SILVERSTAR MINING CORP.
Form 10-K
January 15, 2013

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended: September 30, 2012

Or

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from: _____________ to _____________

Commission file number 333-113296

SILVERSTAR MINING CORP.

(Exact name of registrant as specified in its charter)

Nevada	**98-0425627**
(State or other jurisdiction of incorporation or organization)	*(I.R.S. Employer Identification No.)*

Harborside Financial Center, 2500 Plaza 5, Jersey City, NJ 07311
(Address of principal executive offices) (Zip Code)

(201)633-4716
(Registrant's telephone number, including area code)

N/A

(Former name or former address, if changed since last report)

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

Title of each class	**Name of each exchange on which registered**
Not Applicable	None

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

None
(Title of Class)

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

[ ] Yes [X] No

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 [X] No

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

[X] Yes [ ] No

Indicate by check mark whether the registrant 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-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

[X] 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. [X]

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

Large accelerated filer	[ ]	Accelerated filer	[ ]
Non-accelerated filer	[ ]	Smaller reporting company	[X]

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act).
[ ] Yes [X] No

The aggregate market value of the Registrant's Common Stock held by non-affiliates of the Registrant (based upon the closing price of the Registrant's Common Stock as of September 30, 2012 was approximately $60,590 (based on 30,295 shares of common stock outstanding held by non-affiliates on such date, $2.00 per share). Shares of the Registrant's Common Stock held by each executive officer and director and by each entity or person that, to the Registrant's knowledge, owned 5% or more of the Registrant's outstanding Common Stock as of September 30, 2012 have been excluded in that such persons may be deemed to be affiliates of the Registrant. This determination of affiliate status is not necessarily a conclusive determination for other purposes.

The number of outstanding shares of Registrant's Common Stock, $0.001 par value, was 169,179 shares as of September 30, 2012.

APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY

PROCEEDINGS DURING THE PRECEDING FIVE YEARS:

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Section 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court.

[ ] Yes [ ] No

DOCUMENTS INCORPORATED BY REFERENCE

List hereunder the following documents if incorporated by reference and the Part of the Form 10-K (e.g., Part I, Part II, etc.) into which the document is incorporated: (1) Any annual report to security holders; (2) Any proxy or information statement; and (3) Any prospectus filed pursuant to Rule 424(b) or (c) under the Securities Act of 1933.

None.

Forward-Looking Statements

We caution that any forward-looking statements (as such term is defined in the Private Securities Litigation Reform Act of 1995) contained in this Annual Report on Form 10-k or made by our management involve risks and uncertainties and are subject to change based on various important factors, many of which may be beyond our control. Accordingly, our future performance and financial results may differ materially from those expressed or implied in any such forward-looking statements. Accordingly, investors should not place undue reliance on forward-looking statements as a prediction of actual results. You can identify these statements as those that may predict, forecast, indicate or imply future results, performance or advancements and by forward-looking words such as *"believe," "anticipate," "expect," "estimate," "predict," "intend," "plan," "project," "will," "will be," "will continue," "will result,"* any variations of such words or other words with similar meanings. Forward-looking statements address, among other things, our expectations, our growth strategies, our plans to acquire additional wind farms, commence development of the wind farms, our actions, plans or strategies. We are including this cautionary statement in this report to make applicable and take advantage of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 for any forward-looking statements made by, or on behalf, of us.

The following factors, among others, in some cases have affected and in the future could affect our financial performance and actual results and could cause actual results for fiscal 2012 and beyond to differ materially from those expressed or implied in any forward-looking statements included in this report or otherwise made by our management: Actions by our competitors; our inability to manage our growth, borrowing costs, the regulatory environment and the loss of our key executives could materially adversely impact operations.

In addition, new risk factors can arise, and it is not possible for management to predict all such risk factors, nor to assess the impact of all such risk factors on our business or the extent to which any individual risk factor, or combination of factors, may cause results to differ materially from those contained in any forward-looking statement. We do not assume any obligation and do not intend to update any forward-looking statements except as may be required by securities laws.

TABLE OF CONTENTS

Item 1. Description of Business.

Background:

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.”. We are a developmental stage company. We have not earned any revenues from operations.

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.

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.

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 April 13, 2011 we incorporated a wholly owned subsidiary, Silverstar Mining (Canada) Inc., under the laws of the country of Canada. The subsidiary was incorporated for the purpose to promote and carry on any lawful business for which a corporation may be incorporated under the laws of the country of Canada. The subsidiary’s main purpose is to hold title to mineral property rights situated in Canada as the laws of that country require that only local entities can hold title to mineral property rights situated within its borders.

Effective September 26, 2011 we reverse split our common stock on a 1,000:1 basis. As a result of the foregoing, we reduced the number of authorized shares of our common stock from 225,000,000 to 225,000.

On November 29, 2011 the Company’s Board of Directors approved the sale of 125,000 units of the Company’s securities to Larry Frick. The Units were offered at a price of $0.40 per unit for a total investment of $50,000. Each unit consisted of one share of common stock and one common stock purchase warrant. The warrants are exercisable at $0.70 per share. The warrant term is two years. The warrant(s) cannot be exercised for a period of six months following the date of issuance. As a result of this transaction, Larry Frick became our principal shareholder.

On 15 February 2012 the Company's Board of directors approved an increase in authorized capital stock, with the consent of the majority of its shareholders, from 225,000 post reverse split common shares with a par value of $0.001 to 225,000,000 post reverse split common shares with a par value of $0.001.

Subsequent Events:

On December 27th, 2012, the Company entered into a definitive agreement to acquire certain assets of Ariba Resources Inc, a company incorporated under the federal laws of Canada, and its shareholders. The Transaction is to be consummated within the first quarter of 2013.

Our Operations:

On May 16, 2011, we acquired mining claims in British Columbia, Canada. In order to assist you in understanding of our current and planned operations we are providing you with the following information:

Metric Conversion Table

For ease of reference, the following conversion factors are provided:

CONVERSION FACTORS AND ABBREVIATIONS

For ease of reference, the following conversion factors are provided:

1 acre	= 0.4047 hectare	1 mile	= 1.6093 kilometers
1 foot	= 0.3048 meter	1 troy ounce	= 31.1035 grams
1 gram per metric tonne	= 0.0292 troy ounce/ short ton	1 square mile	= 2.59 square kilometers
1 short ton (2000 pounds)	= 0.9072 tonne	1 square kilometer	= 100 hectares
1 tonne	= 1,000 kg or 2,204.6 lbs	1 kilogram	= 2.204 pounds or 32.151 troy oz
1 hectare	= 10,000 square meters	1 hectare	= 2.471 acres

The following abbreviations may be used herein:

Au	= gold	m^2	= square meter
G	= gram	m^3	= cubic meter
g/t	= grams per tonne	Mg	= milligram
Ha	= hectare	mg/m^3	= milligrams per cubic meter
Km	= kilometer	T or t	= tonne
Km^2	= square kilometers	Oz	= troy ounce
Kg	= kilogram	Ppb	= parts per billion
M	= meter	Ma	= million years

Note: All units in this report are stated in metric measurements unless otherwise noted.

GLOSSARY OF MINING TERMS

The following mining terms are used throughout this registration statement.

SEC Industry Guide 7 Definitions

exploration stage	An "exploration stage" prospect is one which is not in either the development or production stage.
development stage	A "development stage" project is one which is undergoing preparation of an established commercially mineable deposit for its extraction but which is not yet in production. This stage occurs after completion of a feasibility study.
mineralized material[3]	The term "mineralized material" refers to material that is not included in the reserve as it does not meet all of the criteria for adequate demonstration for economic or legal extraction.
probable reserve	The term "probable reserve" refers to reserves for which quantity and grade and/or quality are computed from information similar to that used for proven (measured) reserves, but the sites for inspection, sampling, and measurement are farther apart or are otherwise less adequately spaced. The degree of assurance, although lower than that for proven reserves, is high enough to assume continuity between points of observation.
production stage	A "production stage" project is actively engaged in the process of extraction and beneficiation of mineral reserves to produce a marketable metal or mineral product.
proven reserve	The term "proven reserve" refers to reserves for which (a) quantity is computed from dimensions revealed in outcrops, trenches, workings or drill holes; grade and/or quality are computed from the results of detailed sampling and (b) the sites for inspection, sampling and measurement are spaced so closely and the geologic character is so well defined that size, shape, depth and mineral content of reserves are well-established.
Reserve	The term "reserve" refers to that part of a mineral deposit which could be economically and legally extracted or produced at the time of the reserve determination. Reserves must be supported by a feasibility study done to bankable standards that demonstrates the economic extraction. ("Bankable standards" implies that the confidence attached to the costs and achievements developed in the study is sufficient for the project to be eligible for external debt financing.) A reserve includes adjustments to the in-situ tons and grade to include diluting materials and allowances for losses that might occur when the material is mined.

For Industry Guide 7 purposes this study must include adequate information on mining, processing, metallurgical, economic, and other relevant factors that demonstrate, at the time of reporting, that economic extraction is justified.

Additional Definitions

alteration – any change in the mineral composition of a rock brought about by physical or chemical means

assay – a measure of the valuable mineral content

diamond drilling – rotary drilling using diamond-set or diamond-impregnated bits, to produce a solid continuous core of rock sample

dip – the angle that a structural surface, a bedding or fault plane, makes with the horizontal, measured perpendicular to the strike of the structure

disseminated – where minerals occur as scattered particles in the rock

fault – a surface or zone of rock fracture along which there has been displacement

feasibility study – a comprehensive study of a mineral deposit in which all geological, engineering, legal, operating, economic, social, environmental and other relevant factors are considered in sufficient detail that it could reasonably serve as the basis for a final decision by a financial institution to finance the development of the deposit for mineral production

formation – a distinct layer of sedimentary rock of similar composition

geochemistry – the study of the distribution and amounts of the chemical elements in minerals, ores, rocks, solids, water, and the atmosphere

geophysics – the study of the mechanical, electrical and magnetic properties of the earth's crust

geophysical surveys – a survey method used primarily in the mining industry as an exploration tool, applying the methods of physics and engineering to the earth's surface

geotechnical – the study of ground stability

grade – quantity of metal per unit weight of host rock

heap leach – a mineral processing method involving the crushing and stacking of an ore on an impermeable liner upon which solutions are sprayed to dissolve metals i.e. gold, copper etc.; the solutions containing the metals are then collected and treated to recover the metals

host rock – the rock in which a mineral or an ore body may be contained

in-situ – in its natural position

lithology – the character of the rock described in terms of its structure, color, mineral composition, grain size and arrangement of tits component parts, all those visible features that in the aggregate impart individuality to the rock

mapped or geological mapping – the recording of geologic information including rock units and the occurrence of structural features, and mineral deposits on maps

mineral – a naturally occurring inorganic crystalline material having a definite chemical composition

mineralization – a natural accumulation or concentration in rocks or soil of one or more potentially economic minerals, also the process by which minerals are introduced or concentrated in a rock

