SILVERSTAR MINING CORP.
Form 10-Q
February 13, 2009

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-Q

(Mark One)

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended December 31, 2008
or

[ ] TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from __________________ to __________________

Commission File Number 333-140299

SILVERSTAR MINING CORP.

(Exact name of registrant as specified in its charter)

Nevada	**N/A**
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)
621 Bank Street, Wallace, Idaho	**83873**
(Address of principal executive offices)	(Zip Code)

604.960.0535
(Registrant s telephone number, including area code)

N/A
(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

[X] YES [ ] NO

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

Large accelerated filer [ ] Accelerated filer [ ]
Non-accelerated filer [ ] (Do not check if a smaller reporting company) Smaller reporting company [X]
Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act

[ ] YES [X] NO

APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PRECEDING FIVE YEARS

Check whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Exchange Act after the distribution of securities under a plan confirmed by a court.

[ ] YES [ ] NO

APPLICABLE ONLY TO CORPORATE ISSUERS

Indicate the number of shares outstanding of each of the issuer s classes of common stock, as of the latest practicable date.
45,068,837 common shares issued and outstanding as of February 10, 2009

PART 1 FINANCIAL INFORMATION

Item 1. Financial Statements.

Our unaudited interim consolidated financial statements for the three month period ended December 31, 2008 form part of this quarterly report. They are stated in United States Dollars (US$) and are prepared in accordance with United States generally accepted accounting principles.

Silverstar Mining Corp.
(A Development Stage Company)

Consolidated Financial Statements
(Expressed in U.S. Dollars)
(Unaudited)
31 December 2008

Silverstar Mining Corp.
(A Development Stage Company)
Consolidated Balance Sheets
(Expressed in U.S. Dollars)
(Unaudited)

	As at 31 December 2008 $	As at 30 September 2008 (audited) $
Assets		
Current		
Cash and cash equivalents	22,337	89,819
Prepaid expenses	800	800
	23,137	90,619
Mineral Property Costs (Note 5)	805,321	805,321
Website Development Costs (Note 4)	6,600	6,600
	835,058	902,540
Liabilities		
Current		
Accounts payable and accrued liabilities (Note 6)	60,015	45,622
Stockholders equity		
Capital stock (Note 8)		
Authorized		
225,000,000 of common shares, par value $0.001		
Issued and outstanding		
31 December 2008 44,584,000 common shares, par value $0.001		
30 September 2008 44,834,000 common shares, par value $0.001	44,584	44,834
Additional paid-in capital	996,761	759,011
Share subscriptions received in advance	218,176	422,176
Deficit, accumulated during the development stage	(484,478)	(369,103)
	775,043	856,918
	835,058	902,540

Nature, Basis of Presentation and Continuance of Operations (Note 1), **Commitments** (Note 11) and **Subsequent Event** (Note 12)

Donald James MacKenzie Director *John W. Jardine* Director
Donald James MacKenzie John W. Jardine

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

(1)

Silverstar Mining Corp.
(A Development Stage Company)
Consolidated Statements of Operations
(Expressed in U.S. Dollars)
(Unaudited)

	For the period from the date of inception on 5 December 2003 to 31 December 2008 $	For the three month period ended 31 December 2008 $	For the three month period ended 31 December 2007 $
Expenses			
Bank charges and interest	1,602	379	-
Consulting (Note 7)	139,967	53,500	-
Exploration and development (Note 5)	15,829	2,459	-
Filing fees	8,549	2,559	1,000
Investor relations (Note 7)	87,492	28,100	-
Legal and accounting	116,357	20,385	5,397
Licences and permits	3,415	-	-
Management fees (Notes 7, 8 and 10)	45,000	-	4,500
Office and miscellaneous	8,104	43	-
Rent (Notes 7, 8 and 10)	21,400	2,400	1,500
Transfer agent	12,997	1,408	750
Travel and entertainment	17,391	4,142	-
Write-down of mineral property acquisition costs (Note 5)	6,375	-	-
Net loss for the period	(484,478)	(115,375)	(13,147)
Basic and diluted loss per common share		(0.003)	(0.001)
Weighted average number of common shares used in per share calculations		44,791,609	55,500,000

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

(2)

Silverstar Mining Corp.
(A Development Stage Company)
Consolidated Statements of Cash Flows
(Expressed in U.S. Dollars)
(Unaudited)

