

SILVERSTAR MINING CORP.
Form 10-K
January 04, 2010

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

FORM 10-K

(Mark One)

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

For the fiscal year ended **September 30, 2009**

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

For the transition period from [] to []

Commission file number **333-140299**

SILVERSTAR MINING CORP.

(Exact name of registrant as specified in its charter)

Nevada

(State or other jurisdiction of incorporation or organization)

N/A

(I.R.S. Employer Identification No.)

621 Bank Street, Wallace, Idaho

(Address of principal executive offices)

83873

(Zip Code)

Registrant's telephone number, including area code:

604.960.0523

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

Title of Each Class

N/A

Name of Each Exchange On Which Registered

N/A

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

N/A

(Title of class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 the Securities Act.

Yes [] No [X]

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the

Act
Yes [] No [X]

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

Yes No

Indicate by check mark whether the registrant 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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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 definition 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

The aggregate market value of Common Stock held by non-affiliates of the Registrant on December 9, 2009 was \$1,318,409.30 based on a \$0.035 closing price for the Common Stock on December 9, 2009. For purposes of this computation, all executive officers and directors have been deemed to be affiliates. Such determination should not be deemed to be an admission that such executive officers and directors are, in fact, affiliates of the Registrant.

Indicate the number of shares outstanding of each of the registrant's classes of common stock as of the latest practicable date.

42,168,837 shares of common stock issued & outstanding as of December 30, 2009

DOCUMENTS INCORPORATED BY REFERENCE

None.

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PART I

Item 1. Business

This annual 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 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 financial statements are stated in United States Dollars (US\$) and are prepared in accordance with United States Generally Accepted Accounting Principles.

In this annual report, unless otherwise specified, all dollar amounts are expressed in United States Dollars and all references to *common shares* refer to the common shares in our capital stock.

As used in this annual report, the terms *we*, *us*, *our company*, mean Silverstar Mining Corp., a Nevada corporation and Silverdale Mining Corp., our wholly owned subsidiary, a wholly Nevada corporation, unless otherwise indicated.

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.

On 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, on 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 has 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.

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.

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.

The Company does not have any short term prospects for raising the funds needed to complete these projects and has written off its deferred mineral property costs related to these projects.

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

On October 10, 2009, we closed a private placement consisting of 950,000 shares of our common stock at a price of \$0.25 per share for aggregate gross proceeds of \$237,500. We issued 570,000 shares to 6 non-US persons pursuant to an offshore transaction relying on Regulation S and/or Section 4(2) of the Securities Act of 1933, as amended. We issued 380,000 shares to 3 US persons pursuant to the exemption from registration provided for under Rule 506 of Regulation D, promulgated under the United States Securities Act of 1933, as amended.

On January 15, 2009, we closed a private placement consisting of 484,837 shares of our common stock at a price of \$0.45 per share for aggregate gross proceeds of \$218,176.65. We issued 454,837 shares to 10 non-US persons pursuant to an offshore transaction relying on Regulation S and/or Section 4(2) of the Securities Act of 1933, as amended. We issued 30,000 shares to 1 US persons pursuant to the exemption from registration provided for under Rule 506 of Regulation D, promulgated under the United States Securities Act of 1933, as amended.

On March 25, 2009, we entered into a share cancellation/return to treasury agreement with each of Dennis O Brien, Matt Williams, Howard Lahti and David Rice wherein each have agreed to the cancellation and return to treasury of all but 25,000 shares of common stock of our company held by each.

Also on March 25, 2009, we entered into a share cancellation/return to treasury agreement with Grant Brackebusch, wherein Grant Brackebusch has agreed to the cancellation and return to treasury of all of the shares of common stock of our company held by Grant Brackebusch.

Furthermore, on March 25, 2009, Dennis O Brien, Matt Williams, Howard Lahti and David Rice resigned as directors of our company.

On March 31, 2009, we entered into a share cancellation/return to treasury agreement with David Bond wherein David Bond agreed to the cancellation and return to treasury of all but 50,000 shares of common stock of our company held by David Bond.

Also on March 31, 2009, we entered into a share cancellation/return to treasury agreement with John Jardine wherein John Jardine agreed to the cancellation and return to treasury of all but 100,000 shares of common stock of our company held by John Jardine.

In addition, on March 31, 2009, David Bond resigned as a director and chairman of the board of our company, John Jardine resigned as chief financial officer, secretary and treasurer of our company and Lawrence Siccia was elected a director of our company.

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

On June 2, 2009, Jim MacKenzie resigned as our president, chief executive officer and director. As a result of Jim MacKenzie's resignation, Lawrence Siccia was appointed as our president and chief executive officer.

Currently, our board of directors solely consists of Lawrence Siccia

On June 2, 2009, 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 Lawrence Siccia, our current president, chief executive officer and director. Lawrence Siccia purchased the shares from personal funds in the amount of \$500.

Our Current Business

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

Our current operational focus is to raise funds to conduct exploration activities on our Rose Load Claim.

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 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 Valerie claims which are located on 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.

The Company is in default under the terms of the option agreement, and does not have any short term prospects for raising the funds needed to complete these projects and has written off its deferred mineral property costs related to the project.

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

On March 1, 2008, 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.

The Company is in default under the terms of the option agreement, and does not have any short term prospects for raising the funds needed to complete these projects and has written off its deferred mineral property costs related to the project.

Cobalt Canyon Gold Project

On September 8, 2008, we 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 includes numerous small underground mines within the Chief District situated just north of Caliente, Nevada. The project includes 22 unpatented federal lode claims (approx. 363 acres) and an option to acquire 59 acres in three patented mining claims. Our company and Gold Canyon Properties, LLP are determining the terms related to this letter of intent. To date we have paid \$17,458..

The Company was unable to conclude an agreement with Gold Canyon Capital Partners and has written off its deferred mineral property costs related to the project.

Competition

We are a mineral resource exploration company. We compete with other mineral resource exploration companies for financing and for the acquisition of new mineral properties. Many of the mineral resource exploration companies with whom we compete have greater financial and technical resources than those available to us. Accordingly, these competitors may be able to spend greater amounts on acquisitions of mineral properties of merit, on exploration of their mineral properties and on development of their mineral properties. In addition, they may be able to afford more geological expertise in the targeting and exploration of mineral properties. This competition could result in competitors having mineral properties of greater quality and interest to prospective investors who may finance additional exploration. This competition could adversely impact on our ability to finance further exploration and to achieve the financing necessary for us to develop our mineral properties.

Compliance with Government Regulation

We are committed to complying with and are, to our knowledge, in compliance with, all governmental and environmental regulations applicable to our company and our properties. Permits from a variety of regulatory authorities are required for many aspects of mine operation and reclamation. We cannot predict the extent to which these requirements will affect our company or our properties if we identify the existence of minerals in

commercially exploitable quantities. In addition, future legislation and regulation could cause additional expense, capital expenditure, restrictions and delays in the exploration of our properties.

Research and Development Expenditures

We have incurred \$Nil in research and development expenditures over the last fiscal year.

Employees

Currently, we do not have any employees. Our director and certain contracted individuals play an important role in the running of our company. We do not expect any material changes in the number of employees over the next 12 month period. We do and will continue to outsource contract employment as needed.

We engage contractors from time to time to consult with us on specific corporate affairs or to perform specific tasks in connection with our exploration programs.

Going Concern

We anticipate that additional funding will be required in the form of equity 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 a loan from our directors to meet our obligations over the next twelve months. We do not have any arrangements in place for any future equity financing.

Subsidiaries

We do not have any subsidiaries other than Silverdale Mining Corp., a wholly owned Nevada corporation.

Intellectual Property

We do not own, either legally or beneficially, any patent or trademark.

Item 1A. Risk Factors

All of our properties are in the exploration stage. There is no assurance that we can establish the existence of any mineral resource on any of our properties in commercially exploitable quantities. Until we can do so, we cannot earn any revenues from operations and if we do not do so we will lose all of the funds that we expend on exploration. If we do not discover any mineral resource in a commercially exploitable quantity, our business could fail.

Despite exploration work on our mineral properties, we have not established that any of them contain any mineral reserve, nor can there be any assurance that we will be able to do so. If we do not, our business could fail.

A mineral reserve is defined by the Securities and Exchange Commission in its Industry Guide 7 (which can be viewed over the Internet at <http://www.sec.gov/divisions/corpfin/forms/industry.htm#secguide7>) as that part of a mineral deposit which could be economically and legally extracted or produced at the time of the reserve determination. The probability of an individual prospect ever having a "reserve" that meets the requirements of the Securities and Exchange Commission's Industry Guide 7 is extremely remote; in all probability our mineral resource property does not contain any 'reserve' and any funds that we spend on exploration will probably be lost.

Even if we do eventually discover a mineral reserve on one or more of our properties, there can be no assurance that we will be able to develop our properties into producing mines and extract those resources. Both mineral exploration and development involve a high degree of risk and few properties which are explored are ultimately developed into

producing mines.

The commercial viability of an established mineral deposit will depend on a number of factors including, by way of example, the size, grade and other attributes of the mineral deposit, the proximity of the resource to infrastructure such as a smelter, roads and a point for shipping, government regulation and market prices. Most of these factors will be beyond our control, and any of them could increase costs and make extraction of any identified mineral resource unprofitable.

Mineral operations are subject to applicable law and government regulation. Even if we discover a mineral resource in a commercially exploitable quantity, these laws and regulations could restrict or prohibit the exploitation of that mineral resource. If we cannot exploit any mineral resource that we might discover on our properties, our business may fail.

Both mineral exploration and extraction require permits from various foreign, federal, state, provincial and local governmental authorities and are governed by laws and regulations, including those with respect to prospecting, mine development, mineral production, transport, export, taxation, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, mine safety and other matters. There can be no assurance that we will be able to obtain or maintain any of the permits required for the continued exploration of our mineral properties or for the construction and operation of a mine on our properties at economically viable costs. If we cannot accomplish these objectives, our business could fail.

