SHOSHONE SILVER MINING CO INC
Form 10-K
January 12, 2010

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

[X] ANNUAL REPORT UNDER SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

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

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

For the transition period from _________ to _________

Commission file number **000-31184**

SHOSHONE SILVER MINING COMPANY

(Name of registrant in its charter)

Idaho	**82-0304993**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
3714 W Industrial Loop., Coeur d Alene, ID	**83815**
(Address of principal executive offices)	(Zip Code)

Issuer s telephone number **(208) 664-0620**

Securities registered under Section 12(b) of the Exchange Act:

Title of each class	Name of each exchange on which registered
None	

Securities registered under Section 12(g) of the Exchange Act:

Common Stock, par value $0.10

(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 [ ] NO [X]

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. YES [ ] NO [X]

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

Check if there is no disclosure of delinquent filers in response to Item 405 of Regulation S-B is not contained in this form, and no disclosure will be contained, to the best of registrant s knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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

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Large Accelerated Filer [ ] Accelerated Filer [ ] Non-accelerated Filer [ ] 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 [ ] NO [X]

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the registrant on March 31, 2009, the last business day of the registrant s most recently completed second quarter, based on the last reported trading price of the registrant s common stock on the Over the Counter Bulletin Board was approximately $3,347,603.

There were 37,468,887 shares of the registrant s $0.10 par value common stock outstanding on December 15, 2009.

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PART I

ITEM 1. BUSINESS

As used in this registration statement, "Shoshone Mining," "Shoshone," "our Company," "the Company, "we," and "our" refer to Shoshone Silver Mining Company.

Overview

Shoshone Silver Mining Company is an Idaho corporation founded as Sunrise Mining Company on August 4, 1969, and subsequently changed its name to Shoshone Silver Mining Company on January 22. 1970. The Company was formed to explore, develop and produce precious metals with a focus on northern Idaho and Canada. In the late 1990's, the Company was unable to productively utilize its Lakeview (Idaho) property and elected to expand its exploration activities throughout Idaho and also increasingly in other western states and Mexico.

In 2004, we formed a wholly owned subsidiary in Mexico, Shoshone Mexico, S.A. de C.V, for the purposes of facilitating our Mexico property explorations and future operations. On August 11, 2008, we sold 100% of the common stock of our wholly owned subsidiary to Xtierra Resources, Ltd. Our four exploration mineral concessions covering 1,345 hectares located in Zacatecas, Mexico were included in this sale.

On March 12, 2009, we acquired certain assets from Kimberly Gold Mines, Inc. (Kimberly) in a transaction where we issued 12,145,306 shares of our common stock and other consideration in exchange for 100% of Kimberly s common stock. Kimberly has ceased to exist as a separate company.

We are an exploration stage company, and our activities have been limited to exploring and acquiring rights to explore properties which we believe are prospective for silver, gold, platinum group and base metals along with uranium. We have identified and commenced prospecting efforts in several areas in Idaho, Montana and Arizona. There can be no assurance that any of our properties contain a commercially viable ore body or reserves. None of our properties are in production, and consequently we have no operating income.

EXPLORATION PROPERTIES

			Claims	
Project	**Location**	**Acres**	**Patented**	**Unpatented**
Idaho Lakeview District	**Bonner County, Idaho**			
Conjecture		240	6	6
Idaho Lakeview & Keep Cool		780	15	24
Millsite		13		
Drumheller		111	6	
Auxer		40	-	2
Talache		40	-	2
Subtotal		**1,224**	**27**	**34**
Silver Valley	**Shoshone County, Idaho**			
Shoshone		96	5	-
Bullion		138	7	-
North Osburn		300	-	15
Subtotal		**534**	**12**	**15**

Central Idaho			
Rescue	1,720	-	84

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Iola		70	5	-
Silver King		174	12	-
Kimberly		480	-	24
Subtotal		**2,444**	**17**	**108**
North Idaho	**Boundary County, Idaho**			
Montgomery		500	-	25
Regal		80	-	4
		580	**-**	**29**
Montana	**Montana**			
Stillwater Extension Claims	Stillwater County	200	-	10
Princeton Gulch Group	Granite County	120	-	6
Subtotal		**320**	**-**	**16**
Arizona Gold	**Arizona**			
Arizona Goldfield	Mohave County	240	-	13
Western Gold	Mohave County	320	-	16
Cerro Colorado	Pima County	60	-	3
Subtotal		**620**	**-**	**32**
Washington				
Shaft Claims		**380**	**-**	**19**
Mexico Properties	**Mexico**			
Other Mexican Properties	State of Sonora, Mexico	N/A	N/A	N/A

Idaho Lakeview District Holdings

The Company has a group of patented and unpatented properties located in Bonner County near the Shoshone milling facility commonly referred to as the Idaho Lakeview District Properties. This group includes the Conjecture, Idaho Lakeview, Weber, Keep Cool, Auxer and Talache properties.

Conjecture

The Company has leased from Chester Mining a group of patented and unpatented properties commonly referred to as the Conjecture Group that surround the Conjecture Mine located in Bonner County, Idaho near the Shoshone milling facility. The 25 year lease, with a 25 year extension option, was obtained on March 25, 2004, for consideration of 1,000,000 shares of Shoshone stock.

Effective March 1, 2008, the terms of the Conjecture Lease were renegotiated to obtain more favorable terms for the Company. Beginning March 1, 2008 the Company is required to:

- annually deliver 50,000 shares of Shoshone restricted common shares to Chester Mining;
- pay to Chester Mining an advance royalty of $125.00 per month until such time as net smelter returns (NSR) are payable; and
- pay net smelter returns to Chester Mining equal to a sliding percentage of total NSR received during that calendar quarter from the operations on the property, subject to minimum royalty provisions.

- The rate of NSR shall be (all at Handy & Harman, NY spot price):
  - 1.5% with silver under $8.00 per ounce;
  - 2.4% with silver between $8.00 and $9.99 per ounce; and

2.5% with silver $10.00 and above.

Details of the original lease agreement may be found in the exhibit 10.2 which was filed as an exhibit to the Company s Annual Report on Form 10-KSB filed with the Commission on August 3, 2006.

Location and Access:

The Conjecture Group claims are in Section 15 of Township 53 North, Range 1 West. From the city of Coeur d'Alene, Idaho, the claims can be reached via 36 miles of paved and well-graded gravel roads. Approximately 16 miles north of Coeur d'Alene near the town of Athol on U.S. Highway 95 is the intersection with Bunco Road, which becomes U.S. Forest Service Road #332. Bunco Road traverses the Lakeview Mining District 18-22 miles from the highway. Many secondary roads lead from Bunco Road to the mines and prospects of the Lakeview Mining District. Commercial electrical power is available on the property. Water supply is unknown.

A map showing the Conjecture Mine Claims may be found in Exhibit 99.1 which was filed as an exhibit to the Company s Annual Report on Form 10-KSB/A filed with the Commission on December 3, 2007, File No.000-31184.

Land Status:

The Conjecture Group consists of 6 patented and 6 unpatented lode claims totaling 240 acres. The bulk of the holding (240 acres including all patented lode claims) were obtained under a lease with Chester Mining Company. Rights to the property are maintained by making payments as stipulated in the lease.

Improvements to the property include the Conjecture Mine s hoist house, a concrete structure that has not been updated by Shoshone. Both the primary shaft and secondary shaft, usable as a secondary escape way, are open as far as may be seen from the surface. The status of underground workings is not known.

During 2007, reclamation work conducted under the direction of the EPA led to the destruction of the hoist house, and the filling of both the primary and secondary shafts. The Company is currently assessing the economic damage arising from the loss of improvements to the property. The Company believes that, as a lessee of the property, it will not be liable for any possible future costs associated with the reclamation work.

In order to retain the unpatented claims in the Conjecture Group, the company must pay annual Bureau of Land Management Maintenance Fees totaling $840 ($140 per claim, for the 6 unpatented claims).

Geology:

The Conjecture Group lies within the Lakeview Mining District. The Lakeview mining district is predominantly underlain by Precambrian metasedimentary rocks of the Belt Super-group represented by the Wallace Formation. The Wallace formation consists of black or grey, very thinly laminated argillites and siltites containing interbedded blue-grey dolomite or limestone horizons. Total thickness of the Wallace formation is in excess of 5,000 ft. The Conjecture Mine is hosted by the Calcareous member of the PreCambrian Lower Wallace Formation. Exploration work during the mid to late 1950 s revealed that rocks of the St. Regis Formation were also found. Lead-zinc-silver mineralization occurs, in shoots, along the Conjecture Shear Zone, the main structural feature in the mine. It is a zone of variable width trending approximately N30°E and dips about 65°NW. Mineralization consists of galena, tetrahedrite, rhodochrosite, pyrite, arsenopyrite and quartz that fill fractures in the brecciated, host rocks. The North-South trending Spider Fault offsets the Conjecture Shear Zone and Lamprophyre dikes were seen during exploration of the lowest level.

The property currently is without known reserves and the proposed program, as described below, is exploratory in nature.

Exploration History:

In the late 1950 s and early 1960 s, Federal Resources, a previous owner, extended the Conjecture Mine s incline shaft to the 700-foot level, added a 200 foot vertical shaft, and developed the 700, 1000, 1600 and 2000-foot levels along 2500 feet of strike, totaling over 13,000 feet of workings. The Sunshine Mining Company unitized the Lakeview District during the 1970 s and conducted further exploratory drilling and development work within the Conjecture Mine and associated Confed property currently under Shoshone s control.

Impairment:

The acquisition costs of the property of $350,000 were included in exploration expenses in a prior year.

Idaho Lakeview, Keep Cool and Weber

The Idaho Lakeview, Weber and Keep Cool groups are located contiguously around an area of Bonner County near Shoshone s Idaho Lakeview Mill.

Location and Access:

The claims are in Sections 15, 22, 26, 27, 28, 29, 32, 33, 34, and 35 of Township 53 North, Range 1 West. From the city of Coeur d'Alene, Idaho, the claims can be reached via 36 miles of paved and well-graded gravel roads. Approximately 16 miles north of Coeur d'Alene near the town of Athol on U.S. Highway 95 is the intersection with Bunco Road, which becomes U.S. Forest Service Road #332. Bunco Road traverses the Lakeview Mining District 18-22 miles from the highway. Many secondary roads lead from Bunco Road to the mines and prospects of the Lakeview Mining District. Commercial electricity is available on the property. Water is supplied via wells and through water rights to a nearby creek.

A map of the Idaho Lakeview, Keep Cool and Weber properties is contained in Exhibit 99.1 which was filed as an exhibit to the Company s Annual Report on Form 10-KSB/A filed with the Commission on December 3, 2007, File No.000-31184.

Land Status:

The Idaho Lakeview and Keep Cool Groups comprise 9 patented and 14 unpatented lode mining claims. The Weber Group is comprised of 6 patented and 10 unpatented lode mining claims. An additional 7 unpatented lode mining claims were staked by the company in 2007. The Idaho Lakeview Millsite consists of a mill and water treatment facility on 12.5 patented acres.

In order to retain title to the Idaho Lakeview, Weber and Keep Cool, the company must pay annually assessed property taxes to Bonner County, Idaho on the 15 patented claims within the group and annual Bureau of Land Management Maintenance Fees totaling $3,360 ($140 per claim, for the 24 unpatented claims).

Geology:

These properties lie within the Lakeview Mining District. The Lakeview mining district is predominantly underlain by Precambrian metasedimentary rocks of the Belt Super-group represented by the Wallace Formation. The Wallace formation consists of black or grey, very thinly laminated argillites and siltites containing interbedded blue-grey dolomite or limestone horizons. Total thickness of the Wallace formation is in excess of 5,000 ft.

The property currently is without known reserves.

Exploration History:

Initial discoveries of mineralization in the Lakeview District were made in 1888 near the site of the Weber Mine. Additional discoveries were made throughout the Pend Oreille Lake region and the Lakeview District was at that time included in the Pend Oreille Mining district, and so early production records are unknown.

In 1924, the Venezwela Group of claims was taken over by the Hewer Mining Company and became what is now known as the Lakeview Mine. An internal shaft was eventually sunk to the 1,400 ft level and between 1923 and 1943 the Lakeview mine produced 24,500 tons of ore.

In 1962, Sunshine Mining Company became interested in the district, and signed an agreement with Idaho Lakeview Mines, the successor to Hewer Mining Company, and acquired a 50% interest in the Keep Cool and Idaho Lakeview mines. The combined properties became the Lakeview Consolidated Silver Mines, Inc.

Sunshine, in order to maintain its interest, conducted assessment work on the properties, including surface excavations, drill holes and underground work.

In 1978, a bulldozer trenching discovered another surface zone of mineralization 2,000 ft northeast of the Weber Pit. It exposed a vein 10-12 ft wide and 135 ft long. This vein was mined during the early 1980 s.

In 1987, Shoshone rehabilitated the Keep Cool Mine, and drove 200 ft of new workings towards a vein drilled by Sunshine Mining Company in 1970.

A limited amount of material was removed from the Weber Pit in the late 1970 s, early 1980 s. Exact quantities are unknown.

The company conducted exploration drilling from the surface in 2008

Development Activities:

In 2008, the Company completed the refurbishment of the Lakeview Mill. This refurbishment included repairs and updates to the existing equipment and electrical infrastructure and installation of a new water management system. The mill has since been processing previously mined and stockpiled mineralized material**.** Concentrates from milling activities are being stored at the mill facility.

Exploration and Development Plans:

During 2008, the Company conducted trenching and sampling on a portion of the Weber Shear between the Weber and Keep Cool Mines. Also, during 2008, the Company conducted exploration drilling from the surface over a portion of the properties.

Production Plans:

The Company will continue milling previously mined and stockpiled mineralized materials in 2010 when snow no longer makes the roads impassable. Additionally, Shoshone plans to engage in limited surface mining in the Weber shear as it extends from the Weber to the Keep Cool on its patented ground provided initial drilling substantiates the continued mineralization of the shear at or near the surface.

Mineralized material that may be obtained from this mining activity will be processed at the Lakeview Mill. The company will be stockpiling concentrates from milling at its facilities until a sufficient quantity of concentrates are held to make shipping and smelting economically advantageous. Planned production activities will continue while roads are passable by heavy equipment.

Impairment:

During 2006, the Company paid fees to make improvements to the land to be more accessible as well as usable. The total amount of $68,472 was capitalized.

The Company believes that, when compared to the market value of the property, the deferred costs of $334,690 have not suffered impairment. Accordingly, at September 30, 2009, the Company did not consider a write-down to the carrying cost necessary.

Drumheller Group

The Company owns 6 patented claims consisting of 110.82 acres which are adjoining and lying south of the Idaho Lakeview calims on a extension of the Hewer vein. The company issued 109,141 shares of its common stock to acquire these claims in February 1984.

Auxer Group

The Auxer Mine is a formerly producing precious metal mine located in Bonner County, Idaho.

Location and Access:

The Auxer Mine property is located in Bonner County, Idaho, about 3.5 miles northeast of East Hope, Idaho and about 10 miles north of Clark Fork, Idaho within Sections 20, 29, Township 57 North, Range 02 East.

The property can be accessed by logging roads leading north from Clark Fork, Idaho along Lightning Creek for 11 miles; then by four miles of logging roads and mine access road to the headwaters of Wellington Creek. The property can also be accessed by five miles of gravel roads leading north from East Hope, Idaho along Strong Creek. The current electrical and water supply to the land are unknown.

A map showing the Auxer Property may be found in Exhibit 99.3 which was filed as an exhibit to the Company s Annual Report on Form 10-KSB/A filed with the Commission on December 3, 2007, File No.000-31184.

Land Status:

The area covered by the Auxer claims is under Bureau of Land Management (BLM) jurisdiction. The Auxer property consists of 2 contiguous unpatented mining claims covering 40 acres. Title to the property is maintained by annual payment of BLM Maintenance Fees of $280. The Company has not made improvements to the property.

Geology:

The Auxer Mines area is located on the north slope of the Auxer Basin, a glacial cirque, at elevations that range from 5,200 to 6,000 feet above sea-level. Vegetation consists of dense stands of conifers, with areas of talus cover on the northwesterly portions of the claim area. Soil depth on the property ranges from bedrock exposure to roughly ten inches deep.

Argillaceous quartzites of the Pre-Cambrian Belt Series intruded by granodiorite underlie the claims. The Prichard formation is exposed in talus material along the northwesterly boundary of the claims.

There are two main gold bearing quartz veins, the Boston and Chicago Veins. The Boston Vein can be traced for several thousand feet on the surface. It is a 14-15 foot wide shear zone at the surface, but widens to 25 feet at a depth of 200 feet. The quartz vein contains gold, associated with the pyrite.

The Chicago Vein is located 500 feet south of the Boston Shaft and occurs within a shear zone parallel to the Boston Vein. The vein is of the same character as the Boston Vein, but has not been explored on the surface. A 40 inch wide channel sample was taken on the surface by John Plats in 1936, assaying 0.60 oz/t gold.

The property is currently without known reserves and the proposed program, as defined below, is exploratory in nature.

Exploration History:

E.U. Philbrick staked the main Auxer claims in 1905. In 1925, Auxer Gold Mines was organized, and by 1933 most of the Auxer claims were deeded to Auxer Gold Mines.

In 1968, Auxer Gold Mines was purchased by Spokane National Mines, Inc. In 1972, the property was sold to Idora

Silver Mines, Inc. and later relinquished its interest. Ashington Mining Company staked two claims in 1999.

In September 2003, the Company acquired the property from Ashington Mining Company for $7,500.

Exploration Plans:

The following are recommended for the exploration of the Auxer claims:

- Surface geological mapping of surface exposure of veins;
- Geochemical sampling of surface and underground vein exposures;
- Underground geological mapping of mine workings (if accessible);
- Systematic sampling of underground vein exposures (if accessible); and
- Location of surface and underground drill sites.

No timetable for exploration has been set and costs for the recommended exploration have not been determined.

Impairment:

The Company believes that, when compared to the market value of the property, the deferred costs of $7,500 have not suffered impairment. Accordingly, at September 30, 2009, the Company did not consider a write-down to the carrying cost necessary.

Talache Group

Location and Access:

The Talache silver-gold property is located in Bonner County, in Sections 1 and 6, Township 55 North, Range 1 West. These holdings are located approximately 1 mile northwest of Talache Landing, and 12 miles southeast of Sandpoint, via U.S. Highway 95 and Mirror Lake Road. The current status of electric and water supply to the property are unknown.

A map showing the Talache Group may be found in Exhibit 99.4 which was filed as an exhibit to the Company s Annual Report on Form 10-KSB/A filed with the Commission on December 3, 2007, File No.000-31184.

Land Status:

The property consists of 2 unpatented mining claims covering 40 acres of Bureau of Land Management (BLM) land. Title to the property is maintained by annual payment of BLM Maintenance Fees of $280. The Company has not improved the property.

Geology:

Steep slopes that are heavily timbered characterize the topography of the area. Altitudes vary from 2,060 feet on the shore of Pend Oreille Lake to more than 4,100 feet in the northwestern portion of the property. The property is dominated by coniferous forest, with large areas of open meadow grassland in areas where soil cover is too thin to support conifer trees.

The rocks exposed in the vicinity of the property consist of argillites, silites, and quartzites of the Precambrian Belt Super-group. In the vicinity of the Talache Group property, the rocks display an overall tendency to become less calcareous and more clastic with depth. The property is situated on the west limb of a syncline whose axis strikes nearly due north. Two prominent fracture directions are observed within the property boundaries. These include a set that strikes nearly north-south and dips from 80 degrees west to 45 degrees east and a set which strikes approximately east-west and dips from 45 degrees south to 45 degrees north. Most of the prominent mineralization in the area follows north-striking fractures.

Mineralization of economic significance occurs as veins contained in numerous faults and shear zones within the area.

The veins occur as lenses and pipes that shoot within the faults and vary considerably in size, grade, and continuity. They improve in width and grade where they are cut and offset by east-west striking cross faults.

Exploration History:

The first claims were staked in the area in the early 1890 s. In 1922, the Talache Mine was developed and production was initiated and continued until late 1926. Although no accurate record exists of total production, it has been estimated that the Talache Mine produced approximately two million ounces of silver and some gold, lead, and copper. Zinc, although present, was not recovered. The operation may have ceased due to the decreasing silver price and the fact that the mineralized zone was found to extend off of the Talache property along strike.

In 1964, the Silver Butte Mining Co. was formed to explore the Talache area, and approximately 2,300 feet of drifting and cross-cutting and 2,400 feet of diamond drilling were carried out approximately 1 mile to the north of the current Talache Group Claims.

In 1969, Silver Butte and Imperial Silver leased the property to Cominco American, Inc. Cominco held the properties through 1971 and completed approximately 5,000 feet of diamond drilling. Subsequently all claims were dropped.

In 1999, two claims covering 40 acres were staked for Ashington Mining Corporation.

In 2003, the Company acquired the property from Ashington for $22,500.

The property is currently without known reserves and the proposed program is exploratory in nature.

Exploration Plans:

The following are recommended actions for the Talache Property:

- Rehabilitate the Talache 400 level portal;
- Conduct systematic channel sampling of vein exposures on the Talache 400 level;
- Underground geological mapping of the Talache 400 level;
- Surface geological mapping to identify surface expression of faults and veins;
- Surface sampling of vein and fault exposures to extend laterally the mineralization; and
- Locate potential reverse circulation and diamond drill hole locations for surface drilling.

No timetable for exploration has been set and costs for the recommended exploration have not been determined.

Impairment:

The Company believes that, when compared to the market value of the property, the deferred costs of $22,500 have not suffered impairment. Accordingly, at September 30, 2009, the Company did not consider a write-down to the carrying cost necessary.

Silver Valley Holdings

Shoshone has three holdings in Idaho s Silver Valley: the Shoshone, Bullion and North Osburn Groups.

