

SILVERSTAR MINING CORP.  
Form 10-Q  
May 20, 2013

**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**FORM 10-Q**

QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2013

TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE EXCHANGE ACT

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

**SILVERSTAR MINING CORP.**

(Name of small registrant as specified in its charter)

**Nevada**

**5065**

**98-0425627**

(State or other jurisdiction of

(Primary Standard Industrial

incorporation or organization)

Classification

IRS I.D.

Code Number)

**2500 Plaza 5, 25th Floor,**

**07311**

**Harborside Financial Center,**

**Jersey City, NJ**

(Address of principal executive offices) (Zip Code)

SEC File No. 333-140299

Issuer's telephone number: 201.633.4716

N/A

(Former name, former address and former three months, if changed since last report)

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

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

Large accelerated filer  Accelerated filer   
Non-accelerated filer  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

As of May 15<sup>th</sup>, 2013 there were 194,429 shares issued and outstanding of the registrant's common stock.



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**PART I — FINANCIAL INFORMATION**

**ITEM 1 — FINANCIAL STATEMENTS**

**Silverstar Mining Corp.**

**(An Exploration Stage Company)**

Consolidated Interim Financial Statements

(Expressed in U.S. Dollars)

(Unaudited)

**31 March 2013**

**Silverstar Mining Corp.****(An Exploration Stage Company)**

Consolidated Balance Sheets

(Expressed in U.S. Dollars)

(Unaudited)

	<b>As at 31-Mar-13 \$</b>	<b>As at 30-Sep-12 \$</b>
<b>Assets</b>		
<b>Current</b>		
Cash and cash equivalents	25,933	558
Prepaid expense	7,249	10,249
<b>Total Current Assets</b>	<b>33,182</b>	<b>10,807</b>
<b>Other</b>		
Furniture and equipment	977,437	-
Goodwill	4,134,135	-
Investment in Mineral Properties (Note 5)	785,133	14,360
<b>Total Assets</b>	<b>5,929,887</b>	<b>25,167</b>
<b>Liabilities and Stockholder's Equity (Deficit)</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities (Note 6)	61,333	19,788
Due to related party (Note 9)	129	-
Convertible debentures (Note 7)	20,871	20,124
Demand Loans (Note 8)	34,268	15,468
Shareholder's demand loans (Note 8)	136,542	131,366
Shareholder advances	19,155	31,155
Share issuance liability	4,786,462	4,500
<b>Total Current Liabilities</b>	<b>5,058,760</b>	<b>222,401</b>
<b>Stockholders' Equity (Deficit)</b>		
<b>Capital stock (Note 11)</b>		
<b>Authorized</b>		
225,000,000 of common shares, par value \$0.001		
<b>Issued and outstanding</b>		
2013 – 193,929 common shares, par value \$0.001 (Note 11)		
2012 – 169,179 common shares, par value \$0.001	194	169
<b>Additional paid-in capital</b>	<b>1,536,030</b>	<b>1,462,180</b>
<b>Warrant reserve</b>	<b>935,315</b>	<b>-</b>

<b>Deficit, accumulated during the exploration stage</b>	(1,856,239)	(1,659,583)
Total Stockholders' Equity (Deficit)	615,300	(197,234 )
Non-controlling interest	255,827	-
<b>Total Liabilities and Stockholders' Equity (Deficit)</b>	<b>5,929,887</b>	<b>25,167</b>

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

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**Silverstar Mining Corp.****(An Exploration Stage Company)**

Consolidated Statements of Operations

(Expressed in U.S. Dollars)

(Unaudited)

	<b>For the period from the date of inception on December 2003 to 31-Mar-13 \$</b>	<b>For the three month period ended 31-Mar-13 \$</b>	<b>For the three month period ended 31-Mar-12 \$</b>	<b>For the six month period ended 31-Mar-13 \$</b>	<b>For the six month period ended 31-Mar-12 \$</b>
<b>Expenses</b>					
Amortization	78,917	78,917	-	78,917	-
Bank charges	5,183	255	3,214	393	6,672
Consulting	138,467	-	-	-	-
Dues & subscriptions	10	-	-	10	-
Exploration and development (Note 5)	13,029	-	-	-	-
Filing fees	28,956	4,742	137	5,141	511
Investor relations	84,992	-	-	-	-
Legal and accounting (Note 9 and 10)	311,909	18,304	11,300	44,667	26,362
Licences and permits	4,266	650	200	650	200
Management fees (Notes 10, 11 and 13)	130,000	4,500	4,500	9,000	9,000
Rent (Notes 10, 11 and 13)	51,007	1,750	2,215	3,997	3,814
Transfer agent fees	32,295	-	2,500	755	3,160
Travel, entertainment and office	68,270	785	474	7,297	1,667
Write-down of mineral property acquisition costs (Note 5)	811,696	-	-	-	-
Write-down of website development costs (Note 4)	6,600	-	-	-	-
<b>Net ordinary loss</b>	<b>1,765,597</b>	<b>109,903</b>	<b>24,540</b>	<b>150,827</b>	<b>51,386</b>
<b>Other Income/(Expense)</b>					
Interest income	362	-	-	-	-
Cost of borrowing (Note 14)	(62,500)	) (625	) -	(62,500	) -
Exchange gain/(loss)	165	218	-	218	-
Interest expense (Note 7, 8 and 13)	(52,344	) (3,661	) -	(7,222	) -
	(114,317	) (4,068	) -	(69,504	) -
Non-controlling interest	(23,675	) (23,675	) -	(23,675	) -