We believe that we are in compliance with all material laws and regulations that currently apply to our activities but there can be no assurance that we can continue to remain in compliance. Current laws and regulations could be amended and we might not be able to comply with them, as amended. Further, there can be no assurance that we will be able to obtain or maintain all permits necessary for our future operations, or that we will be able to obtain them on reasonable terms. To the extent such approvals are required and are not obtained, we may be delayed or prohibited from proceeding with planned exploration or development of our mineral properties.

If we establish the existence of a mineral resource on any of our properties in a commercially exploitable quantity, we will require additional capital in order to develop the property into a producing mine. If we cannot raise this additional capital, we will not be able to exploit the resource, and our business could fail.

If we do discover mineral resources in commercially exploitable quantities on any of our properties, we will be required to expend substantial sums of money to establish the extent of the resource, develop processes to extract it and develop extraction and processing facilities and infrastructure. Although we may derive substantial benefits from the discovery of a major deposit, there can be no assurance that such a resource will be large enough to justify commercial operations, nor can there be any assurance that we will be able to raise the funds required for development on a timely basis. If we cannot raise the necessary capital or complete the necessary facilities and infrastructure, our business may fail.

Mineral exploration and development is subject to extraordinary operating risks. We do not currently insure against these risks. In the event of a cave-in or similar occurrence, our liability may exceed our resources, which would have an adverse impact on our company.

Mineral exploration, development and production involves many risks which even a combination of experience, knowledge and careful evaluation may not be able to overcome. Our operations will be subject to all the hazards and risks inherent in the exploration for mineral resources and, if we discover a mineral resource in commercially exploitable quantity, our operations could be subject to all of the hazards and risks inherent in the development and production of resources, including liability for pollution, cave-ins or similar hazards against which we cannot insure or against which we may elect not to insure. Any such event could result in work stoppages and damage to property, including damage to the environment. We do not currently maintain any insurance coverage against these operating hazards. The payment of any liabilities that arise from any such occurrence would have a material adverse impact on our company.

Mineral prices are subject to dramatic and unpredictable fluctuations.

We expect to derive revenues, if any, either from the sale of our mineral resource properties or from the extraction and sale of precious and base metals such as gold, silver and copper. The price of those commodities has fluctuated widely in recent years, and is affected by numerous factors beyond our control, including international, economic and political trends, expectations of inflation, currency exchange fluctuations, interest rates, global or regional consumptive patterns, speculative activities and increased production due to new extraction developments and improved extraction and production methods. The effect of these factors on the price of base and precious metals, and therefore the economic viability of any of our exploration properties and projects, cannot accurately be predicted.

The mining industry is highly competitive and there is no assurance that we will continue to be successful in acquiring mineral claims. If we cannot continue to acquire properties to explore for mineral resources, we may be required to reduce or cease operations.

The mineral exploration, development, and production industry is largely un-integrated. We compete with other exploration companies looking for mineral resource properties. While we compete with other exploration companies in the effort to locate and acquire mineral resource properties, we will not compete with them for the removal or sales of mineral products from our properties if we should eventually discover the presence of them in quantities sufficient to make production economically feasible. Readily available markets exist worldwide for the sale of mineral products. Therefore, we will likely be able to sell any mineral products that we identify and produce.

In identifying and acquiring mineral resource properties, we compete with many companies possessing greater financial resources and technical facilities. This competition could adversely affect our ability to acquire suitable prospects for exploration in the future. Accordingly, there can be no assurance

Risks Related To Our Company

We have a limited operating history on which to base an evaluation of our business and prospects.

We have been in the business of exploring mineral resource properties since February 2006 and we have not yet located any mineral reserve. As a result, we have never had any revenues from our operations. In addition, our operating history has been restricted to the acquisition and exploration of our mineral properties and this does not provide a meaningful basis for an evaluation of our prospects if we ever determine that we have a mineral reserve and commence the construction and operation of a mine. We have no way to evaluate the likelihood of whether our mineral properties contain any mineral reserve or, if they do that we will be able to build or operate a mine successfully. We anticipate that we will continue to incur operating costs without realizing any revenues during the period when we are exploring our properties. We therefore expect to continue to incur significant losses into the foreseeable future. We recognize that if we are unable to generate significant revenues from mining operations and any dispositions of our properties, we will not be able to earn profits or continue operations. At this early stage of our operation, we also expect to face the risks, uncertainties, expenses and difficulties frequently encountered by companies at the start up stage of their business development. We cannot be sure that we will be successful in addressing these risks and uncertainties and our failure to do so could have a materially adverse effect on our financial condition. There is no history upon which to base any assumption as to the likelihood that we will prove successful and we can provide investors with no assurance that we will generate any operating revenues or ever achieve profitable operations.

The fact that we have not earned any operating revenues since our incorporation raises substantial doubt about our ability to continue to explore our mineral properties as a going concern.

We have not generated any revenue from operations since our incorporation and we anticipate that we will continue to incur operating expenses without revenues unless and until we are able to identify a mineral resource in a commercially exploitable quantity on one or more of our mineral properties and we build and operate a mine. We had cash and cash equivalents in the amount of \$1,013 as of September 30, 2009. At September 30, 2009, we had a

working capital deficit of \$39,604. We incurred a net loss of \$1,010,522 for our year ended September 30, 2009 and \$1,379,625 since inception. We estimate our average monthly operating expenses to be approximately \$3,000 to

\$5,000, including mineral property costs, management services and administrative costs. Should the results of our planned exploration require us to increase our current operating budget, we may have to raise additional funds to meet our currently budgeted operating requirements for the next 12 months. As we cannot assure a lender that we will be able to successfully explore and develop our mineral properties, we will probably find it difficult to raise debt financing from traditional lending sources. We have traditionally raised our operating capital from sales of equity and debt securities, but there can be no assurance that we will continue to be able to do so. If we cannot raise the money that we need to continue exploration of our mineral properties, we may be forced to delay, scale back, or eliminate our exploration activities. If any of these were to occur, there is a substantial risk that our business would fail.

These circumstances lead our independent registered public accounting firm, in their report dated December 17, 2009, to comment about our company's ability to continue as a going concern. Management has plans to seek additional capital through a private placement and public offering of its capital stock. These conditions raise substantial doubt about our company's ability to continue as a going concern. Although there are no assurances that management's plans will be realized, management believes that our company will be able to continue operations in the future. The financial statements do not include any adjustments relating to the recoverability and classification of recorded assets, or the amounts of and classification of liabilities that might be necessary in the event our company cannot continue in existence. We continue to experience net operating losses.

Our stock is a penny stock. Trading of our stock may be restricted by the SEC's penny stock regulations and FINRA's sales practice requirements, which may limit a stockholder's ability to buy and sell our stock.

Our stock is a penny stock. The Securities and Exchange Commission has adopted Rule 15c-9 which generally defines "penny stock" to be any equity security that has a market price (as defined) less than \$5.00 per share or an exercise price of less than \$5.00 per share, subject to certain exceptions. Our securities are covered by the penny stock rules, which impose additional sales practice requirements on broker-dealers who sell to persons other than established customers and accredited investors. The term "accredited investor" refers generally to institutions with assets in excess of \$5,000,000 or individuals with a net worth in excess of \$1,000,000 or annual income exceeding \$200,000 or \$300,000 jointly with their spouse. The penny stock rules require a broker-dealer, prior to a transaction in a penny stock not otherwise exempt from the rules, to deliver a standardized risk disclosure document in a form prepared by the SEC which provides information about penny stocks and the nature and level of risks in the penny stock market. The broker-dealer also must provide the customer with current bid and offer quotations for the penny stock, the compensation of the broker-dealer and its salesperson in the transaction and monthly account statements showing the market value of each penny stock held in the customer's account. The bid and offer quotations, and the broker-dealer and salesperson compensation information, must be given to the customer orally or in writing prior to effecting the transaction and must be given to the customer in writing before or with the customer's confirmation. In addition, the penny stock rules require that prior to a transaction in a penny stock not otherwise exempt from these rules, the broker-dealer must make a special written determination that the penny stock is a suitable investment for the purchaser and receive the purchaser's written agreement to the transaction. These disclosure requirements may have the effect of reducing the level of trading activity in the secondary market for the stock that is subject to these penny stock rules. Consequently, these penny stock rules may affect the ability of broker-dealers to trade our securities. We believe that the penny stock rules discourage investor interest in, and limit the marketability of, our common stock.

In addition to the "penny stock" rules promulgated by the Securities and Exchange Commission, the Financial Industry Regulatory Authority has adopted rules that require that in recommending an investment to a customer, a broker-dealer must have reasonable grounds for believing that the investment is suitable for that customer. Prior to recommending speculative low priced securities to their non-institutional customers, broker-dealers must make reasonable efforts to obtain information about the customer's financial status, tax status, investment objectives and other information. Under interpretations of these rules, the Financial Industry Regulatory Authority believes that there is a high probability that speculative low-priced securities will not be suitable for at least some customers. The Financial Industry Regulatory Authority requirements make it more difficult for broker-dealers to recommend that their customers buy our common stock, which may limit your ability to buy and sell our stock.

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 1B. Unresolved Staff Comments

None.

Item 2. Properties

Executive Offices

Our principal office is located at 184-991 Hornby Street, Vancouver, British Columbia, Canada. This office space is being provided to us by one of our directors at no cost to our company. We believe that the condition of our principal office is satisfactory, suitable and adequate for our current needs.

Mineral Properties

As of the date of this annual report on Form 10-K, we hold the following properties: Rose Prospect. For detail description of this property, please see the section entitled "Business" above.

