

SILVERSTAR MINING CORP.  
Form 10-Q  
May 17, 2010

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2010

Commission File Number 333-140299

SILVERSTAR MINING CORP.  
(Exact name of registrant as specified in its charter)

Nevada  
(State or other jurisdiction of incorporation or organization)

98-04256287  
(IRS Employer Identification No.)

164-997 Hornby Street, Vancouver, BC, Canada V6Z 1V3 V6Z 1V3  
(Address of principal executive offices) (Zip Code)

604-960-0523  
(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. ☒ YES ☐ NO

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-K (§229.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). ☐ YES ☒ NO

Indicate by check mark 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:

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Large accelerated  
filer ☐

Accelerated filer ☐

Non-accelerated  
filer ☐ (Do not check if a smaller reporting company)

Smaller reporting company ☒

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date. Our company had 42,168,837 shares of \$0.001 par value common stock issued and outstanding as of March 31, 2010 and as of the date of the filing of this quarterly report.

PART 1 – FINANCIAL INFORMATION

Item 1. Financial Statements.

Our unaudited interim consolidated financial statements for the three month period ended March 31, 2010 immediately follow and are a integral 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 March 2010

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

|                                                                 | As at 31<br>March<br>2010 | As at 30<br>September<br>2009<br>(audited) |
|-----------------------------------------------------------------|---------------------------|--------------------------------------------|
|                                                                 | \$                        | \$                                         |
| <b>Assets</b>                                                   |                           |                                            |
| <b>Current</b>                                                  |                           |                                            |
| Cash and cash equivalents                                       | 111                       | 1,013                                      |
|                                                                 | 111                       | 1,013                                      |
| <b>Liabilities</b>                                              |                           |                                            |
| <b>Current</b>                                                  |                           |                                            |
| Accounts payable and accrued liabilities (Note 6)               | 12,039                    | 16,501                                     |
| Convertible debentures (Note 7)                                 | 16,365                    | 15,616                                     |
| Shareholder demand loan (Note 8)                                | 31,085                    | -                                          |
| Due to related parties (Note 9)                                 | 7,500                     | 8,500                                      |
|                                                                 | 66,989                    | 40,617                                     |
| <b>Stockholders' equity</b>                                     |                           |                                            |
| Capital stock (Note 11)                                         |                           |                                            |
| Authorized                                                      |                           |                                            |
| 225,000,000 of common shares, par value \$0.001                 |                           |                                            |
| Issued and outstanding                                          |                           |                                            |
| 31 March 2010 – 42,168,837 common shares, par value \$0.001     |                           |                                            |
| 30 September 2009 – 42,168,837 common shares, par value \$0.001 | 42,169                    | 42,169                                     |
| Additional paid-in capital                                      | 1,309,852                 | 1,297,852                                  |
| Deficit, accumulated during the development stage               | (1,418,899)               | (1,379,625)                                |
|                                                                 | (66,878)                  | (39,604)                                   |
|                                                                 | 111                       | 1,013                                      |

Nature, Basis of Presentation and Continuance of Operations (Note 1), Commitment (Note 14) and Subsequent Event (Note 15)

On behalf of the Board:

“Lawrence Siccia” Director  
Lawrence Siccia

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

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

|                                                                           | For the period from the date<br>of<br>incorporation on 5 December<br>2003 to<br>31 March<br>2010<br>\$ | For the<br>three<br>month<br>period<br>ended 31<br>March<br>2010<br>\$ | For the<br>three<br>month<br>period<br>ended 31<br>March<br>2009<br>\$ | For the six<br>month<br>period<br>ended 31<br>March<br>2010<br>\$ | For the six<br>month<br>period<br>ended 31<br>March<br>2009<br>\$ |
|---------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------|------------------------------------------------------------------------|-------------------------------------------------------------------|-------------------------------------------------------------------|
| <b>Expenses</b>                                                           |                                                                                                        |                                                                        |                                                                        |                                                                   |                                                                   |
| Bank charges and interest<br>(Notes 7, 8 and 13)                          | 20,628                                                                                                 | 1,247                                                                  | 138                                                                    | 2,950                                                             | 517                                                               |
| Consulting                                                                | 138,467                                                                                                | -                                                                      | 3,500                                                                  | -                                                                 | 57,000                                                            |
| Exploration and development<br>(recovery) (Note 5)                        | 12,428                                                                                                 | (600)                                                                  | -                                                                      | (600)                                                             | 2,459                                                             |
| Filing fees                                                               | 17,140                                                                                                 | 1,250                                                                  | 2,302                                                                  | 1,928                                                             | 4,861                                                             |
| Investor relations                                                        | 84,992                                                                                                 | -                                                                      | 10,000                                                                 | -                                                                 | 38,100                                                            |
| Legal and accounting (Note 10)                                            | 173,455                                                                                                | 13,204                                                                 | 11,778                                                                 | 18,950                                                            | 32,163                                                            |
| Licences and permits                                                      | 3,415                                                                                                  | -                                                                      | -                                                                      | -                                                                 | -                                                                 |
| Management fees (Notes 10 and<br>13)                                      | 76,000                                                                                                 | 4,500                                                                  | 13,000                                                                 | 9,000                                                             | 13,000                                                            |
| Rent (Notes 10 and 13)                                                    | 29,700                                                                                                 | 1,500                                                                  | 1,500                                                                  | 3,000                                                             | 3,900                                                             |
| Transfer agent fees                                                       | 18,329                                                                                                 | 682                                                                    | 1,687                                                                  | 1,507                                                             | 3,095                                                             |
| Travel, entertainment and office                                          | 26,049                                                                                                 | 2,865                                                                  | 362                                                                    | 2,539                                                             | 4,547                                                             |
| Write-down of mineral property<br>acquisition costs (Note 5)              | 811,696                                                                                                | -                                                                      | -                                                                      | -                                                                 | -                                                                 |
| Write-down of website<br>development costs (Note 4)                       | 6,600                                                                                                  | -                                                                      | -                                                                      | -                                                                 | -                                                                 |
| Recovery of expenses                                                      | -                                                                                                      | -                                                                      | (20,900)                                                               | -                                                                 | (20,900)                                                          |
| Net loss for the period                                                   | (1,418,899)                                                                                            | (24,648)                                                               | (23,367)                                                               | (39,274)                                                          | (138,742)                                                         |
| Basic and diluted loss per common share                                   |                                                                                                        | (0.001)                                                                | (0.001)                                                                | (0.001)                                                           | (0.003)                                                           |
| Weighted average number of common shares used in per share<br>calculation |                                                                                                        | 42,168,837                                                             | 44,939,816                                                             | 42,168,837                                                        | 44,864,898                                                        |

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



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

|                                                                        | For the<br>period from<br>the date of<br>inception on<br>5 December<br>2003 to 31<br>March 2010 | For the<br>three<br>month<br>period<br>ended 31<br>March<br>2010 | For the<br>three<br>month<br>period<br>ended 31<br>March<br>2009 | For the six<br>month<br>period<br>ended 31<br>March<br>2010 | For the six<br>month<br>period<br>ended 31<br>March<br>2009 |
|------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------|------------------------------------------------------------------|------------------------------------------------------------------|-------------------------------------------------------------|-------------------------------------------------------------|
|                                                                        | \$                                                                                              | \$                                                               | \$                                                               | \$                                                          | \$                                                          |
| Cash flows used in operating activities                                |                                                                                                 |                                                                  |                                                                  |                                                             |                                                             |
| Net loss for the period                                                | (1,418,899)                                                                                     | (24,648)                                                         | (23,367)                                                         | (39,274)                                                    | (138,742)                                                   |
| Adjustments to reconcile loss to net cash used by operating activities |                                                                                                 |                                                                  |                                                                  |                                                             |                                                             |
| Accrued interest (Notes 7 and 8)                                       | 17,450                                                                                          | 1,111                                                            | -                                                                | 1,834                                                       | -                                                           |
| Contributions to capital by related parties (Notes 10 and 13)          | 137,500                                                                                         | 6,000                                                            | 53,500                                                           | 12,000                                                      | 53,500                                                      |
| Write-down of mineral property acquisition costs (Note 5)              | 811,696                                                                                         | -                                                                | -                                                                | -                                                           | -                                                           |
| Write-down of website development costs (Note 4)                       | 6,600                                                                                           | -                                                                | -                                                                | -                                                           | -                                                           |
| Changes in operating assets and liabilities                            |                                                                                                 |                                                                  |                                                                  |                                                             |                                                             |
| Increase (decrease) in accounts payable and accrued liabilities        | 12,039                                                                                          | 1,860                                                            | (51,435)                                                         | (4,462)                                                     | (37,042)                                                    |
| Increase (decrease) in due to related parties                          | 7,500                                                                                           | 6,500                                                            | -                                                                | (1,000)                                                     | -                                                           |
|                                                                        | (426,114)                                                                                       | (9,177)                                                          | (21,302)                                                         | (30,902)                                                    | (122,284)                                                   |
| 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                                   |                                                                                                 |                                                                  |                                                                  |                                                             |                                                             |