<b>Net loss</b>	<b>(1,856,239</b>	<b>) (90,296</b>	<b>) (24,540</b>	<b>) (196,656</b>	<b>) (51,386</b>	<b>)</b>
<b>Basic and diluted loss per common share</b>	<b>(0.47</b>	<b>) (0.15</b>	<b>) (1.09</b>	<b>) (0.46</b>	<b>)</b>	<b>)</b>
<b>Weighted average number of common shares used in per share calculations</b>	191,721	169,171	180,322	112,264		

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

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**Silverstar Mining Corp.****(An Exploration Stage Company)**

## Consolidated Statements of Cash Flows

(Expressed in U.S. Dollars)

	<b>For the period from the date of inception on 5 December 2003 to 31-Mar-13 \$</b>	<b>For the six month period ended 31-Mar-13 \$</b>	<b>For the six month period ended 31-Mar-12 \$</b>
<b>Cash flows from operating activities</b>			
Net loss for the period	(1,879,914	) (220,331	) (51,386
Adjustments to reconcile loss to net cash used by operating activities			
Accrued interest – convertible debentures (Note 7)	20,871	747	753
Accrued interest – shareholder demand loan (Note 8)	24,857	5,175	5,204
Accrued interest – demand loan (Note 8)	1,768	1,300	-
Amortization	78,917	78,917	-
Contributions to capital by related parties (Notes 10, 11 and 13)	209,500	12,000	12,000
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			
Prepays	(7,249	) 3,000	(537
Increase (decrease) in accounts payable and accrued liabilities	13,182	(6,606	) (10,032
Increase in due to related parties and shares to be issued	186,470	150,815	1,500
	(533,302	) 25,017	(42,498
<b>Cash flows from investing activities</b>			
Acquisition of Silverdale, net of cash received (Note 3)	(140,221	) -	-
Acquisition of Arriba (Note 3)	(1,609	) (1,609	) -
Mineral property acquisition costs (Note 5)	(51,268	) (15,533	) (4,040
Website development costs (Note 4)	(6,600	) -	-
	(199,698	) (17,142	) (4,040
<b>Cash flows from financing activities</b>			
Convertible debenture	15,000	-	-
Shareholder Demand Loan	111,683	-	-
Demand Loans	32,500	17,500	-
Share issue costs	(1,255	) -	-
Common shares issued for cash (Note 11)	601,005	-	50,320
	758,933	17,500	50,320
<b>Increase (decrease) in cash and cash equivalents</b>	<b>25,933</b>	<b>25,375</b>	<b>3,782</b>

<b>Cash and cash equivalents, beginning of period</b>	-	558	1,674
<b>Cash and cash equivalents, end of period</b>	<b>25,933</b>	<b>25,933</b>	<b>5,456</b>

**Supplemental Disclosures with Respect to Cash Flows** (Note 13)

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

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**Silverstar Mining Corp.****(An Exploration Stage Company)**

## Consolidated Statements of Changes in Stockholders' Equity (Deficiency)

(Expressed in U.S. Dollars)

	Number of shares issued	Share capital \$	Share subscription received in advance / Additional paid-in capital \$	Deficit, accumulated during the exploration stage \$	Stockholder's equity \$
<b>Balance at 5 December 2003 (inception)</b>					
Common shares issued for cash (\$333 per share) (Note 11)	0.003	-	1	-	1
Net loss for the period	-	-	-	(450 )	(450 )
<b>Balance at 30 September 2004</b>	0.003	-	1	(450 )	(449 )
Net loss for the year	-	-	-	(300 )	(300 )
<b>Balance at 30 September 2005</b>	0.003	-	1	(750 )	(749 )
Common shares issued for cash (\$0.001 per share) (Note 11)	30,000	30	9,970	-	10,000
Common shares redeemed – cash (\$333 per share) (Note 11)	(0.003 )	-	(1 )	-	(1 )
Contributions to capital by related parties – expenses (Notes 10, 11 and 13)	-	-	24,000	-	24,000
Net loss for the year	-	-	-	(40,190 )	(40,190 )
<b>Balance at 30 September 2006</b>	30,000	30	33,970	(40,940 )	(6,940 )
Contributions to capital by related parties – expenses	-	-	24,000	-	24,000
Common shares issued for cash (\$3.33 per share) (Note 11)	25,500	26	84,974	-	85,000
Net loss for the year	-	-	-	(64,567 )	(64,567 )
<b>Balance at 30 September 2007</b>	55,500	56	142,944	(105,507 )	37,493
Contributions to capital by related parties – expenses (Notes 10, 11 and 13)	-	-	12,000	-	12,000
Share subscriptions received in advance	-	-	422,176	-	422,176
Share issue costs	-	-	(1,255 )	-	(1,255 )
Common shares issued for business acquisition (\$150 per share) (Notes 3, 11)	4,334	4	650,096	-	650,100