National Instrument 43-101 or NI 43-101 – standards of disclosure for mineral projects prescribed by the Canadian Securities Administrators

outcrop – that part of a geologic formation or structure that appears at the surface of the earth

open pit or open cut – surface mining in which the ore is extracted from a pit or quarry, the geometry of the pit may vary with the characteristics of the ore body

ore – mineral bearing rock that can be mined and treated profitably under current or immediately foreseeable economic conditions

ore body – a mostly solid and fairly continuous mass of mineralization estimated to be economically mineable

ore grade – the average weight of the valuable metal or mineral contained in a specific weight of ore i.e. grams per tonne of ore

oxide – gold bearing ore which results from the oxidation of near surface sulfide ore

preliminary assessment – a study that includes an economic analysis of the potential viability of Mineral Resources taken at an early stage of the project prior to the completion of a preliminary feasibility study

QA/QC – Quality Assurance/Quality Control is the process of controlling and assuring data quality for assays and other exploration and mining data

quartz – a mineral composed of silicon dioxide, SiO_2 (silica)

RC (reverse circulation) drilling – a drilling method using a tri-cone bit, during which rock cuttings are pushed from the bottom of the drill hole to the surface through an outer tube, by liquid and/or air pressure moving through an inner tube.

rock – indurated naturally occurring mineral matter of various compositions

sampling and analytical variance/precision – an estimate of the total error induced by sampling, sample preparation and analysis

sediment – particles transported by water, wind or ice

sedimentary rock – rock formed at the earth's surface from solid particles, whether mineral or organic, which have been moved from their position of origin and re-deposited

strike – the direction or trend that a structural surface, e.g. a bedding or fault plane, takes as it intersects the horizontal

strip – to remove overburden in order to expose ore

sulfide – a mineral including sulfur (S) and iron (Fe) as well as other elements; metallic sulfur-bearing mineral often associated with gold mineralization

We are currently engages in the exploration and development of properties in the Caribou Mining District in east-central British Columbia, Canada. On May 16, 2011 our recently formed, wholly owned subsidiary, Silverstar Mining Canada, Inc., ("SMCI") acquired three mining claims encompassing approximately 1,006 hectares in British Columbia, Canada. In consideration for the transfer of the mining claims, we paid the transferor $10,000 and will issue the transferor two million shares of our common stock.

Property Location

The mineral claims are located in the Caribou Mining District in east-central British Columbia

9

PROPERTY LOCATION AND ACCESS

There is a growing infrastructure in the region as more of its resources are being exploited by various sized peers and competitors in the area.

The SMCI mineral tenures are located within 65 km northeast of Quesnel, British Columbia, in an area that in part has been logged and re-planted. Access is by forestry road to the vicinity of the Willow River: the tenures lie both east and west of that river. The bridge across Willow River is located approximately 1250 metres upstream from the south boundary and a logging branch road follows the east side of Willow River. The total area is 1006 hectares.

We have conducted feasibility studies on the mining claims and definitive results are still not available; however, contiguous and other properties in the immediate vicinity indicate deposits of gold, silver and copper.

In order to determine the commercial viability of the mining claims and commence operations, a team of professionals is to be assembled to obtain further detail of potential yield. Independent consultants estimate that a work program should be done on its major fault structure and could be implemented for up to $150,000. Initial work would be studying historical information on the area, the trend line and sampling. The sampling analysis will direct management on subsequent investment of resources. The sampling program can be achieved with a projected investment of $25,000 up to $75,000 depending on the success of early stage sampling and the amount of samples ultimately taken and evaluated. A drilling program is estimated to cost roughly $500,000.

GEOLOGY:

Soils present on the SMCI property are mostly residual soils developed over clay-rich glacial-fluvial deposits that were deposited in the waning stages of Quaternary glaciations. Such deposits are inherently inhomogeneous and include materials that have been transported *en masse* by glacier and stream movement, with periodic episodes of ice ponding during which fine rock flour and silt particles accumulated in quiescent lakes and ponds. During and following de-glaciation, large water flows coupled with post-glacial elastic crustal rebounding modified the landscape to create terrain that approximates that of today. Despite research and various terrain studies, traditional geochemical survey methods have been mostly unsuccessful in relating geochemical analyses to mineral deposits. Multimode interference (“MMI”) techniques, initially developed to help explore in areas of deep chemical weathering, were modified to be applicable to many different soil types and have proven successful in recognizing metallic mineralization beneath glacial gravels, sands, and lake clays, as well as wet and sandy organic rich soils. There are many fully licensed laboratories that offer MMI analytical methods, including proprietary extractants specifically designed to treat a variety of multi-element packages. The MMI extractant has the broadest application and is well suited to reconnaissance and early-stage sampling that can be conducted on the SMCI property.

The SMCI mining claims are on trend with one primary peer in the region, Barkerville Gold Mines, Ltd. In May 2010, Barkerville confirmed disseminated gold mineralization at various depths up to 250 ft. There is further exploration planned at new deeper depths along the same trend line (Bonanza Ledge). The discovery of this Bonanza Ledge has implication for future exploration and represents a viable and previously unexplored target and promise for the region.

There is no history of drilling on this land that we have identified. An immediate neighbor, Touchdown Resources has recently finished a sampling program on their property contiguous to the Company's property.

There is active drilling in the vicinity from Barkerville Gold Mines, Ltd. (BGM.V). Barkerville, along with many other peers in the area.

The Silverstar claim is approximately 7 to 15 kilometers away from Barkerville. To the south of our property is Tiex, Inc. (TIX.V), nearby is Hawthorne Gold Corp. (HGC.V), Rogers Gold Corp., Barker Minerals, Ltd. (BML.V), next to our property is Touchdown Resources (TDW.V), and the west side of our property is currently occupied by Richfield Ventures Corp. (RCV.V).

RISK FACTORS

Item 1(a) Risk Factors

There are numerous and varied risks, known and unknown, that may prevent us from achieving our goals. If any of these risks actually occur, out business, financial condition or results of operations may be materially adversely affected. In such case, the trading price of our common stock could decline and shareholders could lose all or part of their investment.

Risks related to our business operations:

We have not generated revenues from operations. We have a history of losses and losses are likely to continue in the future.

We have incurred significant losses in the past and we will likely continue to incur losses in the future unless our drilling program proves successful. Even if drilling program is successful, there can be no assurance that we will be able to commercially exploit these resources, generate further revenues or generate sufficient revenues to operate profitably.

We may not be able to generate revenue sufficient to maintain operations

We have incurred significant losses since inception and there can be no assurance that we will be able to reverse this trend. Even if we are able to successfully identify commercially exploitable gold and silver reserves, there is no assurance that we will have sufficient financing to exploit these reserves, generate revenues or find a willing buyer for the properties.

Exploration for economic deposits of gold and silver is speculative.

Our business is very speculative since there is generally no way to recover any of the funds expended on exploration unless the existence of commercially exploitable reserves are established and the Company can exploit those reserves by either commencing drilling operations, selling or leasing its interest in the property, or entering into a joint venture with a larger e company that can further develop the property. Unless we can establish and exploit reserves before our funds are exhausted, we will have to discontinue operations, which could make our stock valueless.

The gold and silver industry is highly competitive and the success and future growth of our business depend upon our ability to remain competitive in identifying and developing properties with sufficient reserves for economic exploitation.

The gold and silver industry is highly competitive and fragmented with limited barriers to entry, especially at the exploratory stages. We compete in national, regional and local markets with large multi-national corporations and against start-up operators hoping to identify an gold or silver property. Some of our competitors have significantly greater financial resources than we do. This puts us at a competitive disadvantage if we choose to further exploit drilling opportunities.

Our management has no experience in mining operations.

Our current management has never been involved in the exploration or mining business. As such, there is substantial doubt whether management has the expertise to effectively run our business and implement our business plan. As such, we will have to retain additional officers or board members who have experience in the mining sector. Alternatively, we will have to rely on consultants or other third party suppliers. Reliance on outside consultants will require the expenditure of significant sums of money which we do not have. As such, the successful launch of an exploratory drilling program remains in doubt.

We will require additional financing to continue our operations.

We will require significant working capital to undertake our exploration program. There can be no assurance that we will be able to secure additional funding to meet our objectives or if we are able to identify funding sources, that the funding will be available on terms acceptable to the Company. Should this occur, we will have to significantly reduce our drilling and mining programs.

We may not identify proven reserves to develop any of our properties and our estimates may be inaccurate.

There is no certainty that any expenditures made in our exploration program will result in discoveries of commercially recoverable quantities of gold or silver. Most exploration projects do not result in the discovery of commercially extractable deposits of gold or silver and no assurance can be given that any particular level of recovery will in fact be realized or that any identified leasehold interest will ever qualify as a commercially developed. Estimates of reserves, deposits and production costs can also be affected by such factors as environmental regulations and requirements, weather, unexpected or unknown results when we re-enter a well, environmental factors, unforeseen technical difficulties, unusual or unexpected geological formations and work interruptions. Material changes in estimated reserves, exploration and mining costs may affect the economic viability of any project.

We have no proven reserves.

Our leasehold interests are without known bodies (reserves) of commercial gold or silver. Development of these properties will follow only upon obtaining satisfactory exploration results. The long-term profitability of the Company's operations will be in part directly related to the cost and success of its exploration and mining programs. Mining for gold and silver and other base metals is a highly speculative businesses, involving a high degree of risk. Few properties which are explored are ultimately developed into producing mines. There is no assurance that our exploration program will result in any discoveries of commercial quantities of gold or silver. There is also no assurance that, even if commercial quantities of gold or silver are discovered, a mine can be brought into commercial production. Production/discovery of gold and silver is dependent upon a number of factors, not the least of which is the technical skill of the exploration personnel involved. The commercial viability of a mine is also dependent upon a number of factors, many of which are beyond the Company's control, such as worldwide economy, the price of gold and silver, government regulations, including regulations relating to royalties, allowable production and environmental protection.

During our operations we may experience certain unanticipated conditions may arise or unexpected or unusual events may occur, including fires, floods, or earthquakes. It is not always possible to fully insure against such risks and we may decide not to take out insurance against such risks as a result of high premiums or for other reasons. Should such liabilities arise, they may reduce or eliminate any future profitability and may result in a decline in the value of the securities of the Company.

We have no history as a company engaged in the mining business.