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|                                                   |         |         |           |        |           |
|---------------------------------------------------|---------|---------|-----------|--------|-----------|
| Convertible debenture (Note 7)                    | 15,000  | -       | -         | -      | -         |
| Shareholder demand loan (Note 8)                  | 30,000  | -       | -         | 30,000 | -         |
| Share subscriptions received in advance (Note 11) | -       | -       | (218,176) | -      | (422,176) |
| Share issue costs                                 | (1,255) | -       | -         | -      | -         |
| Common shares issued for cash (Note 11)           | 550,677 | -       | 218,176   | -      | 455,676   |
| Common shares redeemed (Note 11)                  | (1)     | -       | -         | -      | -         |
|                                                   | 594,421 | -       | -         | 30,000 | 33,500    |
| Increase (decrease) in cash and cash equivalents  | 111     | (9,177) | (21,302)  | (902)  | (88,784)  |
| Cash and cash equivalents, beginning of period    | -       | 9,288   | 22,237    | 1,013  | 89,819    |
| Cash and cash equivalents, end of period          | 111     | 111     | 1,035     | 111    | 1,035     |

Supplemental Disclosures with Respect to Cash Flows (Note 13)

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

Silverstar Mining Corp.

(A Development Stage Company)

Consolidated Statements of Changes in Stockholders' Equity (Deficiency)

(Expressed in U.S. Dollars)

(Unaudited)

|                                                                                            | Number of<br>shares issued | Capital stock     | Share subscription<br>received in<br>advance /<br>Additional paid in<br>capital | Deficit,<br>accumulated<br>during the<br>development<br>stage equity (deficiency) | Stockholders'<br>equity (deficiency) |
|--------------------------------------------------------------------------------------------|----------------------------|-------------------|---------------------------------------------------------------------------------|-----------------------------------------------------------------------------------|--------------------------------------|
|                                                                                            |                            | \$                | \$                                                                              | \$                                                                                | \$                                   |
| Balance at 5 December 2003<br>(inception)                                                  | -                          | -                 | -                                                                               | -                                                                                 | -                                    |
| Common share issued for cash<br>(\$0.33 per share) (Note 11)                               | 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<br>(\$0.0003 per share) (Note 11)                            | 30,000,000                 | 30,000            | (20,000)                                                                        | -                                                                                 | 10,000                               |
| Common shares redeemed – cash<br>(\$0.33 per share) (Note 11)                              | (3)                        | -                 | (1)                                                                             | -                                                                                 | (1)                                  |
| Contributions to capital<br>by related parties – expenses                                  | -                          | -                 | 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<br>related parties – expenses                                  | -                          | -                 | 24,000                                                                          | -                                                                                 | 24,000                               |
| Common shares issued for cash<br>(\$0.0033 per share) (Note 11)                            | 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<br>related parties – expenses                                  | -                          | -                 | 12,000                                                                          | -                                                                                 | 12,000                               |
| Share subscriptions received in<br>advance (Note 11)                                       | -                          | -                 | 422,176                                                                         | -                                                                                 | 422,176                              |
| Share issue costs                                                                          | -                          | -                 | (1,255)                                                                         | -                                                                                 | (1,255)                              |
| Common shares issued for<br>business acquisition (\$0.15 per<br>share) (Notes 3, 5 and 11) | 4,334,000<br>(15,000,000)  | 4,334<br>(15,000) | 645,766<br>15,000                                                               | -<br>-                                                                            | 650,100<br>-                         |

Common shares returned to  
treasury and cancelled (Notes 11  
and 13)

|                              |            |        |           |           |           |
|------------------------------|------------|--------|-----------|-----------|-----------|
| Net loss for the year        | -          | -      | -         | (263,596) | (263,596) |
| Balance at 30 September 2008 | 44,834,000 | 44,834 | 1,181,187 | (369,103) | 856,918   |

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

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

|                                                                                | Number of shares<br>issued | Share capital<br>\$ | Share<br>subscriptions<br>received in<br>advance /<br>Additional<br>paid-in capital<br>\$ | Deficit,<br>accumulated<br>during the<br>development<br>stage<br>\$ | Stockholders'<br>equity<br>(deficiency)<br>\$ |
|--------------------------------------------------------------------------------|----------------------------|---------------------|-------------------------------------------------------------------------------------------|---------------------------------------------------------------------|-----------------------------------------------|
| Balance at 30 September<br>2008                                                | 44,834,000                 | 44,834              | 1,181,187                                                                                 | (369,103)                                                           | 856,918                                       |
| Contributions to capital by<br>related parties – expense                       | -                          | -                   | 65,500                                                                                    | -                                                                   | 65,500                                        |
| Share subscriptions<br>received in advance                                     | -                          | -                   | (422,176)                                                                                 | -                                                                   | (422,176)                                     |
| Common shares issued for<br>cash (\$0.25 per share)<br>(Note 11)               | 950,000                    | 950                 | 236,550                                                                                   | -                                                                   | 237,500                                       |
| Common shares issued for<br>cash (\$0.45 per share)<br>(Note 11)               | 484,837                    | 485                 | 217,691                                                                                   | -                                                                   | 218,176                                       |
| Common shares returned<br>to treasury and cancelled<br>(Notes 11 and 13)       | (4,100,000)                | (4,100)             | 4,100                                                                                     | -                                                                   | -                                             |
| Intrinsic value of<br>beneficial conversion<br>feature (Note 11)               | -                          | -                   | 15,000                                                                                    | -                                                                   | 15,000                                        |
| Net loss for the year                                                          | -                          | -                   | -                                                                                         | (1,010,522)                                                         | (1,010,522)                                   |
| Balance at 30 September<br>2009                                                | 42,168,837                 | 42,169              | 1,297,852                                                                                 | (1,379,625)                                                         | (39,604)                                      |
| Contributions to capital by<br>related parties – expenses<br>(Notes 10 and 13) | -                          | -                   | 12,000                                                                                    | -                                                                   | 12,000                                        |
| Net loss for the year                                                          | -                          | -                   | -                                                                                         | (39,274)                                                            | (39,274)                                      |
| Balance at 31 March 2010                                                       | 42,168,837                 | 42,169              | 1,309,852                                                                                 | (1,418,899)                                                         | (66,878)                                      |

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

Silverstar Mining Corp.  
(A Development Stage Company)  
Notes to Consolidated Financial Statements  
(Expressed in U.S. Dollars)  
(Unaudited)  
31 March 2010

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## 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 Accounting Standards Codification (the “Codification” or “ASC”) 915-10, “Development Stage Entities”. 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 (“GAAP”), and are expressed in U.S. dollars. The Company’s fiscal year end is 30 September.

These consolidated financial statements as at 31 March 2010 and for the six 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 \$39,274 (2009 - \$138,742, cumulative - \$1,418,899) and has working capital deficit of \$66,878 at 31 March 2010 (30 September 2009 - \$39,604).

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 2010. 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 March 2010, 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.