Shoshone Group

The Company has a group of patented lode claims commonly referred to as the Shoshone Group located contiguously around an area within the St. Joe Mining District in Shoshone County, Idaho.

Location and Access:

The claims are in Sections 13, 14, and 15 of Township 47 North, Range 5 East. From the city of Coeur d'Alene, Idaho, travel approximately 45 miles East on Interstate 90, to Exit # 63. Turn south onto Willow Creek Road. Travel south of Willow Creek Road for 1 mile. Several secondary roads access this property. Commercial power is available on Willow Creek Road. The current status of the water supply is unknown.

A map showing the Shoshone Group may be found in Exhibit 99.2 which was filed as an exhibit to the Company s Annual Report on Form 10-KSB/A filed with the Commission on December 3, 2007, File No.000-31184.

Land Status:

The Shoshone Group consists of 5 patented lode claims totaling 96 acres in the St. Joe Mining District. Title to the property is maintained by payment of annually assessed property taxes to Shoshone County, Idaho. During 2009, the Company paid $61 in property taxes on this property. The Company has not made improvements to the property.

Geology:

The rocks in the claim group belong to the Precambrian lower Wallace formation, consisting of light-grey dolomitic quartzite inter-bedded with greenish-grey argillites. Ripple marks and mud cracks are visible on bedding surfaces. The rocks are intruded by Tertiary aged diabase dikes.

The claim group is located within a fault block bounded by the Osburn Fault to the north and the Placer Creek Fault to the south, and covers three vein structures known as the Champion, Helena and Link Veins.

The Champion Vein extends from the Springfield Mine to the Bullion Mine six miles to the east, passing through both the Shoshone and Bullion properties.

Exploration History:

The Shoshone Group is located in the St. Joe Mining District of eastern Shoshone County, along the Montana border. This property covers several prospect pits and other historic mine workings.

The Shoshone Group was the subject of considerable interest and speculation in the early 1980 s as Anaconda Minerals drilled the property. Surface outcrop, including a vein structure 7,000 feet long and up to 80 feet wide, along with enormous geological anomalies shown in soil and vegetation sampling by the USGS, led geologists to believe that substantial silver mineralization might be found at depth.

Anaconda drilled four exploratory holes near the property boundary shared with Stevens Peak Mining, in an effort to locate a site for deeper drilling. One of the holes was sufficiently encouraging to justify its continuation and was planned to extend to depths reaching 6,000 feet, targeting the Champion Vein, deep in the Revett formation. However, the planned hole was collared at just over 3,000 feet and although core samples confirmed earlier projections about geology and structure at depth, the program was never completed.

Bear Creek Mining Company leased the Shoshone Group in 1981. The Company conducted surface geological and geo-chemical surveying.

The property is currently without known reserves and the proposed program is exploratory in nature.

Exploration Plans:

There are currently no plans to conduct exploration on the Company s Shoshone properties.

Impairment:

The deferred costs of this property totaled $17,500, which was written-off in prior years as an exploration expense.

Bullion Group

The Company has a group of patented properties commonly referred to as the Bullion Group located contiguously within the St. Joe Mining District in eastern Shoshone County, Idaho.

Location and Access:

The claims are in Sections 20 and 21 of Township 47 North, Range 6 East. From the city of Coeur d'Alene, Idaho, travel approximately 50 miles east on Interstate 90, to Exit # 1 (TAFT Exit). Turn onto USFS Road 507, following it for 7 miles. The Bullion Group is accessed by newly cut logging roads from USFS Road 507. Current electrical and water supplies are unknown. A map showing the Bullion Group may be found in Exhibit 99.2 which was filed as an exhibit to the Company s Annual Report on Form 10-KSB/A filed with the Commission on December 3, 2007, File No.000-31184.

Land Status:

The Bullion Group consists of 7 patented lode claims totaling 138 acres**.** Title to the property is maintained by payment of annually assessed property taxes to Shoshone County, Idaho. During 2009, the Company paid $100 in property taxes on this property. The Company has not made improvements to the property.

Geology:

The rocks in the Bullion Group are the same geologic setting as for the Shoshone Group of claims belonging to the Precambrian lower Wallace formation.

The Bullion Group, as is the case of the Shoshone Group, is located within a fault block bounded by the Osburn Fault to the north and the Placer Creek Fault to the south, and covers three vein structures known as the Champion, Helena and Link Veins.

The Bullion Group covers the Bullion Mine workings located on the Champion Vein.

Exploration History:

The Bullion Group is located in the St. Joe Mining District of eastern Shoshone County, along the Montana Border. The two unpatented Bullion Group claims totaling 40 acres have been leased to Sterling Mining Company. Lease terms stipulate a 4 year exploration program commencing within five years of the lease date. Shoshone will receive 10% net profit from any mined minerals.

This lease agreement may be found in Exhibit 10.4 which was filed as an exhibit to the Company s Annual Report on Form 10-KSB filed with the Commission on December 4, 2006.

Bear Creek Mining Company leased the Bullion Group in 1981. The company conducted surface geological and geochemical surveying.

The property is currently without known reserves and the proposed program is exploratory in nature.

Exploration Plans:

There are no plans to conduct exploration on the Shoshone s Bullion Group until a due diligence study is completed.

Impairment:

This property was acquired as part of a settlement of a promissory note owed to the Company. The cost of the property was included as an exploration expense in a prior year.

North Osburn Group

The Company has a group of unpatented properties known as the North Osburn Group located within the Silver Valley in Shoshone County, Idaho.

Location and Access:

The claims are in Sections 28, 48, 30, 31, 32 and 36 of Township 49 North, Range 3 and 4 East. From the city of Coeur d'Alene, Idaho, travel approximately 40 miles east on Interstate 90, to Exit # 54 (Big Creek Exit). Turn north from I-90, then turn west on the access road and travel half a mile. Turn north on Forest Road 1599 then travel northeast for 3 miles. The road ends at the north end of the North Osburn Group.

A map showing the North Osburn Group is contained in Exhibit 99.13 which was filed as an exhibit to the Company s Annual Report on Form 10-K filed with the Commission on April 14, 2008, File No.000-31184.

Land Status:

The North Osburn Group consists of 15 unpatented lode claims totaling approximately 300 acres. Title to the property is maintained by annual payment of BLM fees in the amount of $2,100. The Company has not made improvements to the property. The current electrical and water supply to the property is unknown.

Geology:

The claims are located on rocks of the Belt metasediments, which includes the Revett, Burke and Prichard Formations. The Revett Formation consists of vitreous pure quartzite beds ranging from one to six feet in thickness. Fine dark laminae are common in some of the quartzite beds. The Burke Formation consists of interbedded impure to pure quartzite, siliceous argillite and minor amounts of argillite. The most prevalent variety is a greenish-grey quartzite that is generally formed in beds less than six inches thick. The Prichard Formation consists of a succession of medium to dark-gray quartzose argillite that grade into similar appearing impure quartzite. Pyrite is found concentrated within the darker laminae or along bedding planes or argillitic rocks and irregular grains about one millimeter in size.

Exploration History:

Although the property is located in the heart of the Silver Valley, this area has seen only modest exploration. The Burke-Prichard Transition Zone is a favorable host for silver-bearing base metal ores elsewhere in the district, and should be thoroughly tested in the North Osburn area.

The property is currently without known reserves and the proposed program is exploratory in nature.

Exploration Plans:

There are no current plans to conduct exploration on the Shoshone s North Osburn Group.

Impairment:

The cost to acquire this property of $1,875 was expensed during 2007.

Central Idaho Holdings

Warren District

Rescue Gold Mine

Location and Access:

From Coeur d Alene, Idaho, drive south on State Highway 95 to New Meadows, Idaho. Turn onto State Highway 55; drive south on State Highway 55 to McCall, Idaho, you will enter the town of McCall on its northern edge. As you enter the city, there will be a highway sign on the right that says Warren Wagon Road and an arrow directing you to turn left. Turn left as directed and you will be on a paved road that runs along the north side of Payette Lake. This paved road extends into the Payette National Forest for a distance of 28 miles. At the end of the pavement is a U.S. F.S. sign with directions to Burgdorf, Secesh, Warren and several other areas of interest. The road to Warren is a wide, graveled road that is easy to follow. From the end of pavement to Warren is a distance of 17 miles plus. After traveling 16 miles, you will come to a wide area, with roads forking off in several directions. Stay on the better road and cross Warren Creek on a single lane concrete bridge.

As you enter Warren, the road makes a 90 degree left turn, goes one short block and makes a 90 degree right turn. Continue through Warren on this road. You will pass the Back Country Bed & Board on your left and very quickly pass a small saw mill on your right. Slow down, because as soon as you pass the little sawmill, you will leave the main road and turn right onto the access road to the mine. As you turn right, straight ahead you will see a gated bridge over Warren Creek, and a large 4 x 8 sign advertising Shoshone Silver Mining Company. Signs posted will direct you to the mill office. A map of the Rescue Gold Mine is contained in Exhibit 99.14.

Land Status:

The Company holds 82 unpatented mining claims and 2 unpatented mill-site claims covering 1,720 acres in central Idaho. There is a 120 ton per day mill complete with a Knelson Gold Concentrator on the mill-site claims. There is a 43-101 Report which was completed in 2008.

<u>Exploration and Development plans</u>

42 unpatented claims were staked in the Warren District by Shoshone in the summer of 2009; as a result, Shoshone now holds 84 unpatented claims in the Warren District. During 2009, the Company conducted additional exploration activities.

Iola Claims

The Company leases 5 patented mining claims in central Idaho covering 70 acres. A map of the Iola Claims Lease is contained in Exhibit 99.14.

Silver King Claims

The Company leases 12 patented mining claims in central Idaho covering 174 acres. A map of the Silver King Lease is contained in Exhibit 99.14.

<u>Marshall Mountain District</u>

Kimberly Gold Mine

Location and Access:

Following the directions to reach the Rescue Mine, at the end of pavement will be a U.S.F.S. sign that directs you to turn left on a good gravel road to Burgdorf. Approximately 5 miles past Burgdorf will be a U.S.F.S. sign that directs you to turn right to reach the Kimberly Mine. This Forest Service road is best traveled in a high clearance vehicle and is identified on U.S.F.S. maps as road #318. After traveling 8 plus miles, a small sign on the right hand side of the road will say Sherman Howe Mine , turn right and stay on the main road and in ¾ of a mile you will be in the old Kimberly mine camp. As a warning, very few U.S.F.S. roads are identified with their numerical designation. A map of the Kimberly Gold Mine is contained in Exhibit 99.14.

Land Status:

The Company holds 24 unpatented mining claims covering 480 acres in central Idaho. The mine consists of 10 separate tunnels which explore 7,500 feet of previously producing workings. There is a 43-101 Report which was completed in 2008.

North Idaho Holdings

The Company has two holdings in Boundary County, Idaho: the Regal and Montgomery Mines.

Regal Mine

The Regal Mine is a formerly producing base and precious metal mine located in the Moyie-Yaak Mining District, Boundary County, Idaho.

Location and Access:

The Regal Mine property is located 10 miles north of Bonners Ferry, Idaho, and 0.5 miles northeast of Camp Nine on Meadow Creek, Section 31, 64N, R2E, Boise Meridian.

The property can be accessed by traveling 7.5 miles north on Highway 95 from Bonners Ferry, then taking USFS Road 397 six miles to an access road that leads to the mine. The property is accessible year round. The current electrical and water supply to the property is unknown.

A map showing the Regal Mine may be found in Exhibit 99.5 which was filed as an exhibit to the Company s Annual Report on Form 10-KSB/A filed with the Commission on December 3, 2007, File No.000-31184.

Land Status:

The Regal property consists of 4 contiguous unpatented mining claims that cover 80 acres of BLM property in the Moyie-Yaak Mining District, Boundary County, Idaho. Title to the property is maintained by annual payment of BLM Maintenance Fees of $560. The company has made no improvements to the property, and the state of historic underground workings is unknown.

Geology:

The Regal Mine is located on the west slope of Wall Mountain (elevation 5,160 feet). The topography is mountainous with steep sided valleys. Elevations within the property range from 3,500 to 4,400 feet above sea-level. The property is largely covered by coniferous forest, with large areas of meadow grassland. Soil depth on the property ranges from bedrock exposure to roughly ten inches deep.

The Regal property is underlain by the Pre-cambrian Belt Group, which is intruded by a series of dioritic sills. Both the sills and the Belt rocks have been folded and faulted and subsequently intruded by granites of the Nelson Batholith of British Columbia. The Regal gold-silver-lead-zinc veins are exposed in granite rocks of the Nelson Batholith, which is locally fractured by regional structures.

There are two parallel N 60-70 degrees E striking veins on the Regal property, the North Vein and the South Vein. Both veins dip between 50-60 degrees southeasterly. Vein minerals are galena, sphalerite, pyrite, arsenopyrite, siderite and quartz. The gold mineralization appears to be associated with pyrite and arsenopyrite. The mineralization resembles lead-zinc-siderite veins of the Coeur d Alene Mining District; the main difference is that the Regal Mine veins also contain considerable arsenopyrite with important gold values introduced during the later stages of mineralization. The Regal Mine is developed on 3 main levels connected by a vertical shaft. The upper most levels (No. 1 and No. 2) are accessible from the surface. Total development exceeds 3,800 feet. There is no indication of mining below the lowermost (No. 3) level. However, old mine maps indicate that both the north and south mineral zones continue to depth.

The property is currently without known reserves and the proposed program is exploratory in nature.

Exploration History:

The Regal Mine was known as the Commercial Mine until 1935 when it was leased to Silver Crescent Mining Company. Silver Crescent performed exploration and development work on the property through 1945, including construction of a 100 ton per day flotation mill that was subsequently sold in 1948.

In 1968, an unknown amount of ore was sent to the Bunker Hill Smelter. The assay results indicated 0.47 oz/t gold, 15.51 oz/t silver, 32.5% lead, 29.8% zinc, and 0.42% copper.

In 1971, Silver Dollar Mining Company submitted a 39.8 - ton (wet weight) shipment to the East Helena Smelter, Montana. The concentrate sample assayed 0.41 oz/t gold, 4.8 oz/t silver, 6.6% lead, and 6.7% zinc. The property has been largely inactive since that time except for a widening of the Number 2 adit level and re-timbering of the portal in the early 1990 s.

Shoshone Silver Mining Company acquired the claims in 2003 from Ashington Mining Company for $15,000.

Exploration Plans:

The Regal Mine has the potential to host economically extractable ore containing gold, silver, lead and zinc on a modest scale. Historical mine maps indicate high-grade mineralization continuing below the Number 3 level. Surface geological mapping will identify any lateral extent of the mineralization, and if there are any parallel mineralized structures.

The following are recommended actions for the rehabilitation of the Regal Mine:

- Rehabilitate the surface shaft opening and cover all open workings to prevent water access;
- Rehabilitate Number 2 level portal to drain the number 2 level workings;
- Stabilize mine workings with rock bolting and roof support in essential areas;
- Conduct systematic channel sampling of vein exposures on the Number 1 and 2 levels (if accessible);
- Perform underground geological mapping of the Number 2 level;
- Perform surface geological mapping to identify surface expression of faults and veins;
- Conduct surface stream sediment sampling program to identify additional areas of mineralization;
- Conduct ground magnetic survey to identify possible veins and structures;
- Stake additional claims to cover lateral extensions of mineralized structures;
- Locate potential RC and diamond drill-hole locations for surface drilling; and
- Reconnaissance work on prospects located along strike of the structures controlling mineralization in the Regal Mine.

No timetable for exploration has been set and costs for the recommended exploration have not been determined.

Impairment:

The Company believes that when compared to the market value of the property, the deferred costs of $15,000 have not suffered impairment. Accordingly, at September 30, 2008, the Company did not consider a write-down to the carrying cost necessary.

Montgomery Mine Group

The company controls unpatented claims that cover and surround the Montgomery Mine near Copeland in Boundary County, Idaho.

Location and Access:

The claims are in Section 30, Township 65 North, Range 1 East. A geographic reference point for the claims is 48°57 19 North and 116° 23 02 West.

The property is reached via 2 miles of access road from County Road 49 3.7 miles north on State Highway 1 from the intersection of State Highway 1 and U.S. Highway 95, approximately 12 miles north of Bonners Ferry, Idaho. The Montgomery Mine is accessible year round.

A map showing the Montgomery Mine may be found in Exhibit 99.7 which was filed as an exhibit to the Company s Annual Report on Form 10-KSB/A filed with the Commission on December 3, 2007, File No.000-31184.

Land Status:

Montgomery Mine claim group consists of 25 unpatented lode claims covering 500 acres of BLM land. The claims are located on the southwest slope of Hall Mountain with approximately 1,800 feet of relief in the claim group. No additional claims are staked in the area. The claims are maintained by annual payment of BLM Maintenance Fees of $3,500. The Company has not made improvements to the property. Commercial power is available on County Road 49. Water access is unknown.

Geology:

The area is underlain by the Prichard and Allrich formations of the lower Belt series. The quartzites and impure quartzites of the Prichard and Allrich formations have been locally intruded by diorite sills. These sills strike northwest across the property and dip gently to the northeast.

The Diorite sills exhibit anomalous Platinum Group Metals (PGM) values that may have economic potential. The sills also host prominent quartz veins that exhibit significant copper, lead, silver, and gold values that provide an additional economic potential to the property.

The property is currently without known reserves and the proposed program is exploratory in nature.

Exploration History:

The property has been explored by means of approximately 3,500 feet of drift development in 3 primary tunnels and 4 smaller tunnels. This development appears to establish lateral continuity of the sills and veins. In addition to drifting there have been several diamond drill holes completed and at least one surface geophysics survey has been run on the property.

Records from this historic work are incomplete or unavailable, therefore results from this work are considered unreliable for resource analysis or interpretation.

Exploration Plans:

These claims require the rehabilitation of the 3 primary tunnels. The current condition of these tunnels is unknown. Once access is available the sills and veins will be mapped and sampled underground. In addition the property should have a new surface geophysics survey performed.

Results from these efforts will be analyzed and used to develop a comprehensive drill program. Completion of these activities could produce a mineralized material resource that can then be subjected to a feasibility study prior to production development.

No timetable for exploration has been set and costs of the recommended exploration have not been determined.

Impairment:

The acquisition costs of $43,557 were included in exploration expenses in a prior year.

Montana Holdings

Shoshone has two property groups in Montana: the Stillwater Extension Claims and the Princeton Gulch Group.

Stillwater Extension Claims

The Stillwater Extension property consists of 10 unpatented lode claims covering 200 acres of the Stillwater Complex of south central Montana. The Stillwater Complex is a mafic-ultramafic layered intrusive that includes the 28-mile long J-M Reef, which hosts Platinum Group Metals (PGM).

Location and Access:

The Stillwater Extension claims are located approximately five miles southeast of the Stillwater Mine and cover a projected eastern extension of J-M Reef. The claims are located in Sections 2, 3, 11, T6S, R16E.

A map showing the Stillwater Extension Claims may be found in Exhibit 99.6 which was filed as an exhibit to the Company s Annual Report on Form 10-KSB/A filed with the Commission on December 3, 2007, File No.000-31184.

Land Status:

In 2003, Shoshone Silver Mining Company purchased the Stillwater Claims for $15,000. The claims are maintained by annual payment of BLM Maintenance Fees of $1,400. The company has made no improvements to the property. Power and water status are unknown.

Geology:

The Stillwater Extension Claims are located within the Stillwater mafic-ultramafic layered intrusive complex. The uniquely PGM-enriched J-M Reef and its characteristic host rock package represent one such layer in the sequence. The PGM in the J-M Reef consist primarily of palladium, platinum and a minor amount of rhodium. The reef also contains approximately 3 percent iron, copper and nickel sulfides, plus trace amounts of gold and silver.

The property currently is without known reserves and the proposed program is exploratory in nature.

Exploration History:

The Johns Manville Corporation discovered palladium and platinum along the J-M Reef of the Stillwater Complex in the early 1970 s. In 1979, a Manville subsidiary partnered with Chevron to develop the property. Underground operations at the Stillwater Mine commenced in 1986.

Exploration Plans:

The Company plans an evaluation program including geologic mapping, rock chip and soil geochemical surveys, and interpretation of public domain geophysical data. The program will be conducted to determine the suitability of a joint venture partner. No timetable for exploration has been set and costs for the recommended evaluation program have not been determined.

Impairment:

The deferred costs of $15,000 were included in exploration expenses in a prior year.

Princeton Gulch Group

The Company controls unpatented claims that cover and surround the Princeton Gulch placer in Granite County in south central Montana.

Location and Access:

The Princeton Gulch claims are located in Sections 20 & 21 of Township 8 North, Range 12 West, 7 miles northeast of the town of Maxville, Montana. Access is provided by county roads east of State Highway 10A at Maxville, Montana. Turn east on the Maxville/Princeton Road at Maxville for 4.5 miles. Turn northeast on County Road 1500 for 2.5 miles. The claim group occupies the mountain valley running to the east from this point.

A map showing the Princeton Gulch Group may be found in Exhibit 99.10 which was filed as an exhibit to the Company s Annual Report on Form 10-KSB/A filed with the Commission on December 3, 2007, File No.000-31184.

Land Status:

This claim group consists of 4 unpatented placer claims covering 80 acres and 2 unpatented load claims covering 40 acres, for a total of 120 acres. The claims are maintained by annual payment of BLM Maintenance Fees of $840. The company has not improved the property. Electrical status is unknown. Water is available via streams running through the property. Three holding/settling ponds, approved by the State of Montana as harmless to Bull Trout found in the area, have been constructed.

Geology:

This claim group lies in mountainous terrain on the east slope of the Deerlodge Range. The country rocks are folded and faulted marbles, phyllites and quartzites of Jurassic/Cretaceous age. The Royal stock outcrops less than 1 mile east of this claim group. The metamorphism is a result of the emplacement of the Royal stock and other nearby stocks and batholiths.