We have no history of earnings or cash flow from mining activities. If we identify proven reserves and are able to proceed to production, commercial viability will be affected by factors that are beyond our control such as the particular attributes of the deposit, the fluctuation in the prices of gold and silver, the cost of construction and operating a mining operation, the availability of economic sources for energy, government regulations including regulations relating to prices, royalties, restrictions on production, quotas on exploration, as the costs of protection of the environment.

Our estimates of resources are subject to uncertainty.

Estimates of resources are subject to considerable uncertainty. Such estimates are arrived at using standard acceptable geological techniques, and are based on the interpretations of geological data obtained from drill holes and other sampling techniques. Engineers use feasibility studies to derive estimates of cash operating costs based on anticipated tonnage and grades of ore to be mined and processed, the predicted configuration of the ore bodies, expected recovery rates of metal from ore, comparable facility and operating costs and other factors. Actual cash operating costs and economic returns on projects may differ significantly from the original estimates, primarily due to fluctuations in the current prices of metal commodities extracted from the deposits, changes in fuel costs, labor rates, changes in permit requirements, and unforeseen variations in the characteristics of the ore body. Due to the presence of these factors, there is no assurance that any geological reports will accurately reflect actual quantities of gold or silver that can be economically processed and mined by us.

We face many operating hazards.

The development and operation of a mining property involves many risks, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. These risks include, among other things, ground fall, flooding, environmental hazards and the discharge of toxic chemicals, explosions and other accidents. Such occurrences may result in work stoppages, delays in production, increased production costs, damage to or destruction of mines and other producing facilities, injury or loss of life, damage to property, environmental damage and possible legal liability for such damages.

We will be subject to compliance with government regulation that may increase the anticipated cost of those operations.

There are significant governmental regulations that materially restrict mineral property operations. We may be required to obtain work permits, post bonds and perform remediation work for any physical disturbance to the land, in order to comply with these regulations. Permits and regulations will control all aspects of our exploration program. Examples of regulatory requirements include:

(a) Water discharge will have to meet drinking water standards;

(b) Dust generation will have to be minimal or otherwise re-mediated;

(c) Dumping of material on the surface will have to be re-contoured and re-vegetated with natural vegetation;

(d) An assessment of all material to be left on the surface will need to be environmentally benign;

(e) Ground water will have to be monitored for any potential contaminants;

(f) The socio-economic impact of our operation of the Property will have to be evaluated and, if deemed negative, will have to be re-mediated; and

(g) There may have to be an impact report of the work on the local fauna and flora, including a study of potentially endangered species.

We do not maintain liability insurance.

We do not maintain liability insurance. As such, if we are found liable for any action, whether intentional or unintentional, we will be required to satisfy the liability with our own funds. Currently we have nominal assets and any monetary award would likely result in the close of our operations. Even assuming a significant increase in our assets and we secure liability insurance, the amount of the coverage may be insufficient to cover to insure against any award. Since the Company may not be able, or may elect not to insure, this may result in a material adverse change in the Company’s financial position. The nature of these risks is such that liabilities may exceed policy limits, in which event the Company would incur substantial uninsured losses.

We face fluctuating gold and silver prices.

The price of gold and silver has experienced significant price movements over short periods of time and is affected by numerous factors beyond our control, including international economic and political trends, expectations of inflation, currency exchange fluctuations (including, the U.S. dollar relative to other currencies) interest rates, global or regional consumption patterns, speculative activities and increases in production due to improved exploration and production methods. The supply of and demand for gold and silver are affected by various factors, including political events, economic conditions and production costs in major producing regions.

Environmental and Occupational Regulations will impact our operations.

We are subject to various federal, provincial, and local international laws and regulations concerning occupational safety and health as well as the discharge of materials into, and the protection of, the environment. Environmental laws and regulations relate to, among other things:

assessing the environmental impact of our exploration and mining activities;
the generation, storage, transportation and disposal of waste materials;
the emission of certain gases into the atmosphere;
the monitoring, abandonment, reclamation and remediation of our mining claims, including sites of former operations; and
the development of emergency response and contingency plans.

The costs of environmental protection and safety and health compliance are significant. Compliance with environmental, safety and health initiatives can be costly. There is no assurance that we will be able to comply with these regulations. If we cannot comply with these regulations, we will be forced to cease all operations in which case you will lose your entire investment. We cannot predict with any reasonable degree of certainty our future exposure concerning such matters.

Public policy, which includes laws, rules and regulations, can change

Our operations are generally subject to federal and provincial rules and regulations. In addition, we are also subject to the laws and regulations of local governments. Pursuant to public policy changes, numerous government departments and agencies have issued extensive rules and regulations binding on the mining industry and its individual members, some of which carry substantial penalties for failure to comply. Changes in such public policy have affected, and at times in the future could affect, our operations. Political developments can restrict production levels, enact price controls, change environmental protection requirements, and increase taxes, royalties and other amounts payable to governments or governmental agencies. Existing laws and regulations can also require us to incur substantial costs to maintain regulatory compliance. Our operating and other compliance costs could increase further if existing laws and regulations are revised or reinterpreted or if new laws and regulations become applicable to our operations. Although we are unable to predict changes to existing laws and regulations, such changes could significantly impact our profitability, financial condition and liquidity, particularly changes related to hydraulic fracturing, income taxes and climate change as discussed below.

Drilling operations are hazardous, raise environmental concerns and raise insurance risks.

Drilling operations are by their nature subject to a variety of risks, such as, flooding, environmental hazards, the discharge of toxic chemicals and other hazards. Such occurrences may delay development or production, increase production costs or result in a liability. We may not be able to insure fully or at all against such risks, due to political or other reasons, or we may decide not to take out insurance against such risks as a result of high premiums or other reasons. We intend to conduct our business in a way that safeguards public health and the environment and in compliance with applicable laws and regulations. Environmental hazards may exist on properties in which we hold an interest which are unknown to us and may have been caused by prior owners. Changes to drilling and mining laws and regulations could require additional capital expenditures and increase operating and/or reclamation costs. Although we are unable to predict what additional legislation, if any, might be proposed or enacted, additional regulatory requirements could render certain operations uneconomic.

If we are unable to obtain all of our required governmental permits, our operations could be negatively impacted.

Our future operations, including exploration and development activities, required permits from various governmental authorities. Such operations are and will be governed by laws and regulations governing prospecting, development, production, exports, taxes, labor 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 acquire all required licenses or permits or to maintain continued operations at our properties.

We are subject to numerous environmental and other regulatory requirements.

All phases of drilling and exploration operations are subject to governmental regulation including environmental regulation. Environmental legislation is becoming stricter, with increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and heightened responsibility for companies and their officers, directors and employees. There can be no assurance that possible future changes in environmental regulation will not adversely affect our operations. As well, environmental hazards may exist on a property in which we hold an interest that was caused by previous or existing owners or operators of the properties and of which the Company is not aware at present.

Government approvals and permits are required to be maintained in connection with our drilling and exploration activities. We will require permits for our operations and there is no assurance that delays will not occur in connection with obtaining all necessary renewals of such permits for the existing operations or additional permits for any possible future changes to the Company's operations, including any proposed capital improvement programs. Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions there under, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in drilling operations may be required to compensate those suffering loss or damage by reason of our activities and may be liable for civil or criminal fines or penalties imposed for violations of applicable laws or regulations. Amendments to current laws, regulations and permitting requirements, or more stringent application of existing laws, may have a material adverse impact on the Company resulting in increased capital expenditures or production costs, reduced levels of production at producing properties or abandonment or delays in development of properties.

There is no assurance that there will not be title or boundary disputes.

Although we have investigated the right to explore and exploit our properties and obtained records from government offices, this should not be construed as a guarantee of title. Other parties may dispute the title to any of our properties or that any property may be subject to prior unregistered agreements and transfers. The title may be affected by undetected encumbrances or defects or governmental actions. Should this occur, we face significant delays, costs and the possible loss of any investments or commitment of capital.

Local infrastructure may impact our exploration activities and results of operations.

Our activities depend, to one degree or another, on adequate infrastructure. Reliable roads, bridges and power and water supplies are important determinants that affect capital and operating costs. Unusual or infrequent weather phenomena, sabotage or government or other interference in the maintenance or provision of such infrastructure could adversely affect the activities and profitability of the Company.

Because of the speculative nature of exploring and/or mining for gold and silver, there is significant risks that our business will fail.

Gold and silver exploration is extremely risky. We cannot provide any assurances that our activities will result in commercially exploitable reserves of gold and silver. Exploration for gold and silver is a speculative venture necessarily involving substantial risk. Any expenditure that we make may not result in the discovery of commercially exploitable reserves.

The market for gold and silver is volatile. This will have a direct impact on the Company's revenues (if any) and profits (if any) and will probably have an adverse affect on our ongoing operations.

The price of both gold and silver has fluctuated significantly over the past few years. This has contributed to the renewed interest in gold and silver exploration. However, in the event that the price of either gold or silver falls, the interest in exploratory ventures may decline and the value of the Company's business could be adversely affected.

We are in competition with companies that are larger, more established and better capitalized than we are.

Many of our potential competitors have:

- greater financial and technical resources;
- longer operating histories and greater experience in gold and silver

We may be exposed to potential risks relating to our internal control over financial reporting and our ability to have those controls remediated timely.

Pursuant to rules of the Securities and Exchange Commission (the "SEC") implemented pursuant to Section 404 of the Sarbanes-Oxley Act, the independent registered public accounting firm auditing a public company's financial statements must attest to and report on the operating effectiveness of that public company's internal control over financial reporting.

Pursuant to Section 404 of the Sarbanes-Oxley Act, as amended by SEC Release 33-8934 on June 26, 2008, we are required to include in our annual reports our assessment of the effectiveness of our internal control over financial reporting as of the end of our fiscal years. Furthermore, our independent registered public accounting firm will be required to report separately on whether it believes that we have maintained, in all material respects, effective internal control over financial reporting. We have not yet completed any assessment of the effectiveness of our internal control over financial reporting. We expect to incur additional expenses and diversion of our management's time as a result of performing the system and process evaluation, testing and remediation required in order to comply with our management certification and auditor attestation requirements.

In the event we identify control deficiencies that we cannot remedy in a timely manner, or if we are unable to receive an unqualified attestation report from our independent registered public accounting firm with respect to our internal control over financial reporting, investors and others may lose confidence in the reliability of our financial statements, and the trading price of our common stock, if a market ever develops, and our ability to obtain any necessary financing could suffer.

Our officers have no experience in managing a public company.