Silverstar Mining Corp.  
(A Development Stage Company)  
Notes to Consolidated Financial Statements  
(Expressed in U.S. Dollars)  
(Unaudited)  
31 March 2010

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## 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 is primarily engaged in the acquisition, exploration and development of mineral 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.



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Notes to Consolidated Financial Statements  
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31 March 2010

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#### 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

Long-term assets of the Company are reviewed for impairment whenever events or circumstances indicate that the carrying amount of assets may not be recoverable, pursuant to guidance established in ASC 360-10-35-15, "Impairment or Disposal of Long-Lived Assets".

Management considers assets to be impaired if the carrying value exceeds the future projected cash flows from related operations (undiscounted and without interest charges). If impairment is deemed to exist, the assets will be written down to fair value. Fair value is generally determined using a discounted cash flow analysis.

#### Financial instruments

The carrying value of cash and cash equivalents, accounts payable and accrued liabilities, convertible debentures and demand loan 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 computer software developed or obtained for internal use, during the preliminary project phase, as defined under ASC 350-40, "Internal-Use Software", will be expensed as incurred. The costs of website development during the planning stage, as defined under ASC 350-50, "Website Development Costs", will also be expensed as incurred.

Computer software, website development incurred during the application and infrastructure development stage, including external direct costs of materials and services consumed in developing the software and creating graphics and website content, will be capitalized and amortized over the estimated useful life, beginning when the software is

ready for use and after all substantial testing is completed and the website is operational.

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Notes to Consolidated Financial Statements  
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31 March 2010

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#### Income taxes

Deferred income taxes are reported for timing differences between items of income or expense reported in the financial statements and those reported for income tax purposes in accordance with ASC 740, "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 financial statement carrying amounts of existing assets and liabilities and their respective tax bases, and for tax losses 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 income (loss) per share in accordance with ASC 260 "Earnings per Share". ASC 260 requires presentation of both basic and diluted earnings per share ("EPS") on the face of the income statement. Basic EPS is computed by dividing net income (loss) available to common shareholders (numerator) by the weighted average number of shares outstanding (denominator) during the period. Diluted EPS gives effect to all dilutive potential 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 excluded all dilutive potential shares if their effect is anti-dilutive.

#### Comprehensive loss

ASC 220, "Comprehensive Income", establishes standards for the reporting and display of comprehensive loss and its components in the financial statements. As at 31 March 2010, the Company has no items that represent a comprehensive loss and, therefore, has not included a schedule of comprehensive loss in the consolidated financial statements.

#### Segments of an enterprise and related information

ASC 280, "Segment Reporting" establishes guidance 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. ASC 280 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 Codification and does not believe it is applicable at this time.



Silverstar Mining Corp.  
(A Development Stage Company)  
Notes to Consolidated Financial Statements  
(Expressed in U.S. Dollars)  
(Unaudited)  
31 March 2010

---

#### Start-up expenses

The Company has adopted ASC 720-15, “Start-Up Costs”, which requires that costs associated with start-up activities be expensed as incurred. Accordingly, start-up costs associated with the Company's formation have been included in the Company's general and administrative expenses for the period from the date of inception on 5 December 2003 to 31 March 2010.

#### Foreign currency translation

The Company's functional and reporting currency is U.S. dollars. The consolidated financial statements of the Company are translated to U.S. dollars in accordance with ASC 830, “Foreign Currency Matters”. Monetary assets and liabilities denominated in foreign currencies are translated using the exchange rate prevailing at the balance sheet date. Gains and losses arising on translation or settlement of foreign currency denominated transactions or balances are included in the determination of income. The Company has not, to the date of these consolidated financial statements, entered into derivative instruments to offset the impact of foreign currency fluctuations.

#### Use of estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from these estimates.

#### Comparative figures

Certain comparative figures have been adjusted to conform to the current period's presentation.

#### Changes in accounting policy

In August 2009, the FASB issued ASU No. 2009-05, “Fair Value Measurement and Disclosure (Topic 820) – Measuring Liabilities at Fair Value”, which provides valuation techniques to measure fair value in circumstances in which a quoted price in an active market for the identical liability is not available. The guidance provided in this update is effective 1 October 2009. The adoption of this guidance did not have a material impact on the Company's consolidated financial statements.

In April 2008, the FASB issued new guidance for determining the useful life of an intangible assets, the new guidance, which is now part of ASC 350, “Intangibles – Goodwill and Other”. In determining the useful life of intangible assets, ASC 350 removes the requirement to consider whether an intangible asset can be renewed without substantial cost of material modifications to the existing terms and conditions and, instead, requires an entity to consider its own historical experience in renewing similar arrangements. ASC 350 also requires expanded disclosure related to the determination of intangible asset useful lives. The new guidance was effective for financial statements issued for fiscal years beginning after 15 December 2008. The adoption of this guidance did not have a material impact on the

Company's consolidated financial statements.

Silverstar Mining Corp.  
(A Development Stage Company)  
Notes to Consolidated Financial Statements  
(Expressed in U.S. Dollars)  
(Unaudited)  
31 March 2010

---

#### Recent accounting pronouncements

In February 2010, the FASB issued ASU No. 2010-11, “Derivatives and Hedging (Topic 815): Scope Exception Related to Embedded Credit Derivatives”. ASU No. 2010-11 clarifies the type of embedded credit derivative that is exempt from embedded derivative bifurcation requirements. Specifically, only one form of embedded credit derivative qualifies for the exemption – one that is related only to the subordination of one financial instrument to another. As a result, entities that have contracts containing an embedded credit derivative feature in a form other than such subordination may need to separately account for the embedded credit derivative feature. The amendments in ASU No. 2010-11 are effective for each reporting entity at the beginning of its first fiscal quarter beginning after 15 June 2010. Early adoption is permitted at the beginning of each entity’s first fiscal quarter beginning after 5 March 2010. The adoption of ASC No. 2010-11 is not expected to have a material impact on the Company’s consolidated financial statements.

In February 2010, the FASB issued ASC No. 2010-09, “Amendments to Certain Recognition and Disclosure Requirements”, which eliminates the requirement for SEC filers to disclose the date through which an entity has evaluated subsequent events. ASC No. 2010-09 is effective for its fiscal quarter beginning after 15 December 2010. The adoption of ASC No. 2010-06 will not have a material impact on the Company’s consolidated financial statements.

In January 2010, the FASB issued ASC No. 2010-06, “Fair Value Measurement and Disclosures (Topic 820): Improving Disclosure and Fair Value Measurements”, which requires that purchases, sales, issuances, and settlements for Level 3 measurements be disclosed. ASC No. 2010-06 is effective for its fiscal quarter beginning after 15 December 2010. The adoption of ASC No. 2010-06 will not have a material impact on the Company’s consolidated financial statements.

### 3. Acquisition

In accordance with ASC 805, Business Combinations, acquisitions are accounted for under the purchase method of accounting. Under the purchase method of accounting, assets acquired and liabilities assumed are recorded at their estimated fair values. Goodwill is recorded to the extent the purchase price consideration, including certain acquisition and closing costs, exceeds the fair value of the net identifiable assets acquired at the date of the acquisition.

On 24 July 2008, the Company acquired Silverdale. The aggregate consideration paid by the Company was \$791,860 of which \$141,760 was paid in cash, and the Company issued 4,334,000 common shares of the Company valued at \$650,100 to acquire 100% of the issued and outstanding common shares of Silverdale (Notes 5 and 11). Silverdale was acquired pursuant to a Stock Exchange Agreement with Silverdale and the former shareholders of Silverdale dated 13 June 2008. The acquisition of Silverdale expanded the Company’s business of acquiring and exploring mineral properties.



Silverstar Mining Corp.  
(A Development Stage Company)  
Notes to Consolidated Financial Statements  
(Expressed in U.S. Dollars)  
(Unaudited)  
31 March 2010

---

A valuation of certain assets was completed and the Company internally determined the fair value of other assets and liabilities. In determining the fair value of acquired assets, standard valuation techniques were used including the market and income approach.