The claims host placer deposits within 18 of bedrock along the floor of the gulch. The load claims could potentially host fissure veins found and exploited on adjacent claims and properties; however, there are no reports of veining on this property.

The property is currently without known reserves and the proposed program is exploratory in nature.

Exploration History:

The claims have been worked sporadically by small scale owner/operators for a number of years. The claims have only been placer mined in the valley bottom. No additional exploration work has been done. The Princeton Mining District has had several past producers, both lode and placer in the late 1800 s and first half of the 1900 s.

Exploration Plans:

The claim group will benefit from detailed geologic mapping, sampling and trenching. Beyond this basic exploration, modern geophysics and remote sensing should be applied to the claim group. No timetable for exploration has been set and costs of the recommended exploration have not been determined.

Impairment:

The acquisition costs of $13,000 were included in the exploration expenses for the year ending December 31, 2006.

Arizona Gold Holdings

The Company holds two claim groups in the Oatman Mining District: the Western Gold and Gold Road Claims along with the Cerro Colorado Group in Pima County, AZ.

Western Gold Claims

The Western Gold property consists of 13 unpatented lode claims covering 240 acres within the Oatman Mining District of Mohave County, Arizona.

Location and Access:

The Western Gold claims are located approximately 1 mile West of Gold Road Mine & 1 mile North of United Western Mine.

A map showing the Western Gold Claims may be found in Exhibit 99.8 which was filed as an exhibit to the Company s Annual Report on Form 10-KSB/A filed with the Commission on December 3, 2007, File No.000-31184.

Land Status:

The Oatman District lies on the western flank of the Black Mountains, a fault-bounded tertiary volcanic series. In 2003, the Company acquired the Western Gold Claims for $15,000. The claims are maintained by annual payment of BLM Maintenance Fees of $1,820. The Company has made no improvements to the property. Power and water sources are unknown.

Geology:

Gold deposition appears to be a late feature associated with the Moss porphyry intrusion. The gold bearing ore bodies of the Oatman District are located along northwest trending veins and faults. The main mineralized structures within the property are the United and Middle veins. These veins were mined at the United Western and United Eastern Mines.

Electrum is the predominant ore mineral. Gangue minerals include quartz, calcite, adularia, minor fluorite, and trace amounts of pyrite, marcasite, and chalcopyrite.

The property is currently without known reserves and the proposed program is exploratory in nature.

Exploration History:

Gold was first discovered in the Oatman District in 1863. Between 1897 and 1942, the Oatman District produced 2.2 million ounces of gold and 800,000 ounces of silver at an average grade of 0.58 opt gold and 0.17 opt silver.

From 1979 to 1982, Hecla Mining Company and Canadian Natural Resources conducted exploration. Extensive geological mapping and diamond drilling was conducted on the Tom Reed Vein System before the project was terminated in 1982.

Exploration Plans:

The exploration plans for the Arizona Project are to conduct surface geological mapping, surface soil and rock sampling programs and conduct IP and magnetic surveys of the claim areas to identify orientation of the sub-surface United Western Vein.

No timetable for exploration has been set and costs of the recommended exploration have not been determined.

Impairment:

The deferred costs of $15,000 were included in exploration expenses in a prior year.

Gold Road Claims

The Arizona property consists of 16 unpatented lode claims located in Mohave County, Arizona covering 320 acres of the Oatman mining district of northwest Arizona.

Location and Access:

The Gold Road claims are divided into two groups. The KO group of 7 claims is located in S14 T19N R20W approximately 3000 ft southwest of the Western Gold claims, approximately 0.9 miles west of the Gold Road Mine and 0.8 miles north of the United Western Mine. The TS group of 9 claims is located in S12 T19N R20W approximately 6000 ft east of the Arizona Gold field claims and 5000 feet east northeast of the KO group of claims. County Hwy 10 travels through the TS group.

A map showing the Western Gold Claims may be found in Exhibit 99.8 which was filed as an exhibit to the Company s Annual Report on Form 10-KSB/A filed with the Commission on December 3, 2007, File No.000-31184.

Land Status:

In 2003, Shoshone Silver Mining Company acquired the Arizona Claims for $1,500. The claims are maintained by annual payment of BLM Maintenance Fees of $2,240. The company has not improved the property. Power and water sources are unknown.

Geology:

The KO group follows the easterly trend of the Mallory Fault line and covers the down dip extension of the Kokomo vein. The TS group follows the southeasterly extension of the Gold Ore Vein.

The property is currently without known reserves and the proposed program is exploratory in nature.

Exploration Plans:

The Company anticipates developing exploration plans in fiscal 2009.

Impairment:

The deferred costs of $1,500 were included in exploration expenses in a prior year.

Cerro Colorado Group

The company controls 3 unpatented claims covering 60 acres in the Cerro Colorado Mining District 35 miles southwest of Tucson, Arizona.

Location and Access:

From Tucson take I-19 south towards Nogales approximately 33 miles to Exit 48. The claim group is 15 miles west on Arivaca Rd from Exit 48. The claims are in Section 22, Township 20S, Range 10E. A geographic reference point for the claims is 31°39'32"North, 111°16'19"West.

A map of the property may be found in Exhibit 99.11 which was filed as an exhibit to the Company s Annual Report on Form 10-KSB/A filed with the Commission on December 3, 2007, File No.000-31184.

Land Status:

The claim group is located in the Cerro Colorado mining district in the Cerro Colorado Mountains of Southwest Arizona. The claims are maintained by annual payment of BLM Maintenance Fees of $420. The Company has not improved the property. Power and water sources are unknown.

Geology:

Mineralization in the district is epithermal quartz-fissure veins with minor base metal sulfides and mercury-bearing tetrahedrite. Silver and gold enrichment occur in oxidized zones. Host rocks are a complex of Cretaceous quartz latite and andesite porphyry flows and tuff with some interbedded sedimentary beds, invaded by Laramide andesite porphyry, rhyolite and dioritic plugs and dikes.

The property is currently without known reserves and the proposed program is exploratory in nature.

Exploration History:

This mining district is one of the oldest producing areas in Arizona with scattered small, and relatively shallow, mines and prospects active intermittently from at least the 1770's to about 1950. Total estimated and recorded production has been some 4,500 tons of ore containing approximately 376,000 ounces silver, 460 ounces gold and small amounts of copper and lead.

Exploration Plans:

These claims and the area around them will be geologically mapped. This mapping will emphasize vein intensity, rock type, and alteration. In addition to the mapping, limited ground magnetic surveys should be run to help identify any geophysical anomalies. The results of this initial work will guide follow up geophysics and/or drilling.

No timetable for exploration has been set and costs of the recommended exploration have not been determined.

Impairment:

The deferred costs of $1,500 were included in exploration expenses in a prior year.

California Creek Uranium

On July 24, 2008, we entered into an agreement to acquire 200,000 shares of common stock of Bayswater Uranium Corporation, a Canadian company (Bayswater), in exchange for our 43 unpatented mining claims in Elko County, Nevada. This exchange was valued at $60,000 based on the market price of Bayswater s common stock on July 24, 2008.

Washington Holdings

The Company controls 19 unpatented mining claims covering 380 acres in the heart of the Wenatchee Gold Belt located in central Washington.

Shaft Claims

Location and Access:

Entering Wenatchee from the north, you will be traveling south on State Route #2 and #97, at the stop light on the northern edge of town, SR #2 and #97 veers to the right and crosses the Columbia River, you will continue south, or straight ahead, on SR #28 until you reach exit 285 N and then turn right and cross the Columbia River on the old bridge span. After crossing the Columbia River, you will travel about 0.5 mile and will come to Mission Street, turn left on Mission Street for 1.5 miles. At this point Mission Street becomes Squilchuck Road and you will continue on Squilchuck Road for another 3.5 miles when you will encounter a road sign directing you to take a left hand turn onto Cranmer Drive and also be heading to the Wenatchee heights subdivision. Travel less that 1 mile on Cranmer Drive and you will come to the Wenatchee Heights Road, turn left on Wenatchee Heights Road and travel 1 mile until you come to a fork in the road, take the left hand fork and you will be on Loop Road. The Shaft claims are located to the east of Loop Road. A map showing the Shaft Claims may be found in Exhibit 99.15

Land Status:

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The Company holds 19 unpatented mining claims covering 380 acres in central Washington. The claims are located within the heart of the Wenatchee Gold Belt. The Company has not improved the property. Power and water sources are unknown.

Mexico Properties

Bilbao

On August 11, 2008, we sold 100% of the common stock of our wholly owned subsidiary in Mexico, Shoshone Mexico, S.A. de C.V, to Xtierra Resources, Ltd (Xtierra). Shoshone s interest in the Bilbao concessions in Zacatecas, Mexico was included in this sale. In exchange for our interest in the Bilbao concessions we received net proceeds of $2,497,990 and a note receivable (net of discount) for $1,865,363.

Other Mexican Exploration Properties

Shoshone has an interest in several other Mexican exploration projects which the Company does not currently consider to be material.

La Vibora

La Vibora is a gold-silver prospect in which Shoshone acquired a 25% interest in the property in the year 2000. No exploration has been conducted on the property since the Company s acquisition. The property is located seven miles west of Mexican Highway 17, approximately 22 miles south of the city of Esquida. The Company has made no improvements to the property. Power and water status is unknown.

Geology:

The project area is underlain by granodiorites and quartz monzonites of upper Cretaceous age. Mineralization is associated with the granites.

The property covers three sub-parallel veins that have an apparent length of approximately 1,000 ft. The veins are fracture-filling, dipping approximately 70 degrees to the SW and are characterized by the presence of sulfides (dominantly pyrite) that have been locally oxidized. Gangue is dominated by quartz and calcite.

Sampling conducted in 1994 reported a 75 foot wide bulk sample that had an average grade of 0.20 oz/t gold. Four samples that were taken on the No. 1 vein, over a 5 foot (adjusted) width averaged 0.29 oz/t gold.

The property is currently without known reserves and the proposed program is exploratory in nature.

Exploration Plans:

The Company currently has no exploration plans for La Vibora.

The La Morena Placer

The property is located adjacent to the La Vibora prospect south of the city of Esquida in the State of Sonora. The property is a gold silver placer deposit. There has been no systematic exploration of the La Morena Placer. Shoshone acquired a 25% interest in the property in 2000. The Company has not made improvements to the property. Power and water supplies are unknown.

Exploration History:

Distal from the La Vibora property is the La Morena Placer. This property has had limited auger and assaying returning average grades of 0.03 oz/t gold. No resource estimate has been completed and the property is currently without known reserves.

Exploration Plans:

The Company currently has no exploration plans for La Morena Placer.

OUR EXPLORATION PROCESS

Our exploration program is designed to acquire, explore and evaluate exploration properties in an economically efficient manner. We have not at this time identified or delineated any metals reserves on any of our properties.

Our current focus is primarily on the acquisition of additional exploration properties. Subject to our ability to raise the necessary funds, we intend to implement an exploration program that may cover some or all of our other properties at various times as we deem prudent.

We expect our exploration work on a given property to proceed generally in three phases.

The first phase is intended to determine whether a prospect warrants further exploration and involves:

- researching the available geologic literature;
- interviewing geologists, mining engineers and others familiar with the prospect sites;
- conducting geologic mapping, geophysical testing and geochemical testing;
- examining any existing workings, such as trenches, prospect pits, shafts or tunnels;
- digging 150 foot long and 10-to-20 foot wide trenches that allow for an examination of surface vein structure as well as for efficient reclamation, re-contouring and re-seeding of disturbed areas; and
- analyzing samples for minerals that are known to have occurred in the test area.

Subject to obtaining the necessary permits in a timely manner, the first phase can typically be completed on an individual property in several months at a cost of less than $200,000. We have completed research on and examination of each of our properties, and have commenced geophysical work and sampling on some of our properties.

The second phase is intended to identify any mineral deposits of potential economic importance and would involve:

- examining underground characteristics of mineralization that were previously identified;
- conducting more detailed geologic mapping;
- conducting more advanced geochemical and geophysical surveys;
- conducting more extensive trenching; and
- conducting exploratory drilling.

Subject to obtaining the necessary permits in a timely manner, the second phase can typically be completed on an individual property in six to nine months at a cost of less than $1 million. None of our properties has reached the second phase.

The third phase is intended to precisely define depth, width, length, tonnage and value per ton of any deposit that has been identified and would involve:

- drilling to develop the mining site;
- conducting metallurgical testing; and
- obtaining other pertinent technical information required to define an ore reserve and complete a feasibility study.

Depending upon the nature of the particular deposit, the third phase on any one property could take one to five years or more and cost up to $20,000,000 or more. None of our properties has reached the third phase.

We intend to explore and develop our properties ourselves, although our plans could change depending on the terms and availability of financing and the terms or merits of any joint venture proposals.

ENVIRONMENTAL COMPLIANCE

Our primary cost of complying with applicable environmental laws during exploration is likely to arise in connection with the reclamation of drill holes and access roads. Drill holes typically can be reclaimed for nominal costs, although the BLM recently promulgated new surface management regulations which may significantly increase those costs on BLM lands. Access road reclamation may cost up to $50,000 to $100,000 if road building has been done, and those costs, too, are likely to increase as the result of the new BLM regulations. As we are currently in the exploration stage on all of our properties, reclamation costs have not yet been incurred, and cannot be reasonably estimated for each property.

EMPLOYEES

The Company currently has 12 employees, 3 of whom are both officers and directors and one of which is an officer.

GLOSSARY OF TERMS

AMPHIBOLITE: granular metamorphic rocks.

ANOMALY: a deviation from uniformity or regularity in geophysical or geochemical quantities.

ANTICLINE: layered rock formations structurally folded into a convex structure with a core that hosts the oldest rocks.

ARCHEAN: geologic age older than 2,500,000 years.

BATHOLITH: a large emplacement of igneous intrusive or plutonic rock that forms from cooled magma within the Earth's crust.

BLEBS: a vesicle, blister or bubble.

BRECCIA: rock in which angular fragments are surrounded by a mass of fine-grained minerals.

CHALCOPYRITE: the main copper ore, which is widely occurring and found mainly in veins.

CIRCULATION DRILL: a rotary drill or rotary percussion drill in which the drilling fluid and cuttings return to the surface through the drill pipe, minimizing contamination.

CRETACEOUS AGE: the geologic age period dating from approximately 68 million years to 142 million years.

CROSS CUTS: a horizontal opening driven from a shaft and (or near) right angles to the strike of a vein or other ore body.

DIAMOND DRILL: a type of rotary drill in which the cutting is done by abrasion rather than by percussion. The hollow bit of the drill cuts a core of rock, which is recovered in long cylindrical sections.

DISSEMINATED: fine particles of mineral dispensed through the enclosing rock.

DEVELOPMENT: work carried out for the purpose of opening up a mineral deposit and making the actual extraction possible.

DIKES: a tabular igneous intrusion that cuts across the structures of surrounding rock.

DIP: the angle at which a vein, structure or rock bed is inclined from the horizontal as measured at right angles to the strike.

DRIFTS: a horizontal passage underground that follows along the length of a vein or mineralized rock formation.

EXPLORATION: work involved in searching for ore by geological mapping, geochemistry, geophysics, drilling and other methods.

GABBRO: Dark colored basic intrusive rocks. Intrusive equivalent of volcanic basalt. GEOCHEMISTRY: study of variation of chemical elements in rocks or soils. GEOPHYSICS: study of the earth by quantitative physical methods.

GNEISS: a layered or banded crystalline metamorphic rock the grains of which are aligned or elongated into a roughly parallel arrangement.

HYDROTHERMAL: pertaining to hot water, especially with respect to its action in dissolving, re-depositing, and otherwise producing mineral changes within the earth's crust.

INTRUSION/INTRUSIVE: a volume of igneous rock that was injected, while still molten, into the earth's crust or other rocks.

LITHOLOGY: The character of a rock described in terms of its structure, color, mineral composition, grain size and arrangement of its component parts.

MAFIC: Pertaining to or composed dominantly of the ferromagnesian rock-forming silicates; used to describe some igneous rocks and their constituent minerals.

METAMORPHISM: The mineralogical and structural changes in solid rock that have been caused by heat and pressure at depth over time.

MINERALIZATION: the concentration of metals and their compounds in rocks, and the processes involved therein.

NORITE: a course grained igneous rock formed at great depth.

ORE: material that can be economically mined and processed.

ORE BODY: a continuous, well-defined mass of material of sufficient ore content to make extraction economically feasible.

OUTCROP: the part of a rock formation that appears at the earth's surface, often protruding above the surrounding ground.

PYRITE: the most widespread sulfide mineral.

PYROXENITE: any group of minerals.

QUARTZITE: a sedimentary rock consisting mostly of silica sand grains that have been welded together by heat and compaction.

RECLAMATION: the restoration of a site after exploration activity or mining is completed.

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SCHIST: a foliated metamorphic rock the grains of which have a roughly parallel arrangement.

SEDIMENTARY ROCKS/SEDIMENTS: rocks resulting from the consolidation of loose sediments of older rock transported from its source and deposited.

SHEAR OR SHEARING: The deformation of rocks by lateral movement along numerous parallel planes, generally resulting from pressure and producing such metamorphic structures as cleavage and schistosity.

SILLS: a near horizontal flat-bedded stratum of intrusive rock.

SKARN: the formation resulting from the reaction of two adjacent rock types exchanging elements and fluids during regional and/or contact metamorphosis.

SULFIDE: a metallic mineral containing reduced sulphur.

STRIKE: the course or bearing of a vein or a layer of rock.

ULTRAMAFIC: said of an igneous rock composed chiefly of mafic materials.

UNPATENTED MINING CLAIM: a parcel of property located on federal lands pursuant to the U.S. General Mining Law of 1872 and the requirements of the state in which the unpatented claim is located, the paramount title of which remains with the federal government. The holder of a valid, unpatented lode mining claim is granted certain rights including the right to explore and mine such claim.

VEIN: an epigenetic mineral filling the fault or other fracture, in tabular or sheet like form, often with associated replacement of the host rock, or a mineral deposit of this form or origin.

ITEM 1A. RISK FACTORS

We are a smaller reporting company as defined by the Exchange Act and are not required to provide the information required under this item.

ITEM 1B. UNRESOLVED STAFF COMMENTS

We are a smaller reporting company as defined by the Exchange Act and are not required to provide the information required under this item.

ITEM 2. PROPERTIES

The Company s interests in its exploration properties are described in Item 1.

On September 10, 2008, we acquired for $150,000 a 50% interest in a commercial office building in Coeur d Alene, Idaho. We paid $100,000 at the signing of the purchase agreement and paid the remaining $50,000 in October 2008. This building contains our executive offices and is located at 3714 W Industrial Loop, Coeur d Alene, ID, 83815. Our telephone number is (208) 664-0620.

Effective September 30, 2008, the Company s refurbished Lakeview Mill with a cost of $499,681 was placed into service and will begin to be depreciated over 31.5 years starting on October 1, 2008.

On March 12, 2009, the Company acquired certain assets from Kimberly Gold Mines, Inc. (Kimberly) in a transaction where the Company issued 12,145,306 shares of common stock and other consideration in exchange for 100% of

Kimberly s common stock. This transaction was valued at $2,185,126 and was originally recorded entirely to Mineral Properties. Of this amount, a value of $224,475 has been attributed to a building at the Rescue Mine.

ITEM 3. LEGAL PROCEEDINGS

We are, from time to time, involved in various legal proceedings incidental to the conduct of business. In the opinion of management, our gross liability, if any, and without any consideration given to the availability of insurance or other indemnification, under any pending litigation or administrative proceedings, including that discussed below, would not materially affect our consolidated financial position, results of operations or cash flows.

On November 17, 2008, the United States Environmental Protection Agency (EPA) filed a civil action against us in the United States District Court for the District of Idaho. The civil action seeks recovery of funds paid by the EPA in response to alleged releases of hazardous substances at our Idaho Lakeview mine and mill site in Bonner County, Idaho. We and the EPA have reached a tentative agreement whereby we would pay $50,000 and agree not to conduct activities on the ground that would disturb the cleanup work in place at the properties subject to the civil action. Accordingly, we recorded a $50,000 liability during the fiscal year ended September 30, 2009, related to this suit.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None.

EXECUTIVE OFFICERS OF THE REGISTRANT

The following table sets forth information concerning the Company s directors and executive officers.

NAME	AGE	POSITION
Lex Smith	57	President and Director
Carol Stephan	68	Secretary and Chairman of the Board
Melanie Farrand	54	Treasurer and Director
Edward Lehman	52	Director

Set forth below is certain additional information with respect to the directors and executive officers.

Lex Smith holds a BA in political science from Drake University, an associate degree in business systems management and an associate degree in paralegal studies. Additionally, for the last 13 years, he has been a business consultant and project manager in the United States for the Lehman, Lee & Xu Law Firm in Beijing, China, and has served as a consultant to the Firm s Mining Law Department for the past 2 years. Mr. Smith entered the mining business in 1993 as the field manager and owner of multiple mining claims in Montana and has subsequently been closely involved with several mining companies and mining projects in the Pacific Northwest. Further, Mr. Smith has served as the President of the Silver Valley Mining Association since 2003, and currently also serves as President of Natural Resources Education Outreach, an Idaho non-profit corporation.

Carol Stephan has over 30 years of experience in the mining and timber industries. She currently serves as a Director and Secretary of Shoshone, as well as Secretary and Treasurer of several small mining companies. In addition, Ms. Stephan currently owns and operates several successful businesses in Idaho.

Melanie Farrand has been working in the mining industry for the past six years as an administrative secretary and bookkeeper. She also serves on the Board of Directors of several mining companies. Previously she was the office manager for a Land Surveying company for ten years, responsible for payroll, bookkeeping and research. Ms. Farrand is currently serving as a Director and Officer of Shoshone Silver Mining Company.

