

SILVERSTAR MINING CORP.
Form 10-Q
May 16, 2011

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2011

or

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

For the transition period from to

Commission File Number 333-140299

SILVERSTAR MINING CORP.

(Exact name of registrant as specified in its charter)

Nevada

98-0425627

(State or other jurisdiction of incorporation or organization)

(IRS Employer Identification No.)

350 East 82nd Street Suite 16D, New York, New York

10028

(Address of principal executive offices)

(Zip Code)

917.531.2856

(Registrant's telephone number, including area code)

N/A

(Former name, former address and former fiscal year, if changed since last report)

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

YES NO

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-K (§229.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

YES NO

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

Large accelerated filer

Accelerated
filer

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act

YES NO

APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY
PROCEEDINGS DURING THE PRECEDING FIVE YEARS

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Check whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Exchange Act after the distribution of securities under a plan confirmed by a court.

YES NO

APPLICABLE ONLY TO CORPORATE ISSUERS

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

Our company had 42,168,837 common shares issued and outstanding as of May 16, 2011.

Table of Contents

Part 1- Financial Information

| | |
|---|--------------|
| Financial Statements | Page 1 |
| Consolidated Financial Statements | Page 2 |
| Consolidated Balance Sheets | Page 3 |
| Consolidated Statements of Operations | Page 4 |
| Consolidated Statements of Cash Flows | Page 5 |
| Consolidated Statements of Changes in Stockholders' Equity (Deficiency) | Page 6 |
| Consolidated Statements of Changes in Stockholders' Equity (Deficiency) | Page 7 |
| Notes to Consolidated Financial Statements | Page 8 to 27 |

Part 2- Other Information

| | |
|---|---------|
| Item 1. Legal Proceedings | Page 28 |
| Item 1A. RISK FACTORS | Page 28 |
| Item 2. Unregistered Sales of Equity Securities and Use of Proceeds | Page 28 |
| Item 3. Defaults Upon Senior Securities | Page 28 |
| Item 4. [Removed and Reserved] | Page 28 |
| Item 5. Other Information | Page 28 |
| Item 6. Exhibits | Page 28 |
| SIGNATURES | Page 29 |
| EXHIBIT 31.1 | Page 30 |
| EXHIBIT 31.2 | Page 31 |
| EXHIBIT 32.1 | Page 32 |
| EXHIBIT 32.2 | Page 33 |

PART 1 – FINANCIAL INFORMATION

Item 1. Financial Statements.

Our unaudited interim consolidated financial statements for the six month period ended March 31, 2011 immediately follow and are an integral part of this quarterly report. They are stated in United States Dollars (US\$) and are prepared in accordance with United States Generally Accepted Accounting Principles.

1

Silverstar Mining Corp.
(A Development Stage Company)

Consolidated Financial Statements
(Expressed in U.S. Dollars)
(Unaudited)
31 March 2011

2

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

| | As at 31 March 2011 \$ | As at 30 September 2010 (Audited) \$ |
|---|---------------------------------|--|
| Assets | | |
| Current | | |
| Cash and cash equivalents | 921 | 1,907 |
| | 921 | 1,907 |
| Liabilities | | |
| Current | | |
| Accounts payable and accrued liabilities (Note 5) | 5,638 | 20,374 |
| Convertible debentures (Note 6) | 17,865 | 17,118 |
| Demand loan (Note 7) | 70,677 | 35,184 |
| Due to related parties (Note 8) | 9,370 | 22,500 |
| | 103,550 | 95,176 |
| Stockholders' deficiency | | |
| Capital stock (Note 10) | | |
| Authorized | | |
| 225,000,000 of common shares, par value \$0.001 | | |
| Issued and outstanding | | |
| 31 March 2011 – 42,168,837 common shares, par value \$0.001 | | |
| 30 September 2010 – 42,168,837 common shares, par value \$0.001 | 42,169 | 42,169 |
| Additional paid-in capital | 1,333,852 | 1,321,852 |
| Shares to be issued | 7,500 | 7,500 |
| Deficit, accumulated during the development stage | (1,486,150) | (1,464,790) |
| | (102,629) | (93,269) |
| | 921 | 1,907 |

Nature, Basis of Presentation and Continuance of Operations (Note 1), Commitment (Note 13) and Subsequent Event (Note 15)

“Neil Kleinman”
Neil Kleinman

Director

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

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

| | For the period from the date of incorporation on 5 December 2003 to 31 March 2011 \$ | For the three month period ended 31 March 2011 \$ | For the three month period ended 31 March 2010 \$ | For the six month period ended 31 March 2011 \$ | For the six month period ended 31 March 2010 \$ |
|---|--|--|--|---|---|
| Expenses | | | | | |
| Bank charges and interest (Notes 6, 7 and 12) | 34,065 | 1,874 | 1,247 | 3,273 | 2,950 |
| Consulting | 138,467 | - | - | - | - |
| Exploration and development (recovery) (Note 4) | 13,029 | - | (600) | - | (600) |
| Filing fees | 17,200 | - | 1,250 | - | 1,928 |
| Investor relations | 84,992 | - | - | - | - |
| Legal and accounting (recovery) (Note 9) | 197,654 | (1,241) | 13,204 | 3,059 | 18,950 |
| Licences and permits | 3,416 | - | - | - | - |
| Management fees (Notes 9, 10 and 12) | 94,000 | 4,500 | 4,500 | 9,000 | 9,000 |
| Rent (Notes 9, 10 and 12) | 35,700 | 1,500 | 1,500 | 3,000 | 3,000 |
| Transfer agent fees | 22,783 | 1,625 | 682 | 2,530 | 1,507 |
| Travel, entertainment and office | 26,548 | 498 | 2,865 | 498 | 2,539 |
| Write-down of mineral property acquisition costs (Note 4) | 811,696 | - | - | - | - |
| Write-down of website development costs | 6,600 | - | - | - | - |
| Recovery of expenses | - | - | - | - | - |
| Net loss for the period | (1,486,150) | (8,756) | (24,648) | (21,360) | (39,274) |
| Basic and diluted loss per common share | | (0.001) | (0.001) | (0.001) | (0.001) |
| Weighted average number of common shares used in per share calculation | | 42,168,837 | 42,168,837 | 42,168,837 | 42,168,837 |