The purchase price allocation has been determined as follows:

|                            |       |         |         |
|----------------------------|-------|---------|---------|
| \$                         |       |         |         |
| Assets purchased:          |       |         |         |
| Cash and cash equivalents  | 1,539 |         |         |
| Mineral property interests |       | 790,321 |         |
| Total assets acquired      |       | 791,860 |         |
| Purchase price             |       |         | 791,860 |

#### 4. Website Development Costs

|                               | Net Book Value |                                             |                  |                                      |
|-------------------------------|----------------|---------------------------------------------|------------------|--------------------------------------|
|                               | Cost           | Accumulated<br>amortization /<br>Impairment | 31 March<br>2010 | 30<br>September<br>2009<br>(audited) |
|                               | \$             | \$                                          | \$               | \$                                   |
| Website and development costs | 6,600          | (6,600)                                     | -                | -                                    |
|                               | 6,600          | (6,600)                                     | -                | -                                    |

During the six months ended 31 March 2010, the Company incurred website development costs of \$Nil (2009 - \$Nil).

During the year ended 30 September 2009, the Company recorded a provision for write down of website development costs of \$6,600 (2008 - \$Nil, 2007 - \$Nil, cumulative - \$6,600).

Silverstar Mining Corp.  
(A Development Stage Company)  
Notes to Consolidated Financial Statements  
(Expressed in U.S. Dollars)  
(Unaudited)  
31 March 2010

---

## 5. Mineral Property Costs

### Rose Prospect Lode Mining Claim

During the year ended 30 September 2006, the Company acquired an interest in a mineral claim located in Clark County, Nevada (the "Rose Prospect Lode Mining Claim") for \$6,375. In May 2006, the Company commissioned a geological evaluation report of the Rose Prospect Lode Mining Claim and in June 2006, the Company commissioned a Phase I work program as recommended by the evaluation report. During the Phase I work program, the Company staked a second claim adjacent to the west of the Rose Lode Claim to cover other indicated mineralized zones observed in that area (the "Rose Prospect II Lode Mining Claim"). The acquisition cost of \$6,375 was initially capitalized as a tangible asset.

Expenditures related to the Rose Prospect Lode Mining Claim property for the six months ended 31 March 2010 were \$Nil (2009 - \$Nil, 2008 - \$Nil).

During the year ended 30 September 2006, the Company recorded a write-down of mineral property acquisition costs of \$6,375 related to the Rose Prospect Lode Mining Claim.

### Pinehurst Properties

During the year ended 30 September 2007, the Company entered into a mineral property option agreement, through its wholly-owned subsidiary, to acquire an undivided 100% right, title and interest in eight unpatented mining claims described as the "Corby", "Cory FR", "Walker", "Linda", "Eddie", "Smokey", "Dorian" and "Valerine" claims (the "Pinehurst Properties") located near Pinehurst, Shoshone County, Idaho. The mineral property option agreement calls for cash payments of \$1,000,000 (\$50,000 paid), the issuance of 1,000,000 restricted common shares of the Company and the completion of exploration expenditures of \$1,000,000 on the claims by 2011.

Expenditures related to the Pinehurst Properties for the six months ended 31 March 2010 were \$Nil (2009 - \$Nil, 2008 - \$Nil).

During the year ended 30 September 2009, the Company recorded a write-down of its deferred mineral property costs \$106,400 related to the Pinehurst Properties.

Silverstar Mining Corp.  
(A Development Stage Company)  
Notes to Consolidated Financial Statements  
(Expressed in U.S. Dollars)  
(Unaudited)  
31 March 2010

---

#### Silver Strand Properties

On 1 March 2008, the Company entered into a mineral property option agreement with New Jersey Mining Company ("NJMC") to purchase a 50% Joint Venture Interest in mining operations on certain mining properties collectively known as the Silver Strand Properties, located in Kootenai County, Idaho. The terms of the option agreement calls for the Company to make payments as follows:

- i. \$120,000 upon the signing of the agreement (paid);
- ii. \$150,000 on or before 30 April 2008 (paid); and
- iii. \$230,000 on or before 30 May 2008.

The terms of the option agreements call for the Company to contribute 50% of the reclamation bond held as a treasury bill, the receipt of which is due on or before 30 May 2008, for the benefit of the Joint Venture. NJMC will be the operator of the mine.

Expenditures related to the Silver Strand Properties for the six months ended 31 March 2010 consist of acquisition costs of \$Nil (2009 - \$Nil, 2008 - \$Nil).

During the year ended 30 September 2009, the Company recorded a write-down of its deferred mineral property costs \$532,100 related to the Silver Strand Properties.

#### Cobalt Canyon Gold Project

On 8 September 2008, the Company entered into a letter of intent with Gold Canyon Properties, LLP to examine and possibly acquire 100% of the Cobalt Canyon Gold Project located in Lincoln County, Nevada. The Cobalt Canyon properties are located in the Chief Mining District of southeastern Nevada. The project included numerous small underground mines within the Chief District situated just north of Caliente, Nevada. The project included 22 unpatented federal lode claims (approximately 363 acres) and an option to acquire 59 acres in three patented mining claims.

Expenditures related to the Cobalt Canyon Gold Project for the six months ended 31 March 2010 were \$Nil (2009 - \$Nil, 2008 - \$2,458).

During the year ended 30 September 2009, the Company recorded a write-down of its deferred mineral property costs \$26,600 related to the Cobalt Canyon Gold Project.

#### 6. Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities are non-interest bearing, unsecured and have settlement dates within one year.



Silverstar Mining Corp.  
(A Development Stage Company)  
Notes to Consolidated Financial Statements  
(Expressed in U.S. Dollars)  
(Unaudited)  
31 March 2010

---

## 7. Convertible Debentures

| Balance at<br>31 March<br>2010<br>\$ | Balance at<br>30 September<br>2009<br>(audited)<br>\$ |
|--------------------------------------|-------------------------------------------------------|
|--------------------------------------|-------------------------------------------------------|

Three convertible debentures issued to three unrelated parties bearing interest at a rate of 10% per annum on any unpaid principle balances, unsecured, and having no fixed terms of repayment. The holders of the convertible debentures have the right to convert any portion of the unpaid principle and/or accrued interest into restricted common shares of the Company at any time within thirty-six months from the issue date on the basis of \$0.0025 per common share for each dollar of principle and/or interest due and payable. The Company may repay principal amounts due at any time without premium or penalty. During six months ended 31 March 2010, the Company accrued interest expense of \$749 (31 March 2009 – \$Nil). The balance as at 31 March 2010 consists of principal of \$15,000 (30 September 2009 – \$15,000) and accrued interest of \$1,365 (30 September 2009 – \$616), respectively. The Company recorded a \$15,000 interest expense in relation to amortization of debt discount in the year ended 30 September 2009.

|        |        |
|--------|--------|
| 16,365 | 15,616 |
|--------|--------|

## 8. Shareholder Demand Loan

| Balance at<br>31 March<br>2010<br>\$ | Balance at<br>30 September<br>2009<br>(audited)<br>\$ |
|--------------------------------------|-------------------------------------------------------|
|--------------------------------------|-------------------------------------------------------|

A demand loan issued to a unrelated party bearing interest at a rate of 10% per annum on any unpaid principle balances, unsecured and having no fixed terms of repayment. The Company may repay principal amounts due at any time without premium or penalty. In addition, the Company will issue 250,000 common shares in the Company when the load is repaid (Note 14). During the six months ended 31 March 2010, the Company accrued interest expense of \$1,085 (31 March 2010 – \$Nil) (Note 13). The balance as at 31 March 2010 consists of principal \$30,000 (30 September 2009 – \$30,000) and accrued interest of \$1,085 (30 September 2009 – \$Nil),

|        |   |
|--------|---|
| 31,085 | - |
|--------|---|

respectively.

Silverstar Mining Corp.  
(A Development Stage Company)  
Notes to Consolidated Financial Statements  
(Expressed in U.S. Dollars)  
(Unaudited)  
31 March 2010

---

#### 9. Due to Related Parties

Amounts due to related parties are due to individuals or companies controlled by individuals who are shareholders, directors and/or former directors of the Company, are non-interest bearing, unsecured and have no fixed terms of repayment.