Edward Lehman is the Managing Director of Lehman, Lee & Xu Law Firm (www.lehmanlaw.com), one of the top 3 commercial law firms in China, with offices throughout mainland China and branches in Hong Kong, Macau, and Mongolia. Based in Beijing, Mr. Lehman specializes in the legal aspects of doing business in China. He advises foreign companies on joint ventures, wholly owned subsidiaries and holding companies, technology, licensing, engineering and construction projects, and the financing of such projects, as well as the protection of intellectual property rights in transactions and projects in China, and on mining law. Among other degrees and certificates, Mr. Lehman holds a Juris Doctor degree from Loyola University of Chicago. Mr. Lehman was admitted to the Illinois bar in 1986, and has been admitted to the Illinois Supreme Court; U.S. Court of International Trade; U.S. Court of Appeals for the Armed Forces; U.S. Tax Court; U.S. Supreme Court, U.S. District Court, and U.S. Court of Appeals.

PART II

ITEM 5. MARKET FOR REGISTRANT S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSER PURCHASES OF EQUITY SECURITIES

The Company s shares are traded on the OTC Pink Sheets operated by the National Association of Securities Dealers, Inc. (NASD) under the trading symbol SHSH.OB. Summary trading by quarter for the twelve-month period ended September 30, 2009 and the nine-month period ended September 30, 2008, are as follows:

Fiscal Quarter	High (b)		Low (b)	
2009				
Fourth Quarter	$	0.18	$	0.08
Third Quarter	$	0.12	$	0.07
Second Quarter	$	0.15	$	0.05
First Quarter	$	0.18	$	0.04
2008				
Fourth Quarter (a)	$	-	$	-
Third Quarter	$	0.20	$	0.10
Second Quarter	$	0.23	$	0.13
First Quarter	$	0.32	$	0.19

(a) On September 29, 2008, the Company s board of directors approved a change in the Company s fiscal year end from December 31st to September 30th, effective on September 30, 2008. This table covers the nine-month transition period of January 1, 2008 through September 30, 2008.

(b) These quotations reflect inter-dealer prices, without retail mark-up, mark-down or commissions and may not represent actual transactions.

As of September 30, 2009, the Company had approximately 1,675 holders of record of our common stock.

The Company has not paid any dividends since our inception and do not anticipate paying any dividends on its common stock in the foreseeable future. There are no restrictions which preclude the payment of dividends.

The Company has no equity compensation plan or plans.

Unregistered Sales of Equity Securities

None.

Purchases of Equity Securities by the Issuer

None.

ITEM 6. SELECTED FINANCIAL DATA

Not Applicable.

ITEM 7. MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This report contains forward-looking statements
From time to time, Shoshone and its senior managers have made and will make forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements are contained in this report and may be contained in other documents that Shoshone files with the Securities and Exchange Commission. Such statements may also be made by Shoshone and its senior managers in oral or written presentations to analysts, investors, the media and others. Forward-looking statements can be identified by the fact that they do not relate strictly to historical or current facts. Also, forward-looking statements can generally be identified by words such as may, could, should, would, believe, anticipate, estimate, seek, expect, intend, plan and similar expressions.

Forward-looking statements provide our expectations or predictions of future conditions, events or results. They are not guarantees of future performance. By their nature, forward-looking statements are subject to risks and uncertainties. As such, our actual future results, performance or achievements may differ materially from the results expressed in, or implied by, our forward-looking statements.

Our forward-looking statements speak only as of the date they are made. We do not undertake to update forward-looking statements to reflect the impact of circumstances or events that arise after the date the forward-looking statements were made.

Management s Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with the Consolidated Financial Statements and Notes presented elsewhere in this report.

Fiscal Year End Change
References to a fiscal year refer to the calendar year in which such fiscal year commences. Historically, our fiscal year ended on December 31st. However, on September 29, 2008, our board of directors approved a change in our fiscal year end from December 31st to September 30th, effective on September 30, 2008. As a result of this change in our fiscal year end, the fiscal year ending September 30, 2008, was a nine-month transition period.

Plan of Operation
Effective September 30, 2008, we completed the refurbishment of the mill at our Lakeview property. The total capitalized cost of this refurbishment was $499,681 which began depreciating on October 1, 2008. During the three-month period ended June 30, 2009, we temporarily ceased operations at our Lakeview property to comply with and update to current federal regulations. This cessation of operations included terminating the employment of three full

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time employees. We currently employ two full-time persons at our Lakeview property whose primary goal is to oversee the property and equipment and to continue crushing stockpiled ore for processing.

On March 12, 2009, we acquired certain assets from Kimberly Gold Mines, Inc. (Kimberly) in a transaction where the Company issued 12,145,306 shares of common stock and other consideration in exchange for 100% of Kimberly s common stock. Included in this acquisition were 127 unpatented mining claims located primarily in Idaho and Washington as well as a mill in need of refurbishing and various pieces of equipment. See Note 18. Acquisition of Assets from Kimberly Gold Mines, Inc. to our consolidated financial statements for further details.

Our primary plan of operations includes raising sufficient capital to continue operations at our Lakeview property. Due to the high costs of operating during the winter, we will suspend operations at out Lakeview property until the Spring. At that time, we will continue to process previously stockpiled ore. Our long-term goal is to mine and mill both silver and gold.

On June 30, 2009, we entered into an agreement with the Xtierra, now known as Orca Minerals Limited (Orca). Pursuant to this agreement, we granted Orca a $50,000 discount on the $500,000 due on August 11, 2009, provided Orca made the revised $450,000 payment on or before July 7, 2009. On July 7, 2009, we received the $450,000 which we used primarily to refurbish the mill at our newly acquired Rescue Mine. We hired an additional five full time employees to meet these goals.

Please refer to our discussion regarding our ability to continue as a going concern below for further details.

Going Concern

As shown in the accompanying financial statements, we have had limited revenues and incurred an accumulated deficit of $1,541,035 from inception through September 30, 2009. These factors raise substantial doubt about our ability to continue as a going concern. We intend to seek additional capital from new equity securities offerings that will provide funds needed to increase liquidity and fully implement our business plan. The financial statements do not include any adjustments relating to the recoverability and classification of recorded assets, or the amounts and classification of liabilities that might be necessary in the event we cannot continue in existence.

Historically, we have generally funded our operations with proceeds from the sale of available-for-sale investments, royalty and option agreement payments, and from the sale of our common stock. Should we be unsuccessful in any of the initiatives or matters discussed above and unable to raise capital through future private placements, our business, and, as a result, our financial position, results of operations and cash flow will likely be materially adversely impacted. As such, substantial doubt as to our ability to continue as a going concern remains as of the date of these financial statements.

The financial statements do not include any adjustments relating to the recoverability and classification of recorded assets, or the amounts and classification of liabilities that might be necessary in the event we cannot continue in existence. An estimated $2,000,000 is believed necessary to continue operations and increase development through the next twelve months. Currently, we anticipate raising the majority of the $2,000,000 through the issuance of common stock to private investors. The timing and amount of capital requirements will depend on a number of factors, including demand for products and services.

Comparison of the Twelve-Month Period Ended September 30, 2009 to the Nine-Month Period Ended September 30, 2008:

Results of Operations

Please note that the following discussions compare the twelve-month period ended September 30, 2009 (fiscal 2009) the nine-month period ended September 30, 2008 (fiscal 2008). Fiscal 2008 is a nine-month transition period attributable to the change in our fiscal year end. On September 29, 2008, our board of directors approved a change in our fiscal year end from December 31st to September 30th, effective on September 30, 2008.

The following table sets forth certain information regarding the components of our Consolidated Statements of Operations for fiscal 2009 as compared to fiscal 2008. This table is provided to assist in assessing differences in our overall performance:

	Fiscal Year Ended 2009	2008	$ Change	% Change
Revenues	$ -	$ -	$ -	0.0%
Cost of Revenues	-	-	-	0.0%
Gross Profit	-	-	-	0.0%
General and administrative	1,065,247	490,770	574,477	117.1%
Professional fees	283,243	189,342	93,901	49.6%
Depreciation	130,743	44,392	86,351	194.5%
Mining and exploration expenses	270,722	68,404	202,318	295.8%
Net gain on sale of load claim	-	(60,000)	60,000	-100.0%
Total Operating Expenses	1,749,955	732,908	1,017,047	138.8%
Loss from Operations	(1,749,955)	(732,908)	(1,017,047)	138.8%
Other Income (Expense)				
Net gain (loss) on sale of securities	2,225	(7,840)	10,065	-128.4%
Other-than-temporary impairment of investments	(101,479)	-	(101,479)	0.0%
Dividend and interest income	115,022	22,637	92,385	408.1%
Net gain on the sale of Mexican mining concession	-	4,363,353	(4,363,353)	-100.0%
Interest expense	(2,398)	(3,250)	852	-26.2%
Other income (expense)	(43,391)	3,366	(46,757)	-1389.1%
Total Other Income (Expense)	(30,021)	4,378,266	(4,408,287)	-100.7%
Net (Loss) Income	$ (1,779,976)	$ 3,645,358	$ (5,425,334)	-148.8%

The following table, which sets forth our unaudited results of operations for the three-months ended December 31, 2007, is provided to assist the reader in assessing the differences in our overall fiscal 2009 and 2008 performance.

	Three-Month Period Ended December 31, 2007 (unaudited)
Revenues	$ 180
Cost of Revenue	96
Gross Profit	84
Operating Expenses	
General and administrative	91,661
Professional fees	54,775
Depreciation	12,642
Mining and exploration expenses	19,307
Total Operating Expenses	178,385
Loss From Operations	(178,301)

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Other Income (Expenses)		
Net gain on sale of securities		41,424
Lease income		2,514
Other income		1,407
Dividend and interest income		6,005
Interest expense		(479)
Total Other Income		50,871
Net Loss Before Income Taxes	$	(127,430)
Net Loss Per Common Share, Basic and Diluted	$	(0.01)

Overview of Operating Results

The realization of a net loss for fiscal 2009 as compared to the net income realized in fiscal 2008 was primarily the result of the fiscal 2008 net gain on the sale of our interest in the Bilbao concessions in Zacatecas, Mexico. In exchange for our interest in the Bilbao concessions we received net proceeds of $2,497,990 and a non-interest bearing note receivable for $2,500,000. The deferred costs of $80,000 related to these concessions were included in exploration expenses in a prior year.

Since the note does not bear interest, we imputed interest at a rate of 5%. Accordingly, we recorded a note discount of $634,637. During fiscal 2009, $91,573 of interest income was realized through the amortization of this note discount compared to $7,773 during fiscal 2008.

Also, affecting the change in the results of operations from fiscal 2008 to fiscal 2009 was an increase in operating expenses of $1,017,047, or 138.8% . This increase was broadly attributable to our limited milling of stockpiled ore at our newly refurbished mill at our Lakeview property. Additionally, the fiscal 2009 operating expenses include expenditures related to repairing equipment and facilities at our Rescue Mill which was acquired from Kimberly Gold Mines, Inc. during fiscal 2009.

Operating Expenses

Operating expenses increased $1,017,047, or 138.8% during the twelve-month fiscal 2009 compared with nine-month fiscal 2008. This increase is somewhat smaller than it may appear due to the fact that fiscal 2008 was a nine-month transitional period. Had fiscal 2008 been a twelve-month period it would have included the three-month period ended December 31, 2007 and fiscal 2008 s operating expenses would have been $178,385 higher.

The increase in operating expenses during fiscal 2009 was primarily attributable to an increase of $281,054, or 138.0%, in employee compensation expense. This increase was related to a net increase of six new employees during fiscal 2009 as well as an average increase of 94% in the wages paid to employees who were paid in both fiscal 2008 and 2009. However, during the three-month period ended June 30, 2009, we terminated the employment of three employees related to the suspension of operations at our Lakeview property. This mitigated the negative impact of increased payroll expenses during fiscal 2009.

Also contributing to the increase in operating expenses during fiscal 2009 was an increase in exploration expenses of $188,528, or 857%. This increase was primarily due to $140,527 in drilling expenses we incurred on our Lakeview property. Also, we recorded to exploration expenses a $50,000 accrual related a civil action filed by the United States Environmental Protection Agency (EPA). This civil action seeks recovery of funds paid by the EPA in response to alleged releases of hazardous substances at our Idaho Lakeview mine and mill site in Bonner County, Idaho. See

Note 20: Commitment & Contingencies *Civil Action Filed* to our consolidated financial statements for further details.

Partially offsetting these adverse impacts on our operating expenses was the fiscal 2008 compensation expense of $78,500 associated with a settlement agreement entered into by the Company with its former Chief Executive Officer. There was no comparable compensation paid during fiscal 2009. See Note 13. Accounts Payable - *Settlement Agreement with Former Chief Executive Officer* to our consolidated financial statements for further details.

Other Income (Expenses)

The decrease in other (loss) income during fiscal 2009 from fiscal 2008 was primarily the result of the fiscal 2008 net gain on the sale of our interest in the Bilbao concessions in Zacatecas, Mexico. In exchange for our interest in the Bilbao concessions we received net proceeds of $2,497,990 and a non-interest bearing note receivable for $2,500,000. The deferred costs of $80,000 related to these concessions were included in exploration expenses in a prior year.

Since the note does not bear interest, we imputed interest at a rate of 5%. Accordingly, we recorded a note discount of $634,637. During fiscal 2009, $91,573 of interest income was realized through the amortization of this note discount compared to $7,773 during fiscal 2008.

Also contributing to the decrease in other income during fiscal 2009 was a $50,000 discount for early payment on a note receivable granted to Orca Minerals Limited. The discount was granted on the $500,000 due on August 11, 2009, provided Orca made the revised $450,000 payment on or before July 7, 2009. The discount of $50,000 was included in our Consolidated Statements of Operations as an Other Expense and as a corresponding reduction to the current portion of the note receivable on our Consolidated Balance Sheets. On July 7, 2009, we received the $450,000 due under the revised terms of the note receivable from Orca.

Also contributing to the decrease in other income during fiscal 2009 was an impairment charge of $101,479. At September 30, 2009, we determined that certain of our available-for-sale securities had experienced an impairment that was other-than-temporary.

Partially offsetting these negative impacts was the recognition of imputed interest income of $91,573 during fiscal 2009 compared with $7,773 during fiscal 2008.

Overview of Financial Position

At September 30, 2009, we had cash of $23,566 and total liabilities of $254,657. During 2009, we received a $450,000 installment payment, net of a $50,000 early payment discount, related to the fiscal 2008 sale of our interest in the Bilbao concessions in Zacatecas, Mexico. These proceeds, combined with our beginning cash balance of $1,570,066, were used primarily to begin exploration activities at our Lakeview property, to continue refining our milling process at that same location and to begin refurbishing our newly acquired mill building at our Rescue mine.

Property, Plant and Equipment

At September 30, 2009, property, plant and equipment before accumulated depreciation totaled $3,386,270, an increase of $801,175 from $2,585,095 from the balance at September 30, 2008. This increase was primarily related to the acquisition from Kimberly Mines, Inc., of various pieces of mining and office equipment valued $275,525 and a mill building valued at 224,475. Also, during fiscal 2009, we expended $72,600 to have a staging building erected on our Rescue Mine property.

See Note 8. Property, Plant and Equipment to our consolidated financial statements for further details.

Notes Receivable

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On September 30, 2009, we had current and long-term notes receivable, net of discount, of $1,464,709 compared with $2,198,023 at September 30, 2008.

This decrease is primarily due to the receipt on July 7, 2009, of $450,000 due under the revised terms of the note receivable from Orca and, to a lesser extent, the de-recognition of a $215,000 note receivable from Kimberly Gold Mines Inc (Kimberly) and inclusion in the purchase price of Kimberly. On March 12, 2009, we acquired 100% of Kimberly s common stock.

Also, contributing to the decrease in the notes receivable balance year-to-year was our repossessing the property that was the collateral for the note receivable related to the sale of a lode claim in 2006. Due to non-payment, we demanded and received a Quitclaim Deed releasing the subject property. We determined the fair value of the reclaimed property to be $131,553 which was the sum of the balances in the related note receivable and accrued interest receivable.

See Note 11. Notes Receivable to our consolidated financial statements for further details.

Investments

Shoshone s investment portfolio at September 30, 2009 was $266,938, a decrease of $89,885 from the September 30, 2008 balance of $356,823. This decrease was primarily the result of the de-recognition of 321,500 shares of Kimberly s common stock with a cost basis of $38,035. This cost basis was allocated to the purchase price of the Kimberly. Also, contributing to the decrease were lower stock prices related to the recent downturn in the economy.

At September 30, 2009, we determined that certain of our available-for-sale securities had experienced an impairment that was other-than-temporary. In connection with this determination, we recognized an impairment charge of $101,479. This impairment charge is presented under the caption Other-than-temporary impairment of investments on our Consolidated Statements of Operations.

See Note 12: Investments to our consolidated financial statements for further details.

Accounts Payable

Our accounts payable were $159,623 at September 30, 2009, which included $72,887 that we assigned to certain liabilities assumed in connection with the acquisition of assets from Kimberly. This balance also included $24,600 related to the construction of a building on our Rescue Mine property. The total cost of this building was $72,600.

The September 30, 2008 accounts payable balance included $48,500 in compensation expense associated with a settlement agreement entered into by us with our former Chief Executive Officer, and included $50,000 associated with our acquisition of a 50% interest in a commercial office building in Coeur d Alene, Idaho.

Accrued Expenses

Our accrued expenses were $79,151 at September 30, 2009, compared with $10,288 at September 30, 2009. The increase was primarily due to the accrual of $50,000 related a civil action filed by the United States Environmental Protection Agency (EPA). This civil action seeks recovery of funds paid by the EPA in response to alleged releases of hazardous substances at our Idaho Lakeview mine and mill site in Bonner County, Idaho.

Stockholders Equity

Shoshone s total stockholders equity was $5,714,797 at September 30, 2009, an increase of $73,777 from $5,641,020 at September 30, 2008. The increase in total stockholders equity was primarily due to the issuance of 12,145,306 shares of common stock and other consideration in exchange for 100% of Kimberly s common stock. This transaction was valued at $2,185,126. Partially offsetting this positive impact was a net loss of $1,780,116 realized during fiscal 2009.

See Note 12: Investments to our consolidated financial statements for further details.

Liquidity and Capital Resources

Operating Activities

During fiscal 2009, our operating activities used $1,587,167 and used $605,015 during fiscal 2008. This reduction was primarily the result of the realization of a net loss of $1,779,976 during fiscal 2009 period compared to net income of $3,645,358 realized last year. Mitigating the change between the years was the fact that the 2008 sale of the Mexican mining properties was not treated as an operating activities but, rather, as an investing activity.

Investing Activities

During fiscal 2009, our investing activities used $343,438 and provided $1,989,426 during fiscal 2008. This decrease was primarily the result of $2,497,990 in net proceeds from the fiscal 2008 sale of the Mexican mining properties.

Financing Activities

During fiscal 2009, our financing activities provided, $384,105 and contributed $171,623 during fiscal 2008. This improvement was primarily due the fiscal 2009 receipt of a $450,000 installment payment, net of a $50,000 early payment discount, related to the fiscal 2008 sale of our interest in the Bilbao concessions in Zacatecas, Mexico.

Off-Balance Sheet Arrangements

The Company is not currently a party to any off-balance sheet arrangements as they are defined in the regulations promulgated by the Securities and Exchange Commission.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not applicable

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

To the Board of Directors and
Stockholders of Shoshone Silver Mining Company

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We have audited the accompanying consolidated balance sheets of Shoshone Silver Mining Company and subsidiaries as of September 30, 2009 and 2008, and the related consolidated statements of operations and comprehensive income (loss), stockholders equity and cash flows for the years then ended. These financial statements are the responsibility of the Company s management. Our responsibility is to express an opinion on these financial statements based on our audits.