	For the period from the date of inception on 5 December 2003 to 31 December 2008 $	**For the three month period ended 31 December 2008 $**	**For the three month period ended 31 December 2007 $**
Cash flows from operating activities			
Net loss for the period	(484,478)	(115,375)	(13,147)
Adjustments to reconcile loss to net cash used by operating activities			
Contributions to capital by related parties (Notes 7, 8 and 10)	60,000	-	6,000
Write-down of mineral property acquisition costs (Note 5)	6,375	-	-
Changes in operating assets and liabilities			
Increase in prepaid expenses	(800)	-	-
Increase (decrease) in accounts payable and accrued liabilities	60,015	14,393	(1,225)
	(358,888)	(100,982)	(8,372)
Cash flows from investing activities			
Acquisition of Silverdale, net of cash received (Note 3)	(140,221)	-	-
Mineral property acquisition costs (Note 5)	(21,375)	-	-
Website development costs (Note 4)	(6,600)	-	-
	(168,196)	-	-
Cash flows from financing activities			
Share subscriptions received in advance (Note 8)	218,176	(204,000)	-
Share issue costs	(1,255)	-	-
Common shares issued for cash	332,501	237,500	-
Common shares redeemed	(1)	-	-
	549,421	33,500	-
Increase (decrease) in cash and cash equivalents	22,337	(67,482)	(8,372)

Cash and cash equivalents, beginning of period	-	89,819	42,170
Cash and cash equivalents, end of period	22,337	22,337	33,798

Supplemental Disclosures with Respect to Cash Flows (Note 10)

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

(3)

Silverstar Mining Corp.
(A Development Stage Company)
Consolidated Statements of Changes in Stockholders Equity (Deficiency)
(Expressed in U.S. Dollars)
(Unaudited)

	Number of shares issued	Capital stock $	Share subscription received in advance / Additional paid in capital $	Deficit, accumulated during the development stage $	Stockholders equity (deficiency) $
Balance at 5 December 2003 (inception)	-	-	-	-	-
Common share issued for cash ($0.33 per share) (Note 8)	3	-	1	-	1
Net loss for the period	-	-	-	(450)	(450)
Balance at 30 September 2004	3	-	1	(450)	(449)
Net loss for the year	-	-	-	(300)	(300)
Balance at 30 September 2005	3	-	1	(750)	(749)
Common shares issued for cash ($0.0003 per share) (Note 8)	30,000,000	30,000	(20,000)	-	10,000
Common shares redeemed cash ($0.33 per share) (Note 8)	(3)	-	(1)	-	(1)
Contributions to capital by related parties expenses (Notes 7, 8 and 10)	-	-	24,000	-	24,000
Net loss for the year	-	-	-	(40,190)	(40,190)
Balance at 30 September 2006	30,000,000	30,000	4,000	(40,940)	(6,940)
Contributions to capital by related parties expenses (Notes 7, 8 and 10)	-	-	24,000	-	24,000
Common shares issued for cash ($0.0033 per share) (Note 8)	25,500,000	25,500	59,500	-	85,000
Net loss for the year	-	-	-	(64,567)	(64,567)
Balance at 30 September 2007	55,500,000	55,500	87,500	(105,507)	37,493
Contributions to capital by related parties expenses (Notes 7, 8 and 10)	-	-	12,000	-	12,000
Share subscriptions received in advance (Note 8)	-	-	422,176	-	422,176

Share issue costs	-	-	(1,255)	-	(1,255)
Common shares issued for business acquisition ($0.15 per share) (Notes 3, 8 and 10)	4,334,000	4,334	645,766	-	650,100
Common shares returned to treasury and cancelled (Notes 8 and 10)	(15,000,000)	(15,000)	15,000	-	-
Net loss for the period	-	-	-	(263,596)	(263,596)
Balance at 30 September 2008	44,834,000	44,834	1,181,187	(369,103)	856,918
Share subscriptions received in advance (Note 8)	-	-	(204,000)	-	(204,000)
Common shares issued for cash ($0.25 per share) (Note 8)	950,000	950	236,550	-	237,500
Common shares returned to treasury and cancelled (Notes 8 and 10)	(1,200,000)	(1,200)	1,200	-	-
Net loss for the period	-	-	-	(115,375)	(115,375)
Balance at 31 December 2008	44,584,000	44,584	1,214,937	(484,478)	775,043

