Bakeries International, Inc. (Pita King) and acquired all of the outstanding shares of Pita King. Pita King Bakeries International, Inc. (a Nevada corporation) is a wholly owned subsidiary, and the holding company for Pita King Ltd. (a Washington corporation). Pita King, Ltd. began operations as a retail bakery in Everett, Washington in September of 2001 and continues to operate as a retail bakery. The results of Pita King's operations for the fiscal year ended October 31, 2003 are included in the consolidated statement of operations.

Effective January 1, 2004, the original shareholders of Pita King and the management of the Company mutually agreed to dissolve their business relationship. Under terms of this dissolution, the original shareholders of Pita King returned 4,000,000 shares of common stock to the Company and Company agreed to forgive a $35,000 loan made to Pita King. The original shareholders of Pita King were allowed to retain 139,500 shares of the Company's common stock which they had received as part of the original purchase of Pita King. The Company has recognized a loss of $99,472 on the divestiture of Pita King.

G. INVESTMENT IN QWIK TRACK, INC.

On October 15, 2001, Qwik Track, Inc. (Q-Track) was organized as a wholly owned subsidiary of International Star, Inc. Q-Track was to operate as a web-based service business providing the wagering enthusiast with thoroughbred handicapping, analytical data and statistical information for racetrack wagering over the Internet. Q-Track has not commenced principal operations and management halted developmental efforts in 2004 allowing us to focus our limited resources on the mineral properties.

H. QUANTITATIVE AND QUALITATIVE DISCLOSURES

The Company will be exposed to various market risks as a part of its future operations. As an effort to mitigate losses associated with these risks, the Company may, at times, enter into derivative financial instruments. These may take the form of forward sales contracts and interest rate swaps. The Company does not actively engage in the practice of trading derivative securities for profit. This discussion of the Company's market risk assessments contains "forward looking statements" that contain risks and uncertainties. Actual results and actions could differ materially from those discussed below.

The Company's future operating results will be substantially dependent upon the world market prices of Palladium, Platinum, Gold and Silver, which can fluctuate widely and are affected by numerous factors, such as supply and demand and investor sentiment. In order to mitigate some of the risk associated with these fluctuations, the Company may at times enter into forward sale contracts. The Company will continually evaluate the potential benefits of engaging in these strategies based on the then current market conditions. Counter parties as a result of its hedging activities may expose the Company to nonperformance. This exposure would be limited to the amount that the spot price of the metal falls short of the contract price.

I. NOTE PAYABLE

On October 28, 2003 management approved the acceptance of a Subscription Agreement and Loan Agreement between the Company and a Life Insurance Company. Under the terms of the agreement, the Life Insurance Company loaned $250,000 to the Company. This note carries an interest rate of 6% per annum with interest only payable in quarterly installments with the first quarterly interest payment due on April 28, 2004. This note is due and payable in full on October 28, 2006 and is secured by a mortgage of a 25% mineral interest in the Company's original 1,280 acre Detrital Wash Mining Claims in Mohave County, Arizona (see Note E Re-Establishing the Detrital Wash Project). This Life Insurance Company also purchased 7,663,500 shares of the Company's common stock at a value of $0.03 1/3 for a total purchase price of $250,000 (see Note H Common Stock). The Company is current on its obligations under this note and has paid all interest due on this note through December 4, 2004.

NOTE J - GOING CONCERN

The Company will need additional working capital to service its debt and for its planned activity, which raises substantial doubt about its ability to continue as a going concern. The continuation of the Company as a going concern is dependent on obtaining additional working capital and the management of the Company had developed a strategy which it believes will accomplish this objective through additional equity funding, long term financing, and payment of Company expenses by its officers, if needed, which will enable the Company to operate for the coming year.

Item 8 - Changes in or Disagreements with Accountants

None.

Item 8A - Controls and Procedures

Our Principal Executive Officer and Principal Financial Officer have reviewed and evaluated the effectiveness of our disclosure controls and procedures (as defined in Exchange Act Rule 13a-15(e)) as of the end of the period covered by this report. Based on that evaluation, the Principal Executive Officer and Principal Financial Officer have concluded that the company's current disclosure controls and procedures are effective to ensure that information required to be disclosed by the company in 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. There was no change in the company's internal controls that occurred during the fourth quarter of the period covered by this report that has materially affected, or is reasonably likely to affect, the company's internal controls over financial reporting.