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 audits 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Shoshone Silver Mining Company and subsidiaries as of September 30, 2009 and 2008, 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 2 to the consolidated financial statements, the Company s accumulated deficit and lack of revenues raise substantial doubt about its ability to continue as a going concern. Management s plans regarding the resolution of this issue are also discussed in Note 2. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/BehlerMick PS

BehlerMick PS

Spokane, Washington
January 8, 2010

SHOSHONE SILVER MINING COMPANY
(an Exploration Stage Company)
CONSOLIDATED BALANCE SHEETS

	September 30, 2009	September 30, 2008
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 23,566	$ 1,570,066
Note receivable (net of discount) - current portion	426,765	422,277
Receivables from related parties (net of allowance)	-	9,624
Deposits and prepaids	4,375	4,806
Supplies inventory	2,195	2,821
Total Current Assets	456,901	2,009,594
PROPERTY, PLANT AND EQUIPMENT		
Property, plant and equipment	3,386,270	2,585,095
Accumulated depreciation	(1,374,968)	(1,244,225)
Total Property Plant and Equipment	2,011,302	1,340,870
MINERAL AND MINING PROPERTIES	2,196,369	379,690
OTHER ASSETS		
Notes receivable from related parties	-	203,716
Notes receivable (net of discount)	1,037,944	1,572,030
Accrued interest receivable	-	10,739
Investments	266,938	356,823
Total Other Assets	1,304,882	2,143,308
TOTAL ASSETS	$ 5,969,454	$ 5,873,462
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	$ 159,623	$ 195,507
Accrued expenses	79,151	10,288
Notes payable - current portion	11,615	18,526
Total Current Liabilities	250,389	224,321
Note payable - noncurrent portion	4,268	8,121
Total Liabilities	254,657	232,442
COMMITMENTS AND CONTINGENCIES	-	-
STOCKHOLDERS' EQUITY		
Common stock, 200,000,000 shares authorized, $0.10 par value; 34,302,487 and 22,063,179 shares issued and outstanding	3,430,249	2,206,318

Additional paid-in capital	4,089,450	3,522,385
Treasury stock	(252,653)	(309,853)
Accumulated earnings in exploration stage	126,447	1,906,423
Accumulated deficit prior to exploration stage	(1,667,482)	(1,667,482)
Accumulated other comprehensive loss	(11,214)	(16,771)
Total Stockholders' Equity	5,714,797	5,641,020
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 5,969,454	$ 5,873,462

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

SHOSHONE SILVER MINING COMPANY
(an Exploration Stage Company)
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)

	12-Months Ended September 30, 2009	9-Months Ended September 30, 2008 (a)	Period from January 1, 2000 (beginning of exploration stage) to September 30, 2009
REVENUES	$ -	$ -	$ 141,589
COST OF REVENUES	-	-	228,828
GROSS PROFIT	-	-	(87,239)
OPERATING EXPENSES			
General and administrative	1,065,247	490,770	2,536,441
Professional fees	283,243	189,342	1,058,865
Depreciation	130,743	44,392	464,039
Mining and exploration expenses	270,722	68,404	1,831,029
Net gain on sale of load claim	-	(60,000)	(193,907)
Total Operating Expenses	1,749,955	732,908	5,696,467
LOSS FROM OPERATIONS	(1,749,955)	(732,908)	(5,783,706)
OTHER INCOME (EXPENSES)			
Lease income	-	-	444,044
Net (loss) gain on sale of investments	2,225	(7,840)	1,132,433
Other-than-temporary impairment of investments	(101,479)	-	(101,479)
Dividend and interest income	115,022	22,637	206,322
Loss on abandonment of asset	-	-	(20,000)
Gain on sale of fixed asset	-	-	12,200
Unrealized holding loss on marketable securities	-	-	(380,827)
Gain on settlement of note receivable	-	-	64,206
Gain on sale of Mexican mining concession	-	4,363,353	4,363,353
Interest expense	(2,398)	(3,250)	(7,306)
Other income/(expense)	(43,391)	3,366	197,207
Total Other Income (Expenses)	(30,021)	4,378,266	5,910,153
INCOME (LOSS) BEFORE INCOME TAXES	(1,779,976)	3,645,358	126,447
INCOME TAXES	-	-	124,826
DEFERRED TAX GAIN	-	-	(124,826)
NET INCOME (LOSS)	(1,779,976)	3,645,358	126,447
OTHER COMPREHENSIVE INCOME (LOSS)			

Unrealized holding gain (loss) on investments		5,557		(200,114)		(11,214)
NET COMPREHENSIVE INCOME (LOSS)	$	(1,774,419)	$	3,445,244	$	115,233
NET INCOME (LOSS) PER COMMON SHARE, BASIC	$	(0.06)	$	0.17		
NET INCOME (LOSS) PER COMMON SHARE, DILUTED	$	(0.06)	$	0.17		
WEIGHTED AVERAGE NUMBER OF COMMON STOCK SHARES OUTSTANDING, BASIC		28,478,030		20,935,677		
WEIGHTED AVERAGE NUMBER OF COMMON STOCK SHARES OUTSTANDING, DILUTED		28,478,030		20,935,677		

Note (a): Fiscal 2008 is a nine-month transition period attributable to the Company's decision to change its fiscal year end.

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

SHOSHONE SILVER MINING COMPANY
(an Exploration Stage Company)
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY

	Common Stock Number of Shares	Common Stock Amount	Additional Paid-in Capital	Treasury Stock	Stock Options	Subscriptions Receivable	Accumulated Deficit	Other Comprehensive Income	
Balance December 31, 1999 as originally stated	9,030,660	$ 903,066	$ 1,597,425	$ (65,733)	$ -	$ -	$ 21,834	$ -	$
Net adjustments for the following:									
Overstated mining property investments	-	-	-	-	-	-	(905,981)	-	
Understated property, net of depreciation	-	-	990,000	-	-	-	(345,465)	-	
Repaid loan incorrectly written off to expenses	-	-	-	-	-	-	50,000	-	
Treasury stock, not properly recognized	533,669	53,367	-	-	-	-	(53,367)	-	
Stock issuances not recorded	410,000	41,000	48,500	-	-	-	(89,500)	-	
Stock options and payables for unrecorded									
attorney fees	-	-	-	-	12,221	-	(22,221)	-	
Cost of mining properties expensed	-	-	-				(491,282)		
Note receivable not recorded, net of accrued interest	-	-	-	-	-	-	168,500	-	

Balance December 31, 1999, as restated	9,974,329	$ 997,433	$ 2,635,925	$ (65,733)	$ 12,221	$ -	$ (1,667,482)	$ - $
Issuance of stock for services at a price of $0.20 per share	5,000	500	500	-	-	-	-	-
Net loss for year ending December 31, 2000	-	-	-	-	-	-	(212,048)	-
Balance, December 31, 2000, as restated	9,979,329	$ 997,933	$ 2,636,425	$ (65,733)	$ 12,221	$ -	$ (1,879,530)	$ - $
Net loss for year ending December 31, 2001	-	-	-	-	-	-	(228,159)	-
Balance, January 1, 2002	9,979,329	$ 997,933	$ 2,636,425	$ (65,733)	$ 12,221	$ -	$ (2,107,689)	$ - $
Treasury stock issued for services at a price of $0.10 per share	-	-	(1,080)	11,880	-	-		-
Treasury stock issued for services at a price of $0.10 per share	-	-	(195)	495	-	-		-
Issuance of stock for services at a price of $0.03 per share	800,000	80,000	(53,066)	-	-	-		-
Issuance of stock for legal fees at a price of $0.10 per share	100,000	10,000	-	-	-	-		-
Net loss for year ending	-	-	-	-	-	-	(641,951)	-

December 31, 2002								
Balance, January 1, 2003	10,879,329	$ 1,087,933	$ 2,582,084	$ (53,358)	$ 12,221	$ -	$ (2,749,640)	$ - $
Stock issued for cash at $0.03 per share	2,902,778	290,278	(204,278)	-	-	-		-
Issuance of stock for services at a price of								
$0.10 per share	620,833	62,083	-	-	-	-		-
Issuance of stock for mining properties at a								
price of $0.15 per share	510,000	51,000	25,500	-	-	-		-
Stock issued for cash at $0.10 per share	119,000	11,900	-	-	-	-		-
Unrealized holding gain in investments	-	-	-	-	-	-		1,328,462
Net loss for year ending December 31, 2003	-	-	-	-	-	-	(99,292)	-
Balance, December 31, 2003	15,031,940	$ 1,503,194	$ 2,403,306	$ (53,358)	$ 12,221	$ -	$ (2,848,932)	$ 1,328,462 $
Stock issued for cash and warrants at $0.35 per								
share, net of costs of $64,465	1,861,857	186,186	400,999	-	-	-		-
Issuance of stock for services at an average								
price of $0.14 per	25,000	2,500	1,000	-	-	-		-

share							
Issuance of stock for services at price of $0.35 per share	25,000	2,500	6,250	-	-	-	-
Issuance of stock for mining property lease at a price of $0.35 per share	350,000	35,000	87,500	-	-	-	-
Issuance of stock for mining properties at a price of $0.35 per share	100,000	10,000	25,000	-	-	-	-
Treasury stock issued for mining properties at a price of $0.35 per share	-	-	24,000	11,000	-	-	-
Treasury stock issued for subscriptions receivable at a price of $0.35 per share	-	-	9,101	11,124	-	(20,225)	-
Treasury stock issued for services at a price of $0.35 per share	-	-	9,600	4,400	-	-	-
Unrealized holding loss in investments	-	-	-	-	-	-	(594,605)

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

SHOSHONE SILVER MINING COMPANY
(an Exploration Stage Company)
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY

	Common Stock Number of Shares	Amount	Additional Paid-in Capital	Treasury Stock	Stock Options	Subscriptions Receivable	Accumulated Deficit	Accumulated Other Comprehensive Income	
Net loss for year ending December 31, 2004	-	-	-	-	-	-	(567,085)	-	
Balance, December 31, 2004	17,393,797	$ 1,739,380	$ 2,966,756	$ (26,834)	$ 12,221	$ (20,225)	$ (3,416,017)	$ 733,857	$
Issuance of stock for accounts payable									
at a price $0.35 per share	650,000	65,000	162,500	-	-	-	-	-	
Issuance of stock for mining property expenses									
at a price $0.20 per share	100,000	10,000	10,000	-	-	-	-	-	
Treasury stock issued for services at a price of									
$0.20 per share	-	-	4,950	6,050	-	-	-	-	
Treasury stock issued for cash and services									
at price of $0.10 per share	-	-	(1,900)	20,900	-	-	-	-	
Treasury stock acquired by sale of investments	-	-	-	(296,296)	-	-	-	-	
Receipt of subscription	-	-	-	-	-	1,381	-	-	

receivable								
Unrealized holding loss in investments	-	-	-	-	-	-	-	(601,560)
Net loss for year ending December 31, 2005	-	-	-	-	-	-	(84,681)	-
Balance, December 31, 2005	18,143,797	$ 1,814,380	$ 3,142,306	$ (296,180)	$ 12,221	$ (18,844)	(3,500,698)	$ 132,297 $
Issuance of stock for exploration expenses								
at a price $0.24 per share	100,000	10,000	14,000	-	-	-	-	-
Treasury stock issued for services at an average								
price of $0.25 per share	-	-	(5,164)	25,484	-	-	-	-
Unrealized holding gain on investments	-	-	-	-	-	-	-	470,528
Net income for year ending December 31, 2006	-	-	-	-	-	-	367,135	-
Balance, December 31, 2006	18,243,797	$ 1,824,380	$ 3,151,143	$ (270,696)	$ 12,221	$ (18,844)	$ (3,133,563)	$ 602,825 $
Expiration of stock options	-	-	12,221	-	(12,221)	-	-	-
Stock issued for cash at $0.18 per share, net of costs								
of $18,000	1,000,000	100,000	62,000	-	-	-	-	-
Stock issued for cash at $0.20 per	200,000	20,000	20,000	-	-	-	-	-

share								
Stock issued for cash at $0.20 per share	250,000	25,000	25,000	-	-	-	-	-
Issuance of stock for exploration expenses at a price								
of $0.27 per share	100,000	10,000	17,000	-	-	-	-	-
Issuance of stock in exchange for services	6,000	600	1,320	-	-	-	-	-
Adjustments to common stock and treasury stock to								
adjust to actual. See Note 2.	47,382	4,739	16,388	(21,127)	-	-	-	-
Receipt of subscription receivable	-	-	-	-	-	18,844	-	-
Issuance of treasury stock for expenses incurred in								
the prior year	-	-	3,190	3,190	-	-	-	-
Unrealized holding gain on investments	-	-	-	-	-	-	-	(419,483)
Net income for the year ending December 31, 2007	-	-	-	-	-	-	(272,854)	-
Balance, December 31, 2007	19,847,179	$ 1,984,719	$ 3,308,262	$ (288,633)	$ -	$ -	$ (3,406,417)	$ 183,342 $
Issuance of stock in exchange for services	12,000	1,200	1,200	-	-	-	-	-
	350,000	35,000	25,000	-	-	-	-	-

Stock issued for cash at $0.20 per share, net of costs of $10,000								
Unrealized holding gain on investments	-	-	-	-	-	-	-	-
Stock issued for cash at $0.20 per share, net of costs of $4,016	450,000	45,000	40,984	-	-	-	-	-
Stock issued for cash at $0.20 per share	250,000	25,000	25,000	-	-	-	-	-
Issuance of stock for exploration expenses at a price								
of $0.22 per share	100,000	10,000	12,000	-	-	-	-	-
Stock issued in exchange for heavy equipement	454,000	45,400	49,940	-	-	-	-	-
Stock issued for cash at $0.20 per share	250,000	25,000	25,000					
Stock issued for cash at $0.20 per share	250,000	25,000	25,000					
Stock issued in settlement of an agreement with the Company's former CEO	100,000	10,000	10,000					
Acquisition of 50,000 shares of treasury stock at				(6,100)				

$0.12 per
share

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

SHOSHONE SILVER MINING COMPANY
(an Exploration Stage Company)
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY

	Common Stock Number of Shares	Amount	Additional Paid-in Capital	Treasury Stock	Stock Options	Subscriptions Receivable	Accumulated Deficit	Accumulated Other Comprehensive Income	T Stoc E
Acquisition of 126,000 shares of treasury stock at $0.12 per share				(15,120)					
Unrealized holding gain on investments	-	-	-	-	-	-	-	(200,114)	
Net income for nine-month period ended September 30, 2008	-	-	-	-	-	-	3,645,358	-	3
	22,063,179	2,206,319	3,522,386	(309,853)	-	-	238,941	(16,772)	5
Common stock issued at $0.10 per share in exchange for services	10,000	1,000	-	-	-	-	-	-	
Common stock Issued at $0.11 per share in exchange for services	50,000	5,000	500	-	-	-	-	-	
50,000 shares of treasury stock issued at $0.11 per share in exchange for Equipment	-	-	2,000	5,500	-	-	-	-	
Common stock issued at $0.15 per share to acquire 100% of the	12,145,306	1,214,530	607,264	-	-	-	-	-	1

common stock of Kimberly Gold Mines, Inc								
100,000 shares treasuary stock repurchased at $0.20 per share	-	-	-	(20,000)	-	-	-	-
70,000 shares of treasury stock issued at $0.10 per share in exchange for services			(700)	7,700	-	-	-	-
200,000 shares of treasury stock issued at $0.08 per share in connection with acquisition of Kimberly Gold Mines, Inc.	-	-	(42,000)	64,000	-	-	-	-
Common stock issued at $0.10 per share in exchange for directors services	20,000	2,000	-	-	-	-	-	-
Common stock issued at $0.10 per share in exchange for services	4,000	400	-	-	-	-	-	-
Common stock issued at $0.10 per share in exchange for directors services	10,000	1,000	-	-	-	-	-	-
	2	-	-	-	-	-	-	-

Reconciliation adjustment to common stock									
Unrealized holding gain on investments	-	-	-	-	-	-	-	5,558	
Net income for twelve-month period ended September 30, 2009	-	-	-	-	-	-	(1,779,976)	-	(1
	34,302,487	3,430,249	4,089,450	(252,653)	-	-	(1,541,035)	(11,214)	5

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

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SHOSHONE SILVER MINING COMPANY
(an Exploration Stage Company)
CONSOLIDATED STATEMENTS OF CASH FLOWS

	12-Months Ended September 30, 2009	9-Months Ended September 30, 2008 (a)	Period from January 1, 2000 (beginning of exploration stage) to September 30, 2009
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income (loss)	$ (1,779,976)	$ 3,645,358	$ 126,447
Adjustments to reconcile net income (loss) to net cash used by operations:			
Depreciation and amortization expense	130,743	44,392	464,039
Adjustment to balance of note receivable	(766)	-	(906)
Amortization of note receivable discount	(91,573)	(7,773)	(99,346)
Available-for-sale securities issued in exchange for services	-	-	135,140
Available-for-sale silver investment issued in exchange for services	240	-	240
Bad debt expense	9,624		9,624
Common stock issued for mining and exploration expenses	-	22,000	285,500
Common stock issued for services	9,900	2,400	203,726
Common stock issued in settlement of agreement with former CEO	-	20,000	20,000
Discount given on early payment on note receivable	50,000	-	50,000
Gain on sale of fixed asset	-	-	(12,200)
Gain on settlement of note receivable	-	-	(64,206)
Impairment of mining expenses	-	-	413,000
Loss on abandonment of investment	-	-	20,000
Net gain on sale of lode claim	-	(60,000)	(193,907)
Net gain on sale of Mexican mining concession	-	(4,363,353)	(4,363,353)
Net loss (gain) on sale of investments	(2,225)	7,840	(1,132,433)
Loss recognized on other-than-termporary impairment of investments	101,479	-	101,479
Treasury stock issued for services	7,000	-	27,320
Unrealized holding loss on marketable securities	-	-	380,827
Changes in assets and liabilities:			
Change in receivable from related party	-	-	(9,624)
Change in other current assets	-	-	(4,819)
Change in deposits and prepaids	16,370	15,080	27,009
Change in supplies inventory	626	127	10,537
Change in accrued interest receivable	(9,516)	(6,472)	(20,255)
Change in accrued liabilities	68,863	8,533	75,167
Change in accounts payable	(97,956)	66,853	8,959
Change in stock to issue	-	-	230,680
Net cash used in operating activities	(1,587,167)	(605,015)	(3,311,355)

CASH FLOWS FROM INVESTING ACTIVITIES						
Purchases of investments		(52,769)		(260,023)		(4,059,939)
Proceeds from sale of investments		10,682		13,450		4,582,900
Purchase of mineral and mining properties		(8,000)		-		(76,472)
Proceeds from sale of lode claim		-		-		13,907
Proceeds from sale of Mexican mining concession		-		2,497,990		2,497,990
Purchase of fixed assets		(293,351)		(261,991)		(1,007,309)
Proceeds from sale of fixed assets		-		-		12,200
Net cash provided by investing activities		(343,438)		1,989,426		1,963,277
CASH FLOWS FROM FINANCING ACTIVITIES						
Net proceeds from sale of common stock		-		295,985		1,242,570
Common shares repurchased for treasury		(20,000)		(21,220)		(41,220)
Advances on notes receivable		(15,000)		(202,808)		(111,022)
Advances to related party		-		-		(395,000)
Issuance of note receviable from related party		-		-		(243,000)
Payments received on notes receivable from related party		-		132,464		332,498
Payments received on notes receivable		452,808		-		582,846
Payment of common stock subscriptions		-		-		20,225
Payment made on long-term note payable		(33,703)		(32,798)		(237,002)
Proceeds from short-term loans		-		-		160,760
Net cash (used in) provided by financing activities		384,105		171,623		1,311,655
Net increase (decrease) in cash		(1,546,500)		1,556,034		(36,423)
Cash, beginning of period		1,570,066		14,032		59,989
Cash, end of period	$	23,566	$	1,570,066	$	23,566
SUPPLEMENTAL CASH FLOW DISCLOSURES:						
Interest expense paid	$	2,398	$	3,250	$	7,309
Income taxes paid	$	-	$	-	$	-
NON-CASH INVESTING AND FINANCING ACTIVITIES:						
Accounts payable issued in exchange for partial payment on office building	$	-	$	50,000	$	50,000
Common stock issued for accounts payable	$	-	$	-	$	227,500
Common stock issued for finders' fee	$	-	$	-	$	1,000
Common stock issued for mining and exploration expenses	$	-	$	-	$	222,500
Common stock issued for purchase of equipment	$	-	$	95,340	$	95,340
Common stock issued for purchase of mining properties	$	-	$	-	$	45,000
Common Stock issued for services	$	-	$	-	$	88,333
Deposit utilized to purchase fixed asset	$	-	$	-	$	5,000
Equipment received in exchange for settlement of note recievable	$	4,139	$	-	$	4,139
Marketable securities received in lieu of note receivable	$	-	$	-	$	104,273

Mineral properties acquired in exchange for common stock and other consideration	$ 1,677,126	$ -	$ 1,677,126
Office equipment acquired in exchange for common stock and other consideration	$ 15,525	$ -	$ 15,525
Mining equipment acquired in exchange for common stock and other consideration	$ 260,000	$ -	$ 260,000
Mill building acquired in exchange for common stock and other consideration	$ 224,475	$ -	$ 224,475
Mineral property reacquired upon default	$ 131,553	$ -	$ 131,553
Note issued in exchanged for vehicle	$ -	$ -	$ 53,658
Note payable issued in exchange for prepaid asset	$ 15,939	$ -	$ 31,565
Note payable issued in exchange for equipment	$ 7,000	$ -	$ 7,000
Note receivable (net of discount) in connection with sale of lode claim	$ -	$ 1,865,363	$ 1,865,363
Note receivable in connection with sale of lode claim	$ -	$ -	$ 120,000
Stock received in exchange for lode claim	$ -	$ 60,000	$ 60,000
Treasury stock acquired through sale of investment	$ -	$ -	$ 296,296
Treasury stock issued in exchange for fixed asset	$ 7,500	$ -	$ 7,500

Note (a): Fiscal 2008 is a nine-month transition period attributable to the Company's decision to change its fiscal year end.

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

NOTE 1: ORGANIZATION AND DESCRIPTION OF BUSINESS

Shoshone Silver Mining Company (an Exploration Stage Company) (the Company or Shoshone) was incorporated under the laws of the State of Idaho on August 4, 1969, under the name of Sunrise Mining Company and was engaged in the business of mining. On January 22, 1970, the Company's name was changed to Shoshone Silver Mining Company. During 2003, the Company s focus broadened to include resource management and sales of mineral and timber interests.

Beginning in fiscal 2000, the Company entered into an exploration stage. The Company has acquired several mining properties since entering the exploration stage.

The Company s year-end is September 30th.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies is presented to assist in understanding the financial statements. The financial statements and notes are representations of the Company s management, which is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Accounting Methods

The Company s financial statements are prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Cash and Cash Equivalents

For purposes of its statements of cash flows, the Company considers all highly liquid investments with original maturities of three months or less to be cash equivalents. Cash equivalents also include money market accounts.

Concentration of Credit Risk

The Company maintains its cash in several commercial accounts at major financial institutions and brokerage houses. The brokerage accounts contain cash and securities. Balances are insured up to $500,000 (with a limit of $100,000 for cash) by the Securities Investor Protection Corporation (SIPC). Although the financial institutions are considered creditworthy and have not experienced any losses on their deposits, at September 30, 2009 and September 30, 2008, the Company s cash balance exceeded Federal Deposit Insurance Corporation (FDIC) and SIPC limits by $0 and $1,296,921, respectively.

Earnings Per Share

On January 1, 1998, the Company adopted the provisions of Topic 260 in the Accounting Standards Codification (ASC 260) (previously SFAS No. 128, Earnings per Share) which provides for calculation of "basic" and "diluted" earnings per share. Basic earnings per share includes no dilution and is computed by dividing net income (loss) available to common shareholders by the weighted average common shares outstanding for the period. Diluted earnings per share reflect the potential dilution of securities that could share in the earnings of an entity similar to fully diluted earnings per share.

At September 30, 2009, there were 725,000 common stock warrants outstanding which were not included in the calculation of earnings (loss) per share at September 30, 2009, because they would have been anti-dilutive.