#### 10. Related Party Transactions

During the six month period ended 31 March 2010, an officer and director of the Company made contributions to capital for management fees in the amount of \$9,000 (2009 - \$13,000) and rent in the amount of \$3,000 (2009 - \$1,500) (Note 13).

During the six month period ended 31 March 2010, the Company paid or accrued \$11,000 to a Company related to the Company by way of a shareholder in common for accounting services (2009 - \$15,000).

#### 11. Capital Stock

Authorized capital stock consists of 225,000,000 common shares with a par value of \$0.001 per common share. The total issued and outstanding capital stock is 42,168,837 common shares with a par value of \$0.001 per common share.

On 3 December 2003, a total of 3 common shares of the Company were issued for cash proceeds of \$1.

On 1 January 2006, a total of 30,000,000 common shares were issued to an officer and director of the Company for cash proceeds of \$10,000.

On 1 January 2006, a total of 3 common shares of the Company were redeemed for proceeds of \$1. These common shares were cancelled on the same date.

On 3 May 2007, the Company completed a public offering of securities pursuant to an exemption provided by Rule 504 of Regulation D, registered in the State of Nevada, and issued 25,500,000 common shares for total cash proceeds of \$85,000.

Silverstar Mining Corp.  
(A Development Stage Company)  
Notes to Consolidated Financial Statements  
(Expressed in U.S. Dollars)  
(Unaudited)  
31 March 2010

---

On 4 March 2008, the Company effected a three (3) for one (1) forward stock split of all outstanding common shares and a corresponding forward increase in the Company's authorized common stock. The effect of the forward split was to increase the number of the Company's common shares issued and outstanding from 18,500,000 to 55,500,000 and to increase the Company's authorized common shares from 75,000,000 shares par value \$0.001 to 225,000,000 shares par value \$0.001. The consolidated financial statements have been retroactively adjusted to reflect this stock split.

On 24 July 2008, the Company issued 4,334,000 common shares of the Company valued at \$650,100 to acquire 100% of the issued and outstanding common shares of Silverdale (Note 13).

On 24 July 2008, the Company issued 1,000,000 common shares related to a public offering of securities in error. A total of 500,000 of these common shares were returned to treasury and cancelled. A total of 500,000 of these common shares remain outstanding and the Company is in the process of obtaining these common shares for return to treasury and cancellation. The Company has placed a trading restriction on these common shares pending their receipts to treasury and cancellation and has excluded them from total number of common shares reported as issued and outstanding at 31 March 2010.

On 30 September 2008, a former director and officer of the Company returned to treasury 15,000,000 common shares of the Company for proceeds of \$Nil. These shares were cancelled during the year ended 30 September 2008 (Note 13).

On 10 October 2008, the Company completed a public offering of securities pursuant to an exemption provided by Rule 504 of Regulation D, registered in the State of Nevada, and issued 950,000 common shares for total cash proceeds of \$237,500. On 24 July 2008, the Company issued 1,000,000 common shares related to this public offering of securities in error. A total of 500,000 of these common shares were returned to treasury and cancelled. A total of 500,000 of these common shares remain outstanding and the Company is in the process of obtaining these common shares for return to treasury and cancellation. The Company has placed a trading restriction on these common shares pending their receipts to treasury and cancellation and has excluded them from total number of common shares reported as issued and outstanding at 31 March 2010.

On 15 January 2009, the Company completed a public offering of securities pursuant to an exemption provided by Rule 504 of Regulation D, registered in the State of Nevada, and issued 484,837 common shares for total cash proceeds of \$218,176.

During the year ended 30 September 2009, former directors and officers of the Company returned to treasury 4,100,000 common shares of the Company for proceeds of \$Nil. These shares were cancelled during the year ended 30 September 2009 (Note 13).

During the year ended 30 September 2009, former officer of the Company forgave loans to the Company totaling \$39,000. This loan forgiveness has been recorded as contributions to capital (Note 13).



Silverstar Mining Corp.  
(A Development Stage Company)  
Notes to Consolidated Financial Statements  
(Expressed in U.S. Dollars)  
(Unaudited)  
31 March 2010

## 12. Income Taxes

The Company has losses carried forward for income tax purposes to 31 March 2010. There are no current or deferred tax expenses for the six month period ended 31 March 2010 due to the Company's loss position. The Company has fully reserved for any benefits of these losses. The deferred tax consequences of temporary differences in reporting items for financial statement and income tax purposes are recognized, as appropriate. Realization of the future tax benefits related to the deferred tax assets is dependent on many factors, including the Company's ability to generate taxable income within the net operating loss carryforward period. Management has considered these factors in reaching its conclusion as to the valuation allowance for financial reporting purposes.

The provision for refundable federal income tax consists of the following:

|                                             | For the six month<br>period ended<br>31 March 2010 | For the six month<br>period ended<br>31 March 2009 |
|---------------------------------------------|----------------------------------------------------|----------------------------------------------------|
|                                             | \$                                                 | \$                                                 |
| Deferred tax asset attributable to:         |                                                    |                                                    |
| Current operations                          | 13,353                                             | 47,172                                             |
| Contributions to capital by related parties | (4,080)                                            | (4,930)                                            |
| Forgiveness of related party payable        | -                                                  | (13,260)                                           |
| Less: Change in valuation allowance         | (9,273)                                            | (28,982)                                           |
| Net refundable amount                       | -                                                  | -                                                  |

The composition of the Company's deferred tax assets as at 31 March 2010 and 30 September 2009 are as follows:

|                                        | As at 31 March<br>2010 | As at 30<br>September 2009<br>(audited) |
|----------------------------------------|------------------------|-----------------------------------------|
|                                        | \$                     | \$                                      |
| Income tax operating loss carryforward | 1,418,899              | 1,379,625                               |
| Statutory federal income tax rate      | 34%                    | 34%                                     |
| Contributed rent and services          | -22.23%                | -22.57%                                 |
| Effective income tax rate              | 0%                     | 0%                                      |
| Deferred tax assets                    | 166,966                | 157,693                                 |
| Less: Valuation allowance              | (166,966)              | (157,693)                               |

Net deferred tax asset

-

-

The potential income tax benefit of these losses has been offset by a full valuation allowance.

As at 31 March 2010, the Company has an unused net operating loss carry-forward balance of approximately \$491,078 that is available to offset future taxable income. This unused net operating loss carry-forward balance expires between 2024 and 2030.

Silverstar Mining Corp.  
(A Development Stage Company)  
Notes to Consolidated Financial Statements  
(Expressed in U.S. Dollars)  
(Unaudited)  
31 March 2010

---

### 13. Supplemental Disclosures with Respect to Cash Flows

|                                            | For the period<br>from the<br>date of inception<br>on<br>5 December<br>2003<br>to<br>31 March 2010 | For the six month<br>period ended<br>31 March 2010 | For the six month<br>period ended<br>31 March 2009 |
|--------------------------------------------|----------------------------------------------------------------------------------------------------|----------------------------------------------------|----------------------------------------------------|
|                                            | \$                                                                                                 | \$                                                 | \$                                                 |
| Cash paid during the year for interest     | -                                                                                                  | -                                                  | -                                                  |
| Cash paid during the year for income taxes | -                                                                                                  | -                                                  | -                                                  |

On 24 July 2008, the Company issued 4,334,000 common shares of the Company valued at \$650,100 to acquire 100% of the issued and outstanding common shares of Silverdale (Note 11).

On 30 September 2008, a former director and officer of the Company returned to treasury 15,000,000 common shares of the Company for proceeds of \$Nil. These shares were cancelled during the year ended 30 September 2008 (Note 11).

On 30 September 2009, a former directors and officers of the Company returned to treasury 4,100,000 common shares of the Company for proceeds of \$Nil. These shares were cancelled during the year ended 30 September 2009 (Note 11).

During the year ended 30 September 2009, former officer of the Company forgave loans to the Company totaling \$39,000. This loan forgiveness has been recorded as contributions to capital (Note 11).