Item 3. Legal Proceedings

We know of no material, existing 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 stockholder, is an adverse party or has a material interest adverse to our interest. The outcome of open unresolved legal proceedings is presently indeterminable. Any settlement resulting from resolution of these contingencies will be accounted for in the period of settlement. We do not believe the potential outcome from these legal proceedings will significantly impact our financial position, operations or cash flows.

Item 4. Submissions of Matters to a Vote of Security Holders

There were no matters submitted to a vote of our security holders either through solicitation of proxies or otherwise in the fourth quarter of the fiscal year ended September 30, 2009.

PART II

Item 5. Market for Common Equity and Related Stockholder Matters

Our shares of common stock are currently trading on the OTC Bulletin Board under the Symbol "SLVM". Our shares of common stock were initially approved for quotation on the OTC Bulletin Board on October 18, 2007 under the name "Rose Explorations Inc." under the symbol, "ROEX". On March 4, 2008, we changed our name to "Silverstar Mining Corp." upon completion of our merger with our wholly owned subsidiary, "Silverstar Mining Corp." and our trading symbol was changed to our current trading symbol, "SLVM".

The following table reflects the high and low bid information for our common stock obtained from Stockwatch and reflects inter-dealer prices, without retail mark-up, markdown or commission, and may not necessarily represent actual transactions.

| National Association of Securities Dealers OTC Bulletin Board⁽¹⁾ | | |
|--|-------------|------------|
| Quarter Ended | High | Low |
| 30 September 2009 | \$0.05 | \$0.02 |
| 30 June 2009 | \$0.20 | \$0.05 |
| 31 March 2009 | \$0.45 | \$0.20 |
| 31 December 2008 | \$0.85 | \$0.45 |
| 30 September 2008 | \$0.85 | \$0.60 |
| 30 June 2008 | \$0.75 | \$0.60 |
| 31 March 2008 | N/A | N/A |
| 31 December 2007 ⁽²⁾ | N/A | N/A |

(1) Over-the-counter market quotations reflect inter-dealer prices without retail mark-up, mark-down or commission, and may not represent actual transactions.

(2) Our common stock was quoted on the Over-the-Counter Bulletin Boards on October 18, 2007. The first trade did not occur until June 23, 2008.

Dividends

There are no restrictions in our articles of incorporation or bylaws that prevent us from declaring dividends. The Nevada Revised Statutes, however, do prohibit us from declaring dividends where, after giving effect to the distribution of the dividend:

1. we would not be able to pay our debts as they become due in the usual course of business; or
2. our total assets would be less than the sum of our total liabilities plus the amount that would be needed to satisfy the rights of shareholders who have preferential rights superior to those receiving the distribution.

We have not declared any dividends, and we do not plan to declare any dividends in the foreseeable future.

Securities Authorized for Issuance Under Equity Compensation Plans

We currently do not have any stock option or equity compensation plans or arrangements.

Transfer Agent

Our common shares are issued in registered form. The registrar and transfer agent for our shares of common stock is Transfer Online, 317 S.W. Alder Street, 2nd Floor, Portland, Oregon 97204 (Telephone: (503) 227.2940) .

On December 15, 2009, the list of stockholders for our shares of common stock showed 88 registered stockholders and 42,168,837 shares of common stock outstanding.

Purchase of Equity Securities by the Issuer and Affiliated Purchasers

We did not purchase any of our shares of common stock or other securities during the year ended September 30, 2009.

Recent Sales of Unregistered Securities

On January 15, 2009, we closed a private placement consisting of 484,837 shares of our common stock at a price of US \$0.45 per share for aggregate gross proceeds of \$218,176.65. We issued 454,837 shares to 10 non-US persons pursuant to an offshore transaction relying on Regulation S and/or Section 4(2) of the Securities Act of 1933, as amended. We issued 30,000 shares to 1 US persons pursuant to the exemption from registration provided for under Rule 506 of Regulation D, promulgated under the United States Securities Act of 1933, as amended.

On October 10, 2008, we closed a private placement consisting of 950,000 shares of our common stock at a price of US \$0.25 per share for aggregate gross proceeds of \$237,500. We issued 570,000 shares to 6 non-US persons pursuant to an offshore transaction relying on Regulation S and/or Section 4(2) of the Securities Act of 1933, as amended. We issued 380,000 shares to 3 US persons pursuant to the exemption from registration provided for under Rule 506 of Regulation D, promulgated under the United States Securities Act of 1933, as amended.

Purchase of Equity Securities by the Issuer and Affiliated Purchasers

We did not purchase any of our shares of common stock or other securities during our fourth quarter of our fiscal year ended September 30, 2009.

Item 6. Selected Financial Data

As a smaller reporting company, we are not required to provide the information required by this Item.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion should be read in conjunction with our audited financial statements and the related notes for the years ended September 30, 2009 and September 30, 2008 that appear elsewhere in this annual 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 annual report, particularly in the section entitled "Risk Factors" beginning on page 8 of this annual report.

Our audited financial statements are stated in United States Dollars and are prepared in accordance with United States Generally Accepted Accounting Principles.

Plan of Operation and Cash Requirements

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

Over the next twelve months we intend to re-evaluate our Rose Load Claim.

Our principal capital resources have been through the issuance of common stock, although we may use shareholder loans, advances from related parties, or borrowing in the future.

We anticipate that we will incur expenses of approximately \$60,000 over the next twelve months. These expenses include \$12,000 on development of our mineral properties; management fees of \$Nil as our President has agreed to provide his services at no charge to the Company until the Company's financial position has improved; accounting and legal of \$40,000; and travel, office and miscellaneous of \$8,000.

Purchase of Significant Equipment

We do not intend to purchase any significant equipment over the twelve month period ending September 30, 2010.

Off-Balance Sheet Arrangements

As of September 30, 2009, our company had no off-balance sheet arrangements, including any outstanding derivative financial statements, off-balance sheet guarantees, interest rate swap transactions or foreign currency contracts. Our company does 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 for the Years Ended September 30, 2009 and 2008

The following summary of our results of operations should be read in conjunction with our audited financial statements for the years ended September 30, 2009 and 2008.

Our operating results for the years ended September 30, 2009 and 2008 are summarized as follows:

| | Year Ended September 30 | |
|--------------------|------------------------------------|--------------|
| | 2009 | 2008 |
| Revenue | \$ Nil | \$ Nil |
| Operating Expenses | \$ (1,010,522) | \$ (263,596) |
| Net Loss | \$ (1,010,522) | \$ (263,596) |

Revenues

We have not earned any revenues since our inception and we do not anticipate earning revenues in the near future.

Operating Expenses

Our operating expenses for the year ended September 30, 2009 and September 30, 2008 are outlined in the table below:

| | Year Ended September 30 | |
|--|------------------------------------|-------------|
| | 2009 | 2008 |
| Bank charges and interest | \$ 16,455 | \$ 843 |
| Consulting | \$ 52,000 | \$ 78,967 |
| Exploration and development | \$ (342) | \$ 7,245 |
| Filing fees | \$ 9,222 | \$ 4,456 |
| Investor relations | \$ 25,600 | \$ 59,392 |
| Legal and accounting | \$ 58,533 | \$ 64,407 |
| Licenses and permits | \$ - | \$ 2,316 |
| Management fees | \$ 22,000 | \$ 9,000 |
| Rent | \$ 7,700 | \$ 7,000 |
| Transfer agent fees | \$ 5,233 | \$ 9,060 |
| Travel and entertainment and office | \$ 2,200 | \$ 20,910 |
| Write-down of mineral property acquisition costs | \$ 805,321 | \$ Nil |
| Write-down of website development costs | \$ 6,600 | \$ Nil |

The \$746,926 increase in operating expenses comprised of consulting fees, investor relations and legal and accounting expenses, for the year ended September 30, 2009, compared to the same period in fiscal 2008, was mainly due to a write off of Mineral property acquisition costs and website development costs as the Company was unable to raise the funds needed to implement its exploration strategy, is in default under the terms of the mineral property agreements, does not have any short term prospects for raising the funds needed to complete these projects and therefore has curtailed its activities and written off its deferred mineral property costs related to these projects.

Liquidity and Financial Condition

Working Capital

| | At September 30, 2009 | At September 30, 2008 |
|---------------------------|--|--|
| Current assets | \$ 1,013 | \$ 90,619 |
| Current liabilities | 40,617 | 45,622 |
| Working capital (deficit) | \$ (39,604) | \$ 44,997 |

Cash Flows

| | Year Ended September 30 | |
|---|------------------------------------|--------------|
| | 2009 | 2008 |
| Net Cash Used in Operating Activities | \$ (137,306) | \$ (211,451) |
| Net Cash Used in investing activities | Nil | (161,821) |
| Net Cash Provided by Financing Activities | 48,500 | 420,921 |
| Net increase (decrease) in cash during period | \$ (88,806) | \$ 47,649 |

Operating Activities

Net cash used in operating activities during the year ended September 30, 2009, was \$137,306 compared to (\$211,451) during the year ended September 30, 2008.

Investing Activities

Net cash used in investing activities during the year ended September 30, 2009, was \$Nil compared to (\$161,821) during the year ended September 30, 2008.

Financing Activities

Net cash used in financing activities during the year ended September 30, 2009, was \$48,500 compared to \$420,921 during the year ended September 30, 2008.

We had cash in the amount of \$1,013 as of September 30, 2009 as compared to \$89,819 as of September 30, 2008. We had a working capital deficit of \$39,604 as of September 30, 2009 compared to working capital surplus of \$44,997 as of September 30, 2008.

Contractual Obligations

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

Going Concern

Due to the uncertainty of our ability to meet our current operating and capital expenses, in their report on the annual 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 equity 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 a loan from our directors to meet our obligations over the next twelve months. We do not have any arrangements in place for any future debt or equity financing.

Off-Balance Sheet Arrangements

We have no significant off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that are material to stockholders.

APPLICATION OF CRITICAL ACCOUNTING POLICIES

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.