At September 30, 2008, there were 1,500,000 common stock warrants outstanding which were not included in the calculation of earnings (loss) per share at September 30, 2008, because they would have been anti-dilutive.

Fair Value of Financial Instruments

The Company's financial instruments as defined in Topic 825 in the Accounting Standards Codification (ASC 825) (previously SFAS No. 107, "Disclosures about Fair Value of Financial Instruments,") include cash and cash equivalents, accounts receivable, deposits and prepaid expenses, inventory, investment in available-for-sale securities, accounts payable and short-term borrowings. All instruments other than the investment in available-for-sale securities are accounted for on an historical cost basis, which, due to the short maturity of these financial instruments, approximates fair value at the reporting dates. Investments in available-for-sale securities are recorded at fair value at the reporting dates in accordance with ASC Topic 825 (previously SFAS No. 115, Accounting for Certain Investments in Debt and Equity Securities).

Fair Value Measurements

Effective January 1, 2008, the Company adopted the provisions of Topic 820 in the Accounting Standards Codification (ASC 820) (previously SFAS No. 157, *Fair Value Measurements*. ASC 820 defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles and expands disclosures about fair value measurements. ASC 820 applies whenever other standards require (or permit) assets or liabilities to be measured at fair value but does not expand the use of fair value in any new circumstances. In this standard, the FASB clarifies the principle that fair value should be based on the assumptions market participants would use when pricing the asset or liability. In support of this principle, ASC 820 establishes a fair value hierarchy that prioritizes the information used to develop those assumptions. The fair value hierarchy is as follows:

Level 1 inputs Unadjusted quoted process in active markets for identical assets or liabilities that the entity has the ability to access at the measurement date.

Level 2 inputs Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. These might include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals.

Level 3 inputs Unobservable inputs for determining the fair values of assets or liabilities that reflect an entity s own assumptions about the assumptions that market participants would use in pricing the assets or liabilities.

Securities classified as available for sale are reported at fair value utilizing Level 1 inputs. For these securities, the Company obtains fair value from active markets.

The Company s Note Receivable (net of discount) is reported at fair value utilizing Level 2 inputs. The discounting of this note receivable utilized interest rates.

The following table presents information about the Company s assets measured at fair value on a recurring basis as of September 30, 2009, and indicates the fair value hierarchy of the valuation techniques utilized by the Company to determine such fair value.

Description	Fair Value September 30, 2009	Fair Value Measurements At September 30, 2009, Using Quoted Prices In Active Markets for Identical Assets (Level 1)	Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Available-for-Sale Securities	$ 266,938	$ 266,938	$ -	$ -
Note Receivable (net of discount)	1,464,709	-	1,464,709	-
Total Assets Measured at Fair Value	**$ 1,731,647**	**$ 266,938**	**$ 1,464,709**	**$ -**

Fiscal Periods

References to a fiscal year refer to the calendar year in which such fiscal year ends. Historically, the Company s fiscal year ended on December 31st. However, on September 29, 2008, the Company s board of directors approved a change in the Company s fiscal year end from December 31st to September 30th, effective on September 30, 2008. As a result of this change in the Company s fiscal year end, the fiscal year ending September 30, 2008, was a nine-month transition period.

Going Concern

As shown in the accompanying financial statements, the Company has had limited revenues and incurred an accumulated deficit of $1,541,035 from inception through September 30, 2009. These factors raise substantial doubt about the Company s ability to continue as a going concern. Management intends to seek additional capital from new equity securities offerings that will provide funds needed to increase liquidity and fully implement its business plan. The financial statements do not include any adjustments relating to the recoverability and classification of recorded assets, or the amounts and classification of liabilities that might be necessary in the event the Company cannot continue in existence.

Historically, the Company has generally funded its operations with proceeds from the sale of available-for-sale investments, royalty and option agreement payments, and from the sale of the Company s common stock. Should the Company be unsuccessful in any of the initiatives or matters discussed above and unable to raise capital through future private placements, its business, and, as a result, its financial position, results of operations and cash flow will likely be materially adversely impacted. As such, substantial doubt as to the Company s ability to continue as a going concern remains as of the date of these financial statements.

The financial statements do not include any adjustments relating to the recoverability and classification of recorded assets, or the amounts and classification of liabilities that might be necessary in the event the Company cannot continue in existence. An estimated $2,000,000 is believed necessary to continue operations and increase development through the next twelve months. Currently, the Company anticipates raising the majority of the $2,000,000 through the issuance of common stock to private investors. The timing and amount of capital requirements will depend on a number of factors, including demand for products and services, capital expenditures and revenues generated.

Investments

The Company accounts for marketable securities and investments in silver bars and coins (not inclusive of Shoshone logo coins held as inventory for resale) in accordance with the provisions of ASC Topic 320 (previously SFAS No. 115, Accounting for Certain Investments in Debt and Equity Securities). Under ASC Topic 320, debt securities and equity securities that have readily determinable fair values are to be classified in three categories:

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Held to Maturity the positive intent and ability to hold to maturity. Amounts are reported at amortized cost, adjusted for amortization of premiums and accretion of discounts.

Trading Securities bought principally for purpose of selling them in the near term. Amounts are reported at fair value, with unrealized gains and losses included in earnings.

Available for Sale not classified in one of the above categories. Amounts are reported at fair value, with unrealized gains and losses excluded from earnings and reported separately as a component of stockholders equity.

At this time, the Company holds securities classified as available for sale. See Note 12.

Investment securities are reviewed for impairment in accordance with ASC 320-10 Investments - Debt and Equity Securities. The Company periodically reviews our investments for indications of other-than-temporary impairment considering many factors, including the extent and duration to which a security's fair value has been less than its cost, overall economic and market conditions, and the financial condition and specific prospects for the issuer. Impairment of investment securities results in a charge to income when a market decline below cost is other-than-temporary.

Mining Properties, Land and Water Rights

Costs of acquiring and developing mining properties, land and water rights are capitalized as appropriate by project area. Exploration and related costs and costs to maintain mining properties, land and water rights are expensed as incurred while the property is in the exploration and evaluation stage. Development and related costs and costs to maintain mining properties, land and water rights are capitalized as incurred while the property is in the development. When a property reaches the production stage, the related capitalized costs are amortized using the units-of-production basis over proven and probable reserves. Mining properties, land and water rights are periodically assessed for impairment of value, and any subsequent losses are charged to operations at the time of impairment. If a property is abandoned or sold, a gain or loss is recognized and included in the consolidated statement of operations. See Note 8.

Mineral Exploration and Development Costs

All exploration expenditures are expensed as incurred. Significant property acquisition payments for active exploration properties are capitalized. If no economic ore body is discovered, previously capitalized costs are expensed in the period the property is abandoned. Expenditures to develop new mines, to define further mineralization in existing ore bodies, and to expand the capacity of operating mines, are capitalized and amortized on a units-of-production basis over proven and probable reserves.

Should a property be abandoned, its capitalized costs are charged to operations. The Company charges to the consolidated statement of operations the allocable portion of capitalized costs attributable to properties sold. Capitalized costs are allocated to properties sold based on the proportion of claims sold to the claims remaining within the project area. See Note 8.

Notes Receivable

The Company s policy for notes receivable is to continue accruing interest income until it becomes likely that the note is uncollectible. At that time, an allowance for bad debt would be established and interest would stop accruing.

Principles of Consolidation

The Company s consolidated financial statements include the accounts of the Company and its one wholly owned subsidiary, Lakeview Consolidated Silver Mines, Inc. The inter-company accounts and transactions are eliminated upon consolidation.

In 2004, the Company incorporated a wholly owned subsidiary in Mexico, Shoshone Mexico, S.A. de C.V, for the purposes of facilitating its Mexico property explorations and future operations. On August 11, 2008, the Company sold 100% of the common stock of its wholly owned subsidiary to Xtierra Resources, Ltd. See Note 11.

Property and Equipment

Property and equipment are stated at cost. Depreciation of property and equipment begins on the date the asset is place in service and is calculated using the straight-line method over the estimated useful lives of the assets, which range from three to thirty-one and one half years. See Note 8.

Provision for Taxes

In June 2006, the Financial Accounting Standards Board issued authoritative guidance prescribing recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. This guidance is set forth in Topic 740 in the Accounting Standards Codification (ASC 740) (previously FASB Interpretation No. 48, Accounting for Uncertainty in Income Taxes an interpretation of FASB Statement No. 109). ASC 740 also provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. At September 30, 2009, the Company had taken no tax positions that would require disclosure under ASC 740.

Pursuant to ASC 740, income taxes are provided for based upon the liability method of accounting. Under this approach, deferred income taxes are recorded to reflect the tax consequences on future years of differences between the tax basis of assets and liabilities and their financial reporting amounts at each year-end. A valuation allowance is recorded against deferred tax assets if management does not believe the Company has met the more likely than not standard imposed by ASC 740 to allow recognition of such an asset.

The significant components of the deferred tax assets at September 30, 2009 and September 30, 2008 were as follows:

		September 30, 2009		September 30, 2008
Deferred Tax Assets				
Net operating loss carry-forward	$	456,870	$	47,924
Recognized impairment of investments		34,503		-
Net deferred tax assets		491,373		47,924
Deferred Tax Liabilities				
Installment income		(605,323)		(744,188)
Depreciation		(2,794)		(2,588)
Net deferred tax liabilities		(608,118)		(746,776)
Net deferred tax liabilities	$	(116,745)	$	(698,852)
Valuation allowance		116,745		698,852
Net deferred tax liabilities	$	-	$	-

As management of the Company cannot determine that it is more likely than not that the Company will realize the cost of the deferred tax liability, valuation allowances equal to both the deferred tax liability and deferred tax asset have been established at September 30, 2009. At September 30, 2009 and September 30, 2008, the Company had net

operating loss carry-forwards of approximately $1,344,000 and $141,000, respectively, which expire in the years 2023 through 2029.

At September 30, 2009, the Company had a total deferred tax liability of $608,118. Of this amount $605,323 represents the total estimated taxes payable on the income from the note receivable on the sale of Bilbao concessions that is recognized under the full accrual method for financial statement purposes and the installment sale method for income tax purposes. See Note 11.

The Company has a total deferred tax asset of $491,373. Of this amount $34,503 represents impairment charge on available-for-sale securities recognized for financial reporting purposes in according with ASC 820. For income tax purposes, gain or loss recognized upon the disposition of the security will be recognized in the year of disposition. The remaining $456,870 relates to the Company s net operating loss carry-forward of $1,343,736.

Recently Adopted Accounting Pronouncements

In April 2009, the FASB issued authoritative guidance for estimating fair value when the volume and level of activity for the asset or liability have significantly decreased and for identifying circumstances that indicate a transaction is not orderly. This guidance is set forth in Topic 820 in the Accounting Standards Codification (ASC 820) (previously FSP No. FAS 157-4, Determining Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly). ASC 820 became effective for interim and annual reporting periods ending after June 15, 2009, and is to be applied prospectively. The Company adopted ASC 820 without a material effect on its results of operations and financial position.

In April 2009, the FASB amended the other-than-temporary impairment guidance in U.S. GAAP for debt securities to make the guidance more operational and to improve the presentation and disclosure of other-than-temporary impairments on debt and equity securities in the financial statements. This guidance is set forth in Topic 320 in the Accounting Standards Codification (ASC 320) (previously FSP No. FAS 115-2 and FAS 124-2 Recognition and Presentation of Other- Than-Temporary Impairments). ASC 320 does not amend existing recognition and measurement guidance related to other-than-temporary impairments of equity securities. ASC 320 became effective for interim and annual reporting periods ending after June 15, 2009. The Company adopted ASC 320 and, at September 30, 2009, determined that certain of its available-for-sale securities had experienced an other-than-temporary impairment. See Note 12.

In April 2009, the FASB amended Topic 825 in the Accounting Standards Codification (ASC 825) (previously FASB Statement No. 107, Disclosures about Fair Value of Financial Instruments) to require disclosures about fair value of financial instruments for interim reporting periods of publicly traded companies as well as in annual financial statements. This guidance is also set forth in ASC 825 in (previously FAS 107-1 and APB 28-1 Interim Disclosures about Fair Value of Financial Instruments). ASC 825 became effective for interim reporting periods ending after June 15, 2009. The Company adopted ASC 825 without a material effect on its financial position or results of operations.

In May 2009, the FASB issued authoritative guidance related to subsequent events, which establishes general standards of accounting for and disclosure of events that occur after the balance sheet date but before the financial statements are issued or are available to be issued. This guidance is set forth in Topic 855 in the Accounting Standards Codification (ASC 855) (previously FASB Statement No. 165, Subsequent Events). ASC 855 provides guidance on the period after the balance sheet date during which management of a reporting entity should evaluate events or transactions that may occur for potential recognition or disclosure in the financial statements, the circumstances under which an entity should recognize events or transactions occurring after the balance sheet date in its financial statements and the disclosures that an entity should make about events or transactions that occurred after the balance sheet date. ASC 855 became effective for interim or annual periods ending after June 15, 2009. The Company adopted ASC 855 without a material effect on its financial position or results of operations.

In June 2009, the FASB issued Update No. 2009-01, which establishes the FASB Accounting Standards Codification (the Codification) as the source of authoritative accounting principles recognized by the FASB to be applied by nongovernmental entities in the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The Codification became effective for interim and annual periods ending after September 15, 2009. The Company adopted the Codification when referring to GAAP in this quarterly report on Form 10-Q for the fiscal period ending September 30, 2009. The adoption of the Codification did not have an impact on our consolidated results.

Reclamation and Remediation

Expenditures for ongoing compliance with environmental regulations that relate to current operations are expensed or capitalized as appropriate. Expenditures resulting from the remediation of existing conditions caused by past operations that do not contribute to future revenue generations are expensed. Liabilities are recognized when environmental assessments indicate that remediation efforts are probable and the costs can be reasonably estimated.

Estimates of such liabilities are based upon currently available facts, existing technology and presently enacted laws and regulations taking into consideration the likely effects of inflation and other societal and economic factors, and include estimates of associated legal costs. These amounts also reflect prior experience in remediating contaminated sites, other companies clean-up experience and data released by The Environmental Protection Agency or other organizations. Such estimates are by their nature imprecise and can be expected to be revised over time because of changes in government regulations, operations, technology and inflation. Recoveries are evaluated separately from the liability and, when recovery is assured, the Company records and reports an asset separately from the associated liability.

Reclassifications

Certain previously reported amounts have been reclassified to conform to the current presentation.

Revenue Recognition

The Company has no revenues from its mineral exploration activities. The Company generates limited income from timber sales, sales of Company logo silver medallions and the processing of ore for other companies. The Company recognizes income from timber sales at the time payment for the timber is received. Company recognizes income from the sales of Company logo silver medallions when the coins are shipped to the customer. The Company recognizes income from the processing of ore for other companies when the ore has been processed. The net income from these sources are included under the caption Other Income (Expense) on the Company s Consolidated Statements of Operations and Comprehensive Income (Loss).

Treasury Stock

The Company accounts for its treasury stock under the cost method. Under the cost method, the gross cost of the shares reacquired is charged to a contra equity account (i.e., treasury stock). The equity accounts that were credited for the original share issuance (i.e., common stock, additional paid-in capital, etc.) remain intact. When the treasury shares are reissued, proceeds in excess of cost are credited to a paid-in capital account. See Note 16.

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities known to exist as of the date the financial statements are published, and the reported amounts of revenues and expenses during the reporting period. Uncertainties with respect to such estimates and assumptions are inherent in the preparation of the Company s financial statements; accordingly, it is possible that the actual results could differ from these estimates and assumptions, which could have a material effect on the reported amounts of Shoshone s financial position and results of operations.

NOTE 3: FISCAL YEAR CHANGE

On September 29, 2008, the Company s board of directors approved a change in the Company s fiscal year end from December 31st to September 30th, effective on September 30, 2008. The table below summarizes selected unaudited financial data for the three-month period ended December 31, 2007.

		Three-Month Period Ended December 31, 2007
Revenues	$	-
Cost of Revenue		-
Gross Profit		-
Operating Expenses		
General and administrative		91,661
Professional fees		54,775
Depreciation		12,642
Mining and exploration expenses		19,307
Total Operating Expenses		178,385
Loss From Operations		(178,385)
Other Income (Expenses)		
Net gain on sale of securities		41,424
Lease income		2,514
Other income		1,491
Dividend and interest income		6,005
Interest expense		(479)
Total Other Income		50,955
Net Loss Before Income Taxes	$	(127,430)
Net Loss Per Common Share, Basic and Diluted	$	(0.01)

NOTE 4: CHANGE IN ESTIMATE

During the three-month period ended September 30, 2009, the Company obtained more accurate information regarding the equipment and buildings acquired from Kimberly Gold Mines, Inc. Accordingly, the Company has reclassified a total of $500,000 from Mineral and Mining Properties to fixed assets. The components of the $500,000 were $15,525 to office equipment, $260,000 to mining equipment and $224,475 to buildings. See Note 18.

NOTE 5: ACCOUNTS RECEIVABLE FROM RELATED PARTY

During the year ended December 31, 2005, the Company prepaid $11,624 to a related party for certain administrative services. During the fiscal year ended December 31, 2005, the Company ceased its business relationship with the related party and has requested a refund of the entire prepaid amount. The Company received payments on this receivable totaling $2,000. During the fiscal year ended September 30, 2009, the Company deemed the entire $9,264 balance of this receivable to be uncollectible and established an allowance for this doubtful account.

On November 4, 2008, the Company purchased silver coins and bars as well as various dies for making coins from a related party. The cost to the Company of the silver and the dies was $56,452. However, the Company paid $110,000 and has recorded a receivable from the related party of $53,548. The Company s Chairman is also a member of the board of directors of this related party. On March 3, 2009, this related party filed a voluntary petition for reorganization relief under Chapter 11 of the United States Bankruptcy Code in the United States Bankruptcy Court for the District of Idaho. Based on this filing, the Company created an allowance for this note receivable in the amount of $53,548.

NOTE 6: DEPOSITS AND PREPAID EXPENSES

In December 2008, the Company purchased for $21,752 a one-year liability insurance policy covering its Lakeview mill (the Policy). The Policy was purchased with a cash payment of $5,813 with the balance of $15,939 settled with a promissory note. The Company recorded prepaid insurance of $21,335 and a related entry to record a $15,939 note payable. During the fiscal year ended September 30, 2009, $18,127 of the prepaid insurance was amortized into General & Administrative Expenses, respectively. The balance of this prepaid insurance was $3,625 at September 30, 2009. See Note 14.

On August 27, 2008, the Company amended a lease agreement with Chester Mining Company originally entered into on March 25, 2004 (the Amended Lease). The Amended Lease includes a provision that requires the Company to pay a royalty of $125 per month until net smelter returns (as defined in the Amended Lease) are payable. During the fiscal year ended September 30, 2009, the Company paid Chester Mining Company a second advance royalty payment of $1,500. During the fiscal year ended September 30, 2009, $1,625 of the advance royalty payment was amortized into General & Administrative Expenses, respectively. At September 30, 2009, the unamortized balance of this advance royalty payment was $750.

NOTE 7: SUPPLIES INVENTORY

During 2004, the Company purchased 500 one troy ounce silver medallions with the Company s logo for $5,303. This purchase was recorded as supplies inventory and the medallions are expected to be used substantially for marketing purposes. During the fiscal year ended September 30, 2009, the Company sold three medallions and distributed 27 for marketing purposes. At September 30, 2009, the Company had 207 coins remaining in inventory with an historical cost basis of $2,195.

NOTE 8: PROPERTY AND EQUIPMENT

Property and equipment are stated at cost. Depreciation begins on the date an asset is placed in service using the straight-line method over the asset s estimated useful life.

The useful lives of property, plant and equipment for purposes of computing depreciation are three to thirty-one and one-half years. The following is a summary of property, equipment, and accumulated depreciation at September 30, 2009 and September 30, 2008:

	September 30, 2009	September 30, 2008
Equipment	$ 1,338,952	$ 882,638
Refurbished Lakeview Mill	499,681	499,681
Office Building & Furniture	162,000	150,000
Rescue Mill Building	224,475	-
Property & Mill	1,088,562	1,052,776
Staging Building	72,600	-
	3,386,270	2,585,095

Less accumulated depreciation	(1,374,968)	(1,244,225)
Property, Plant & Equipment, net	$ 2,011,302	$ 1,340,870

On March 12, 2009, the Company acquired certain assets from Kimberly Gold Mines, Inc. (Kimberly) in a transaction where the Company issued 12,145,306 shares of common stock and other consideration in exchange for 100% of Kimberly s common stock. This transaction was valued at $2,185,126 and was originally recorded entirely to Mineral Properties. Kimberly has ceased to exist as a separate company. See Note 18.

During the three-month period ended September 30, 2009, the Company obtained more accurate information regarding the equipment and buildings acquired coincident with the purchase of 100% of the common stock of Kimberly Gold Mines, Inc. Accordingly, the Company has reclassified a total of $500,000 from Mineral and Mining Properties to fixed assets. The components of the $500,000 were $15,525 to office equipment, $260,000 to mining equipment and $224,475 to buildings. See Note 18.

During the three-month period ended September 30, 2009, the Company received computers and maintenance tools in full settlement of note receivable from Silver Valley Capital, a related party. The Company valued these assets at $4,139 which was the sum of the $3,716 note receivable balance and the $423 accrued interest receivable balance. See Note 10.

During the three-month period ended September 30, 2009, the Company expended $72,600 to have a building erected on its Rescue Mine property.

Depreciation expense was $130,743 for the twelve-month fiscal year ended September 30, 2009, and $44,392 for the nine-month fiscal year ended September 30, 2008.

The Company evaluates the recoverability of property and equipment when events and circumstances indicate that such assets might be impaired. The Company determines impairment by comparing the undiscounted future cash flows estimated to be generated by these assets to their respective carrying amounts.