During the six months ended 31 March 2010, the Company accrued interest of \$1,834 (2009 - \$Nil) related to the convertible debentures and a demand loan (Notes 7 and 8).

During the six months ended 31 March 2010, an officer and director of the Company made contributions to capital for management fees in the amount of \$9,000 (2009 - \$13,000) and rent in the amount of \$3,000 (2009 - \$1,500) (Note 10).

### 14. Commitment

The Company is committed to issue 250,000 common shares of the Company when the shareholder demand loan in the amount of \$31,085 as at 31 March 2010 is repaid (Note 8).

### 15. Subsequent Event

There are no subsequent events from the period from the six month period ended 31 March 2010 to the date the consolidated financial statements are available to be issued on 14 May 2010.

## Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

### Forward-Looking Statements

This quarterly report contains forward-looking statements. These statements relate to future events or our future financial performance. In some cases, you can identify forward-looking statements by terminology such as "may", "should", "expects", "plans", "anticipates", "believes", "estimates", "predicts", "potential" or "continue" or the negative of these terms or other comparable terminology. These statements are only predictions and involve known and unknown risks, uncertainties and other factors, including the risks in the section entitled "Risk Factors", that may cause our or our industry's actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. Except as required by applicable law, including the securities laws of the United States, we do not intend to update any of the forward-looking statements to conform these statements to actual results.

Our unaudited consolidated financial statements are stated in United States Dollars (US\$) and are prepared in accordance with United States Generally Accepted Accounting Principles. The following discussion should be read in conjunction with our consolidated financial statements and the related notes that appear elsewhere in this quarterly report. The following discussion contains forward-looking statements that reflect our plans, estimates and beliefs. Our actual results could differ materially from those discussed in the forward looking statements. Factors that could cause or contribute to such differences include, but are not limited to, those discussed below and elsewhere in this quarterly report, particularly in the section entitled "Risk Factors".

In this quarterly report, unless otherwise specified, all dollar amounts are expressed in United States dollars. All references to "common shares" refer to the common shares in our capital stock.

As used in this quarterly report and unless otherwise indicated, the terms "we", "us", "our", "Company", and "Silverstar" mean Silverstar Mining Corp., a Nevada corporation, unless otherwise indicated and the term "Silverdale" means Silverdale Mining Corp., our wholly owned subsidiary.

### Corporate History

We were incorporated under the laws of the State of Nevada on December 5, 2003 under the name "Computer Maid, Inc.". On February 13, 2006, we changed our name from "Computer Maid, Inc." to "Rose Explorations Inc.".

In February 2006, we acquired the Rose Prospect Lode Mining Claim in Clark County Nevada and in June 2006, we staked the Rose Prospect II Lode Mining Claim adjacent to the west of the Rose Lode Claim to cover other indicated mineralized zones observed in that area. From February 2006, we have been an exploration stage company engaged in the exploration of mineral properties.

Effective March 4, 2008, we completed a merger with our subsidiary, Silverstar Mining Corp., a Nevada corporation. As a result, we have changed our name from "Rose Explorations Inc." to "Silverstar Mining Corp." We changed the name of our company to better reflect the direction and business of our company.

In addition, effective March 4, 2008 we effected a three (3) for one (1) forward stock split of our authorized, issued and outstanding common stock. As a result, our authorized capital increased from 75,000,000 shares of common stock with a par value of \$0.001 to 225,000,000 shares of common stock with a par value of \$0.001.

On March 31, 2008, we entered into a joint venture agreement with New Jersey Mining Co. to acquire a 50% interest in the Silver Strand silver mine located in the Coeur d'Alene Mining District. We were unable to close the joint venture agreement as expected before September 30, 2008. We have not been notified by NJMC that we are in default.

Under the terms of the joint venture agreement, we have agreed to share equally in the production and further development and exploration of the property.

On June 13, 2008, we entered into a share exchange agreement with Silverdale Mining Corp., a Nevada corporation, and the shareholders of Silverdale Mining Corp. The closing of the transactions contemplated in the share exchange agreement and the acquisition of all of the issued and outstanding common stock in the capital of Silverdale Mining Corp. occurred on July 24, 2008. In accordance with the closing of the share exchange agreement, we issued 4,334,000 shares of our common stock to the former shareholders of Silverdale Mining Corp. in exchange for the acquisition, by our company, of all of the 4,334,000 issued and outstanding shares of Silverdale Mining Corp. Silverdale Mining Corp. is now a wholly owned subsidiary of our company.

On September 2, 2008, we entered into a letter of intent with Gold Canyon Partners, LLP pursuant to which we have agreed to purchase a 100% interest in a mining property commonly known as the Cobalt Canyon Gold Project, in the Chief District, located in Lincoln County, Nevada. The acquisition contemplated by the letter of intent is subject to the fulfillment of certain conditions precedent, due diligence and the negotiation of a definitive agreement. We have chosen not to complete the agreement and have forfeited the \$15,000 initial payment.

Due to the implementation of British Columbia Instrument 51-509 on September 30, 2008 by the British Columbia Securities Commission, we have been deemed to be a British Columbia based reporting issuer. As such, we are required to file certain information and documents at [www.sedar.com](http://www.sedar.com)

On September 30, 2008, we entered into a share cancellation/return to treasury agreement with Greg Cowan, a former director and officer of our company. Pursuant to the agreement, Mr. Cowan has agreed to the return and cancellation of 15,000,000 shares of our common stock that were held by him. We did not provide Mr. Cowan with any compensation for such cancellation.

Effective June 2, 2009, we entered into a share cancellation/return to treasury agreement with Jim MacKenzie wherein he has agreed to the cancellation and return to treasury of 850,000 shares of our common stock. Subsequent to the stock cancellation, Mr. MacKenzie will hold 150,000 shares of our common stock.

On June 2, 2009, Mr. Greg Cowan, a former president, chief executive officer, secretary, treasurer and director of our company, transferred 5,000,000 restricted shares of our common stock to Mr. Lawrence Siccia, our current president, chief executive officer and director. Mr. Siccia purchased the shares from personal funds in the amount of \$500. Mr. Siccia now owns 11.5% of the issued and outstanding shares of our company.

#### Plan of Operation

We are an exploration stage mining company engaged in the exploration of minerals on properties located in Idaho and Nevada.

Our current focus is to maintain the interest in our mining claims until we can raise additional debt or equity capital to conduct exploration activities on our Rose Load Claim, complete the mineral property option agreement and joint venture agreement held by our subsidiary, Silverdale Mining Corp.

#### Rose Prospect Lode Mining Claim

In February 2006, we acquired the Rose Prospect Lode Mining Claim in Clark County Nevada and in June 2006, we staked the Rose Prospect II Lode Mining Claim adjacent to the west of the Rose Lode Claim to cover other indicated mineralized zones observed in that area.

The Rose Lode Claim is located in the Goodsprings (Yellow Pine) Mining District situated within the southwestern corner of the State of Nevada, U.S.A. The Rose Lode Claim covers some former exploratory workings on a mineral showing.

The Yellow Pine Mining District is located in the area of the Spring Mountains of southern Nevada. Although less famous than many of the other mining districts of the Great Basin it nevertheless ranks second only to Tonopah in total Nevada lead and zinc production. During World War I this district was one of the most productive in the West, but by the end of World War II only a few mines remained in operation. The region is known for its historic production of lead, zinc, silver and gold.

The Rose Lode Claim is underlain by the Mississippian Monte Cristo Limestone Formation with the mineralization possibly comprised of copper minerals hosted by a breccia zone which may be up to 200 feet wide within the Anchor Limestone Member.

#### Mineral Property Option Agreement between our Company and Chuck Stein on the Pinehurst Properties

On September 14, 2007, our wholly owned subsidiary, Silverdale Mining Corp. entered into a mineral property option agreement with Chuck Stein to acquire an undivided 100% right, title and interest in eight unpatented mining claims described as the "Corby", "Cory FR", "Walker", "Linda", "Eddie", "Smokey", "Dorian" and "Valerine" claims which are located in Pinehurst, Shoshone County, Idaho.