Our officers have no previous experience in managing a public company, and we do not have any employees to segregate responsibilities and may be unable to afford increasing our staff or engaging outside consultants or professionals to overcome our lack of employees. During the course of our operations, we may identify other deficiencies that we may not be able to remedy in time to satisfy the requirements imposed by the Sarbanes-Oxley Act for compliance with that Section 404. In addition, if we fail to achieve and maintain the adequacy of our internal controls, as such requirements are modified, supplemented or amended from time to time, we may not be able to ensure that we can conclude on an ongoing basis that we have effective internal controls over financial reporting in accordance with Section 404 of the Sarbanes-Oxley Act. Moreover, effective internal controls, particularly those related to revenue recognition, are necessary for us to produce reliable financial reports and are important to help prevent financial fraud. If we cannot provide reliable financial reports or prevent fraud, our business and operating results could be harmed, investors could lose confidence in our reported financial information, and the trading price of our common stock, if a market for our common stock develops, could drop significantly.

Our officers do not have employment agreements with us and could cease working for us at any time, causing us to cease our operations.

Our officers do not have employment agreements (written or verbal) with us. In the absence of such employment agreements with restrictive covenants on the part of our officers, our officers could leave us at any time or commence working for a competitive business. Furthermore, applicable law under which we operate may cast substantial doubt on the enforceability of any restrictive covenants that we may obtain from our officers in the future. Accordingly, the continued services of our officers cannot be assured. If our officers were to cease working for us, we may have to cease operations.

Risks Related to Our Common Stock

The following risks are currently applicable to Paramount and will remain applicable to the combined company upon completion of the Transaction.

Our stock price may be volatile.

The market price of our common stock has been volatile. We believe investors should expect continued volatility in our stock price. Such volatility may make it difficult or impossible for you to obtain a favorable selling price for our shares.

We have a large number of authorized but unissued shares of our common stock.

We have a large number of authorized but unissued shares of common stock, which our management may issue without further stockholder approval, thereby causing dilution of your holdings of our common stock. Our management will continue to have broad discretion to issue shares of our common stock in a range of transactions, including capital-raising transactions, mergers, acquisitions and in other transactions, without obtaining stockholder approval, unless stockholder approval is required. If our management determines to issue shares of our common stock from the large pool of authorized but unissued shares for any purpose in the future, your ownership position would be diluted without your further ability to vote on that transaction.

Shares of our common stock may continue to be subject to price volatility and illiquidity because our shares may continue to be thinly traded and may never become eligible for trading on a national securities exchange.

While we may at some point be able to meet the requirements necessary for our common stock to be listed on a national securities exchange, we cannot assure you that we will ever achieve a listing of our common stock on a national securities exchange. Our shares are currently only eligible for quotation on the Over-The-Counter Bulletin Board, which is not an exchange. Initial listing on a national securities exchange is subject to a variety of requirements, including minimum trading price and minimum public “float” requirements, and could also be affected by the general skepticism of such markets concerning companies that are the result of mergers with inactive publicly-held companies. There are also continuing eligibility requirements for companies listed on public trading markets. If we are unable to satisfy the initial or continuing eligibility requirements of any such market, then our stock may not be listed or could be delisted. This could result in a lower trading price for our common stock and may limit your ability to sell your shares, any of which could result in you losing some or all of your investments.

The market valuation of our business may fluctuate due to factors beyond our control and the value of your investment may fluctuate correspondingly.

The market valuation of emerging growth companies, such as us, frequently fluctuate due to factors unrelated to the past or present operating performance of such companies. Our market valuation may fluctuate significantly in response to a number of factors, many of which are beyond our control, including:

changes in securities analysts' estimates of our financial performance, although there are currently no analysts covering our stock;
fluctuations in stock market prices and volumes, particularly among securities of emerging growth companies;
changes in market valuations of similar companies;
announcements by us or our competitors of significant contracts, new technologies, acquisitions, commercial relationships, joint ventures or capital commitments;
variations in our quarterly operating results;
fluctuations in related commodities prices; and
additions or departures of key personnel.

As a result, the value of your investment in us may fluctuate.

Investors should not look to dividends as a source of income.

In the interest of reinvesting initial profits back into our business, we do not intend to pay cash dividends in the foreseeable future. Consequently, any economic return will initially be derived, if at all, from appreciation in the fair market value of our stock, and not as a result of dividend payments.

Our common stock may be subject to penny stock regulations which may make it difficult for investors to sell their stock.

The Securities and Exchange Commission has adopted rules that regulate broker-dealer practices in connection with transactions in "penny stocks". Penny stocks generally are equity securities with a price of less than $5.00 (other than securities registered on certain national securities exchanges or quoted on the NASDAQ system, provided that current price and volume information with respect to transactions in such securities is provided by the exchange or system). The penny stock rules require a broker-dealer, prior to a transaction in a penny stock not otherwise exempt from those rules, deliver a standardized risk disclosure document prepared by the Commission, which specifies information about penny stocks and the nature and significance of risks of the penny stock market. The broker-dealer also must provide the customer with bid and offer quotations for the penny stock, the compensation of the broker-dealer and salesperson in the transaction, and monthly account statements indicating the market value of each penny stock held in the customer's account. In addition, the penny stock rules require that, prior to a transaction in a penny stock not otherwise exempt from those 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 trading activity in the secondary market for a stock that becomes subject to the penny stock rules. If our common stock becomes subject to the penny stock rules, holders of our shares may have difficulty selling those shares.

Item 2. Properties.

Our executive offices are located at Harborside Financial Centre, 2500 Plaza 5, Jersey City, NJ 07311 and we rent 147 square feet for $249 monthly. This office space is currently sufficient for our need.

Item 3. Legal Proceedings

None.

Item 4. Submission of Matters to a Vote of the Security Holders.

None.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

A. Market Information

Our shares of common stock are currently trading on the Over the Counter Market 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 high and low bid price for those periods in which quotes are available is set forth below:

Fiscal year ended September 30, 2012	HIGH*	LOW*
First Quarter	$38.00	$38.00
Second Quarter	$38.00	$38.00
Third Quarter	$4.25	$1.01
Fourth Quarter	$2.00	$1.01

Fiscal year ended September 30, 2011	HIGH*	LOW*
First Quarter	$30.00	$12.00
Second Quarter	$120.00	$13.00
Third Quarter	$48.00	$15.00
Fourth Quarter	$24.00	$14.1875

*Share price information from Bloomberg.com.

B. Transfer Agent

Our transfer agent is Transfer On Line, Inc. Their mailing address is 512 SE Salmon Street, Portland, OR, 97214 and their telephone number is (503)-227-2950.

C. Dividends

Holders of our common stock are entitled to receive such dividends as our Board may declare from time to time from any surplus that we may have. We have not paid dividends on our common stock since the date of our incorporation and we do not anticipate paying any common stock dividends in the foreseeable future. We anticipate that any earnings will be retained for development and expansion of our businesses and we do not anticipate paying any cash dividends in the foreseeable future. Future dividend policy will depend upon our earnings, financial condition, contractual restrictions and other factors considered relevant by our Board and will be subject to limitations imposed under Nevada law.

D. Equity Compensation Plan

None.

E. Sale of Unregistered

There were no sales of unregistered securities during the fiscal year ended September 30, 2012. However, on December 22, 2011 the Company issued 125,000 shares of its common stock and 125,000 common stock purchase warrants to an investor. The purchase price was $50,000. On December 22, 2011, the company also issued 2,000 common shares of the Company valued at $320 as part of an Agreement of Purchase and Sale with Jaime Mayo to acquire 100% of the AHB claims located in British Columbia, Canada.

The Company relied upon the exemptive provisions of Section 4(2) of the Securities Act in issuing the securities.

Item6. Selected Financial Data.

Not applicable.

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

FORWARD LOOKING STATEMENTS

The statements contained in this report that are not historical facts are forward-looking statements within the meaning of the Private Securities Litigation Reform Act. Forward-looking statements are made based upon management's current expectations and beliefs concerning future developments and their potential effects upon the Company. There can be no assurance that future developments affecting the Company will be those anticipated by management. Actual results may differ materially from those included in the forward-looking statements.

Readers are also directed to other risks and uncertainties discussed in other documents filed by the Company with the Securities and Exchange Commission. The Company undertakes no obligation to update or revise any forward-looking information, whether as a result of new information, future developments or otherwise.

The following discussion and analysis should be read in conjunction with our audited financial statements for the fiscal year ended September 30, 2012.

Introduction

We are an exploratory stage mining company. We are currently engaged in the exploration and development of properties in the Caribou Mining District in east-central British Columbia or approximately 65 km northeast of Quesnel, British Columbia, Canada. We have a total of 3 mining claims in British Columbia, Canada. Subject to securing additional financing, our goal is to explore these mining claims to determine if there are indicated or proven reserves of either gold, silver or base metals.

Employees

Mr. Kleinman is our sole employee. We do not expect to hire any additional employees at this time. Rather, we will rely on contract laborers and consultants in developing our mining claims.

Results Of Operations For Fiscal Year Ended September 30, 2012 as compared to September 30, 2011.

Revenues

We have never generated any revenues. Our operations to date have been financed by the sale of our common stock and third party loans. Our two largest expenses to date have been professional fees related to legal and accounting totalling $43,965 and $28,682 and management fees of $18,000 and $18,000 for years ending September 30, 2012 and 2011. Most of these expenses have been incurred in connection with our regulatory filings with the Securities and Exchange Agreement and in connection with ongoing corporate activities.

For the periods ended September 30, 2012 and 2011 we had a net loss of ($90,703) and ($72,935). Total losses since December 5, 2003 (“Inception”) were $(1,628,428).

Until we complete a business combination, we do not anticipate generating revenues, and any revenues that we generate may not be sufficient to cover our operating expenses. In which case we may have to cease operations and you may lose your entire investment.

Liquidity and Capital Resources

Assets and Liabilities

At September 30, 2012 we had cash totaling $558 as compared to $1,674 in cash at September 30, 2011. Our accounts payable at September 30, 2012 was $19,788 and $11,800 on September 30, 2011. On September 30, 2012 we had convertible debentures of $20,124 and demand loans of $15,468 and convertible debentures of $18,618 and no demand loans on September 30, 2011. Our total liabilities were $191,246 on September 30, 2012 as compared to $161,378 September 30, 2011. We have a working capital deficit of $180,439 as compared to a working capital deficit of $159,704 at September 30, 2011.

We have no revenues to satisfy our ongoing liabilities. Our auditors have issued a going concern opinion. Unless we secure equity or debt financing, of which there can be no assurance, or identify an acquisition candidate, we will not be able to continue any operations.

Off-Balance Sheet Arrangements

We have not entered into any off-balance sheet arrangements. We do not anticipate entering into any off-balance sheet arrangements during the next 12 months.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk.

Not applicable.

Item 8.   Financial Statements and Supplementary Data.

Our financial statements have been examined to the extent indicated in its reports by DE LEON & COMPANY and have been prepared in accordance with generally accepted accounting principles and pursuant to Regulation S-X as promulgated by the SEC and are included herein:

Silverstar Mining Corp.