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 Canada 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.

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 30 September 2009.

RECENT ACCOUNTING PRONOUNCEMENTS

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 Company does not expect that the adoption of this guidance will have a material impact on its consolidated financial statements.

In December 2007, the FASB issued revised guidance for accounting for business combinations. The revised guidance, which is now part of ASC 805, *Business Combination* requires the fair value measurement of assets acquired, liabilities assumed and any noncontrolling interest in the acquiree, at the acquisition date with limited exceptions. Previously, a cost allocation approach was used to allocate the cost of the acquisition based on the estimated fair value of the individual assets acquired and liabilities assumed. The cost allocation approach treated acquisition-related costs and restructuring costs that the acquirer expected to incur as a liability on the acquisition date, as part of the cost of the acquisition. Under the revised guidance, those costs are recognized in the consolidated statement of income separately

from the business combination. The revised guidance applies to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 15 December 2008. The Company does not expect that the adoption of this guidance will have a material impact on its consolidated financial statements.

In December 2007, the FASB issued new guidance for accounting for noncontrolling interests. The new guidance, which is now part of ASC 810, *Consolidation* establishes accounting and reporting standards for ownership interests in subsidiaries held by parties other than the parent, the amount of consolidated net income attributable and to the noncontrolling interest, changes in a parent's ownership interest, and the valuation of retained noncontrolling equity investments when a subsidiary is deconsolidated. The new guidance also establishes disclosure requirements that clearly identify and distinguishes between the interests of the parent and the interests of the noncontrolling owners. The new guidance was effective for fiscal years beginning after 15 December 2008. The Company does not expect that the adoption of this guidance will have a material impact on its consolidated financial statements.

In June 2009, the FASB issued SFAS No. 167, *Amendments to FASB Interpretation No. 46(R)*. SFAS No. 167, which amends ASC 810-10, *Consolidation*, prescribes a qualitative model for identifying whether a company has a controlling financial interest in a variable interest entity (VIE) and eliminates the quantitative model. The new model identifies two primary characteristics of a controlling financial interest: (1) provides a company with the power to direct significant activities of the VIE, and (2) obligates a company to absorb losses of and/or provides rights to receive benefits from the VIE. SFAS 167 requires a company to reassess on an ongoing basis whether it holds a controlling financial interest in a VIE. A company that holds a controlling financial interest is deemed to be the primary beneficiary of the VIE and is required to consolidate the VIE. SFAS No. 167, which is referenced in ASC 105-10-65, has not yet been adopted into the Codification and remains authoritative. SFAS No. 167 is effective 1 October 2010. The Company does not expect that the adoption of SFAS No. 167 will have a material impact on its consolidated financial statements.

In June 2009, the FASB issued SFAS No. 166, *Accounting for Transfer of Financial Assets – an amendment of FASB Statement*. SFAS No. 166 removes the concept of a qualifying special-purpose entity from ASC 860-10, *Transfers and Servicing*, and removes the exception from applying ASC 810-10, *Consolidation*. This statements also clarifies the requirements for isolation and limitations on portions of financial assets that are eligible for sale accounting. SFAS No. 166, which is referenced in ASC 105-10-65, has not yet been adopted into the Codification and remains authoritative. This statement is effective 1 October 2010. The Company does not expect that the adoption of SFAS No. 166 will have a material impact on its consolidated financial statements.

International Financial Reporting Standards

In November 2008, the Securities and Exchange Commission (SEC) issued for comment a proposed roadmap regarding potential use of financial statements prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board. Under the proposed roadmap, the Company would be required to prepare consolidated financial statements in accordance with IFRS in fiscal year 2014, including comparative information also prepared under IFRS for fiscal 2013 and 2012. The Company is currently assessing the potential impact of IFRS on its consolidated financial statements and will continue to follow the proposed roadmap for future developments.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

As a smaller reporting company, we are not required to provide the information required by this Item.

Item 8. Financial Statements and Supplementary Data

Our audited financial statements 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)
30 September 2009

JAMES STAFFORD

James Stafford
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* Incorporated professional, James
Stafford, Inc.

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of Silverstar Mining Corp. (A Development Stage Company)

We have audited the consolidated balance sheets of **Silverstar Mining Corp.** (the Company) as at 30 September 2009 and 2008, and the related consolidated statements of operations, cash flows and changes in stockholders' equity for each of the year in the three-year period ended 30 September 2009. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as at 30 September 2009 and 2008 and the results of its operations, cash flows and changes in stockholders' equity for each of the year in the three-year period ended 30 September 2009 in conformity with accounting principles generally accepted in the United States of America.

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the consolidated financial statements, conditions exist which raise substantial doubt about the Company's ability to continue as a going concern unless it is able to generate sufficient cash flows to meet its obligations and sustain its operations. Management's plans in regard to these matters are also described in Note 1. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Vancouver, Canada

/s/ James Stafford
Chartered Accountants

17 December 2009

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

| | As at 30 September 2009 | As at 30 September 2008 |
|--|---|--|
| | \$ | \$ |
| Assets | | |
| Current | | |
| Cash and cash equivalents | 1,013 | 89,819 |
| Prepaid expenses | - | 800 |
| | 1,013 | 90,619 |
| Mineral property costs (Note 5) | - | 805,321 |
| Website development costs (Note 4) | - | 6,600 |
| | 1,013 | 902,540 |
| Liabilities | | |
| Current | | |
| Accounts payable and accrued liabilities (Note 6) | 16,501 | 18,122 |
| Convertible debentures (Note 7) | 15,616 | - |
| Due to related parties (Note 8) | 8,500 | 27,500 |
| | 40,617 | 45,622 |
| Stockholders equity | | |
| Capital stock (Note 10) | | |
| Authorized | | |
| 225,000,000 of common shares, par value \$0.001 | | |
| Issued and outstanding | | |
| 2009 | 42,168,837 common shares, par value \$0.001 | |
| 2008 | 42,169 | 44,834 |
| Additional paid-in capital | 1,297,852 | 759,011 |
| Share subscriptions received in advance | - | 422,176 |
| Deficit, accumulated during the development stage | (1,379,625) | (369,103) |
| | (39,604) | 856,918 |
| | 1,013 | 902,540 |

Nature, Basis of Presentation and Continuance of Operations (Note 1) and **Subsequent Event** (Note 13)

On behalf of the Board:

Lawrence Siccia
Lawrence Siccia

Director

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

| | For the period from the date of inception on 5 December 2003 to 30 September 2009 (Unaudited) | For the year ended 30 September 2009 | For the year ended 30 September 2008 | For the year ended 30 September 2007 |
|--|--|---|---|---|
| | \$ | \$ | \$ | \$ |
| Expenses | | | | |
| Bank charges and interest (Note 7) | 17,678 | 16,455 | 843 | 379 |
| Consulting (Note 9) | 138,467 | 52,000 | 78,967 | 7,500 |
| Exploration and development (Note 5) | 13,028 | (342) | 7,245 | - |
| Filing fees | 15,212 | 9,222 | 4,456 | 1,534 |
| Investor relations (Note 9) | 84,992 | 25,600 | 59,392 | - |
| Legal and accounting | 154,505 | 58,533 | 64,407 | 28,524 |
| Licences and permits | 3,415 | - | 2,316 | - |
| Management fees (Notes 9, 10 and 12) | 67,000 | 22,000 | 9,000 | 18,000 |
| Rent (Notes 9, 10 and 12) | 26,700 | 7,700 | 7,000 | 6,000 |
| Transfer agent fees | 16,822 | 5,233 | 9,060 | 2,530 |
| Travel, entertainment and office | 23,510 | 2,200 | 20,910 | 100 |
| Write-down of mineral property acquisition costs (Note 5) | 811,696 | 805,321 | - | - |
| Write-down of website development costs (Note 4) | 6,600 | 6,600 | - | - |
| Net loss for the period | (1,379,625) | (1,010,522) | (263,596) | (64,567) |
| Basic and diluted loss per common share | | (0.023) | (0.005) | (0.002) |
| Weighted average number of common shares used in per share calculations | | 43,683,175 | 56,307,430 | 40,520,493 |

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

| | For the period from the date of inception on 5 December 2003 to 30 September 2009 (Unaudited) \$ | For the year ended 30 September 2009 \$ | For the year ended 30 September 2008 \$ | For the year ended 30 September 2007 \$ |
|---|---|--|--|--|
| Cash flows used in operating activities | | | | |
| Net loss for the period | (1,379,625) | (1,010,522) | (263,596) | (64,567) |
| Adjustments to reconcile loss to net cash used by operating activities | | | | |
| Accrued interest (Note 7) | 15,616 | 15,616 | - | - |
| Contributions to capital by related parties (Notes 9, 10 and 12) | 125,500 | 65,500 | 12,000 | 24,000 |
| Write-down of mineral property acquisition costs (Note 5) | 811,696 | 805,321 | - | - |
| Write-down of website development costs (Note 4) | 6,600 | 6,600 | - | - |
| Changes in operating assets and liabilities | | | | |
| (Increase) decrease in prepaid expenses | - | 800 | (800) | - |
| Increase (decrease) in accounts payable and accrued liabilities | 16,501 | (1,621) | 13,445 | (5,263) |
| Increase (decrease) in due to related parties | 8,500 | (19,000) | 27,500 | - |
| | (395,212) | (137,306) | (211,451) | (45,830) |
| Cash flows used in investing activities | | | | |
| Acquisition of Silverdale, net of cash received | (140,221) | - | (140,221) | - |
| Mineral property acquisition costs (Note 5) | (21,375) | - | (15,000) | - |
| Website development costs (Note 4) | (6,600) | - | (6,600) | - |
| | (168,196) | - | (161,821) | - |
| Cash flows from financing activities | | | | |
| Convertible debenture | 15,000 | 15,000 | - | - |
| Share subscriptions received in advance | - | (422,176) | 422,176 | - |
| Share issue costs | (1,255) | - | (1,255) | - |
| Common shares issued for cash | 550,677 | 455,676 | - | 85,000 |
| Common shares redeemed | (1) | - | - | - |
| | 564,421 | 48,500 | 420,921 | 85,000 |

| | | | | |
|---|-------|----------|--------|--------|
| Increase (decrease) in cash and cash equivalents | 1,013 | (88,806) | 47,649 | 39,170 |
| Cash and cash equivalents, beginning of period | - | 89,819 | 42,170 | 3,000 |
| Cash and cash equivalents, end of period | 1,013 | 1,013 | 89,819 | 42,170 |