Maintenance and repairs are expensed as incurred. Replacements and betterments are capitalized. The cost and related reserves of assets sold or retired are removed from the accounts, and any resulting gain or loss is reflected in results of operations.

NOTE 9: MINERAL AND MINING PROPERTIES

The Company currently has interests in 309 properties or claims, which are the primary focus of operations.

Northwestern United States

Silver Valley, Idaho

Shoshone Group
This mineral property grouping owned by the Company consists of 5 patented lode mining claims covering 60 acres situated in the St. Joe Mining District, Shoshone County, Idaho. The 5 patented claims were acquired in 1970 from an outside party for $2,500 in cash and 100,000 shares of common stock. The cost of the property, $17,500, was expensed in prior years as an exploration expense.

Bullion Group
This mineral property group owned by the Company consists of 7 patented mining claims were acquired in 1998. The cost of the property was included as an exploration expense in a prior year.

North Osburn
The Company has a group of 15 unpatented properties known as the North Osburn Group located within the Silver Valley in Shoshone County, Idaho.

Lakeview District, Idaho

Idaho Lakeview, Keep Cool Group and Weber Group

The Company acquired the Lakeview and Keep Cool mining properties consisting of 9 patented and 14 unpatented lode claims through the issuance of 3,126,700 shares of its common stock during 1985. The total cost of the properties, $334,690, is included in the financial statements under mining properties.

During 2006, the Company made make improvements to the land to be more accessible as well as usable. The total cost of the $68,472 was capitalized. This amount is a component of the total cost of the properties of $334,690 discussed above.

The Company acquired, for 100,000 shares of its common stock, 6 patented and 10 unpatented lode mining claims located in the Lakeview Mining District, Bonner County, Idaho in 1999. In addition, $125 cash was paid and 100 shares of common stock were issued to acquire a pit fraction within the same location. This includes 7 unpatented mining claims acquired in 2007. The cost of the property, $125,000, was expensed in prior years as an exploration expense.

Auxer Mine
The Auxer Mine, consisting of 2 unpatented claims covering 40 acres, was acquired by the Company in 2003 for 50,000 shares of common stock. The cost of the property, $7,500, is included in the financial statements under mining properties until such time as the Company s outside study on the property s reserves, if any, is completed.

Talache Group The Company acquired, for 150,000 shares of its common stock, 2 unpatented lode mining claim covering 40 acres during 2003. The cost of the former mining property, $22,500, is included in the financial statements under Mining Properties until such time as the Company s outside study on the related property s reserves, if any, is completed.

Regal Mine
The Company acquired, for 100,000 shares of its common stock, four contiguous unpatented lode mining claims covering 80 acres located in the Moyie-Yaak Mining District of Boundary County, Idaho during 2003. The cost of the former mining property, $15,000, is included in the financial statements under Mining Properties until such time as the Company s outside study on the related property s reserves, if any, is completed.

Conjecture
The Company leased, for 1,000,000 shares of its common stock, 13 unpatented lode mining claims and six patented lode mining claims located in Shoshone County, Idaho during 2004. The lease allows the Company exclusive rights to explore, develop and mine the property; to extract, mill, and market ore or concentrates.

Effective March 1, 2008, the terms of the Conjecture Lease were renegotiated to obtain more favorable terms for the Company. Beginning March 1, 2008 the Company is required to:

- annually deliver 50,000 shares of Shoshone restricted common shares to Chester Mining;
- pay to Chester Mining an advance royalty of $125.00 per month until such time as net smelter returns (NSR) are payable; and
- pay net smelter returns to Chester Mining equal to a sliding percentage of total NSR received during that calendar quarter from the operations on the property, subject to minimum royalty provisions.
    - The rate of NSR shall be (all at Handy & Harman, NY spot price):
        - 1.5% with silver under $8.00 per ounce;
        - 2.4% with silver between $8.00 and $9.99 per ounce; and
        - 2.5% with silver $10.00 and above.

Warren District, Idaho

Rescue Gold Mine

The Company holds 82 unpatented mining claims and 2 unpatented mill-site claims covering 1,720 acres in central Idaho.. There is a 120 ton per day mill complete with a Knelson Gold Concentrator on the mill-site claims. There is a 43-101 Report which was completed in 2008.

42 unpatented claims were staked in the Warren District by Shoshone in the summer of 2008; as a result, Shoshone has 84 unpatented claims in the Warren District.

Iola Claims
The Company leases 5 patented mining claims in central Idaho covering 70 acres.

Silver King Claims
The Company leases 12 patented mining claims in central Idaho covering 174 acres.

Marshall Mountain District, Idaho

Kimberly Gold Mine
The Company holds 24 unpatented mining claims covering 480 acres in central Idaho. The mine consists of 10 separate tunnels which explore 7,500 feet of previously producing workings. There is a 43-101 Report which was completed in 2008.

Other North Idaho and Montana

Montgomery Mine Group
During the fiscal year ended December 31, 2005, the Company acquired, for $43,557 in cash, 25 unpatented lode mining claims covering 500 acres located in Boundary County, Idaho. The cost of the properties was expensed in prior years as an exploration expense.

Stillwater Extension Claims
The Company acquired, for 100,000 shares of its common stock, ten unpatented lode mining claims covering 200 acres located along the J-M Reef of the Stillwater Complex of south central Montana during 2003. The cost of the properties, $15,000, has been expensed in prior years as an exploration expense.

Princeton Gulch Claims
During 2006, the Company made a partial payment of $13,000 toward the purchase of four unpatented placer claims and two unpatented lode claims. These claims in aggregate cover 120 acres and are located in Granite County, Montana. The payment of $13,000 was included in exploration expenses during 2006.

Drumheller Group
The Company owned six patented claims consisting of 110.82 acres which are adjoining and lying south of the Idaho Lakeview claims on an extension of the Hewer vein. The Company issued 109,141 shares of its common stock to acquire these claims in February 1984.

During 2006, the Company sold the Drumheller Group of claims to an unrelated party in exchange for cash of $30,000 and a promissory note for $120,000. The cost of the property, $218,282, was expensed in prior years as an exploration expense. Consequently, the Company had no basis in the property but did incur selling expenses of $16,093 in connection with this sale. See Note 11.

During the fiscal year ended September 30, 2009, due to non-payment of the note receivable, the Company received a Quitclaim Deed releasing the property that was the collateral of the note receivable. The Company determined the fair value of the reclaimed property to be $131,553 which is included in the financial statements under mining properties.

Wenatchee District, Washington

Shaft Claims
The Company holds 19 unpatented mining claims covering 380 acres in central Washington. The claims are located

within the heart of the Wenatchee Gold Belt.

Southwestern United States

Western Gold
The Company acquired, for 100,000 shares of stock, 13 unpatented lode mining claims covering 240 acres located in the Oatman Mining District of Mojave County, Arizona during 2003. The cost of the properties, $15,000, has been expensed in prior years as an exploration expense.

Gold Road Claims
The Company acquired, for 10,000 shares of stock, 16 unpatented lode mining claims covering 320 acres located in Mohave County, Arizona during 2003. The cost of the properties, $1,500, has been expensed in prior years as an exploration expense.

Cerro Colorado Group
During 2004, the Company acquired three unpatented lode claims covering 60 acres located in the Cerro Colorado Mining District of Pima County, Arizona. The cost of the properties, $1,500, has been expensed in prior years as an exploration expense.

California Creek Properties
During 2005, the Company acquired, for $2,970, 18 unpatented lode claims located near Elko, Nevada. The cost of the properties was expensed in 2005 as an exploration expense. During 2007, the Company acquired an additional 25 unpatented lode claims.

During the fiscal year ended September 30, 2008, the Company entered into an agreement to sell these 43 unpatented lode claims to Bayswater Uranium Corporation, a Canadian Company (Bayswater). In exchange for these claims, the Company received 200,000 shares of Bayswater common stock which is traded on the Toronto Stock Exchange. This transaction was valued at $60,000 based on the then market value of Bayswater stock of $0.30 per share.

Mexico Properties

Bilbao-Mexico Property
The Company acquired, for $80,000 cash, four exploration mineral concessions covering 1,345 hectares located in Zacatecas, Mexico during 2004. The cost of the former mining property was included in exploration expense in the financial statements for 2004. Additional expenses of $13,000 and $25,220 were included in exploration expense in the financial statements for 2006 and 2005, respectively.

On August 11, 2008, the Company sold 100% of the common stock of its wholly owned subsidiary in Mexico, Shoshone Mexico, S.A. de C.V, to Xtierra Resources, Ltd (Xtierra). The Company s interest in the Bilbao concessions in Zacatecas, Mexico was included in this sale. In exchange for its interest in the Bilbao concessions the Company received net proceeds of $2,497,990 and a non-interest bearing note receivable, net of discount, for $1,865,363.

Sonora Mexico Mining Properties
Shoshone has an interest in several other Mexican exploration projects which the Company does not currently consider to be material.

NOTE 10: NOTES RECEIVABLE FROM RELATED PARTIES

Silver Valley Capital

In September 2006, the Company loaned Silver Valley Capital, LLC $168,000 in exchange for a promissory note. The Company s President and its Secretary were both members of Silver Valley Capital, LLC at the time the receivable was originated. Both these individuals abstained from voting on the respective companies Board of Directors Resolutions approving this loan. The note bore interest at 10.0% per annum and stipulated that monthly payments of

$822 were to

be made until February 1, 2007. On February 1, 2007, the remaining principal plus accrued interest was to become due and payable.

In July 2007, the Company entered into a new loan agreement with Silver Valley Capital, LLC. The note bears interest at 10.0% per annum and stipulates that monthly payments of $822 are to be made until the due date. The due date was changed to February 1, 2008 from February 1, 2007. During the fiscal year ended September 30, 2009, no payments were received and the accrued interest income receivable was increased by $392.

Since the inception of the promissory note, the Company has received principal payments totaling $164,284, leaving an unpaid balance of $3,716. During the three-month period ended September 30, 2009, the Company received computers and maintenance tools in full settlement of note receivable from Silver Valley Capital. The Company valued these assets at $4,139 which was the sum of the $3,716 note receivable balance and the $423 accrued interest receivable balance.

Kimberly Gold Mines
On August 28, 2008, the Company advanced Kimberly $200,000 and an additional $15,000 on December 4, 2008, in exchange for a promissory note. Kimberly used these funds to reduce their outstanding obligations. The notes bore interest at 6.0% per annum and were payable on demand. Further, until the principal and accrued interests were paid, the notes were secured by sufficient shares of Kimberly common stock at an agreed value of $0.06 per share. Interest income of $6,408 was accrued during the year ended September 30, 2009. The balance of this note was $0 at September 30, 2009.

In March 2009, the Company acquired certain assets from Kimberly Gold Mines, Inc. (Kimberly) in a transaction where the Company issued 12,145,306 shares of common stock and other consideration in exchange for 100% of Kimberly s common stock. The $215,000 note receivable and accrued interest of $7,408 from Kimberly were derecognized and included in the purchase price of the acquired mineral properties. See Note 18.

NOTE 11: NOTES RECEIVABLE

Sale of Lode Claim
During the first quarter of fiscal 2006, the Company accepted cash of $30,000 and a promissory note for $120,000 from an unrelated party related to the sale of a lode claim for $150,000. The promissory note bears interest at 7.0% per annum and stipulates that payments of $5,089 are to be paid semi-annually until January 23, 2011. On January 11, 2011, the remaining principal plus accrued interest becomes due and payable in full.

During the fiscal year ended September 30, 2009, the Company received no payments on this note receivable and, due to this non-payment, demanded and received a Quitclaim Deed releasing the property that was the collateral of the note receivable. The Company determined the fair value of the reclaimed property to be $131,553 which was the sum of the balances in the related note receivable and accrued interest receivable.

Mexican Concessions
On August 11, 2008, the Company sold 100% of the common stock of its wholly owned subsidiary in Mexico, Shoshone Mexico, S.A. de C.V, to Xtierra Resources, Ltd (Xtierra). The Company s interest in the Bilbao concessions in Zacatecas, Mexico was included in this sale. In exchange for its interest in the Bilbao concessions the Company received net proceeds of $2,497,990 and a non-interest bearing note receivable for $2,500,000.

The note does not bear interest and stipulates that a payment of $500,000 was due on August 11, 2009. The remaining balance of $2,000,000 is to be paid in four consecutive equal installments to begin at the time of the commencement of construction of any mine developed on the Bilbao concessions but in any event will be due and payable no later than August 11, 2019. Since the note does not bear interest, the Company imputed interest at a rate of 5%. Accordingly the Company recorded a note discount of $634,637. During the fiscal year ended September 30, 2009,

$91,573 of interest income was realized through the amortization of this note discount.

On June 30, 2009, the Company entered into an agreement with the Xtierra, now known as Orca Minerals Limited (Orca). Pursuant to this agreement, the Company granted Orca a $50,000 discount on the $500,000 payment due on August 11, 2009, provided Orca made the revised $450,000 payment on or before July 7, 2009. The discount of $50,000 was included in the Company s Consolidated Statements of Operations as an Other Expense and as a corresponding reduction to the current portion of the note receivable on the Company s Consolidated Balance Sheets. On July 7, 2009, the Company received the $450,000 due under the revised terms of the note receivable from Orca.

The balance on this note receivable (net of discount) was $1,464,709 at September 30, 2009.

<u>*Signal Silver-Gold, Inc.*</u>

On August 27, 2008, the Company advanced Signal Silver-Gold, Inc. (Signal) $2,808 in exchange for a promissory note. The note bears interest at 6% per annum and is payable on demand. On October 16, 2008, the Company received a payment of $2,850. Of this amount $2,808 was applied towards satisfaction of the principal amount owing and $42 was applied toward accrued interest.

The following tables set forth the components of the Notes Receivable Mexican Concessions (net of discount) and the Other Assets Notes Receivable (net of discount) caption on the Company s consolidated balance sheets.

		September 30, 2009		**September 30, 2008**
Note receivable - Mexican Concessions (net of discount)				
Current portion	$	426,765	$	422,277
Non-current portion		1,037,944		1,450,858
Total	$	1,464,709	$	1,873,135
Other Assets - notes receivable (net of discount)				
Mexican Concessions, non-current (net of discount)	$	1,037,944	$	1,450,858
Sale of Lode Claim		-		118,364
Signal Silver-Gold, Inc.		-		2,808
Total	$	1,037,944	$	1,572,030

NOTE 12: INVESTMENTS

The Company has invested in various privately and publicly held companies and silver coins and bars. At this time, the Company holds securities classified as available for sale. Amounts are reported at fair value as determined by quoted market prices, with unrealized gains and losses excluded from earnings and reported separately as a component of stockholders equity. The cost of securities sold is based on the specific identification method.

Unrealized gains and losses are recorded on the statements of operations as other comprehensive income (loss) and on the balance sheet as other accumulated comprehensive income.

The following summarizes the investments at September 30, 2009:

Investment	Quantity		Cost		Market Value
Available for Sale Securities:					
Bayswater Uranium Corporation	200,000	$	60,000	$	22,000
Chester Mining Company	2,500		12,567		1,125
Gold Crest Mines	617,600		3,900		9,264
Lucky Friday Extension	5,000		1,100		250
Merger Mines	929,299		216,499		130,102
Metropolitan Mines Limited	6,000		2,008		360
New Jersey Mining	142,875		34,290		35,719
Vindicator Mines	88,000		17,600		16,720
Subtotal	**1,991,274**		**347,964**		**215,540**
Silver Coins & Bars	**3,115**		**31,804**		**51,398**
Total at September 30, 2009	**1,994,389**	**$**	**379,768**	**$**	**266,938**

The Company had an unrealized holding loss during the fiscal year ended September 30, 2009 $(93,696). This is recorded on the statements of operations as other comprehensive income (loss) and included on the balance sheet in other accumulated comprehensive income.

The Company recognized $2,225 of net gain previously included in accumulated other comprehensive income on the sale of investments during the fiscal year ended September 30, 2009.

At September 30, 2009, the Company determined that certain of its available-for-sale securities had experienced an impairment that was other-than-temporary. Key factors used in determining whether or not the impairment was other-than-temporary included the length of time and the extent to which the market value of the securities had been below their cost. In connection with this determination, the Company recognized an impairment charge of $101,479. This impairment charge is presented under the caption Other-than-temporary impairment of investments on the Company s Consolidated Statements of Operations.

The following table presents certain details related to investments for which the Company determined the impairment was other-than-temporary:

Investment	# of Shares		Original Cost		Market Value at 9/30/09		Recognized Impairment
Chester Mining Company	2,500	$	12,567	$	1,125	$	(11,442)
Gold Crest Mines	65,000		3,900		975		(2,925)
Lucky Friday Extension	5,000		1,100		250		(850)
Merger Mines	840,138		202,233		117,619		(84,614)
Metropolitan Mines Limited	6,000		2,008		360		(1,648)
Total		**$**	**221,808**	**$**	**120,329**	**$**	**(101,479)**

At September 30, 2009, the Company made the determination that certain of its available-for-sale securities had experienced an impairment that was temporary. This determination was made for certain investments because the decline in value had persisted for less than twelve months and was not extensive. Key factors used in determining whether or not the impairment was other-than-temporary included the length of time and the extent to which the market value of the securities had been below their cost. Additionally, subsequent to September 30, 2009, the Bayswater Uranium Corporation investment has reached market prices in intra-day trading that exceed the per share cost to the Company.

The following table presents certain details related to investments for which the Company determined the impairment was temporary:

Investment	# of Shares		Original Cost		Market Value at 9/30/09		Unrecognized Impairment
Bayswater Uranium Corporation	200,000	$	60,000	$	22,000	$	(38,000)
Merger Mines	89,161		14,266		12,483		(1,783)
Vindicator Mines	88,000		17,600		16,720		(880)
Total		**$**	**91,866**	**$**	**51,203**	**$**	**(40,663)**

On September 17, 2008, the Company began acquiring shares of Merger Mines, Inc. At September 30, 2009, the Company had acquired 929,299 shares of Merger Mines common stock. This represented approximately 24% of Merger Mines, Inc. s outstanding shares. The Company believes that, given the current economic environment, it is more likely than not that the Company will have to sell much of its investment in Merger Mines in order to fund operations. Accordingly, the Company has accounted for this investment as available-for-sale.

In connection with the purchase of assets from Kimberly Gold Mines, Inc. (Kimberly), the Company derecognized 321,500 shares of Kimberly s common stock with a cost basis of $38,035 and allocated this amount to the purchase price of the acquired mineral properties. See Note 18.

The following summarizes the securities available for sale at September 30, 2008:

Security	# of Shares		Original Cost		Market Value
Chester Mining Company	2,500	$	12,567	$	550
Bayswater Uranium Corporation	200,000		60,000		28,000
Gold Crest Mines	617,600		3,900		21,516
Kimberly Gold Mines	321,500		38,035		23,275
Lucky Friday Extension	5,000		1,100		1,200
Merger Mines	840,138		202,233		226,837
Metropolitan Mines Limited	6,000		2,008		1,200
New Jersey Mining	142,875		34,290		51,435
Sterling Mining	5,000		2,000		1,050
Vindicator Mines	88,000		17,600		1,760
Balance, September 30, 2008	**2,228,613**	**$**	**373,733**	**$**	**356,823**

The Company had an unrealized holding loss during the fiscal year ended September 30, 2008 $(207,954). This is recorded on the income statement as other comprehensive income (loss) and included on the balance sheet in other accumulated comprehensive income.

The Company recognized $7,840 of loss previously included in accumulated other comprehensive income on the sale of investments in nine-month fiscal year ended September 30, 2008.

On July 24, 2008, the Company entered into an agreement to acquire 200,000 shares of common stock of Bayswater Uranium Corporation, a Canadian company (Bayswater), in exchange for the Company s 43 unpatented mining claims in Elko County, Nevada. This exchange was valued at $60,000 based on the market price of Bayswater s common stock on July 24, 2008.

NOTE 13: ACCOUNTS PAYABLE

Settlement Agreement with Former Chief Executive Officer
On June 12, 2008, the Company entered into a settlement agreement with its former Chief Executive Officer, Conrad Houser. The terms of the agreement required the Company to pay Mr. Houser $10,000 on June 12, 2008, the date of the agreement. The agreement also required the Company to pay an additional $48,500 on or before December 31, 2008.

The $48,500 was included under the caption Accounts Payable on the Company s Consolidated Balance Sheets as of September 30, 2008. Further, the agreement required the Company to issue 100,000 shares of common stock to Mr. Houser by July 12, 2008. These shares were issued to Mr. Houser on July 3, 2008.

On December 28, 2008, the Company paid $48,500 in satisfaction of its contractual agreement, and on December 28, 2008, the Company re-purchased for $20,000 the 100,000 common shares from Mr. Houser at a price of $0.20 per share. This obligation was exercisable at Mr. Houser s sole discretion. See Note 16.

Acquisition of assets from Kimberly Gold Mines, Inc.
In connection with the acquisition of assets from Kimberly Gold Mines, Inc. (Kimberly), the Company assumed liabilities with a fair value of $72,887. The balance of this liability at September 30, 2009, was $69,418. See Note 18.

NOTE 14: NOTES PAYABLE

During the third quarter of 2007, the Company acquired equipment for $55,000 by paying $27,500 cash and signing a note for the remaining $27,500. The note has a term of 24 months, bears interest at 8.50% annually and stipulates that payments of $1,250 be made monthly. The outstanding balance on this note payable was $1,241 at September 30, 2009 and is payable within twelve months. The purchased equipment which serves as collateral for this note payable had a carrying amount of $39,157 at September 30, 2009.

In December 2007, the Company purchased equipment for $15,377 in exchange for a note. The note has a term of 43 months, bears interest at 3.90% annually and stipulates that payments of $384 be made monthly. The lender has the right to increase the interest rate to 19.8% in the event of a violation of the terms of the loan agreement. The outstanding balance on this note payable was $8,131 at September 30, 2009. Of this amount $4,374 is payable within twelve months. The purchased equipment which serves as collateral for this note payable had a carrying amount of $11,412 at September 30, 2009.