PART III

ITEM 9 - DIRECTORS, EXECUTIVE OFFICERS, PROMOTERS AND CONTROL PERSONS; COMPLIANCE WITH SECTION 16(A) OF THE EXCHANGE ACT.

The following is a list of our current directors and executive officers. Directors hold office for one year or until their successors are duly elected. Executive officers serve until resignation or removal, at the pleasure of the Board of Directors.

Name	Age	Position(s) held	Service began
Robert L. Hawkins	60	President, CEO, Director	Sept. 2003(1)
Denny Cashatt	57	Vice President, COO, Director	Sept. 2003
Dottie Wommack McNeely	48	Secretary, Treasurer	April 2004
Kamal Alawas	54	Director of Mining Operations	Sept. 2003(2)
Hassan Alaeddine	49	Director	Oct. 2004
Virginia Shehee	84	Director	Jan. 2005 (3)

1. Mr. Hawkins also served as Secretary and Treasurer from June 2002 to September 2003, and as president of Qwik Track from October 2001.
2. Mr. Alawas served as President and CEO from September 1999 to September

2003.
3. Service began subsequent to the period covered by this annual report.

Robert L. Hawkins, age 60, President/CEO and Director, joined the Company in October of 2001 as a Director and President of Qwik Track, Inc. Prior to joining the Company, Mr. Hawkins was with International Business Machines for twenty-four years serving in various management and staff positions in Branch, District, Region and Corporate Offices. In the most resent five years Mr. Hawkins has served as Vice President of Development for QwikCap Corp and TurfClub.Com.

Denny Cashatt, age 57, joined the Company after serving for the past two years as Vice President of Marketing - U.S. Operations for International Software Company of Paris, France. Prior to that he was Vice President of Winner's Edge, an information distribution company. Mr. Cashatt has extensive sales, marketing and project management experience in the field of computer software.

Kamal Alawas, age 54, served as the Company's President/CEO for the preceding four years. Presently, he serves on the Board of Directors of Franklin Lake Resources, a publicly traded Nevada company (FKLR: BB).

Hassan Alaeddine, age 49, with fifteen years experience in the bakery business co-founded Pita King Bakeries International, Inc in Everett, Washington.

Virginia Kilpatrick Shehee, former State Senator of Louisiana and current President and CEO of Kilpatrick Life Insurance, joined the Board of Directors of International Star, Inc. effective January 5, 2005.

Lynetta Hawkins, age 54, President/CEO's wife, for the interim period June 2002 through March 2004 served as the Company's Secretary and Treasurer. Mrs. Hawkins no longer serves in any capacity for International Star, Inc.

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Dottie Wommack McNeely, age 48, assumed the duties of Secretary/Treasurer as of April 1, 2004. Mrs. McNeely formerly served with Northeast Texas Community College as Administrative Assistant to the Vice-President of Administrative Services and as Associate Faculty in the Computer Science Department.

No officer or director of the Company is or has been involved in any form of legal proceedings disclosable under this item.

Family Relationships

For the interim period, October 1, 2002 through April 30, 2004 the President/CEO's wife served as the Company's Secretary and/or Treasurer. Mrs. Hawkins no longer serves in any capacity for International Star, Inc.

Audit Committee Financial Expert

We do not have an audit committee or an audit committee financial expert, owing to our severely limited financial resources. Based on our limited operations, we do not believe that our lack of such an expert is material to the integrity of our financial statements.

The Board of Directors carries out the responsibilities that an audit committee would have. In this respect the Board of Directors has the responsibility of reviewing our financial statements, exercising general oversight of the integrity and reliability of our accounting and financial reporting practices, and monitoring the effectiveness of our internal control systems. The Board of Directors also recommends selection of the auditing firm and exercises general oversight of the activities of our independent auditors, principal financial and accounting officers and employees and related matters.

Code of Ethics

We have adopted a Code of Ethics that applies to our principal executive officer, principal financial officer, and principal accounting officer. Upon request, we will provide a copy of our Code of Ethics to any person without charge. Requests should be submitted in writing to International Star, Inc., Attn: Shareholder Relations, 2266 Chestnut Bluffs, Henderson, NV 89052.