Supplemental Disclosures with Respect to Cash Flows (Note 12)

Silverstar Mining Corp.**(A Development Stage Company)**

Consolidated Statements of Changes in Stockholders' Equity

(Expressed in U.S. Dollars)

| | Number of shares issued | Share capital \$ | Share subscriptions received in advance / Additional paid-in capital \$ | Deficit, accumulated during the development stage \$ | Stockholder s equity \$ |
|---|-------------------------------|------------------------|--|---|-------------------------------|
| Balance at 5 December 2003 (inception) | - | - | - | - | - |
| Common shares issued for cash | | | | | |
| (\$0.33 per share) (Note 10) | 3 | - | 1 | - | 1 |
| Net loss for the period | - | - | - | (450) | (450) |
| Balance at 30 September 2004 | 3 | - | 1 | (450) | (449) |
| Net loss for the year | - | - | - | (300) | (300) |
| Balance at 30 September 2005 | 3 | - | 1 | (750) | (749) |
| Common shares issued for cash | | | | | |
| (\$0.0003 per share) (Note 10) | 30,000,000 | 30,000 | (20,000) | - | 10,000 |
| Common shares redeemed cash (\$0.33 per share) (Note 10) | (3) | - | (1) | - | (1) |
| Contributions to capital by related parties expenses (Notes 9, 10 and 12) | - | - | 24,000 | - | 24,000 |
| Net loss for the year | - | - | - | (40,190) | (40,190) |
| Balance at 30 September 2006 | 30,000,000 | 30,000 | 4,000 | (40,940) | (6,940) |
| Contributions to capital by related parties expenses | - | - | 24,000 | - | 24,000 |
| Common shares issued for cash | | | | | |
| (\$0.003 per share) (Note 10) | 25,500,000 | 25,500 | 59,500 | - | 85,000 |
| Net loss for the year | - | - | - | (64,567) | (64,567) |
| Balance at 30 September 2007 | 55,500,000 | 55,500 | 87,500 | (105,507) | 37,493 |
| Contributions to capital by related parties expenses (Notes 9, 10 and 12) | - | - | 12,000 | - | 12,000 |

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| | | | | | |
|--|-------------------|---------------|------------------|------------------|----------------|
| Share subscriptions received | | | | | |
| in | | | | | |
| advance | - | - | 422,176 | - | 422,176 |
| Share issue costs | - | - | (1,255) | - | (1,255) |
| Common shares issued for business acquisition (\$0.45 | | | | | |
| per | | | | | |
| share) (Notes 3, 10 and 12) | 4,334,000 | 4,334 | 645,766 | - | 650,100 |
| Common shares returned to treasury and cancelled (Notes | | | | | |
| 10 and 12) | (15,000,000) | (15,000) | 15,000 | - | - |
| 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 |

Silverstar Mining Corp.**(A Development Stage Company)**

Consolidated Statements of Changes in Stockholders' Equity

(Expressed in U.S. Dollars)

| | Number of shares issued | Share capital \$ | Share subscriptions received in advance / Additional paid-in capital \$ | Deficit, accumulated during the development stage \$ | Stockholders equity \$ |
|--|-------------------------------|------------------------|--|---|------------------------------|
| Balance at 30 September 2008 | 44,834,000 | 44,834 | 1,181,187 | (369,103) | 856,918 |
| Contributions to capital by related parties' expenses (Notes 9, 10 and 12) | - | - | 65,500 | - | 65,500 |
| Share subscriptions received in advance | - | - | (422,176) | - | (422,176) |
| Common shares issued for cash (\$0.25 per share) (Note 10) | 950,000 | 950 | 236,550 | - | 237,500 |
| Common shares issued for cash (\$0.45 per share) (Note 10) | 484,837 | 485 | 217,691 | - | 218,176 |
| Common shares returned to treasury and cancelled (Notes 10 and 12) | (4,100,000) | (4,100) | 4,100 | - | - |
| Intrinsic value of beneficial conversion feature (Note 7) | - | - | 15,000 | - | 15,000 |
| Net loss for the year | - | - | - | (1,010,522) | (1,010,522) |
| Balance at 30 September 2009 | 42,168,837 | 42,169 | 1,297,852 | (1,379,625) | (39,604) |

Silverstar Mining Corp.

(A Development Stage Company)

Notes to Consolidated Financial Statements

(Expressed in U.S. Dollars)

30 September 2009

1. Nature, Basis of Presentation and Continuance of Operations

Silverstar Mining Corp. (formerly Rose Explorations Inc.) (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 (U.S. GAAP), and are expressed in U.S. dollars. The Company's fiscal year end is 30 September.

These consolidated financial statements as at 30 September 2009 and for the year 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 \$1,010,522 for the year ended 30 September 2009 (2008 - \$263,596, 2007 - \$64,567, cumulative - \$1,379,625) and has working capital deficit of \$39,604 at 30 September 2009 (2008 - working capital of \$44,997).

Management cannot provide assurance that the Company will ultimately achieve profitable operations or become cash flow positive, or raise additional debt and/or equity capital. 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 30 September 2009, 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. 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)
30 September 2009

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.

Silverstar Mining Corp.

(A Development Stage Company)

Notes to Consolidated Financial Statements

(Expressed in U.S. Dollars)

30 September 2009

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 Canada 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.

Silverstar Mining Corp.

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Notes to Consolidated Financial Statements

(Expressed in U.S. Dollars)

30 September 2009

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 30 September 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, *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.

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Notes to Consolidated Financial Statements

(Expressed in U.S. Dollars)

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Start-up expenses

The Company has adopted ASC 720-15, *Start-Up Costs*, which requires that costs associated with startup 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 September 2009.

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 U.S. 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 year's presentation.

Changes in accounting policies

a. *The Accounting Standards Codification*

In June 2009, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 168, *The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principle - a replacement of FASB Statement No. 162*. The Codification reorganized existing U.S. accounting and reporting standards issued by the FASB and other related private sector standard setter into a single source of authoritative accounting principles arranged by topic. The Codification supersedes all existing U.S. accounting standards; all other accounting literature not included in the Codification (other than Securities and Exchange Commission guidance for publicly-traded companies) is considered non-authoritative. The Codification was effective on a prospective basis for interim and annual reporting periods ending after 15 September 2009. The adoption of the Codification changed the Company's references to U.S. GAAP accounting standards but did not impact the Company's results of operations, financial position or liquidity.

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b. *Subsequent Events*

In May 2009, the FASB issued new guidance for accounting for subsequent events. The new guidance, which is now part of ASC 855, *Subsequent Events* is intended to establish general standards of accounting for and disclosure of events that occur after the balance sheet date, but before financial statements are issued or are available to be issued. It requires the disclosure of the date through which an entity has evaluated subsequent events and the basis for that date. This disclosure should alert all users of financial statements that an entity has not evaluated subsequent events after that date in the set of financial statements being presented. The new guidance was effective on a prospective basis for interim or annual reporting periods ending after 15 June 2009. The adoption of this guidance did not have a material impact on the Company's consolidated financial statements.

c. *Convertible Debt*

In May 2008, the FASB issued new guidance for accounting for convertible debt instruments that may be settled in cash. The new guidance, which is now part of ASC 470-20, *Debt with Conversion and Other Options* requires the liability and equity components to be separately accounted for in a manner that will reflect the entity's nonconvertible debt borrowing rate. The Company will allocate a portion of the proceeds received from the issuance of convertible notes between a liability and equity component by determining the fair value of the liability component using the Company's nonconvertible debt borrowing rate. The difference between the proceeds of the notes and the fair value of the liability component will be recorded as a discount on the debt with a corresponding offset to paid-in capital. The resulting discount will be accreted by recording additional non-cash interest expense over the expected life of the convertible notes using the effective interest rate method. The new guidance was to be applied retrospectively to all periods presented upon those fiscal years. The adoption of this guidance did not have a material impact on the Company's consolidated financial statements.

d. *Derivative Instruments and Hedging Activities*

In March 2008, the FASB issued new guidance on the disclosure of derivative instruments and hedging activities. The new guidance, which is now part of ASC 815, *Derivatives and Hedging Activities* requires qualitative disclosures about objectives and strategies for using derivatives, quantitative disclosures about fair value amounts of, and gains and losses on, derivative instruments, and disclosures about credit-risk-related contingent features in derivative agreements. The new guidance was effective prospectively for financial statements issued for any reporting period beginning after 15 November 2008, with early application encouraged. The adoption of this guidance did not have a significant impact on the Company's consolidated financial statements.

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Recent accounting pronouncements

In June 2009, the FASB issued SFAS No. 167, *Amendments to FASB Interpretation No. 46(R)*. SFAS No. 167, which amends ASC 810-10, *Consolidation*, prescribes a qualitative model for identifying whether a company has a controlling financial interest in a variable interest entity (VIE) and eliminates the quantitative model. The new model identifies two primary characteristics of a controlling financial interest: (1) provides a company with the power to direct significant activities of the VIE, and (2) obligates a company to absorb losses of and/or provides rights to receive benefits from the VIE. SFAS 167 requires a company to reassess on an ongoing basis whether it holds a controlling financial interest in a VIE. A company that holds a controlling financial interest is deemed to be the primary beneficiary of the VIE and is required to consolidate the VIE. SFAS No. 167, which is referenced in ASC 105-10-65, has not yet been adopted into the Codification and remains authoritative. SFAS No. 167 is effective 1 October 2010. The Company does not expect that the adoption of SFAS No. 167 will have a material impact on its consolidated financial statements.