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

Silverstar Mining Corp.
(A Development Stage Company)
Notes to Consolidated Financial Statements
(Expressed in U.S. Dollars)
(Unaudited)
31 December 2008

1. Nature, Basis of Presentation and Continuance of Operations

Silverstar Mining Corp. (the Company) was incorporated under the laws of the State of Nevada on 5 December 2003. On 4 March 2008, the Company completed a merger with its wholly-owned subsidiary, Silverstar Mining Corp., which was incorporated by the Company solely to effect the name change of the Company to Silverstar Mining Corp. The Company was incorporated for the purpose to promote and carry on any lawful business for which a corporation may be incorporated under the laws of the State of Nevada.

The accompanying consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, Silverdale Mining Corp. (Silverdale) from 24 July 2008, the date of acquisition.

The Company is a development stage enterprise, as defined in Financial Accounting Standards Board No. 7. The Company is devoting all of its present efforts in securing and establishing a new business, and its planned principle operations have not commenced, and, accordingly, no revenue has been derived during the organization period.

The consolidated financial statements of the Company have been prepared in accordance with accounting principles generally accepted in the United States of America applicable to development stage enterprises, and are expressed in U.S. dollars. The Company s fiscal year end is 30 September.

Theses consolidated financial statements as at 31 December 2008 and for the three month period then ended have been prepared on a going concern basis, which contemplates the realization of assets and the settlement of liabilities and commitments in the normal course of business. The Company has a loss of $115,375 (2007 - $13,147, cumulative - $484,478) and has working capital deficit of $36,878 at 31 December 2008 (30 September 2008 - working capital of $44,997).

Management cannot provide assurance that the Company will ultimately achieve profitable operations or become cash flow positive, or raise additional debt and/or equity capital. Management believes that the Company s capital resources should be adequate to continue operating and maintaining its business strategy during the fiscal year ending 30 September 2009. However, if the Company is unable to raise additional capital in the near future, due to the Company s liquidity problems, management expects that the Company will need to curtail operations, liquidate assets, seek additional capital on less favourable terms and/or pursue other remedial measures. These consolidated financial statements do not include any adjustments related to the recoverability and classification of assets or the amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

At 31 December 2008, the Company had suffered losses from development stage activities to date. Although management is currently attempting to implement its business plan, and is seeking additional sources of equity or debt financing, there is no assurance these activities will be successful. Accordingly, the Company must rely on its president to perform essential functions without compensation until a business operation can be commenced. These factors raise substantial doubt about the ability of the Company to continue as a going concern. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

(5)

Silverstar Mining Corp.
(A Development Stage Company)
Notes to Consolidated Financial Statements
(Expressed in U.S. Dollars)
(Unaudited)
31 December 2008

2. Significant Accounting Policies

The following is a summary of significant accounting policies used in the preparation of these consolidated financial statements.

Principles of consolidation

All inter-company transactions and balances have been eliminated in these consolidated financial statements.

Cash and cash equivalents

Cash and cash equivalents include highly liquid investments with original maturities of three months or less.

Mineral property costs

The Company has been in the exploration stage since its formation on 5 December 2003 and has not yet realized any revenues from its planned operations. It is primarily engaged in the acquisition and exploration of mining properties.

Mineral property acquisition costs are initially capitalized as tangible assets when purchased. At the end of each fiscal quarter end, the Company assesses the carrying costs for impairment. If proven and probable reserves are established for a property and it has been determined that a mineral property can be economically developed, costs will be amortized using the units-of-production method over the estimated life of the probable reserve.

Mineral property exploration costs are expensed as incurred.

Estimated future removal and site restoration costs, when determinable are provided over the life of proven reserves on a units-of-production basis. Costs, which include production equipment removal and environmental remediation, are estimated each period by management based on current regulations, actual expenses incurred, and technology and industry standards. Any charge is included in exploration expense or the provision for depletion and depreciation during the period and the actual restoration expenditures are charged to the accumulated provision amounts as incurred.

As of the date of these consolidated financial statements, the Company has not established any proven or probable reserves on its mineral properties and incurred only acquisition and exploration costs (Note 5).