(A Development Stage Company)

Consolidated Financial Statements

(Expressed in U.S. Dollars)

30 September 2012

22

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and

Stockholders of SilverstarMining Corp.

We have audited the accompanying consolidated balance sheet of Silverstar Mining Corp. as of September 30, 2012 and 2011, and the related statements of income, stockholders' equity and comprehensive income, and cash flows for the two years ended September 30, 2012 and 2011 and for the period from December 5, 2003 (inception) to September 30, 2012. Silverstar Mining Corp.'s management is responsible for these financial statements. Our responsibility is to express an opinion on these financial statements based on our audits. We were not engaged to examine management's assertion about the effectiveness of Silverstar Mining Corp.'s internal control over financial reporting as of September 30, 2012.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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 financial statements referred to above present fairly, in all material respects, the financial position of Silverstar Mining Corp. and it's subsidiary as of September 30, 2012 and 2011,and for the period from December 5, 2003 (inception) to September 30, 2012. and the results of its operations and its cash flows for the years then ended 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 financial statements, the Company has suffered recurring losses from operations, net capital deficiencies, and negative cash flows from operations that raise substantial doubt about its ability to continue as a going concern. Management's plan in regard to these matters are also described in Note 1. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

De Leon & Company, P.A.

Pembroke Pines
December 20, 2012

23

Silverstar Mining Corp.

(A Development Stage Company)

Consolidated Balance Sheets

(Expressed in U.S. Dollars)

	As at 30 September 2012	As at 30 September 2011
Assets		
Current		
Cash and cash equivalents	$558	$1,674
Prepaid expense	10,249	-
Total Current Assets	10,807	1,674
Other		
Investment in Mineral Properties (Note 5)	14,360	10,000
Total Assets	25,167	11,674
Liabilities and Stockholder's Deficit		
Current Liabilities		
Accounts payable and accrued liabilities (Note 6)	19,788	11,800
Due from related party (Note 9)	-	2,500
Convertible debentures (Note 7)	20,124	18,618
Demand Loans	15,468	-
Shareholder's demand loans (Note 8)	131,366	120,960
Share issuance liability	4,500	7,500
Total Current Liabilities	191,246	161,378
Stockholders' Deficit		
Capital stock (Note 11)		
Authorized		
225,000,000 of common shares, par value $0.001		
Issued and outstanding		
2012 – 169,179 common shares, par value $0.001 (Note 11)		
2011 – 42,171 common shares, par value $0.001	169	42
Additional paid-in capital	1,462,180	1,387,979

Deficit, accumulated during the development stage	(1,628,428)	(1,537,725)
Total Stockholders' Deficit	(166,079)	(149,704)
Total liabilities and Stockholders' Deficit	$25,167	$11,674

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

F-1

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 2012	**For the year ended 30 September 2012**	**For the year ended 30 September 2011**
Expenses			
Bank charges and interest (Note 7, 8 and 13)	$ 49,550	$ 10,284	$ 8,454
Consulting	138,467	-	-
Exploration and development (Note 5)	13,028	-	-
Filing fees	23,815	1,321	5,294
Investor relations	84,992	-	-
Legal and accounting (Note 9 and 10)	267,242	43,965	28,682
Licences and permits	3,615	200	-
Management fees (Notes 10, 11 and 13)	121,000	18,000	18,000
Rent (Notes 10, 11 and 13)	47,010	8,310	6,000
Transfer agent fees	31,541	5,592	5,695
Travel, entertainment and office	29,819	3,033	739
Foreign exchange loss	53	-	71
Write-down of mineral property acquisition costs (Note 5)	811,696	-	-
Write-down of website development costs (Note 4)	6,600	-	-
Net loss for the period	$ (1,628,428)	$ (90,703)	$ (72,935)
Basic and diluted loss per common share		$ (0.64)	$ (1.73)
Weighted average number of common shares used in per share calculations		140,717	42,171

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

F-2

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 2012	For the year ended 30 September 2012	For the year ended 30 September 2011
Cash flows from operating activities			
Net loss for the period	$ (1,628,428)	$ (90,703)	$ (72,935)
Adjustments to reconcile loss to net cash used by operating activities			
Accrued interest – convertible debentures (Note 7)	20,124	1,506	1,500
Accrued interest – shareholder demand loan (Note 8)	24,183	7,406	6,593
Accrued interest – demand loan (Note 8)	468	468	-
Contributions to capital by related parties (Notes 10, 11 and 13)	197,500	24,000	24,000
Write-down of mineral property acquisition costs (Note 5)	811,696	-	-
Write-down of website development costs (Note 4)	6,600	-	-
Changes in operating assets and liabilities			
Prepaids and Mining property	(10,249)	(10,249)	-
Increase (decrease) in accounts payable and accrued liabilities	19,788	7,988	(8,574)
Increase in due to related parties	-	(2,500)	(20,000)
	(558,318)	(62,084)	(69,416)
Cash flows from investing activities			
Acquisition of Silverdale, net of cash received (Note 3)	(140,221)	-	-
Mineral property acquisition costs (Note 5)	(35,735)	(4,360)	(10,000)
Website development costs (Note 4)	(6,600)	-	-
	(182,556)	(4,360)	(10,000)
Cash flows from financing activities			
Convertible debenture	15,000	-	-
Shareholder Demand Loan	111,683	-	79,183
Demand Loans	15,000	15,000	-
Share issue costs	(1,255)	-	-
Common shares issued for cash (Note 11)	601,004	50,328	-
	741,432	65,328	79,183
Increase (decrease) in cash and cash equivalents	558	(1,116)	(233)
Cash and cash equivalents, beginning of period	-	1,674	1,907

Cash and cash equivalents, end of period	$ 558	$ 558	$ 1,674

Supplemental Disclosures with Respect to Cash Flows (Note 13)

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

Silverstar Mining Corp.

(A Development Stage Company)

Consolidated Statements of Changes in Stockholders' Equity (Deficiency)

(Expressed in U.S. Dollars)

	Number of shares 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 ($333 per share) (Note 11)	0.003	$ -	$ 1	$ -	$ 1
Net loss for the period	-	-	-	(450)	(450)
Balance at 30 September 2004	0.003	-	1	(450)	(449)
Net loss for the year	-	-	-	(300)	(300)
Balance at 30 September 2005	0.003	-	1	(750)	(749)
Common shares issued for cash ($0.001 per share) (Note 11)	30,000	30	9,970	-	10,000
Common shares redeemed – cash ($333 per share) (Note 11)	(0.003)	-	(1)	-	(1)
Contributions to capital by related parties – expenses (Notes 10, 11 and 13)	-	-	24,000	-	24,000
Net loss for the year	-	-	-	(40,190)	(40,190)
Balance at 30 September 2006	30,000	30	33,970	(40,940)	(6,940)
Contributions to capital by related parties – expenses	-	-	24,000	-	24,000
Common shares issued for cash ($3.33 per share) (Note 11)	25,500	26	84,974	-	85,000
Net loss for the year	-	-	-	(64,567)	(64,567)
Balance at 30 September 2007	55,500	56	142,944	(105,507)	37,493
Contributions to capital by related parties – expenses (Notes 10, 11 and 13)	-	-	12,000	-	12,000
Share subscriptions received in advance	-	-	422,176	-	422,176

Share issue costs	-	-	(1,255)	-	(1,255)
Common shares issued for business acquisition ($150 per share) (Notes 3, 11 and 13)	4,334	4	650,096	-	650,100
Common shares returned to treasury and cancelled (Notes 11 and 13)	(15,000)	(15)	15	-	-
Net loss for the year	-	-	-	(263,596)	(263,596)
Balance at 30 September 2008	44,834	$ 45	$ 1,225,976	$ (369,103)	$ 856,918

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

Silverstar Mining Corp.

(A Development Stage Company)

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

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

Contributions to capital by related parties – expenses (Notes 10 and 13)					
Common shares issued for business acquisition ($0.16 per share) (Notes 3, 11 and 13)	2,000	1	319	-	320
Common shares issued for cash ($0.40 per share) (Note 11)	125,000	125	49,875	-	50,000
Common shares issued at par to balance stock split rounding	8	1	7	-	8
Net loss for the period	-	-	-	(90,703)	(90,703)
Balance at 30 September 2012	169,179	$ 169	$ 1,462,180	$ (1,628,428)	$ (166,079)

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

F-5

Silverstar Mining Corp.

(A Development Stage Company)

Notes to Consolidated Financial Statements

(Expressed in U.S. Dollars)

30 September 2012

1. Nature, Basis of Presentation and Continuance of Operations

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

On 13 April 2011 the Company incorporated a wholly owned subsidiary, Silverstar Mining (Canada) Inc., under the laws of the country of Canada. The subsidiary was incorporated for the purpose to promote and carry on any lawful business for which a corporation may be incorporated under the laws of the country of Canada. The subsidiary's main purpose is to hold title to mineral property rights situated in Canada as the laws of that country require that only local entities can hold title to mineral property rights situated within its borders.

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

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

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

These consolidated financial statements as at 30 September 2012 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 for the year ended 30 September 2012 of $90,703 (2011 loss - $72,935), cumulative loss - $1,628,428 (2011 cumulative loss - $1,537,725) and has working capital deficit of $180,439 at 30 September 2012 (30 September 2011 deficit - $159,704).

Management cannot provide assurance that the Company will ultimately achieve profitable operations or become cash flow positive, or raise additional debt and/or equity capital. If the Company is unable to raise additional capital in the near future, due to the Company's liquidity problems, management expects that the Company will need to curtail operations, liquidate assets, seek additional capital on less favorable terms and/or pursue other remedial measures. These consolidated financial statements do not include any adjustments related to the recoverability and classification of assets or the amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

At 30 September 2012, 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 2012

2. Significant Accounting Policies

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

Principles of consolidation

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

Cash and cash equivalents

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

Mineral property costs

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

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

Mineral property exploration costs are expensed as incurred.

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

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

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

Silverstar Mining Corp.

(A Development Stage Company)

Notes to Consolidated Financial Statements

(Expressed in U.S. Dollars)

30 September 2012

Reclamation costs

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

Long-lived assets

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

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

Financial instruments

The carrying value of cash and cash equivalents, accounts payable and accrued liabilities and convertible debentures approximates their fair value because of the short maturity of these instruments. The Company's operations are in

Nevada and virtually all of its assets and liabilities are giving rise to significant exposure to market risks from changes in foreign currency rates. The Company's financial risk is the risk that arises from fluctuations in foreign exchange rates and the degree of volatility of these rates. Currently, the Company does not use derivative instruments to reduce its exposure to foreign currency risk.