In June 2009, the FASB issued SFAS No. 166, *Accounting for Transfer of Financial Assets – an amendment of FASB Statement*. SFAS No. 166 removes the concept of a qualifying special-purpose entity from ASC 860-10, *Transfers and Servicing*, and removes the exception from applying ASC 810-10, *Consolidation*. This statements also clarifies the requirements for isolation and limitations on portions of financial assets that are eligible for sale accounting. SFAS No. 166, which is referenced in ASC 105-10-65, has not yet been adopted into the Codification and remains authoritative. This statement is effective 1 October 2010. The Company does not expect that the adoption of SFAS No. 166 will have a material impact on its 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 Company does not expect that the adoption of this guidance will have a material impact on its consolidated financial statements.

In December 2007, the FASB issued revised guidance for accounting for business combinations. The revised guidance, which is now part of ASC 805, *Business Combination* requires the fair value measurement of assts acquired, liabilities assumed and any noncontrolling interest in the acquiree, at the acquisition date with limited exceptions. Previously, a cost allocation approach was used to allocate the cost of the acquisition based on the estimated fair value of the individual assets acquired and liabilities assumed. The cost allocation approach treated acquisition-related costs and restructuring costs that the acquirer expected to incur as a liability on the acquisition date, as part of the cost of the acquisition. Under the revised guidance, those costs are recognized in the consolidated statement of income separately from the business combination. The revised guidance applies to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 15 December 2008. The Company does not expect that the adoption of this guidance will have a material impact on its consolidated financial statements.

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In December 2007, the FASB issued new guidance for accounting for noncontrolling interests. The new guidance, which is now part of ASC 810, *Consolidation* establishes accounting and reporting standards for ownership interests in subsidiaries held by parties other than the parent, the amount of consolidated net income attributable and to the noncontrolling interest, changes in a parent's ownership interest, and the valuation of retained noncontrolling equity investments when a subsidiary is deconsolidated. The new guidance also establishes disclosure requirements that clearly identify and distinguishes between the interests of the parent and the interests of the noncontrolling owners. The new guidance was effective for fiscal years beginning after 15 December 2008. The Company does not expect that the adoption of this guidance will have a material impact on its consolidated financial statements.

International Financial Reporting Standards

In November 2008, the Securities and Exchange Commission (SEC) issued for comment a proposed roadmap regarding potential use of financial statements prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board. Under the proposed roadmap, the Company would be required to prepare consolidated financial statements in accordance with IFRS in fiscal year 2014, including comparative information also prepared under IFRS for fiscal 2013 and 2012. The Company is currently assessing the potential impact of IFRS on its consolidated financial statements and will continue to follow the proposed roadmap for future developments.

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 10 and 12). 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 expands the Company's business of acquiring and exploring mineral properties.

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 |

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| | |
|----------------------------|---------|
| Mineral property interests | 790,321 |
| Total assets acquired | 791,860 |
| Purchase price | 791,860 |

Silverstar Mining Corp.
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4. Website Development Costs

| | | | Net Book Value | |
|-------------------------------|-------------|--|----------------------------------|----------------------------------|
| | Cost | Accumulated amortization / Impairment | 30 September 2009 | 30 September 2008 |
| | \$ | \$ | \$ | \$ |
| Website and development costs | 6,600 | (6,600) | - | 6,600 |
| | 6,600 | (6,600) | - | 6,600 |

During the year ended 30 September 2009, the Company incurred website development costs of \$Nil (2008 - \$6,600).

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).

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 year ended 30 September 2009 consist of claim maintenance and permitting of \$600 (2008 - \$445, 2007 - \$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 V (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 detailed as

follows:

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| | Payments | Shares | Exploration expenditures |
|------------------------------------|------------------|------------------|-------------------------------------|
| | \$ | | \$ |
| Upon execution of agreement (paid) | 50,000 | 100,000 | 100,000 |
| On or before 14 September 2009 | 100,000 | 150,000 | 200,000 |
| On or before 14 September 2010 | 350,000 | 250,000 | 300,000 |
| On or before 14 September 2011 | 500,000 | 500,000 | 400,000 |
| Total | 1,000,000 | 1,000,000 | 1,000,000 |

Expenditures related to the Pinehurst Properties for the year ended 30 September 2009 consist of geology and engineering of \$Nil (2008 - \$6,800, 2007 - \$Nil). During the year ended 30 September 2009, the Company recorded a recovery of expenditures related to the Pinehurst Properties of \$3,400 (2008 - \$Nil, 2007 - \$Nil).

The Company is in default under the terms of the option agreement, and does not have any short term prospects for raising the funds needed to complete these projects and has written off its deferred mineral property costs related to the project.

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 year ended 30 September 2009 consist of acquisition costs of \$Nil (2008 - \$270,000, 2007 - \$Nil).

The Company is in default under the terms of the option agreement, and does not have any short term prospects for raising the funds needed to complete these projects and has written off its deferred mineral property costs related to the project.

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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 includes numerous small underground mines within the Chief District situated just north of Caliente, Nevada. The project includes 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 year ended 30 September 2009 consist of acquisition costs of \$2,458 (2008 - \$15,000, 2007 - \$Nil).

The Company wrote off its deferred mineral property costs related to the Gold 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.

7. Convertible Debentures

| Balance at 30 September 2009 | Balance at 30 September 2008 |
|---|---|
| \$ | \$ |

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 the year ended 30 September 2009, the Company accrued interest expense of \$15,616 (30 September 2008 \$Nil) of which \$15,000 is related to amortization of debt discount (Note 12). The balance as at 30 September 2009 consists of principal and accrued interest of \$15,000 (30 September 2008 \$Nil) and \$616 (30 September 2008 \$Nil), respectively.

| | |
|--------|---|
| 15,616 | - |
|--------|---|

Silverstar Mining Corp.

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8. 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.

9. Related Party Transactions

On 1 April 2008, the Company has agreed to pay a officer and director of the Company of \$6,500 per month for management and consulting services commencing 1 March 2008 expiring in 30 days upon cancellation notice by either party. The Company paid or accrued \$26,000 to the director for these services during the year ended 30 September 2009 (2008 - \$45,500, 2007 - \$Nil). This officer and director of the Company resigned during the year ended 30 September 2009.

On 1 April 2008, the Company has agreed to pay a officer of the Company of \$3,500 per month for management and consulting services commencing 1 March 2008 expiring in 30 days upon cancellation notice by either party. The Company paid or accrued \$17,500 to the officer for these services during the year ended 30 September 2009 (2008 - \$24,500, 2007 - \$Nil). This officer of the Company resigned during the year ended 30 September 2009.

During the year ended 30 September 2009, the Company paid or accrued \$9,000 to a company related to the Company by way of a director in common for investor relation services (2008 - \$15,000, 2007 - \$Nil).

During the year ended 30 September 2009, the Company paid or accrued \$28,500 to a Company related to the Company by way of a shareholder in common for accounting services (2008 - \$22,841, 2007 - \$Nil).

During the year ended 30 September 2009, the Company paid or accrued \$4,500 to a shareholder of the Company for management and consulting services (2008 - \$5,967, 2007 - \$Nil).

During the year ended 30 September 2009, an officer and director of the Company made contributions to capital for management fees in the amount of \$22,000 (2008 - \$9,000, 2007 - \$18,000) and rent in the amount of \$4,500 (2008 - \$3,000, 2007 - \$6,000) (Notes 10 and 12).

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 (Notes 10 and 12).

10. 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 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 30 September 2009.

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

On 1 January 2006, 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, 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.

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 12).

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 12).

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 30 September 2009.

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 12).

During the year ended 30 September 2009, an officer and director of the Company made contributions to capital for management fees in the amount of \$22,000 (2008 - \$9,000, 2007 - \$18,000) and rent in the amount of \$4,500 (2008 - \$3,000, 2007 - \$6,000) (Notes 9 and 12).

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 (Notes 9 and 12).

Silverstar Mining Corp.**(A Development Stage Company)**

Notes to Consolidated Financial Statements

(Expressed in U.S. Dollars)

30 September 2009**11. Income Taxes**

The Company has losses carried forward for income tax purposes to 30 September 2009. There are no current or deferred tax expenses for the year ended 30 September 2009 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 year ended 30 September 2009 \$ | For the year ended 30 September 2008 \$ | For the year ended 30 September 2007 \$ |
|---|--|--|--|
| Deferred tax asset attributable to: | | | |
| Current operations | 343,577 | 89,623 | 21,953 |
| Contributions to capital by related parties | (22,270) | (4,080) | (8,160) |
| Write-down of mineral property acquisition costs | (268,709) | - | - |
| Less: Change in valuation allowance | (52,598) | (85,543) | (13,793) |
| Net refundable amount | - | - | - |

The composition of the Company's deferred tax assets as at 30 September 2009, 2008 and 2007 are as follows:

| | As at 30 September 2009 \$ | As at 30 September 2008 \$ | As at 30 September 2007 \$ |
|--|---|---|---|
| Net income tax operating loss carryforward | 1,379,625 | 369,103 | 105,507 |
| Statutory federal income tax rate | 34% | 34% | 34% |
| Other reconciling items, net | -22.57% | -5.53% | -15.47% |
| Effective income tax rate | 0% | 0% | 0% |
| Deferred tax assets | 157,693 | 105,095 | 19,552 |
| Less: Valuation allowance | (157,693) | (105,095) | (19,552) |

Net deferred tax asset

- - -

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

Silverstar Mining Corp.**(A Development Stage Company)**

Notes to Consolidated Financial Statements

(Expressed in U.S. Dollars)

30 September 2009

As at 30 September 2009, the Company has an unused net operating loss carry-forward balance of approximately \$463,804 that is available to offset future taxable income. This unused net operating loss carry-forward balance expires between 2024 and 2029.