Although the Company has taken steps to verify title to mineral properties in which it has an interest, according to the usual industry standards for the stage of exploration of such properties, these procedures do not guarantee the Company s title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

Silverstar Mining Corp.
(A Development Stage Company)
Notes to Consolidated Financial Statements
(Expressed in U.S. Dollars)
(Unaudited)
31 December 2008
Reclamation costs

The Company s policy for recording reclamation costs is to record a liability for the estimated costs to reclaim mined land by recording charges to production costs for each tonne of ore mined over the life of the mine. The amount charged is based on management s estimation of reclamation costs to be incurred. The accrued liability is reduced as reclamation expenditures are made. Certain reclamation work is performed concurrently with mining and these expenditures are charged to operations at that time.

Long-lived assets

In accordance with SFAS No. 144, *Accounting for Impairment or Disposal of Long-Lived Assets*, the carrying value of long-lived assets is reviewed on a regular basis for the existence of facts or circumstance that may suggest impairment. The Company recognized an impairment when the sum if the expected undiscounted future cash flows is less than the carrying amount of the asset. Impairment losses, if any, are measured as the excess of the carrying amount of the asset over its estimated fair value.

Financial instruments

The carrying value of cash and accounts payable and accrued liabilities approximates their fair value because of the short maturity of these instruments. The Company s operations are in Nevada and virtually all of its assets and liabilities are giving rise to significant exposure to market risks from changes in foreign currency rates. The Company s financial risk is the risk that arises from fluctuations in foreign exchange rates and the degree of volatility of these rates. Currently, the Company does not use derivative instruments to reduce its exposure to foreign currency risk.

Derivative financial instruments

The Company has not, to the date of these consolidated financial statements, entered into derivative instruments to offset the impact of foreign currency fluctuations.

Website development costs

The costs of website development during the planning stage, as defined under Emerging Issued Task Force (EITF) No. 00-2 *Accounting for Web Site Development Costs*, will be expensed as incurred. Website development incurred during the development stage, including external direct costs of creating graphics and website content, will be capitalized and amortized over the estimated useful life, beginning when the website is operational.

Silverstar Mining Corp.
(A Development Stage Company)
Notes to Consolidated Financial Statements
(Expressed in U.S. Dollars)
(Unaudited)
31 December 2008
Income taxes

Deferred income taxes are reported for timing differences between items of income or expense reported in the consolidated financial statements and those reported for income tax purposes in accordance with SFAS No. 109, *Accounting for Income Taxes*, which requires the use of the asset/liability method of accounting for income taxes. Deferred income taxes and tax benefits are recognized for the future tax consequences attributable to differences between the consolidated financial statement carrying amounts of existing assets and liabilities and their respective tax bases, and for tax loss and credit carry-forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The Company provides for deferred taxes for the estimated future tax effects attributable to temporary differences and carry-forwards when realization is more likely than not.

Basic and diluted net loss per share

The Company computes net loss per share in accordance with SFAS No. 128, *Earnings per Share*. SFAS No. 128 requires presentation of both basic and diluted earnings per share (EPS) on the face of the consolidated income statement. Basic EPS is computed by dividing net loss available to common shareholders (numerator) by the weighted average number of shares outstanding (denominator) during the period. Diluted EPS gives effect to all potentially dilutive common shares outstanding during the period using the treasury stock method and convertible preferred stock using the if-converted method. In computing diluted EPS, the average stock price for the period is used in determining the number of shares assumed to be purchased from the exercise of stock options or warrants. Diluted EPS excludes all potentially dilutive shares if their effect is anti-dilutive.

Comprehensive loss

SFAS No. 130, *Reporting Comprehensive Income*, establishes standards for the reporting and display of comprehensive loss and its components in the financial statements. As at 31 December 2008, the Company has no items that represent a comprehensive loss and, therefore, has not included a schedule of comprehensive loss in the financial statements.

Segments of an enterprise and related information

SFAS No. 131, *Disclosures about Segments of an Enterprise and Related Information*, supersedes SFAS No. 14, *Financial Reporting for Segments of a Business Enterprise*. SFAS No. 131 establishes standards for the way that public companies report information about operating segments in annual financial statements and requires reporting of selected information about operating segments in interim financial statements issued to the public. It also establishes standards for disclosures regarding products and services, geographic areas and major customers. SFAS No. 131 defines operating segments as components of a company about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. The Company has evaluated this SFAS and does not believe it is applicable at this time.