Derivative financial instruments

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

Website development costs

The costs of computer software developed or obtained for internal use, during the preliminary project phase, as defined under ASC 350-40, "*Internal-Use Software*", will be expensed as incurred. The costs of website development during the planning stage, as defined under ASC 350-50, "*Website Development Costs*", will also be expensed as incurred.

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.

(A Development Stage Company)

Notes to Consolidated Financial Statements

(Expressed in U.S. Dollars)

30 September 2012

Income taxes

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

Basic and diluted net loss per share

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

Comprehensive loss

SFAS No. 130, "*Reporting Comprehensive Income*", establishes standards for the reporting and display of comprehensive loss and its components in the financial statements. As at 30 June 2009, the Company has no items that represent a comprehensive loss and, therefore, has not included a schedule of comprehensive loss in the consolidated financial statements.

Segments of an enterprise and related information

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

Silverstar Mining Corp.

(A Development Stage Company)

Notes to Consolidated Financial Statements

(Expressed in U.S. Dollars)

30 September 2012

Start-up expenses

The Company has adopted Statement of Position No. 98-5, "*Reporting the Costs of Start-up Activities*", which requires that costs associated with start-up activities be expensed as incurred. Accordingly, start-up costs associated with the Company's formation have been included in the Company's general and administrative expenses for the period from the date of inception on 5 December 2003 to 30 June 2009.

Foreign currency translation

The Company's functional and reporting currency is in U.S. dollars. The consolidated financial statements of the Company are translated to U.S. dollars in accordance with SFAS No. 52, "*Foreign Currency Translation*". Monetary assets and liabilities denominated in foreign currencies are translated using the exchange rate prevailing at the balance sheet date. Gains and losses arising on translation or settlement of foreign currency denominated transactions or balances are included in the determination of income. The Company has not, to the date of these consolidated financial statements, entered into derivative instruments to offset the impact of foreign currency fluctuations.

Use of estimates

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

Comparative figures

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

Changes in Accounting Policy

In January 2010, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2010-02, *"Accounting and Reporting for Decreases in Ownership of a Subsidiary - a Scope Clarification"*. ASU No. 2010-02 addresses implementation issues related to the changes in ownership provisions in the Consolidation - Overall Subtopic (Subtopic 810-10) of the FASB ASC, originally issued as Statement of Financial Accounting Standards ("SFAS") No. 160, *"Non-controlling Interests in Consolidated Financial Statements"*. Subtopic 810-10 establishes the accounting and reporting guidance for non-controlling interests and changes in ownership interests of a subsidiary. An entity is required to deconsolidate a subsidiary when the entity ceases to have a controlling financial interest in the subsidiary. Upon deconsolidation of a subsidiary, an entity recognizes a gain or loss on the transaction and measures any retained investment in the subsidiary at fair value. The gain or loss includes any gain or loss associated with the difference between the fair value of the retained investment in the subsidiary and its carrying amount at the date the subsidiary is deconsolidated. In contrast, an entity is required to account for a decrease in ownership interest of a subsidiary that does not result in a change of control of the subsidiary as an equity transaction. ASU No. 2010-02 was effective for the Company starting 1 January 2010. The Company's adoption of ASU No. 2010-02 did not have a material impact on the Company's consolidated financial statements.

Silverstar Mining Corp.

(A Development Stage Company)

Notes to Consolidated Financial Statements

(Expressed in U.S. Dollars)

30 September 2012

In January 2010, the FASB issued ASU No. 2010-01, *"Equity (ASC Topic 505): Accounting for Distributions to Shareholders with Components of Stock and Cash"*, which clarifies that the stock portion of a distribution to shareholders that allow them to elect to receive cash or stock with a potential limitation on the total amount of cash that all shareholders can elect to receive in the aggregate is considered a share issuance that is reflected prospectively in earnings per share and is not considered a stock dividend for purposes of ASC Topic 505 and ASC Topic 260. ASU No. 2010-01 was effective for the Company starting 1 January 2010. The adoption of the ASU No. 2010-01 did not have a material impact on the Company's consolidated financial statements.

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

In 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 No. 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 was effective 1 January 2010. The adoption of SFAS No. 167 did not have a material impact on the Company's 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 statement 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 was effective 1 January 2010. The adoption of SFAS No. 166 did not have a material impact on the Company's consolidated financial statements.

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

Silverstar Mining Corp.

(A Development Stage Company)

Notes to Consolidated Financial Statements

(Expressed in U.S. Dollars)

30 September 2012

Recent accounting pronouncements

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

In February 2010, the FASB issued ASU No. 2010-09, *"Amendments to Certain Recognition and Disclosure Requirements"*, which eliminates the requirement for Securities and Exchange Commission ("SEC") filers to disclose the date through which an entity has evaluated subsequent events. ASU No. 2010-09 is effective for its fiscal quarter beginning after 15 December 2010. The adoption of ASU No. 2010-09 is not expected to have a material impact on the Company's consolidated financial statements.

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

3. Acquisition

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

On 24 July 2008, the Company acquired Silverdale. The aggregate consideration paid by the Company was $791,860 of which $141,760 was paid in cash, and the Company issued 4,334,000 common shares of the Company valued at $650,100 to acquire 100% of the issued and outstanding common shares of Silverdale (Notes 3, 5 and 11). Silverdale was acquired pursuant to a Stock Exchange Agreement with Silverdale and the former shareholders of Silverdale dated 13 June 2008. The acquisition of Silverdale expanded the Company's business of acquiring and exploring mineral properties.

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.

Silverstar Mining Corp.

(A Development Stage Company)

Notes to Consolidated Financial Statements

(Expressed in U.S. Dollars)

30 September 2012

The purchase price allocation has been determined as follows:

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

4. Website Development Costs

	Cost	Accumulated amortization **/ Impairment**	**Net Book Value 30 September 2012**	**Net Book Value 30 September 2011**
	$	**$**	**$**	**$**
Website and development costs	6,600	(6,600)	-	-
	6,600	(6,600)	-	-

During the year ended 30 September 2012, the Company incurred website development costs of $Nil (2011 - $Nil).

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 ending 30 September 2012 were $Nil (2011 - $Nil, 2010 - $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.

Silverstar Mining Corp.

(A Development Stage Company)

Notes to Consolidated Financial Statements

(Expressed in U.S. Dollars)

30 September 2012

Pinehurst Properties

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

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

Expenditures related to the Pinehurst Properties for the year ended 30 September 2012 consist of geology and engineering of $Nil (2011 - $Nil). During the year ended 30 September 2012, the Company recorded a recovery of expenditures related to the Pinehurst Properties of $Nil (2011 - $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 2012 consist of acquisition costs of $Nil (2011 - $Nil).

Silverstar Mining Corp.

(A Development Stage Company)

Notes to Consolidated Financial Statements

(Expressed in U.S. Dollars)

30 September 2012

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 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 2012 consist of acquisition costs of $Nil (2011 - $Nil).

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

AHB Claims

On 16 May 2011, the Company entered into an Agreement of Purchase and Sale with Jaime Mayo to acquire 100% of the AHB claims located in British Columbia, Canada. The AHB Claims consist of 3 claims (approximately 1,006 ha).

The Company paid $10,000 cash as a deposit and issued 2,000 common shares upon closing (Note 11) and is subject to a 2% NSR (Net Smelter Royalty). The Company has an option to purchase 1% of the NSR for $1 million and an additional 0.5% of the NSR $500,000.

On 7 February 2012 the Company paid Terracad Geoscience Services $4,040 to restake the claims, which had expired, in the name of Silverstar Mining Corp.

On 12 June 2012 the Company paid Terracad Geoscience Services $10,000 as a pre-payment against an estimated $15,000 charge to prepare the National Instrument 43-101 compliant technical report for the Quesnel property, Central British Columbia, Canada. The work was completed in late July and the Company will be receiving final invoicing for the work in due course.

6. Accounts Payable and Accrued Liabilities

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

Silverstar Mining Corp.
(A Development Stage Company)
Notes to Consolidated Financial Statements
(Expressed in U.S. Dollars)
30 September 2012

7. Convertible Debentures

	Balance at 30 September 2012 $	**Balance at 30 September 2011 $**
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 $2.50 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 2012, the Company accrued interest expense of $1,506 (30 September 2011 – $1,500). The balance as at 30 September 2012 consists of principal of $15,000 (30 September 2011 – $15,000) and accrued interest of $5,124 (30 September 2011 – $3,618), respectively.	20,124	18,618

The Company recorded a $15,000 interest expense in relation to amortization of debt discount (Note 13) in the year ended 30, September, 2009.

8. Demand Loans

	Balance at 30 September 2012 $	**Balance at 30 September 2011 $**
A demand loan issued to a shareholder bearing interest at a rate of 10% per annum on any unpaid principle balances, unsecured, and having no fixed terms of repayment. The Company may repay principal amounts due at any time	38,693	35,685

without premium or penalty. In addition, the Company will issue 250 common shares in the Company upon repayment of the loan (Note 14). During the year ended 30 September 2012, the Company accrued interest expense of $3,008 (30 September 2011 - $3,096). The balance as at 30 September 2012 consists of principal of $30,000 (30 September 2011 - $30,000) and accrued interest of $8,693 (30 September 2011 - $5,685).