12. Supplemental Disclosures with Respect to Cash Flows

| | For the period from the date of inception on 5 December 2003 to 30 September 2009 (Unaudited) | For the year ended 30 September 2009 | For the year ended 30 September 2008 | For the year ended 30 September 2007 |
|--|--|---|---|---|
| | \$ | \$ | \$ | \$ |
| 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 10).

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 10).

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 10).

During the year ended 30 September 2009, an officer and director of the Company made contributions to capital for management fees in the amount of \$22,000 (2008 - \$9,000, 2007 - \$18,000) and rent in the amount of \$4,500 (2008 - \$3,000, 2007 - \$6,000) (Notes 9 and 10).

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 (Notes 9 and 10).

During the year ended 30 September 2009, the Company accrued interest of \$15,616 related to the convertible debentures (Note 7).

Silverstar Mining Corp.
(A Development Stage Company)
Notes to Consolidated Financial Statements
(Expressed in U.S. Dollars)
30 September 2009

13. Subsequent Event

Subsequent to the year ended 30 September 2009 to the date the consolidated financial statements were available to be issued on 22 December 2009, the following event occurred:

- a. On 13 November 2009, the Company issued a demand loan to an unrelated party. The loan bears interest at a rate of 10% per annum on any unpaid principle balances, is unsecured, and has no fixed terms of repayment.
-

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A (T). 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, principal financial officer and principle accounting officer) to allow for timely decisions regarding required disclosure.

As of September 30, 2009, the end of our fiscal year covered by this report, we carried out an evaluation, under the supervision and with the participation of our president and chief executive officer (our principal executive officer, principal financial officer and principle accounting officer), of the effectiveness of the design and operation of our disclosure controls and procedures. Based on the foregoing, our president and chief executive officer (our principal executive officer, principal financial officer and principle accounting officer) concluded that our disclosure controls and procedures were effective as of the end of the period covered by this annual report.

Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures. The objectives of internal control include providing management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States. Our management assessed the effectiveness of our internal control over financial reporting as of September 30, 2009. In making this assessment, our management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in *Internal Control-Integrated Framework*. Our management has concluded that, as of September 30, 2009, our internal control over financial reporting is effective. Our management reviewed the results of their assessment with our board of directors.

This annual report does not include an attestation report of our company's registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by our company's registered public accounting firm pursuant to temporary rules of the Securities and Exchange Commission that permit our company to provide only management's report in this annual report.

Inherent limitations on effectiveness of controls

Internal control over financial reporting has inherent limitations which include but is not limited to the use of independent professionals for advice and guidance, interpretation of existing and/or changing rules and principles, segregation of management duties, scale of organization, and personnel factors. Internal control over financial reporting is a process which involves human diligence and compliance and is subject to lapses in judgment and breakdowns resulting from human failures. Internal control over financial reporting also can be circumvented by collusion or improper management override. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements on a timely

basis, however these inherent limitations are known features of the financial reporting process and it is possible to design into the process safeguards to reduce, though not eliminate, this risk. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Changes in Internal Control over Financial Reporting

There have been no changes in our internal controls over financial reporting that occurred during the year ended September 30, 2009 that have materially or are reasonably likely to materially affect, our internal controls over financial reporting.

Item 9B. Other Information

None

PART III

Item 10. Directors, Executive Officers and Corporate Governance

All of the directors of our company hold office until the next annual meeting of the stockholders or until their successors have been elected and qualified. Our officers are appointed by our board of directors and hold office until their death, resignation or removal from office. Our directors and executive officers, their ages, positions held, and duration as such, are as follows:

| Name | Position Held with the Company | Age | Date First Elected or Appointed |
|-----------------|---------------------------------------|------------|--|
| Lawrence Siccia | Director | 42 | March 31, 2009 |
| | President and Chief Executive Officer | | June 2, 2009 |

Business Experience

The following is a brief account of the education and business experience of each director and executive officer during at least the past five years, indicating each person's principal occupation during the period, and the name and principal business of the organization by which he was employed.

Lawrence Siccia

Lawrence Siccia was the president, secretary, treasurer and director of Constitution Mining Corp. from May 2001 to November 2007. Since 1995, he has also been a Finance Broker and the Retail Lease Manager for Totem Ford in Vancouver, B.C., Canada. Lawrence Siccia has been in the automobile industry since 1994 and has extensive knowledge of automobiles, parts and the automobile industry in general.

Family Relationships

There are no family relationships, our board of directors solely consists of Lawrence Siccia

Involvement in Certain Legal Proceedings

Our sole director and executive officer has not been involved in any of the following events during the past five years:

1. any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time;
2. any conviction in a criminal proceeding or being subject to a pending criminal proceeding (excluding traffic violations and other minor offences);
3. being subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities or banking activities; or
4. being found by a court of competent jurisdiction (in a civil action), the Commission or the Commodity Futures Trading Commission to have violated a federal or state securities or commodities law, and the judgment has not been reversed, suspended, or vacated.

Section 16(a) Beneficial Ownership Compliance

Section 16(a) of the Securities Exchange Act of 1934 requires our executive officers and directors and persons who own more than 10% of our common stock to file with the Securities and Exchange Commission initial statements of beneficial ownership, reports of changes in ownership and annual reports concerning their ownership of our common stock and other equity securities, on Forms 3, 4 and 5 respectively. Executive officers, directors and greater than 10% shareholders are required by the SEC regulations to furnish us with copies of all Section 16(a) reports that they file.

Based solely on our review of the copies of such forms received by us, or written representations from certain reporting persons, we believe that during fiscal year ended September 30, 2009, all filing requirements applicable to our officers, directors and greater than 10% percent beneficial owners were complied with.

| Name | Number of Late Reports | Number of Transactions Not Reported on a Timely Basis | Failure to File Requested Forms |
|-----------------|-------------------------------|--|--|
| Lawrence Siccia | N/A | N/A | N/A |
| John Jardine | 1 | 1 | 1 |
| Jim MacKenzie | N/A | 1 | 1 |
| David Bond | N/A | 1 | 1 |
| Dennis O Brien | N/A | 1 | 1 |
| Justin L. Rice | N/A | 1 | 1 |
| Matt Williams | N/A | 1 | 1 |
| Howard Lahti | N/A | 1 | 1 |
| Greg Cowan | N/A 1 | 1 | 1 |

Audit Committee and Audit Committee Financial Expert

We do not have an audit committee; our entire board of directors performs the function of an audit committee. Our board of directors has determined that it does not have a member that qualifies as an "audit

committee financial expert" as defined in Item 407(d)(5)(ii) of Regulation S-K, and is "independent" as the term is used in Item 7(d)(3)(iv) of Schedule 14A under the Securities Exchange Act of 1934, as amended.

We believe that the members of our board of directors are collectively capable of analyzing and evaluating our financial statements. We believe that retaining an independent director who would qualify as an "audit committee financial expert" would be overly costly and burdensome and is not warranted in our circumstances given the early stages of our development and the fact that we have not generated any material revenues to date. In addition, we currently do not have nominating, compensation or audit committees or committees performing similar functions nor do we have a written nominating, compensation or audit committee charter. Our board of directors does not believe that it is necessary to have such committees because it believes the functions of such committees can be adequately performed by our board of directors.

Code of Ethics

We adopted a Code of Ethics applicable to all of our directors, officers, employees and consultants, which is a "code of ethics" as defined by applicable rules of the SEC. Our Code of Ethics is attached as an exhibit to our annual report on Form 10-KSB filed on December 29, 2008. If we make any amendments to our Code of Ethics other than technical, administrative, or other non-substantive amendments, or grant any waivers, including implicit waivers, from a provision of our Code of Ethics to our chief executive officer, chief financial officer, or certain other finance executives, we will disclose the nature of the amendment or waiver, its effective date and to whom it applies in a Current Report on Form 8-K filed with the SEC.

Item 11. Executive Compensation

The particulars of the compensation paid to the following persons:

- our principal executive officer;
- each of our two most highly compensated executive officers who were serving as executive officers at the end of the years ended September 30, 2009 and 2008; and
- up to two additional individuals for whom disclosure would have been provided under (b) but for the fact that the individual was not serving as our executive officer at the end of the years ended September 30, 2009 and 2008,

who we will collectively refer to as the named executive officers of our company, are set out in the following summary compensation table, except that no disclosure is provided for any named executive officer, other than our principal executive officers, whose total compensation did not exceed \$100,000 for the respective fiscal year:

| SUMMARY COMPENSATION TABLE | | | | | | | | | |
|--------------------------------|------|-------------|------------|-------------------|--------------------|---|--|-----------------------------|------------|
| Name and Principal Position | Year | Salary (\$) | Bonus (\$) | Stock Awards (\$) | Option Awards (\$) | Non-Equity Incentive Plan Compensation (\$) | Change in Pension Value and Nonqualified Deferred Compensation Earnings (\$) | All Other Compensation (\$) | Total (\$) |
| Lawrence Siccia ⁽¹⁾ | 2009 | Nil | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| | 2008 | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |

*President,
Chief
Executive
Officer
and
Director)*

| | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|--|
| | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|--|

| SUMMARY COMPENSATION TABLE | | | | | | | | | |
|---|------|-------------|------------|-------------------|--------------------|---|--|-----------------------------|------------|
| Name and Principal Position | Year | Salary (\$) | Bonus (\$) | Stock Awards (\$) | Option Awards (\$) | Non-Equity Incentive Plan Compensation (\$) | Change in Pension Value and Nonqualified Deferred Compensation Earnings (\$) | All Other Compensation (\$) | Total (\$) |
| Jim MacKenzie (2) <i>Former President, Chief Executive Officer and Director</i> | 2009 | 26,000 | N/A | N/A | N/A | N/A | N/A | N/A | 26,000 |
| | 2008 | 45,500 | N/A | N/A | N/A | N/A | N/A | N/A | 45,500 |
| John Jardine (3) <i>Former Chief Financial Officer, Secretary and Treasurer</i> | 2009 | 3,000 | N/A | N/A | N/A | N/A | N/A | N/A | 3,000 |
| | 2008 | 24,500 | N/A | N/A | N/A | N/A | N/A | N/A | 24,500 |

- (1) On June 2, 2009, Lawrence Siccia was appointed as our president and chief executive officer and on March 31, 2009 he was appointed as a director of our company.
- (2) Jim MacKenzie was appointed president, chief executive officer and director of our company on February 6, 2008 and resigned from all his positions on June 2, 2009.
- (3) John Jardine was appointed chief financial officer, secretary and treasurer of our company on March 7, 2009 and resigned from all his positions on March 31, 2009.