and 13)

Common shares returned to treasury and cancelled (Notes 11 and 13)	(15,000 )	(15 )	15	-	-
Net loss for the year	-	-	-	(263,596 )	(263,596 )
<b>Balance at 30 September 2008</b>	44,834	\$ 45	\$ 1,225,976	\$ (369,103 )	\$ 856,918

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

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**Silverstar Mining Corp.****(An Exploration Stage Company)**

Consolidated Statements of Changes in Stockholders' Equity (Deficiency) contd.

(Expressed in U.S. Dollars)

	Number of shares issued	Share capital \$	Share subscription received in advance / Additional paid-in Capital \$	Deficit, accumulated during the exploration stage \$	Stockholder's equity \$
<b>Balance at 30 September 2008</b>	44,834	45	1,225,976	(369,103 )	856,918
Contributions to capital by related parties – expenses (Notes 10, 11 and 13)	-	-	65,500	-	65,500
Share subscriptions received in advance	-	-	(422,176 )	-	(422,176 )
Common shares issued for cash (\$250 per share) (Note 11)	950	1	237,499	-	237,500
Common shares issued for cash (\$448 per share) (Note 11)	487	1	218,175	-	218,176
Common shares returned to treasury and cancelled (Notes 11 and 13)	(4,100 )	(15 )	5	-	-
Intrinsic value of beneficial conversion feature (Note 11)	-	-	15,000	-	15,000
Net loss for the year	-	-	-	(1,010,522 )	(1,010,522 )
<b>Balance at 30 September 2009</b>	42,171	42	1,339,979	(1,379,625 )	(39,604 )
Contributions to capital by related parties – expenses (Notes 10 and 13)	-	-	24,000	-	24,000
Net loss for the year	-	-	-	(85,165 )	(85,165 )
<b>Balance at 30 September 2010</b>	42,171	42	1,363,979	(1,464,790 )	(100,769 )
Reverse split 1,000:1 (Note 11)	-	-	-	-	-
Contributions to capital by related parties – expenses (Notes 10 and 13)	-	-	24,000	-	24,000
Net loss for the year	-	-	-	(72,935 )	(72,935 )
<b>Balance at 30 September 2011</b>	42,171	42	1,387,979	(1,537,725 )	(149,704 )
Contributions to capital by related parties – expenses (Notes 10 and 13)	-	-	24,000	-	24,000

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Common shares issued for business acquisition (\$0.16 per share) (Notes 3, 11 and 13)	2,000	1	319	-	320
Common shares issued for cash (\$0.40 per share) (Note 11)	125,000	125	49,875	-	50,000
Common shares issued at par to balance stock split rounding	8	1	7	-	8
Net loss for the period	-	-	-	(121,858 )	(121,858 )
<b>Balance at 30 September 2012</b>	<b>169,179</b>	<b>169</b>	<b>1,462,180</b>	<b>(1,659,583 )</b>	<b>(197,234 )</b>

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

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**Silverstar Mining Corp.****(An Exploration Stage Company)**

Consolidated Statements of Changes in Stockholders' Equity (Deficiency) contd.

(Expressed in U.S. Dollars)

	<b>Number of shares issued</b>	<b>Share Capital \$</b>	<b>Share subscription received in advance / Additional paid-in capital \$</b>	<b>Deficit, accumulated during the exploration stage \$</b>	<b>Stockholder's equity \$</b>
<b>Balance at 30 September 2012</b>	69,179	169	1,462,180	(1,659,583 )	(197,234 )
Contributions to capital by related parties – expenses (Note 10)	-	-	12,000	-	12,000
Common shares issued to satisfy terms of note payable (Notes 8,10,11,14)	24,750	25	61,850	-	61,875
Warrant reserve (Note 3)	-	-	935,315	-	935,315
Net loss for the period	-	-	-	(196,656 )	(196,656 )
<b>Balance at 31 March 2013</b>	193,929	194	2,471,345	(1,856,239 )	615,300

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

**Silverstar Mining Corp.**

**(An Exploration Stage Company)**

Notes to Consolidated Financial Statements

(Expressed in U.S. Dollars)

31 March 2013

**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.

On 13 April 2011 the Company incorporated a wholly owned subsidiary, Silverstar Mining (Canada) Inc., under the laws of the country of Canada. The subsidiary 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 country of Canada. The subsidiary’s main purpose is to hold title to mineral property rights situated in Canada as the laws of that country require that only local entities can hold title to mineral property rights situated within its borders.