Compliance with Section 16(a) of the Exchange Act

Based solely on a review of Forms 3, 4 and 5 furnished to us with respect to our most recent fiscal year, we believe that the following reports under Section 16(a) of the Exchange Act with respect to our securities were not timely filed:

Form 5 for Kamal Alawas for the fiscal year ended December 31, 2005 was not timely filed. However, the report has been filed as of the date of this Annual Report.

Form 5 for Robert Hawkins for the fiscal year ended December 31, 2005 was not timely filed. However, the report has been filed as of the date of this Annual Report.

Form 5 for Denny Cashatt for the fiscal year ended December 31, 2005 was not timely filed. However, the report has been filed as of the date of this Annual Report.

Form 5 for Dottie Wommack-McNeely for the fiscal year ended December 31, 2005 was not timely filed. However, the report has been filed as of the date of this Annual Report.

Form 5 for Virginia Sheehee for the fiscal year ended December 31, 2005 was not timely filed. However, Ms. Sheehee is aware of the oversight and expects to file the report shortly.

Form 5 for Hassan Alaeddine for the fiscal year ended December 31, 2005 was not timely filed. However, Mr. Alaeddine is aware of the oversight and expects to file the report shortly.

ITEM 10 -- EXECUTIVE COMPENSATION.

The Board of Directors granted key employees, officers and/or directors an Option to Purchase a certain number of shares of common stock of the Corporation. Options to Purchase an aggregate of 15,500,000 shares of the un-issued common stock of the Corporation for the option price of $0.10 per shares was approved by written consent of more than 51% of the registered shareholders in lieu of a meeting of shareholders, as authorized by NRS 78.320, by taking the written consents of shareholders holding a majority of the shares eligible to vote on such matters.

Each of our present directors who is also an employee/officer receives no additional compensation for acting as a director or attending meetings.

Since incorporation, no company officer's salary plus any form of additional compensation has exceeded $100,000 annually. The Summary Compensation Table following shows all forms of compensation paid to our Chief Executive Officer for the years indicated

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SUMMARY COMPENSATION TABLE

					Long Term Compensati	
		Annual Compensation			Awards	
(a)	(b)	(c) Salary	(d) Bonus	(e) Other Annual Compen-sation	(f) Restricted Stock Awards	(g) Securities Underlying Options/SARs
Name and Principle Position	Year	($)	($)	($)	(#)	(#)
Robert Hawkins	2003	$60,000				
President/CEO, Director(1)	2004	$60,000	$18,000	0	0	5,500,000(3)
Kamal Alawas						
President/CEO,	2003	$60,000				
Director(2)	2004	$60,000	$18,000			3,500,000(4)

1. Mr. Hawkins served as Secretary and Treasurer from June 2002 until September 2003.
2. Since September 2003 Mr. Alawas has served as Director of Mining Operations.
3. All options awarded December 2004, did not go into effect until January 1, 2005.
4. Awarded as a signing/merit bonus upon completion of detailed objectives.

Options or SARs were granted to officers, directors or employees during our most recent fiscal year. On December 10, 2004 after receiving a majority vote from the shareholders of International Star, an "Employee Stock Option Plan" was adopted and became effective January 1, 2005. The options will terminate on January 1, 2010.

At December 31, 2004, there were no effective options or SARs held by our officers and directors. No options or SARs were exercised during our most recent fiscal year.

ITEM 11 - SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS.

The following table sets forth certain information about beneficial ownership of our common stock as of February 1, 2005 by each officer and director, by any person or group who is known by us to own more than 5% of our common stock, and by the officers and directors as a group.