Silverstar Mining Corp.
(A Development Stage Company)
Notes to Consolidated Financial Statements
(Expressed in U.S. Dollars)
30 September 2012

	Balance at 30 September 2012 $	**Balance at 30 September 2011 $**
A demand loan issued to a shareholder who is also the Company's sole officer and director bearing interest at a rate of 10% per annum on any unpaid principle balances, unsecured, and having no fixed terms of repayment. The Company may repay principal amounts due at any time without premium or penalty. During the year ended 30 September 2012, the Company accrued interest expense of $250 (30 September 2011 - $250). The balance as at 30 September 2012 consists of principal of $2,500 (30 September 2011 - $2,500) and accrued interest of $595 (30 September 2011 - $345).	3,095	2,845
During the year ended 30 September 2011, the Company accepted a demand loan from a shareholder bearing interest at a rate of 9% per annum on any unpaid principle balances. The demand loan is unsecured and has no fixed terms of repayment. The Company may repay principal amounts due at any time without premium or penalty. During the year ended 30 September 2012, the Company accrued interest expense of $1,552 (30 September 2011 – $1,209) (Note 11). The balance as at 30 September 2012 consists of principal of $17,184 (30 September 2011 – $17,184) and accrued interest of $2,760 (30 September 2011 – $1,208).	19,944	18,392
During the year ended 30 September 2011, the Company accepted a demand loan from a shareholder bearing interest at a rate of 9% per annum on any unpaid principle balances. The demand loan is unsecured and has no fixed terms of repayment. The Company may repay principal amounts due at any time without premium or penalty. During the year ended 30 September 2012, the Company accrued interest expense of $1,444 (30 September 2011 – $978) (Note 11). The balance as at 30 September 2012 consists of principal of $16,000 (30 September 2011 – $16,000) and accrued interest of $2,422 (30 September 2011 – $978).	18,422	16,978

Silverstar Mining Corp.
(A Development Stage Company)
Notes to Consolidated Financial Statements
(Expressed in U.S. Dollars)
30 September 2012

	Balance at 30 September 2012	**Balance at 30 September 2011**
During the year ended 30 September 2011, the Company accepted a demand loan from a shareholder bearing interest at a rate of 9% per annum on any unpaid principle balances. The demand loan is unsecured and has no fixed terms of repayment. The Company may repay principal amounts due at any time without premium or penalty. During the year ended 30 September 2012, the Company accrued interest expense of $1,444 (30 September 2011 – $744) (Note 11). The balance as at 30 September 2012 consists of principal of $16,000 (30 September 2011 – $16,000) and accrued interest of $2,188 (30 September 2011 – $744).	18,188	16,744
During the year ended 30 September 2011, the Company accepted a demand loan from a shareholder bearing interest at a rate of 9% per annum on any unpaid principle balances. The demand loan is unsecured and has no fixed terms of repayment. The Company may repay principal amounts due at any time without premium or penalty. During the year ended 30 September 2012, the Company accrued interest expense of $1,264 (30 September 2011 – $207) (Note 11). The balance as at 30 September 2012 consists of principal of $14,000 (30 September 2011 – $14,000) and accrued interest of $1,471 (30 September 2011 – $207).	15,471	14,207
During the year ended 30 September 2011, the Company accepted a demand loan from a shareholder bearing interest at a rate of 9% per annum on any unpaid principle balances. The demand loan is unsecured and has no fixed terms of repayment. The Company may repay principal amounts due at any time without premium or penalty. During the year ended 30 September 2012, the Company accrued interest expense of $1,444 (30 September 2011 – $110) (Note 11). The balance as at 30 September 2012 consists of principal of $16,000 (30 September 2011 – $16,000) and accrued interest of $1,554 (30 September 2011 – $110).	17,554	16,110

Silverstar Mining Corp.
(A Development Stage Company)
Notes to Consolidated Financial Statements
(Expressed in U.S. Dollars)
30 September 2012

	Balance at 30 September 2012	**Balance at 30 September 2011**
During the quarter ended 30 June 2012, the Company accepted a demand loan from a third part bearing interest at a rate of 10% per annum on any unpaid principle balances. The demand loan is unsecured and has no fixed terms of repayment. The Company may repay principal amounts due at any time without premium or penalty. During the year ended 30 September 2012, the Company accrued interest expense of $468 (30 September 2011 – $Nil). The balance as at 30 September 2012 consists of principal of $15,000 (30 September 2011 – $Nil) and accrued interest of $468 (30 September 2011 – $Nil).	15,468	-
	146,835	120,961

9. Due to Related Parties

Amounts due to related parties are due to individuals or companies controlled by individuals who are shareholders, directors and/or former directors of the Company.

A demand loan issued to the Company's former President (Note 8) bears interest at 10% p.a. and is payable on demand. At 30 September 2012 the balance owing was $0 (30 September 2011 - $2,500);

10. Related Party Transactions

On 1 April 2008, the Company has agreed to pay an 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. 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 an 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. 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.

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.

Silverstar Mining Corp.
(A Development Stage Company)
Notes to Consolidated Financial Statements
(Expressed in U.S. Dollars)
30 September 2012

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.

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 and rent in the amount of $4,500 (Notes 11 and 13).

During the year ended 30 September 2009, former officer of the Company forgave loans to the Company totaling $39,000. This loan forgiveness has been recorded as contributions to capital (Notes 11 and 13).

During the year ended 30 September 2011, an officer and director of the Company made contributions to capital for management fees in the amount of $18,000 (2010 - $18,000) and rent in the amount of $6,000 (2010 - $6,000) (Notes 11 and 13).

During the year ended 30 September 2012, an officer and director of the Company made contributions to capital for management fees in the amount of $18,000 (30 September 2011 - $18,000) and rent in the amount of $6,000 (30 September 2011 - $6,000) (Notes 11 and 13).

11. Capital Stock

Authorized capital stock consists of 225,000,000 post reverse split common shares with a par value of $0.001 per common share. The total issued and outstanding capital stock is 169,179 common shares with a par value of $0.001 per common share.

On 7 September 2011 the Company announced effective 22 September 2011, the Company will complete a reverse split with a 1,000 to 1 ratio thereby reducing issued and outstanding capital stock from 42,168,837 common shares with a par value of $0.001 to 42,171 common shares with a par value of $0.001. Unless otherwise noted, all references herein to number of shares, price per share or weighted average number of shares outstanding have been adjusted to reflect this reverse stock split on a retroactive basis.

On 15 February 2012 the Company approved an increase in authorized capital stock, with the consent of the majority of its shareholders, from 225,000 post reverse split common shares with a par value of $0.001 to 225,000,000 post reverse split common shares with a par value of $0.001.

On 3 December 2003, a total of .003 common shares of the Company were issued for cash proceeds of $1.

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

On 1 January 2006, a total of .003 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 common shares for total cash proceeds of $85,000.

Silverstar Mining Corp.
(A Development Stage Company)
Notes to Consolidated Financial Statements
(Expressed in U.S. Dollars)
30 September 2012

On 4 March 2008, the Company affected 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 common shares of the Company valued at $650,100 to acquire 100% of the issued and outstanding common shares of Silverdale (Note 13).

On 24 July 2008, the Company issued 1,000 common shares related to a public offering of securities in error. A total of 500 of these common shares were returned to treasury and cancelled. A total of 500 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 30 September 2008, a former director and officer of the Company returned to treasury 15,000 common shares of the Company for proceeds of $Nil. These shares were cancelled during the year ended 30 September 2008 (Note 13).

On 10 October 2008, the Company completed a public offering of securities pursuant to an exemption provided by Rule 504 of Regulation D, registered in the State of Nevada, and issued 950 common shares for total cash proceeds of $237,500. As noted above on 24 July 2008, the Company issued 1,000 common shares related to this public offering of securities in error. A total of 500 of these common shares were returned to treasury and cancelled. A total of 500 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 487 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 common shares of the Company for proceeds of $Nil. These shares were cancelled during the year ended 30 September 2009 (Note 13).

During the year ended 30 September 2009, an officer and director of the Company made contributions to capital for management fees in the amount of $18,000 (2008 - $9,000, 2007 - $18,000) and rent in the amount of $4,500 (2008 - $3,000, 2007 - $6,000) (Notes 10 and 13).

Silverstar Mining Corp.
(A Development Stage Company)
Notes to Consolidated Financial Statements
(Expressed in U.S. Dollars)
30 September 2012

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 13).

On 22 December 2011 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 125,000 common shares for total cash proceeds of $50,000.

On 22 December 2011, the Company issued 2,000 common shares of the Company valued at $320 as part of an Agreement of Purchase and Sale with Jaime Mayo to acquire 100% of the AHB claims located in British Columbia, Canada. The AHB Claims consist of 3 claims (approximately 1,006 ha) (Note 5).

During the year ended 30 September 2012, an officer and director of the Company made contributions to capital for management fees in the amount of $18,000 and rent in the amount of $6,000.

12. Income Taxes

The Company has losses carried forward for income tax purposes to 30 September 2012. There are no current or deferred tax expenses for the period ended 30 September 2012 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 carry-forward 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 2012 $	For the year ended 30 September 2011 $
Deferred tax asset attributable to:		
Current operations	553,665	522,826
Contributions to capital by related parties	(8,160)	(4,930)
Less: Change in valuation allowance	(545,505)	(517,896)
Net refundable amount	-	-

F-22

Silverstar Mining Corp.
(A Development Stage Company)
Notes to Consolidated Financial Statements
(Expressed in U.S. Dollars)
30 September 2012

The composition of the Company’s deferred tax assets as at 30 September 2012 and 30 September 2011 are as follows:

	As at 30 September 2012 $		As at 30 September 2011 $	
Income tax operating loss carry-forward	1,628,428		1,537,725	
Statutory federal income tax rate	34	%	34	%
Contributed rent and services	0	%	0	%
Effective income tax rate	34	%	34	%
Deferred tax assets	553,665		522,826	
Less: Valuation allowance	(553,665	)	(517,896	)
Net deferred tax asset	-		-	

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

As at 30 September 2012, the Company has an unused net operating loss carry-forward balance of approximately $1,628,428 that is available to offset future taxable income. This unused net operating loss carry-forward balance expires between 2024 and 2030.

13. Supplemental Disclosures with Respect to Cash Flows

On 24 July 2008, the Company issued 4,334 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 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 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 $616 related to the convertible debentures and $15,000 related to authorization of debt discount (Note 7).

Silverstar Mining Corp.
(A Development Stage Company)
Notes to Consolidated Financial Statements
(Expressed in U.S. Dollars)
30 September 2012

During the year ended 30 September 2010, the Company accrued interest of $4,186 related to the convertible debentures (Note 7) and demand loans and $7,500 related to the issuance of 250 post reverse share issuance liability (Note 8).

On 22 December 2011 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 125,000 common shares for total cash proceeds of $50,000.

On 22 December 2011 the Company issues 2,000 shares in accordance with the terms of the ABH Claims Purchase and Sale Agreement (Note 5) with a value of $320. The valuation was based on the closing price of the shares on 22 December 2011.

During the year ended 30 September 2012, the Company accrued interest of $12,380 (2011 - $8,094) related to the convertible debentures (Note 7) and demand loans (Note 8).

During the year ended 30 September 2012, an officer and director of the Company made contributions to capital for management fees in the amount of $18,000 (2011 - $18,000, 2010 - $18,000, 2009 - $22,000, 2008 - $9,000, 2007 - $18,000) and rent in the amount of $6,000 (2011 - $6,000, 2010 - $6,000, 2009 - $4,500, 2008 - $3,000, 2007 - $6,000) (Note 11).

14. Commitment

The Company is committed to issue 250 common shares of the Company upon repayment of the shareholder’s demand loan in the amount of $38,693 as of 30 September 2012 (Note 8).

15. Subsequent Events

On 18 December 2012 the Board of Directors agreed to issue 25,000 common shares to a note holder that was entitled to this amount of shares based on the terms pursuant to a note payable of $30,000, still outstanding as of 30 September 2012. Note holder was originally entitled to 250,000 common shares pre 1,000:1 stock split (250 shares post split). This will be accounted for in the financial statements to reflect an additional 24,750 common shares to be issued.