In order to exercise this option we have agreed, over a period of four years, to make a total cash payment of \$1,000,000, issue a total of 1,000,000 restricted shares of our common stock and conduct exploration expenditures of \$1,000,000 on the claims.

To date, we have paid \$50,000 but have not completed all the commitments per the agreement. However, we have not received notification from Chuck Stein of default and continue to explore opportunities to proceed with this project.

#### Mineral Property Joint Venture Agreement between our Company and New Jersey Mining Company

On March 1, 2008, we entered into a mineral property option agreement with New Jersey Mining Company ("NJMC") to purchase a 50% Joint Venture Interest in mining operations on certain mining property commonly known as the Silver Strand mine, located in Kootenai County, Idaho.

In order to exercise this Joint Venture Agreement we have agreed to pay NJMC \$500,000 and agreed to reimburse NJMC \$60,000 being 50% of the current reclamation bond held by the U.S. Forest Service. We have also agreed to issue 50,000 shares of our common stock to NJMC. The NJMC will be the operator of the mine and will also mill the ore at its mineral processing plant in Kellogg, Idaho and market saleable products on behalf of the Joint Venture. Operating costs and revenues will be shared by the Joint Venture partners on an equal (50:50) basis with no add-ons for corporate general and administrative costs. To date, we have paid \$270,000.

### Purchase of Significant Equipment

We do not intend to purchase any significant equipment during our fiscal year ending September 30, 2010.

### Off-Balance Sheet Arrangements

As of March 31, 2010, we had no off-balance sheet arrangements, including any outstanding derivative financial statements, off-balance sheet guarantees, interest rate swap transactions or foreign currency contracts. We do not engage in trading activities involving non-exchange traded contracts.

### Employees

We do not expect any significant changes in the number of employees during the next twelve month period. We presently conduct our business through agreements with consultants and arms-length third parties.

### Results of Operations

Comparative Analysis of Results of Operations for the Three Months Ended March 31, 2010 as compared to the Three Months Ended March 31, 2009:

The following summary of our results of operations should be read in conjunction with our consolidated financial statements for the three month periods ended March 31, 2010 and 2009.

We have not generated any revenue since inception and are dependent upon obtaining financing to pursue our business activities. For these reasons, our auditors believe that there is substantial doubt that we will be able to continue as a going concern.

Our operating results for the three month periods ended March 31, 2010 and 2009 and the changes between those periods for the respective items are summarized as follows:

|                                  | Three Month Period Ended<br>March 31, 2010 | Three Month Period<br>Ended March 31, 2009 | Change Between Three<br>Month Periods Ended<br>March 31, 2010 and<br>March 31, 2009 |
|----------------------------------|--------------------------------------------|--------------------------------------------|-------------------------------------------------------------------------------------|
| Revenue                          | \$ 0                                       | \$ 0                                       | \$ 0                                                                                |
| Bank charges and interest        | \$ 1,247                                   | \$ 138                                     | \$ 1,109                                                                            |
| Consulting                       | \$ 0                                       | \$ 3,500                                   | \$ (3,500)                                                                          |
| Exploration and development      | \$ (600)                                   | \$ 0                                       | \$ (600)                                                                            |
| Filing fees                      | \$ 1,250                                   | \$ 2,302                                   | \$ (1,052)                                                                          |
| Investor relations               | \$ 0                                       | \$ 10,000                                  | \$ (10,000)                                                                         |
| Legal and accounting             | \$ 13,204                                  | \$ 11,778                                  | \$ 1,426                                                                            |
| Management fees                  | \$ 4,500                                   | \$ 13,000                                  | \$ (8,500)                                                                          |
| Rent                             | \$ 1,500                                   | \$ 1,500                                   | \$ 0                                                                                |
| Transfer agent                   | \$ 682                                     | \$ 1,687                                   | \$ (1,005)                                                                          |
| Travel, entertainment and office | \$ 2,865                                   | \$ 362                                     | \$ (2,503)                                                                          |
| Recovery of expenses             | \$ 0                                       | \$ (20,900)                                | \$ 20,900                                                                           |
| Net loss                         | \$ (24,648)                                | \$ (23,367)                                | \$ (1,281)                                                                          |

|                                  |    |         |    |         |    |         |
|----------------------------------|----|---------|----|---------|----|---------|
| Basic and diluted loss per share | \$ | (0.001) | \$ | (0.001) | \$ | (0.000) |
|----------------------------------|----|---------|----|---------|----|---------|

Comparative Analysis of Results of Operations for the Six Months Ended March 31, 2010 as compared to the Six Months Ended March 31, 2009:

The following summary of our results of operations should be read in conjunction with our consolidated financial statements for the six month periods ended March 31, 2009 and 2008.

Our operating results for the six month periods ended March 31, 2010 and 2009 and the changes between those periods for the respective items are summarized as follows:

|                                  | Six Month Period Ended<br>March 31, 2010 | Six Month Period<br>Ended March 31, 2009 | Change Between<br>SixMonth Periods<br>Ended March 31, 2010<br>and March 31, 2009 |
|----------------------------------|------------------------------------------|------------------------------------------|----------------------------------------------------------------------------------|
| Revenue                          | \$ 0                                     | \$ 0                                     | \$ 0                                                                             |
| Bank charges and interest        | \$ 2,950                                 | \$ 517                                   | \$ 2,433                                                                         |
| Consulting                       | \$ 0                                     | \$ 57,000                                | \$ (57,000)                                                                      |
| Exploration and development      | \$ (600)                                 | \$ 2,459                                 | \$ (3,059)                                                                       |
| Filing fees                      | \$ 1,928                                 | \$ 4,861                                 | \$ (2,933)                                                                       |
| Investor relations               | \$ 0                                     | \$ 38,100                                | \$ (38,100)                                                                      |
| Legal and accounting             | \$ 18,950                                | \$ 32,163                                | \$ (13,213)                                                                      |
| Management fees                  | \$ 9,000                                 | \$ 13,000                                | \$ (4,000)                                                                       |
| Rent                             | \$ 3,000                                 | \$ 3,900                                 | \$ (900)                                                                         |
| Transfer agent                   | \$ 1,507                                 | \$ 3,095                                 | \$ (1,588)                                                                       |
| Travel, entertainment and office | \$ 2,539                                 | \$ 4,547                                 | \$ (2,008)                                                                       |
| Recovery of expenses             | \$ 0                                     | \$ (20,900)                              | \$ 0                                                                             |
| Net loss                         | \$ (39,274)                              | \$ (138,742)                             | \$ (99,468)                                                                      |
| Basic and diluted loss per share | \$ (0.001)                               | \$ (0.003)                               | \$ 0.002                                                                         |

#### Liquidity and Financial Condition

##### Working Capital:

|                           | As at March 31, 2010<br>(\$) | Year Ended<br>September 30, 2009<br>(\$) | Change between<br>March 31, 2010 and<br>September 30, 2009<br>(\$) |
|---------------------------|------------------------------|------------------------------------------|--------------------------------------------------------------------|
| Current Assets            | 111                          | 1,013                                    | (902)                                                              |
| Current Liabilities       | 66,989                       | 40,617                                   | 26,372                                                             |
| Working Capital/(Deficit) | (66,878)                     | (39,604)                                 | (8,626)                                                            |

##### Cash Flows:

|  | Three Month | Three Month | Changes between<br>Three Month<br>Periods Ended<br>March 31, 2010 |
|--|-------------|-------------|-------------------------------------------------------------------|
|  |             |             |                                                                   |

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|                                                                | Period Ended<br>March 31, 2010 | Period Ended<br>March 31, 2009 | and March 31,<br>2009 |
|----------------------------------------------------------------|--------------------------------|--------------------------------|-----------------------|
|                                                                | (\$)                           | (\$)                           | (\$)                  |
| Cash Flows used in Operating Activities                        | (9,177)                        | (21,302)                       | 12,125                |
| Cash Flows provided by/(used in) Investing Activities          | 0                              | 0                              | 0                     |
| Cash Flows provided by Financing Activities                    | 0                              | 0                              | 0                     |
| Increase (decrease) in Cash and Cash Equivalents During Period | (9,177)                        | (21,302)                       | 12,125                |
| Cash and cash equivalents, end of period                       | 111                            | 1,035                          | (924)                 |

As of March 31, 2010, our total assets were \$111 and our total liabilities were \$66,989. Our financial statements report a net loss of \$24,648 for the three months ended March 31, 2010, as compared to a net loss of \$23,367 for the three months ended March 31, 2009. We have had total net losses of \$1,418,899 for the period from December 5, 2003 (inception) to March 31, 2010.