On 15 February 2013, the Company closed a share exchange agreement entered into on December 27, 2012, and amended on 14 May 2013 (Note 15), with Arriba Resources Inc., (“Arriba”), a company incorporated under the federal laws of Canada, and its shareholders. Pursuant to the terms of the share exchange agreement, the Company has acquired all of the issued and outstanding shares of Arriba’s common stock. With the acquisition of Arriba the Company expanded its business of acquiring and exploring mineral properties.

The accompanying consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, Silverdale Mining Corp. (“Silverdale”) from 24 July 2008, the date of acquisition, Silverstar Mining (Canada) Inc. from 13 April 2011, the date of incorporation, and Arriba Resources Inc. (“Arriba”) from 15 February 2013, the date of acquisition.

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

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

These consolidated financial statements as at 31 March 2013 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 for the six month period ended 31 March 2013 of \$196,656 (2012 loss - \$51,386), cumulative loss - \$1,856,239 (2012 cumulative loss - \$1,659,583) and has working capital deficit of \$5,025,578 at 31 March 2013 (30 September 2012 deficit - \$211,594).

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. 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 favorable 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.

**Silverstar Mining Corp.**

**(An Exploration Stage Company)**

Notes to Consolidated Financial Statements

(Expressed in U.S. Dollars)

31 March 2013

At 31 March 2013, the Company had suffered losses from exploration 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. 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.

**2. Significant Accounting Policies**

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

**Principles of consolidation**

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

**Cash and cash equivalents**

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

**Mineral property costs**

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

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

Mineral property exploration costs are expensed as incurred.

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

**Silverstar Mining Corp.**

**(An Exploration Stage Company)**

Notes to Consolidated Financial Statements

(Expressed in U.S. Dollars)

31 March 2013

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.

**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 and convertible debentures 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.

**Silverstar Mining Corp.**

**(An Exploration Stage Company)**

Notes to Consolidated Financial Statements

(Expressed in U.S. Dollars)

31 March 2013

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.

**Income taxes**

Deferred income taxes are reported for timing differences between items of income or expense reported in the consolidated financial statements and those reported for income tax purposes in accordance with ASC-7409, "Accounting for Income Taxes", which requires the use of the asset/liability method of accounting for income taxes. Deferred income taxes and tax benefits are recognized for the future tax consequences attributable to differences between the consolidated financial statement carrying amounts of existing assets and liabilities and their respective tax bases, and for tax loss and credit carry-forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The Company provides for deferred taxes for the estimated future tax effects attributable to temporary differences and carry-forwards when realization is more likely than not.

**Basic and diluted net loss per share**

The Company computes net loss per share in accordance with ASC-260, "Earnings per Share". SFAS No. 128 requires presentation of both basic and diluted earnings per share ("EPS") on the face of the consolidated income statement. Basic EPS is computed by dividing net loss available to common shareholders (numerator) by the weighted average number of shares outstanding (denominator) during the period. Diluted EPS gives effect to all potentially dilutive common shares outstanding during the period using the treasury stock method and convertible preferred stock using the if-converted method. In computing diluted EPS, the average stock price for the period is used in determining the number of shares assumed to be purchased from the exercise of stock options or warrants. Diluted EPS excludes all potentially dilutive shares if their effect is anti-dilutive.

### **Comprehensive loss**

ASC-220-10, “*Reporting Comprehensive Income*”, establishes standards for the reporting and display of comprehensive loss and its components in the financial statements. As at 30 June 2009, 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, “*Disclosures about Segments of an Enterprise and Related Information*”, establishes standards for the way that public companies report information about operating segments in annual financial statements and requires reporting of selected information about operating segments in interim financial statements issued to the public. It also establishes standards for disclosures regarding products and services, geographic areas and major customers. 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 SFAS and does not believe it is applicable at this time.

**Silverstar Mining Corp.**

**(An Exploration Stage Company)**

Notes to Consolidated Financial Statements

(Expressed in U.S. Dollars)

31 March 2013

**Start-up expenses**

The Company has adopted Statement of Position No. 98-5, "*Reporting the Costs of Start-up Activities*", 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 30 June 2009.

**Foreign currency translation**

The Company's functional and reporting currency is in U.S. dollars. The consolidated financial statements of the Company are translated to U.S. dollars in accordance with ASC-8930, "*Foreign Currency Translation*". 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**