On December 27, 2012 the Company entered into a share exchange agreement with Arriba Resources Inc., ("Arriba"), a company incorporated under the federal laws of Canada, and its shareholders. Pursuant to the terms of the share exchange agreement, we agreed to acquire all of the issued and outstanding shares of Arriba's common stock in exchange for the issuance by our company of 4,179,852 shares of our common stock to the shareholders of Arriba.

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

Not applicable.

Item 9A. Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as that term is defined in Rule 13a-15(f) under the Exchange Act. Under the supervision and with the participation of our management, including our principal executive and principal financial officer, we assessed, as of September 30, 2012, the effectiveness of our internal control over financial reporting. This assessment was based on criteria established in the framework in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission.

Internal control over financial reporting is defined as a process designed by, or under the supervision of, our principal executive and principal financial officers and effected by our board of directors, management and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles, and includes those policies and procedures that:

pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets;

provide reasonable assurance that transactions are recorded as necessary to permit the preparation of financial statements in accordance with U.S. generally accepted accounting principles and that our receipts and expenditures are being made only in accordance with authorization of our management and directors; and

provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the financial statements.

We were not able to implement these controls since Mr. Kleinman serves as our sole officer and director. Until such time as the Company is able to retain a chief financial officer and/or another director, there will be deficiencies in our internal controls.

Evaluation of Changes in Internal Controls over Financial Reporting

There was no change in the internal control over financial reporting that occurred during the fiscal quarter ended September 30, 2012, that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

Item 9B. Other Information.

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance.

The following information sets forth the names of our officers and directors, their present positions, and some brief information about their background.

Name:	**Position:**	**Held Since:**
Neil Kleinman	**CEO/PRES/SECRETARY/TREASURER DIRECTOR**	**October, 2010**

Neil Kleinman has been an Officer and Director of Silverstar Mining and its affiliates since 2010 and has been in the financial industry for more than 22 years. Mr. Kleinman currently consults for a Family Office that specializes in private placements for publicly listed companies on various global exchanges. Prior to this he was VP of Corporate Development for Webair Internet Development Corp since June 2011. Prior to Webair, he provided advisory and corporate finance solutions with the investment banking team of Cresta Capital Strategies, LLC. Mr. Kleinman joined Cresta in March 2010. Prior to joining Cresta, Mr. Kleinman served as Executive Vice President and Treasurer of Interfor, Inc. from November 2009 to March 2010. Interfor specializes in investigations for corporations, law firms and financial institutions. From June 2009 through November 2009 he served as Head of Investment Banking for Adams & Peck LLC in Greenwich, Connecticut and Advisor to their asset-based lending fund, Genesis Merchant Partners LP. From December 2007 through June 2009, he ran a boutique advisory firm, Rosepost Advisors, providing corporate finance solutions for middle market growth companies. From September 2003 to November 2007, he was Director of Business Development for the Laurus Funds where he originated, processed, structured and closed transactions. Prior to Laurus, Neil was with Bloomberg, LP where he covered the Chicago territory and their diverse community of investment professionals to maximize returns using the Bloomberg Professional Service. Prior to this, he served as a Registered Representative and Principal for boutique and wire house brokerage firms for 10 years.

Mr. Kleinman graduated from the Pennsylvania State University with his Bachelor of Science in Accounting.

Penalties or Sanctions

To the best of our knowledge, none of our directors, officers or stockholders holding a sufficient number of securities to affect materially the control of the Company, has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority or been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor making an investment decision.

Personal Bankruptcies

To the best of our knowledge, none of our directors, officers or stockholders holding a sufficient number of securities to affect materially the control of the Company, nor any personal holding company of any such person has, within the last ten years become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of that person.

Compensation of Directors

Our directors do not receive cash compensation for their services as directors.

Terms of Office

Our directors are appointed for one-year terms to hold office or until the next annual general meeting of the holders of our common stock or until removed from office in accordance with our by-laws.

Family Relationships

There are no family relationships among our directors and/or officers.

Section 16(a) Beneficial Ownership Reporting Compliance

For companies registered pursuant to section 12(g) of the Exchange Act, Section 16(a) of the Exchange Act requires our executive officers and directors, and persons who beneficially own more than ten percent of our equity securities, to file reports of ownership and changes in ownership with the SEC. Officers, directors and greater than ten percent stockholders are required by SEC regulation to furnish us with copies of all Section 16(a) forms they file. To our knowledge, for the fiscal year ended September 30, 2012, based solely on a review of the copies of reports furnished to us and written representations that no other reports were required, Section 16(a) filing requirements applicable to our officers, directors and greater than ten percent beneficial owners were complied with on a timely basis for the period which this report relates.

Corporate Governance

We do not have an independent Board of Directors. We do not have an audit committee, compensation committee or nominating committee. As our operations expand, we hope to name additional members to our Board of Directors. We do not have sufficient funds to secure officer and directors insurance and we do not believe that we will be able to retain an independent Board of Directors in the immediate future.

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 following table discloses compensation paid during the fiscal years ended September 30, 2011 and 2012 to the Company's Officers and the most highly compensated executive officer whose total compensation exceeded $100,000 for the fiscal year ended September 30, 2011 and 2012 (Collectively, the "Named Executive Officers"). No restricted stock awards, long-term incentive plan payouts or other types of compensation, other than the compensation identified in the table below, were paid to the Named Executive Officers during these fiscal years.

Name and Principal Position	Year	Salary ($)	Bonus ($)	Stock Awards ($)	Option Awards ($)	Total ($)
Mr. Lawrence Siccia, former CEO	2011	$ 0	-0-	-0-	-0-	$ 0
	2010	$ 0	-0-	-0-	-0-	$ 0
Mr. Neil Kleinman CEO	2012	$ 0	-0-	-0-	-0-	$ 0
	2011	$ 0	-0-	-0-	-0-	$ 0

*Neil Kleinman was elected as our sole officer and director in October 2010.

Stock Options Granted/Exercised in Last Year

The Company has never issued any stock options.

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

None.

Outstanding Equity Awards at Fiscal Year End

No equity awards were outstanding as of the year ended September 30, 2012.

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, 2012.

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

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

The following table sets forth certain information as of September 30, 2012 respect to the beneficial ownership of the Company's Common Stock by: (i) all persons known by the Company to be beneficial owners of more than 5% of the Company's Common Stock, (ii) each current officer and director and Named Executive Officer, and (iii) by all executive officers and directors as a group.

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership		**Percentage of Class[(1)]**	
Larry Frick, Jr. 478 Commonwealth Rd. Mount Pleasant, SC 29466	125,000	*	73.8	%
Neil Kleinman 25315 60th Avenue, Little Neck, NY 11362	5,000	*	2.9	%
Directors and Executive Officers as a Group	130,000	*	76.7	%

*Reflects a reverse split of the Company's common stock effective September 21, 2011

(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 September 30, 2012. As of September 30, 2012, there were 169,179 shares of our company's common stock issued and outstanding.

Change in Control

On November 29, 2011 the Company's Board of Directors approved the sale of 125,000 units of the Company's securities to Larry Frick. The Units were offered at a price of $0.40 per unit for a total investment of $50,000. Each unit consisted of one share of common stock and one common stock purchase warrant. The warrants are exercisable at $0.70 per share. The warrant term is two years. The warrant(s) cannot be exercised for a period of six months following the date of issuance.

The Company relied upon the exemptive provisions of Section 4(2) of the Securities Act in issuing the securities.

With the issuance of the 125,000 shares of common stock, the Company will have 169,179 shares of common stock issued and outstanding. As a result, Mr. Frick is our principal shareholder owning approximately 73.8% of the Company's issued and outstanding shares of common stock.

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

Except as described below, none of the following persons has any direct or indirect material interest in any transaction to which we are a party during the past two years, or in any proposed transaction to which the Company is proposed to be a party:

A. any director or officer;
B. any proposed nominee for election as a director;
C. any person who beneficially owns, directly or indirectly, shares carrying more than 5% of the voting rights attached to our common stock; or
D. any relative or spouse of any of the foregoing persons, or any relative of such spouse, who has the same house as such person or who is a director or officer of any parent or subsidiary.

Item 14. Principal Accounting Fees and Services.

AUDIT FEES. The aggregate fees billed for professional services rendered was $12,500 and $12,500 for the audit of our annual financial statements for the fiscal years ended September 30, 2012 and 2011 respectively, and $6,900 and $10,000 for the reviews of the financial statements included in our Forms 10-Q for the fiscal years ended September 30, 2012 and 2011 respectively.

AUDIT-RELATED FEES. The aggregate fees billed in each of the last two fiscal years for assurance and related services by the principal accountant that are reasonably related to the performance of the audit or review of our financial statements and not reported under the caption "Audit Fee." There were no such fees billed for the fiscal year ended September 30, 2011 and 2012.

TAX FEES. No fees were billed in each of the last two fiscal years for professional services rendered by the principal accountant for tax compliance, tax advice and tax planning services.

ALL OTHER FEES. Other than the services described above, there were no other services provided by our principal accountants for the fiscal years ended September 30, 2011 and 2012.

We do not have an audit committee. Therefore, our entire Board of Directors (the "Board") serves in the capacity of the audit committee. In discharging its oversight responsibility as to the audit process, our Board obtained from the independent auditors a formal written statement describing all relationships between the auditors and us that might bear on the auditors' independence as required by Independence Standards Board Standard No. 1, "Independence Discussions with Audit Committees."

Our Board discussed with the auditors any relationships that may impact their objectivity and independence, including fees for non-audit services, and satisfied itself as to the auditors' independence. The Board also discussed with management and the independent auditors the quality and adequacy of its internal controls. The Board reviewed with the independent auditors their management letter on internal controls.

Our Board discussed and reviewed with the independent auditors all matters required to be discussed by auditing standards generally accepted in the United States of America, including those described in Statement on Auditing Standards No. 61, as amended, "Communication with Audit Committees". Our entire Board, acting in the capacity of the audit committee reviewed the audited financial statements of the Company as of and for the year ended September 30, 2012 and 2011 with the independent auditors. Management has the responsibility for the preparation of the Company's financial statements and the independent auditors have the responsibility for the examination of those statements. Based on the above-mentioned review and discussions with the independent auditors our Board of Directors approved the Company's audited consolidated financial statements and recommended that they be included in its Annual Report on Form 10-K for the year ended September 30, 2010, for filing with the Securities and Exchange Commission.

PART IV

Item 15. Exhibits, Financial Statement Schedules.

Index to Exhibits

31.1 Certificate of the Chief Executive Officer pursuant Section 302 of the Sarbanes-Oxley Act of 2002

31.2 Certificate of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

32 .1 Certificate of the Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

32 .2 Certificate of the Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

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, Inc.

Date: January 14, 2013

By:*/s/ Neil Kleinman*
Neil Kleinman
CEO/President