#### Going Concern

Due to the uncertainty of our ability to meet our current operating and capital expenses, in their report on the annual consolidated financial statements for the year ended September 30, 2009, our independent auditors included an explanatory paragraph regarding concerns about our ability to continue as a going concern.

We anticipate that additional funding will be required in the form of debt or equity capital financing from the sale of our common stock. At this time, we cannot provide investors with any assurance that we will be able to raise sufficient funding from the sale of our common stock or through debt to meet our obligations over the next twelve months. We do not have any arrangements in place for any future debt or equity financing.

#### Application of Critical Accounting Policies

The discussion and analysis of our financial condition and results of operations are based upon our consolidated financial statements, which have been prepared in accordance with the accounting principles generally accepted in the United States of America. Preparing financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, and expenses. These estimates and assumptions are affected by management's application of accounting policies. We believe that understanding the basis and nature of the estimates and assumptions involved with the following aspects of our consolidated financial statements is critical to an understanding of our consolidated financial statements.

We regularly evaluate the accounting policies and estimates that we use to prepare our consolidated financial statements. In general, management's estimates are based on historical experience, on information from third party professionals, and on various other assumptions that are believed to be reasonable under the facts and circumstances. Actual results could differ from those estimates made by management.

Significant accounting policies used in the preparation of our consolidated financial statements are set forth in Note 2 to our consolidated financial statements.

#### Item 3. Quantitative and Qualitative Disclosures About Market Risk

As a "smaller reporting company", we are not required to provide tabular disclosure obligations.

#### Item 4T. Controls and Procedures

##### Management's Report on Disclosure Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our reports filed under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms, and that such information is accumulated and communicated to our management, including our president and chief executive officer (our principal executive officer) and our chief financial officer (our principal financial officer and principle accounting officer) to allow for timely decisions regarding required disclosure. Our Chief Executive Officer and our Principal Financial Officer (collectively, the "Certifying Officers") are responsible for maintaining our disclosure controls and procedures. At the end of the period covered by this report, our Certifying Officers evaluated the effectiveness of our

disclosure controls and procedures. Based on the evaluation, our Certifying Officers concluded that our disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed by us in the reports we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the applicable rules and forms and that it is accumulated and communicated to our management, including the Certifying Officers, as appropriate to allow timely decisions regarding required disclosure.

#### Changes in Internal Control over Financial Reporting

There have been no changes in our internal controls over financial reporting that occurred during the three and six months ended March 31, 2010 that have materially or are reasonably likely to materially affect, our internal controls over financial reporting.

## PART II

### OTHER INFORMATION

#### Item 1. Legal Proceedings

We know of no material, active or pending legal proceedings against our company, nor are we involved as a plaintiff in any material proceeding or pending litigation. There are no proceedings in which any of our directors, officers or affiliates, or any registered or beneficial shareholder, is an adverse party or has a material interest adverse to our interest.

#### Item 1A. Risk Factors

Much of the information included in this quarterly report includes or is based upon estimates, projections or other “forward looking statements”. Such forward looking statements include any projections and estimates made by us and our management in connection with our business operations. While these forward-looking statements, and any assumptions upon which they are based, are made in good faith and reflect our current judgment regarding the direction of our business, actual results will almost always vary, sometimes materially, from any estimates, predictions, projections, assumptions or other future performance suggested herein.

Such estimates, projections or other “forward looking statements” involve various risks and uncertainties as outlined below. We caution the reader that important factors in some cases have affected and, in the future, could materially affect actual results and cause actual results to differ materially from the results expressed in any such estimates, projections or other “forward looking statements”.

Our securities are highly speculative and involve a high degree of risk, including among other items the risk factors described in our annual report on Form 10-K for the fiscal year ended September 30, 2009, filed on January 4, 2010. You should carefully consider those risk factors and other information in our annual report on Form 10-K and this quarterly report before deciding to invest in our securities. We are unaware of any material changes in or additional risk factors since the filing of our annual report.

#### Other Risks

#### Trends, Risks and Uncertainties

We have sought to identify what we believe to be the most significant risks to our business, but we cannot predict whether, or to what extent, any of such risks may be realized nor can we guarantee that we have identified all possible risks that might arise. Investors should carefully consider all of such risk factors before making an investment decision with respect to our common stock.

#### Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None.

#### Item 3. Defaults Upon Senior Securities

None.

#### Item 4. Submission of Matters to a Vote of Securities Holders

None.

Item 5. Other Information

None.

28

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Item 6. Exhibits

| Exhibit Number | Description                                                                                                                                                                                                                                                                             |
|----------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 3.1            | Articles of Incorporation (incorporated by reference from our Registration Statement on Form SB-2 filed on January 30, 2007).                                                                                                                                                           |
| 3.2            | By-laws (incorporated by reference from our Registration Statement on Form SB-2 filed on January 30, 2007).                                                                                                                                                                             |
| 3.3            | Articles of Merger filed with the Secretary of State of Nevada on February 20, 2008 and which is effective March 4, 2008 (incorporated by reference from our Current Report on Form 8-K filed on March 5, 2008).                                                                        |
| 3.4            | Certificate of Change filed with the Secretary of State of Nevada on February 20, 2008 and which is effective March 4, 2008 (incorporated by reference from our Current Report on Form 8-K filed on March 5, 2008).                                                                     |
| 10.1           | Purchase Agreement Rose Prospect Lode Claim (incorporated by reference from our Registration Statement on Form SB-2 filed on January 30, 2007).                                                                                                                                         |
| 10.2           | Share Exchange Agreement dated June 13, 2008, among our company, Silverdale Mining Corp. and the selling the shareholders of Silverdale Mining Corp. as set out in the share exchange agreement (incorporated by reference from our Current Report on Form 8-K filed on June 16, 2008). |
| 10.3           | Mineral Property Option Agreement dated September 14, 2007 between Silverdale Mining Corp. and Chuck Stein (incorporated by reference from our Current Report on Form 8-K filed on July 28, 2008).                                                                                      |
| 10.4           | Joint Venture Agreement dated March 31, 2008 between our company and New Jersey Mining Company (incorporated by reference from our Current Report on Form 8-K filed on July 28, 2008).                                                                                                  |
| 10.5           | Consulting Agreement dated April 1, 2008 between our company and Mr. James MacKenzie (incorporated by reference from our Quarterly Report on Form 10-QSB filed on August 14, 2008).                                                                                                     |
| 10.6           | Share Cancellation/Return to Treasury Agreement with Donald James MacKenzie (incorporated by reference from our Current Report on Form 8-K filed on October 17, 2008).                                                                                                                  |
| 10.7           | Share Cancellation/Return to Treasury Agreement with Greg Cowan (incorporated by reference from our Current Report on Form 8-K filed on October 17, 2008).                                                                                                                              |
| (14)           | Code of Ethics and Business Conduct (incorporated by reference from our Annual Report on Form 10-KSB filed on December 29, 2008).                                                                                                                                                       |
| (21)           | Subsidiaries of the Registrant                                                                                                                                                                                                                                                          |

21.1 Silverdale Mining Corp.

(31) \* Section 302 Certification

(32) \* Section 906 Certification

\*filed herewith

29

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

SILVERSTAR MINING CORP.  
(Registrant)

Dated: May 15, 2010

Lawrence Siccia  
President, Chief Executive Officer and  
Director  
(Principal Executive Officer, Principal  
Financial  
Officer and Principal Accounting Officer)