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Title of Class	Name and Address of of Beneficial Owner	Amount and Nature of Beneficial Ownership		Percent of Class
Common	Virginia K. Shehee 1818 Marshall St. Shreveport, LA 71161	Direct	14,773,636(1)	17.1%
Common	Kamal Alawas 52 Megan Dr Henderson, NV 89074	Direct	12,681,508(2)	14.7%
Common	Robert L. Hawkins 52 Megan Dr Henderson, NV 89074	Direct	9,197,612(3)	10.7%
Common	Denny Cashatt 2266 Chestnut Bluffs Henderson, NV 89052	Direct	6,339,456(4)	7.4%
Common	Dottie Wommack McNeely 2266 Chestnut Bluffs Henderson, NV 89052	Direct	1,183,334(5)	1.4%
Common	Hassan Alaeddine 2210-37 Street Everett, WA 98201	Direct	505,000(6)	0.6%
	Total All Officers/Directors		44,680,546	51.8%

(1) Includes shares beneficially owned by Kilpatrick Life Insurance Co., a privately owned company controlled by Mrs. Shehee. Includes 2,430,000 shares issuable upon exercise of warrants at $0.15, and 1,000,000 shares issuable upon exercise of options at $0.10 per share.
(2) Includes 500,000 shares beneficially owned by Alawas Investments, Inc., a private investment company controlled by Mr. Alawas. Includes 3,500,000 shares issuable upon exercise of options at $0.10.
(3) Includes 363,036 shares beneficially owned by Mr. Hawkins' spouse. Includes 5,500,000 shares issuable upon exercise of options at $0.10.
(4) Includes 4,500,000 shares issuable upon exercise of options at $0.10 per share. (5) Includes 500,000 shares issuable upon exercise of options at $0.10 per share. (6) Includes 500,000 shares issuable upon exercise of options at $0.10 per share.

To our knowledge, each of the named shareholders exercises sole dispositive power over the indicated holdings. We know of no voting trusts or other arrangements respecting the voting rights of the shares.

ITEM 12 -- CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS.

Advances from Officers and Accrued Management Fees.

From time to time we have covered our expenses by borrowing from our officers, and by accruing their business expenses and salaries. At December 31, 2004 accrued compensation and management fees totaled $14,000.

Office Space

We rent office space from our current vice president, Denny Cashatt, to serve as our principle executive offices on a temporary basis. We pay Mr. Cashatt $600 per month on a month-to-month tenancy ($550 space rental and $50 utility allowance), with either party permitted to terminate on reasonable notice. The board of directors, with Mr. Cashatt declaring his interest in the transaction and abstaining from the vote, made a determination that the rental rate was competitive with comparable facilities available in the area, and that the arrangement was in the best interests of the company. The total amount paid to Mr. Cashatt for the year ending December 31, 2004 was $7,200.00.

ITEM 13 -- EXHIBITS AND REPORTS ON FORM 8-K.

(a) Exhibits:

Exhibit No.	Description
3.1	Articles of Incorporation(1)
3.2	Bylaws(1)
21	Subsidiaries
31.1	Certification of CEO
31.2	Certification of CFO
32.2	Certification of CEO
32.2	Certification of CFO

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1 Previously filed on EDGAR as the corresponding exhibit to our registration statement on Form 10SB-12G as of January 12, 2000, and incorporated herein by reference.

ITEM 14 -- PRINCIPAL ACCOUNTANT FEES AND SERVICES.

Our principal accounting firm was Madsen and Associates, CPAs Inc. for the fiscal years ended December 31, 2004 and 2003. We paid fees to our accountants as indicated in the following table:

	Year ended December 31, 2004	2003
Audit and Quarterly Review Fees	$ 10,021.35	$ 3,020
Audit-related Fees	0	0

Tax Fees	0	0
All Other Fees	0	0
Total Fees	$ 10,021.35	$ 3,020

SIGNATURES

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

INTERNATIONAL STAR INC.

March 30, 2005	By: /s/ Robert L. Hawkins
Date	Robert L. Hawkins President, CEO

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant in the capacities and on the dates indicated.

/s/Robert L. Hawkins	President, Chief Executive Officer, Director	March 30, 2005
/s/Denny Cashatt	Vice President, Chief Operating Officer, Acting Chief Financial Officer	March 30, 2005
/s/Dottie Wommack McNeely	Secretary, Treasurer, Principal Accounting Officer	March 30, 2005
/s/Kamal Alawas	Director of Mining Operations	March 30, 2005
/s/Virginia K. Shehee	Director	March 30, 2005
/s/Hassan Alaeddine	Director	March 30, 2005