Stock Options/SAR Grants

During the period from inception (December 5, 2003) to September 30, 2009, we did not grant any stock options to our executive officers.

Aggregated Option Exercises in Last Fiscal Year and Fiscal Year-End Values

There were no options exercised during our fiscal year ended September 30, 2009 or September 30, 2008 by any officer or director of our company.

Outstanding Equity Awards at Fiscal Year End

No equity awards were outstanding as of the year ended September 30, 2009.

Compensation of Directors

We reimburse our directors for expenses incurred in connection with attending board meetings. We have not paid any director's fees or other cash compensation for services rendered as a director since our inception to September 30, 2009.

We have no formal plan for compensating our directors for their service in their capacity as directors, although such directors are expected in the future to receive stock options to purchase common shares as awarded by our board of directors or (as to future stock options) a compensation committee which may be established. Directors are entitled to reimbursement for reasonable travel and other out-of-pocket expenses incurred in connection with attendance at meetings of our board of directors. Our board of directors may award special remuneration to any director undertaking any special services on our behalf other than

services ordinarily required of a director. No director received and/or accrued any compensation for their services as a director, including committee participation and/or special assignments.

Employment Contracts and Termination of Employment and Change in Control Arrangements

We have not entered into any employment agreement or consulting agreement with our directors and executive officers.

There are no arrangements or plans in which we provide pension, retirement or similar benefits for directors or executive officers. Our directors and executive officers may receive stock options at the discretion of our board of directors in the future. We do not have any material bonus or profit sharing plans pursuant to which cash or non-cash compensation is or may be paid to our directors or executive officers, except that stock options may be granted at the discretion of our board of directors.

We have no plans or arrangements with respect to remuneration received or that may be received by our executive officers to compensate such officers in the event of termination of employment (as a result of resignation, retirement, change of control) or a change of responsibilities following a change of control, where the value of such compensation exceeds \$60,000 per executive officer.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The following table sets forth, as of December 15, 2009, certain information with respect to the beneficial ownership of our common stock by each stockholder known by us to be the beneficial owner of more than 5% of our common stock and by each of our current directors and executive officers. Each person has sole voting and investment power with respect to the shares of common stock, except as otherwise indicated. Beneficial ownership consists of a direct interest in the shares of common stock, except as otherwise indicated.

| Name and Address of Beneficial Owner | Amount and Nature of Beneficial Ownership | Percentage of Class⁽¹⁾ |
|---|--|--|
| Lawrence Siccia 164 997 Hornby Street Vancouver, BC V6Z 1V3 | 5,000,000 | 11.9% |
| Directors and Executive Officers as a Group | 5,000,000 | 11.9% |
| | | |

- (1) Under Rule 13d-3, a beneficial owner of a security includes any person who, directly or indirectly, through any contract, arrangement, understanding, relationship, or otherwise has or shares: (i) voting power, which includes the power to vote, or to direct the voting of shares; and (ii) investment power, which includes the power to dispose or direct the disposition of shares. Certain shares may be deemed to be beneficially owned by more than one person (if, for example, persons share the power to vote or the power to dispose of the shares). In addition, shares are deemed to be beneficially owned by a person if the person has the right to acquire the shares (for example, upon exercise of an option) within 60 days of the date as of which the information is provided. In computing the percentage ownership of any person, the amount of shares outstanding is deemed to include the amount of shares beneficially owned by such person (and only such person) by reason of these acquisition rights. As a result, the percentage of outstanding shares of any person as shown in this table does not necessarily reflect the person's actual ownership or voting power with respect to the number of shares of common stock actually outstanding on

December 15, 2009. As of December 15, 2009, there were 42,168,837 shares of our company's common stock issued and outstanding.

Changes in Control

June 2, 2009, 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 Lawrence Siccia, our current president, chief executive officer and director. Lawrence Siccia purchased the shares from personal funds in the amount of \$500.

Item 13. Certain Relationships and Related Transactions, and Director Independence

Except as disclosed herein, there have been no transactions or proposed transactions in which the amount involved exceeds the lesser of \$120,000 or one percent of the average of our total assets at year-end for the last three completed fiscal years in which any of our directors, executive officers or beneficial holders of more than 5% of the outstanding shares of our common stock, or any of their respective relatives, spouses, associates or affiliates, has had or will have any direct or material indirect interest.

Director Independence

We currently act with one director, consisting of Lawrence Siccia. We have determined that we do not have a director that qualifies as an independent director as defined in NASDAQ Marketplace Rule 4200(a)(15).

We do not have a standing audit, compensation or nominating committee, but our entire board of directors act in such capacity. We believe that our directors are capable of analyzing and evaluating our financial statements and understanding internal controls and procedures for financial reporting. Our directors do not believe that it is necessary to have an audit committee because we believe that the functions of an audit committee can be adequately performed by the board of directors. In addition, we believe that retaining additional independent directors who would qualify as an audit committee financial expert would be overly costly and burdensome and is not warranted in our circumstances given the early stages of our development.

Item 14. Principal Accountants Fees and Services

The aggregate fees billed for the most recently completed fiscal year ended September 30, 2009 and for fiscal year ended September 30, 2008 for professional services rendered by the principal accountant for the audit of our annual financial statements and review of the financial statements included in our quarterly reports on Form 10-Q and services that are normally provided by the accountant in connection with statutory and regulatory filings or engagements for these fiscal periods were as follows:

| | Year Ended September 30 | |
|--------------------|----------------------------|--------------|
| | 2009 (\$) | 2008 (\$) |
| Audit Fees | \$8,583 | \$3,512 |
| Audit Related Fees | \$7,563 | \$7,760 |
| Tax Fees | \$Nil | \$Nil |
| All Other Fees | \$Nil | \$Nil |
| Total | \$16,146 | \$11,272 |

Audit Fees. Audit fees consist of fees billed for professional services rendered for the audits of our consolidated financial statements, services performed in connection with filings with the Securities and Exchange Commission and other services that are normally provided by James Stafford, Chartered Accountants for the fiscal years ended September 30, 2009 and 2008.

Audit related Fees. There were \$7,563 audit related fees paid to James Stafford, Chartered Accountants for the fiscal year ended September 30, 2009 for services related to the review of the filing of quarterly of financial information and \$7,760 for the fiscal year ended September 30, 2008.

Tax Fees. Consist of fees billed for professional services for tax compliance, tax advice and tax planning. These services include assistance regarding federal, state and local tax compliance and consultation in connection with various transactions and acquisitions.

We do not use James Stafford, Chartered Accountants, for financial information system design and implementation. These services, which include designing or implementing a system that aggregates source data underlying the financial statements or generates information that is significant to our financial statements, are provided internally or by other service providers. We do not engage James Stafford, Chartered Accountants to provide compliance outsourcing services.

Effective May 6, 2003, the Securities and Exchange Commission adopted rules that require that before James Stafford, Chartered Accountants is engaged by us to render any auditing or permitted non-audit related service, the engagement be:

- approved by our audit committee (the functions of which are performed by our entire board of directors); or
- entered into pursuant to pre-approval policies and procedures established by the board of directors, provided the policies and procedures are detailed as to the particular service, the board of directors is informed of each service, and such policies and procedures do not include delegation of the board of directors' responsibilities to management.

Our entire board of directors pre-approves all services provided by our independent auditors. All of the above services and fees were reviewed and approved by our sole director either before or after the respective services were rendered.

Our board of directors has considered the nature and amount of fees billed by James Stafford, Chartered Accountants and believe that the provision of services for activities unrelated to the audit is compatible with maintaining James Stafford, Chartered Accountants independence.

PART IV

Item 15. Exhibits, Financial Statement Schedules

Exhibits required by Item 601 of Regulation S-K

| Exhibit Number | Description |
|-------------------|-------------|
|-------------------|-------------|

| | |
|------------|---|
| (3) | (i) Articles of Incorporation; and (ii) Bylaws |
|------------|---|

| | |
|-----|---|
| 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) | Material Contracts |
|-------------|---------------------------|

| | |
|------|---|
| 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). |
|------|--|

**Exhibit
Number Description**

(14) Code of Ethics

14.1 Code of Ethics (incorporated by reference from our Annual Report Form 10-KSB filed on December 29, 2008)

(21) Subsidiaries of the Registrant

21.1 Silverdale Mining Corp.

(31) Rule 13a-14(a)/15d-14(a) Certifications

31.1* Section 302 Certifications under Sarbanes-Oxley Act of 2002

(32) Section 1350 Certifications

32.1* Section 906 Certifications under Sarbanes-Oxley Act of 2002

**Filed herewith.*

SIGNATURES

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

SILVERSTAR MINING CORP.

(Registrant)

Dated: December 30, 2009

/s/ Lawrence Siccia

Lawrence Siccia

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

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

Dated: December 30, 2009

/s/ Lawrence Siccia

Lawrence Siccia

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