In August 2008, the Company purchased equipment for $9,000 by paying $2,000 in cash and signing a note for the remaining $7,000. The note has a term of fourteen months, bears interest at 4.00% annually and stipulates that payments of $513 are to be made monthly. The outstanding balance on this note payable was $6,511 at September 30, 2009, of which $6,000 is payable within twelve months. The purchased equipment which serves as collateral for this note payable had a carrying amount of $8,849 at September 30, 2009.

NOTE 15: COMMON STOCK

On May 28, 2009, the shareholders of the Company approved an amendment to the Company s Articles of

Incorporation to increase the number of authorized shares from 80,000,000 to 200,000,000.

The Company is authorized to issue 200,000,000 shares of $0.10 par value common stock. All shares have equal voting rights, are non-assessable and have one vote per share. Voting rights are not cumulative and, therefore, the holders of more than 50% of the common stock could, if they choose to do so, elect all of the directors of the Company.

Fiscal 2009 Issuances

During the fiscal year ended September 30, 2009, the Company issued 90,000 shares of common in exchange for the services of its Board of Directors valued at $9,500.

During the fiscal year ended September 30, 2009, the Company acquired certain assets from Kimberly Gold Mines, Inc. (Kimberly) in a transaction where the Company issued 12,145,306 shares of common stock and other consideration in exchange for 100% of Kimberly s common stock. This transaction was valued at $2,185,126. See Note 18.

During the fiscal year ended September 30, 2009, the Company issued 4,000 shares in exchange for consulting services valued at $400.

Fiscal 2008 Issuances

During the fiscal year ended September 30, 2008, the Company issued 8,000 common shares in exchange for the services of its Board of Directors. These services were valued at $1,600.

During the fiscal year ended September 30, 2008, the Company issued 4,000 common shares in exchange for consulting services. These services were valued at $800.

During the fiscal year ended September 30, 2008, the Company issued 100,000 shares of the common stock in settlement of the $22,000 the Company had accrued during the 2008 first quarter for the leasing of a mining property.

During the fiscal year ended September 30, 2008, the Company issued 454,000 shares of common stock in exchange for three pieces of heavy equipment. The transaction was valued at $95,340 based on a stock price of $0.21 per common share on June 6, 2008. See Note 8.

During the fiscal year ended September 30, 2008, the Company entered into a settlement agreement with its former Chief Executive Officer, Conrad Houser. The terms of the agreement included the requirement that the Company issue to Mr. Houser 100,000 shares of common stock by July 12, 2008. On July 3, 2008, the Company issued 100,000 to Mr. Houser in satisfaction of its obligation under the settlement agreement. The Company may be required to repurchase the stock at a price of $0.20 per share from Mr. Houser at Mr. Houser s sole discretion if the common stock is tendered for sale between December 15, 2008 and December 31, 2008. See Note 13.

During the fiscal year ended September 30, 2008, the Company issued 1,050,000 shares of common stock to eight investors for a total of $210,000. For every two shares purchased the investor received one warrant to purchase one share of common stock. The warrants were exercisable at $0.40 per share and expired on January 26, 2009. The Company incurred $14,016 in issuance costs in connection with these private placements. These costs were recorded as a reduction to additional-paid-in-capital.

During the fiscal year ended September 30, 2008, the Company issued 500,000 shares of common stock to two investors for a total of $100,000. For every two shares purchased the investor received one warrant to purchase one share of common stock. The warrants were exercisable at $0.40 per share and expired on June 9, 2009. The Company did not incurred issuance costs in connection with these private placements.

NOTE 16: TREASURY STOCK

The Company held 963,986 and 1,183,986 shares of treasury stock at September 30, 2009 and September 30, 2008, respectively.

Fiscal 2009 Activity

During the fiscal year ended September 30, 2009, the Company acquired equipment valued at $12,500 in exchange for $5,000 in cash and 50,000 shares of treasury stock valued at $7,500, or $0.15 per share, with a cost of $5,500, or $0.11 per share. The difference between the cost and the value of the treasury shares was recorded as an increase to Additional Paid-In Capital.

During the fiscal year ended September 30, 2009, the Company repurchased for treasury 100,000 common shares at a price of $20,000, or $0.20 per share. These common shares were repurchased in connection with a settlement agreement with its former Chief Executive Officer, Conrad Houser. See Note 13.

During the fiscal year ended September 30, 2009, the Company issued 70,000 treasury shares in exchange for consulting services. The treasury shares were valued at $7,000, or $0.10 per share, with a cost of $7,700, or $0.11 per share. The difference between the cost and the value of the treasury shares was recorded as a reduction to Additional Paid-In Capital.

During the fiscal year ended September 30, 2009, the Company issued 200,000 treasury shares with a value of $22,000, or $0.11 per share, with a cost of $64,000, or $0.32 per share, in connection with its acquisition of 100% of Kimberly s common stock. The difference between the cost and the value of the treasury shares was recorded as a reduction to Additional Paid-In Capital. See Note 18.

Fiscal 2008 Activity

During the fiscal year ended September 30, 2008, the Company repurchased for treasury 176,000 shares of treasury stock at a price of $0.12 per share for a total cost of $21, 220.

NOTE 17: STOCK OPTIONS AND WARRANTS

During fiscal 2007, the Company issued 725,000 warrants to purchase an equal number of the Company s common stock in connection with the issuance of 1,450,000 shares in private placements. The warrants are exercisable at $0.50 per share and expire on December 31, 2009.

During fiscal 2008, the Company issued 775,000 warrants to purchase an equal number of the Company s common stock in connection with the issuance of 1,550,000 shares in private placements. The warrants are exercisable at $0.40 per share. 525,000 of these warrants expired on January 26, 2009, and 250,000 expired on June 9, 2009. See Note 15.

NOTE 18: ACQUISITION OF ASSETS FROM KIMBERLY GOLD MINES, INC.

On March 12, 2009, the Company acquired certain assets from Kimberly Gold Mines, Inc. (Kimberly) in a transaction where the Company issued 12,145,306 shares of common stock and other consideration in exchange for 100% of Kimberly s common stock. This transaction was valued at $2,185,126 and was originally recorded entirely to Mineral Properties. Kimberly has ceased to exist as a separate company. However, during the three-month period ended September 30, 2009, the Company obtained more accurate information regarding the equipment and buildings acquired coincident with the purchase of 100% of Kimberly s common stock. Accordingly, the Company has reclassified a total of $500,000 from Mineral and Mining Properties to fixed assets. The components of the $500,000 were $15,525 to office equipment, $260,000 to mining equipment and $224,475 to buildings. See Note 4.

The value of $2,185,126 consisted of the Company s common stock valued at $1,821,796, a note receivable from Kimberly valued at $222,408, Kimberly s common stock previously held for investment by the Company valued at $38,035, certain accounts payable assumed by the Company valued at $72,887, the issuance of 200,000 shares of treasury stock valued at $22,000 and a cash payment of $8,000 made to a former vendor of Kimberly.

Included in this acquisition were 127 unpatented mining claims located primarily in Idaho and Washington as well as a mill in need of refurbishing and various pieces of equipment. The Company allocated the entire purchase price to the mining claims and all other assets were allocated no value in this transaction.

NOTE 19: OPTION AGREEMENTS

Minco PLC

On February 22, 2006, the Company entered into an option agreement with Minco, PLC, under which the unrelated party may earn up to a 75% interest in the Company s Bilbao-Mexico Property.

On August 11, 2008, the Company sold 100% of the common stock of its wholly owned subsidiary in Mexico, Shoshone Mexico, S.A. de C.V, to Xtierra Resources, Ltd (Xtierra). The Company s interest in the Bilbao concessions in Zacatecas, Mexico was included in this sale. In exchange for its interest in the Bilbao concessions the Company received net proceeds of $2,497,990 and a non-interest bearing note receivable, net of discount for $1,865,633. See Note 9.

California Creek Properties

On November 9, 2005, the Company entered into an option agreement with an unrelated party under which the unrelated party may earn a 100% interest in the Company s California Creek Property (the California Creek Option Agreement). During 2007, the California Creek Option Agreement terminated due to lack of performance by the unrelated party.

On July 24, 2008, the Company acquired 200,000 shares of common stock of Bayswater Uranium Corporation, a Canadian company (Bayswater), in exchange for the Company s 43 unpatented mining claims in Elko County, Nevada. This exchange was valued at $60,000 based on the market price of Bayswater s common stock on July 24, 2008.

NOTE 20: COMMITMENTS & CONTINGENCIES

Environmental Issues

The Company is engaged in mineral mining and may become subject to certain liabilities as they relate to environmental cleanup of mining sites or other environmental restoration.

Although the minerals exploration and mining industries are inherently speculative and subject to complex environmental regulations, the Company is unaware, with the exception detailed below under the caption *Civil Action Filed* , of any pending litigation or of any specific past or prospective matters which could impair the value of its mining claims.

Chester Mining Company Lease

During 2004, the Company entered into a 25-year lease agreement for a mining property in Shoshone County. The lease s terms called for a first year payment of 1,000,000 shares of common stock, which the Company valued at the fair market value of $350,000.

Yearly lease payments on the property were 100,000 shares of common stock valued at the current market value of the Company s common stock, would be approximately $30,000 per year. The valuation of these payments may fluctuate each year with the change in the fair market value of the Company s trading stock.

On August 27, 2008, the Company amended a lease agreement with Chester Mining Company originally entered into on March 25, 2004 (the Amended Lease). The Amended Lease includes a provision that changes the number of shares to be payable each year to 50,000 from 100,000. During the fiscal year ended September 30, 2008, the Company issued 100,000 shares of its common stock in satisfaction of the 2008 and 2009 share amounts due.

Bullion Group Claims Lease

On January 24, 2004, the Company leased two unpatented mining claims located in Shoshone County, Idaho, to Sterling Mining Company. The lease stipulates a four year exploration program commencing within five years of the lease date. The lease further stipulates that Shoshone would receive a production royalty equal to 10% of the net proceeds from the production of minerals from the property. This lease agreement may be found in Exhibit No. 10.4 which was filed as an exhibit to the Company s Annual Report on Form 10-KSB filed with the Commission on December 4, 2006.

Iola Group Claims Lease

On September 22, 2008, Kimberly Gold Mines, Inc. (Kimberly), which the Company acquired on March 12, 2009, entered into a lease agreement with Iola Corporation whereby the Company leases certain mining claims known as the Iola Claim Group located in the Warren Mining District, Idaho. The lease stipulates that the Company pay annual rent of $10,000 and pay a net smelter royalty of 4%-8% depending upon the price of gold. Further, the lease grants the Company an option to purchase the claims for $750,000 at any time. This lease agreement is filed as Exhibit No. 10.8.

Silver King LTD Lease

On July 19, 2007, Kimberly Gold Mines, Inc. (Kimberly), which the Company acquired on March 12, 2009, entered into a lease agreement with Silver King LTD whereby the Company leases certain patented mining claims totaling 174 patented acres located in the Warren Mining District, Idaho. The lease stipulates that the Company pay annual rent of $10,000 for two years and pay a net smelter royalty of 5%. Further the lease grants the Company an option to purchase the 174 patented claims for $1,000,000. This lease agreement is filed as Exhibit No. 10.9.

Civil Action Filed

On November 17, 2008, the United States Environmental Protection Agency (EPA) filed a civil action against the Company in the United States District Court for the District of Idaho. The civil action seeks recovery of funds paid by the EPA in response to alleged releases of hazardous substances at the Company s Idaho Lakeview mine and mill site in Bonner County, Idaho. The Company and the EPA have reached a tentative agreement whereby the Company would pay $50,000 and agree not to conduct activities on the ground that would disturb the cleanup work in place at the properties subject to the civil action. Accordingly, the Company recorded a $50,000 liability during the fiscal year ended September 30, 2009, related to this suit.

Certain Annual Fees

The Company incurs certain annual fees, which may vary, associated with maintaining its various claims and properties as follows:

Property		**Claim Fees**		**Property Taxes**		**Lease Payments**
Conjecture	$	1,820	$	1,996	$	-
Idaho Lakeview, Weber, Keep Cool & Drumheller		2,380		8,969		-
Auxer		280		-		-
Talache		280		-		-
Shoshone		-		61		-
Bullion		-		100		-
North Osburn		2,100		-		-
Montgomery		3,500		-		-
Regal		560		-		-

Stillwater Extension Claims	1,400	-	-
Princeton Gulch Group	840	-	-
Western Gold	1,820	-	-
Gold Road	2,240	-	-
Cerro Colorado	420	-	-
California Creek Uranium	-	-	-
Iola Group Claims	-	-	10,000
Silver King LTD Claims	-	-	10,000

Rescue Gold Mine Claims		11,760		-		-
Kimberly Gold Mine Claims		3,360		-		-
Shaft Claims		2,660		-		-
	$	35,420	$	11,126	$	20,000

NOTE 21: SUBSEQUENT EVENTS

Subsequent to September 30, 2009, the Company issued 3,160,000 shares of its common stock, generating net proceeds of $316,000. In connection with these private placements, the Company issued 3,160,000 warrants to purchase an equal number of shares of common stock at an exercise price of $0.20 per common share. These warrants are immediately exercisable and terminate on August 6, 2011 at 5:00 PM Pacific time.

Subsequent events have been evaluated through January 8, 2010, the date that the financial statements were available to be issued.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANICAL DISCLOSURE

None

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

In connection with the preparation of this annual report on Form 10-K, an evaluation was carried out by Shoshone Silver Mining Company s management, with the participation of the Chief Executive Officer and the Chief Financial Officer, of the effectiveness of the Company s disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 (Exchange Act)) as of September 30, 2009. Disclosure controls and procedures are designed to ensure that information required to be disclosed in reports filed or submitted under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the SEC rules and forms and that such information is accumulated and communicated to management, including the Chief Executive Officer and the Chief Financial Officer, to allow timely decisions regarding required disclosures.

Based on that evaluation, the Company s management concluded, as of the end of the period covered by this report, that the Company s disclosure controls and procedures were not effective in recording, processing, summarizing, and reporting information required to be disclosed, within the time periods specified in the Securities and Exchange Commission s rules and forms.

Management s Report on Internal Control Over Financial Reporting

Management of Shoshone Silver Mining Company is responsible for establishing and maintaining adequate internal control over financial reporting. The Company s internal control over financial reporting is a process, under the supervision of the Chief Executive Officer and the Chief Financial Officer, designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Company s financial statements for external purposes in accordance with United States generally accepted accounting principles (GAAP). Internal control over financial reporting 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 the Company s assets;
- Provide reasonable assurance that transactions are recorded as necessary to permit preparation of the financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures are being made only in accordance with authorizations of management and the Board of Directors; and
- Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

The Company s management conducted an assessment of the effectiveness of the Company s internal control over financial reporting as of September 30, 2009, based on criteria established in *Internal Control Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). As a result of this assessment, management identified a material weakness in internal control over financial reporting.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of the Company s annual or interim financial statements will not be prevented or detected on a timely basis.

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The material weakness identified is described below.

The Company has limited accounting personnel to prepare its financial statements. The insufficiency of accounting resources led to the identification by the auditors of required material adjustments to the Company s financial statements.

As a result of the material weakness in internal control over financial reporting described above, the Company s management has concluded that, as of September 30, 2009, the Company s internal control over financial reporting was not effective based on the criteria in Internal Control Integrated Framework issued by COSO.

This annual report does not include an attestation report of our independent registered public accounting firm regarding internal control over financial reporting. We were not required to have, nor have we, engaged our independent registered public accounting firm to perform an audit of internal control over financial reporting pursuant to the rules of the Securities and Exchange Commission that permit us to provide only management s report in this annual report.

Changes in Internal Control Over Financial Reporting

As of the end of the period covered by this report, there have been no changes in internal control over financial reporting (as defined in Rule 13a-15(f) of the Exchange Act) during the quarter ended September 30, 2009, that materially affected, or are reasonably likely to materially affect, the Company s internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

None.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

For information with respect to the executive officers and directors of the Registrant, See Item 4 Directors and Executive Officers at the end of Part I of this report.

ITEM 11. EXECUTIVE COMPENSATION

During the twelve-month period ended September 30, 2009, we paid our principal executive officer $40,267. No executive officers were paid in excess of $100,000.

During the twelve-month period ended September 30, 2009, three of our directors each received 5,000 shares of our common stock at a price of $0.11 as compensation for their service. One director received 10,000 shares of our common stock at a price of $0.10 as compensation for his service.

The Company has no stock option plans and has not issued any options or warrants to any of its employees or directors. The Company has no employment agreements with any of its officers.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The following table sets forth as of September 30, 2009, the common stock ownership of the directors, executive officers and each person known by us to be the beneficial owner of five percent or more of our common stock. The percentage of ownership is based on 34,303,887 shares of our common stock outstanding as of September 30, 2009.

Name and Address of Beneficial Owner	Number of Shares of Common Stock Beneficially Owned	Percentage of Shares
Lex Smith	85,000	0.25%
C/o Shoshone Silver Mining Company		
P.O. Box 2011		
Coeur d'Alene, ID 83816		
Carol Stephan	668,856	1.95%
C/o Shoshone Silver Mining Company		
P.O. Box 2011		
Coeur d'Alene, ID 83816		
Melanie Farrand	64,000	0.19%
C/o Shoshone Silver Mining Company		
P.O. Box 2011		
Coeur d'Alene, ID 83816		
Ed Lehman	10,000	0.03%
C/o Shoshone Silver Mining Company		
P.O. Box 2011		

Coeur d'Alene, ID 83816		
All officers and directors as a group (4 persons)	827,856	2.41%

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

During the previous two fiscal years there have been no transactions between us, or the Company s subsidiary on the one hand, and any officer, director or principal shareholder on the other.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The Company paid audit and review fees to BehlerMick PS of $54,298 during the twelve-month period ended September 30, 2009 and $48,435 during the nine-month period ended September 30, 2008.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

(A) Documents filed as part of this report are as follows:

1. Financial Statements.

See listing of financial statements included as part of this Form 10-K in Item 8 of Part II.

2. Financial Statement Schedules:

Financial statement schedules are omitted because they are not applicable or the required information is shown in the consolidated financial statements or notes thereto.

3. Exhibits:

The following list of exhibits includes exhibits submitted with this Form 10-K as filed with the SEC and those incorporated by reference to other filings.

2.1.1	Articles of Incorporation. (*)
2.1.2	Certificate of Amendment of Articles of Incorporation dated January 21, 1970 (*)
2.1.3	Certificate of Amendment of Articles of Incorporation dated November 17, 1969 (*)
2.1.4	Articles of Amendment to the Articles of Incorporation dated August 28, 1983 (*)
2.1.5	Articles of Amendment to the Articles of Incorporation dated May 15, 1998 (*)
2.2	Bylaws. (*)
10.1	Office Lease between the Company and Shoshone Business Center, Inc. dated November 1, 2004. ($)
10.2	Mining Lease and Agreement between the Company and Chester Mining Company, Inc. dated March 25, 2004. ($)
10.3	Martin Sutti declaration of conditional transfer of certain mining concessions dated May 12, 2004. ($)
10.4	Mining Lease and Agreement between the Company and Sterling Mining Company dated January 19, 2004 #
10.5	Bilbao Indemnity and Guarantee Agreement (&)
10.6	Bilbao Stock Purchase Agreement (&)
10.7	The Amending Agreement to the Stock Purchase Agreement and Indemnity and Guarantee Agreement (+)
10.8	Iola Corporation Lease and Option Agreement (+)
10.9	Silver King LTD Lease and Option Agreement (+)
31.1	Certification of Principal Executive Officer Pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934, as amended. (&)
31.2	Certification of Principal Financial Officer Pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934, as amended. (&)
32.1	Certification of the Principal Executive Officer Pursuant to 18 U.S.C. Section 1350. (+)
32.2	Certification of the Principal Financial Officer Pursuant to 18 U.S.C. Section 1350. (+)
99.1	Map of Lakeview Group (^)
99.2	Map of Shoshone Group and Bullion Group (^)
99.3	Map of Auxer Property (^)
99.4	Map of Lucky Joe Property (^)
99.5	Map of Regal Mine (^)
99.6	Map of Stillwater Extension Claims (^)
99.7	Map of Montgomery Mine (^)
99.8	Map of Arizona Gold Fields Claims (^)

99.9	Map of California Creek Property (^)
99.10	Map of Princeton Gulch Group (^)
99.11	Map of Cerro Colorado Group (^)
99.12	Map of Bilbao-Mexico Property (^)
99.13	Map of North Osburn Property (>)
99.14	Maps of Iola Group Claims Lease, Silver King LTD Lease, Rescue Gold Mine and Kimberly Gold Mine (+)

99.15	Map of Shaft Claims (+)

*	Incorporated by reference to the Company’s Registration Statement on Form 10-SB, filed with the Commission on February 15, 2001, File No. 000-31965.
$	Incorporated by reference to the Company s Annual Report on Form 10-KSB, filed with the Commission on August 3, 200
+	Filed herewith.
#	Incorporated by reference to the Company s Annual Report on Form 10-KSB, filed with the Commission on December 4, 2
^	Incorporated by reference to the Company s Annual Report on Form 10-KSB/A Amendment 1,filed with the Commission
>	Incorporated by reference to the Company s Annual Report on Form 10-K, filed with the Commission on April 14, 2008, F
&	Incorporated by reference to the Company s Annual Report on Form 10-K, filed with the Commission on January 13, 2009

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.

SHOSHONE SILVER MINING COMPANY

Dated: January 11, 2010   By: /s/ Lex Smith
Lex Smith
President and Principal Executive Officer

In accordance with the Exchange Act, this report has been signed by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By: /s/ Lex Smith
Lex Smith
President and Principal Executive Officer

By: /s/ Melanie Farrand
Melanie Farrand
Treasurer and Principal Financial Officer