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

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

| | For the period from the date of inception on 5 December 2003 to 31 March 2011 \$ | For the three month period ended 31 March 2011 \$ | For the three month period ended 31 March 2010 \$ | For the six month period ended 31 March 2011 \$ | For the six month period ended 31 March 2010 \$ |
|--|---|--|--|---|---|
| Cash flows used in operating activities | | | | | |
| Net loss for the period | (1,486,150) | (8,756) | (24,648) | (21,360) | (39,274) |
| Adjustments to reconcile loss to net cash used by operating activities | | | | | |
| Accrued interest (Notes 6 and 7) | 30,359 | 1,808 | 1,111 | 3,057 | 1,834 |
| Contributions to capital by related parties (Notes 9 and 10) | 161,500 | 6,000 | 6,000 | 12,000 | 12,000 |
| Write-down of mineral property acquisition costs (Note 4) | 811,696 | - | - | - | - |
| Write-down of website development costs | 6,600 | - | - | - | - |
| Changes in operating assets and liabilities | | | | | |
| Increase (decrease) in accounts payable and accrued liabilities | 5,638 | (2,738) | 1,860 | (14,736) | (4,462) |
| Increase (decrease) in due to related parties | 9,370 | (13,210) | 6,500 | (13,130) | (1,000) |
| | (460,987) | (16,896) | (9,177) | (34,169) | (30,902) |
| Cash flows used investing activities | | | | | |
| Acquisition of Silverdale, net of cash received (Note 3) | (140,221) | - | - | - | - |
| Mineral property acquisition costs (Note 4) | (21,375) | - | - | - | - |
| Website development costs | (6,600) | - | - | - | - |
| | (168,196) | - | - | - | - |
| Cash flows from financing activities | | | | | |
| Convertible debenture | 15,000 | - | - | - | - |
| Demand loan | 65,683 | 16,000 | - | 33,183 | 30,000 |
| Shares to be issued (Note 11) | - | - | - | - | - |
| Share issue costs | (1,255) | - | - | - | - |
| | 550,677 | - | - | - | - |

| | | | | | |
|---|---------|--------|---------|--------|--------|
| Common shares issued for cash (Note 11) | | | | | |
| Common shares redeemed (Note 11) | (1) | - | - | - | - |
| | 630,104 | 16,000 | - | 33,183 | 30,000 |
| Increase (decrease) in cash and cash equivalents | 921 | (896) | (9,177) | (986) | (902) |
| Cash and cash equivalents, beginning of period | - | 1,817 | 9,288 | 1,907 | 1,013 |
| Cash and cash equivalents, end of period | 921 | 921 | 111 | 921 | 111 |

Supplemental Disclosures with Respect to Cash Flows (Note 12)

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

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

| | Number of shares issued | Capital stock \$ | Shares to be issued / Additional paid in capital \$ | Deficit, accumulated during the development stage equity (deficiency) \$ | Stockholders' equity (deficiency) \$ |
|--|----------------------------|---------------------|--|--|--|
| Balance at 5 December 2003 (inception) | - | - | - | - | - |
| Common share issued for cash (\$0.33 per share) (Note 10) | 3 | - | 1 | - | 1 |
| Net loss for the period | - | - | - | (450) | (450) |
| Balance at 30 September 2004 | 3 | - | 1 | (450) | (449) |
| Net loss for the year | - | - | - | (300) | (300) |
| Balance at 30 September 2005 | 3 | - | 1 | (750) | (749) |
| Common shares issued for cash (\$0.0003 per share) (Note 10) | 30,000,000 | 30,000 | (20,000) | - | 10,000 |
| Common shares redeemed – cash (\$0.33 per share) (Note 10) | (3) | - | (1) | - | (1) |
| Contributions to capital by related parties – expenses (Notes 9, 10 and 12) | - | - | 24,000 | - | 24,000 |
| Net loss for the year | - | - | - | (40,190) | (40,190) |
| Balance at 30 September 2006 | 30,000,000 | 30,000 | 4,000 | (40,940) | (6,940) |
| Contributions to capital by related parties – expenses (Notes 10, 11 and 13) | - | - | 24,000 | - | 24,000 |
| Common shares issued for cash (\$0.0033 per share) (Note 10) | 25,500,000 | 25,500 | 59,500 | - | 85,000 |
| Net loss for the year | - | - | - | (64,567) | (64,567) |
| Balance at 30 September 2007 | 55,500,000 | 55,500 | 87,500 | (105,507) | 37,493 |
| Contributions to capital by related parties – expenses (Notes 9, 10 and 12) | - | - | 12,000 | - | 12,000 |
| Share subscriptions received in advance | - | - | 422,176 | - | 422,176 |
| Share issue costs | - | - | (1,255) | - | (1,255) |
| Common shares issued for business acquisition (\$0.15 per share) (Notes 3, 4 and 10) | 4,334,000 (15,000,000) | 4,334 (15,000) | 645,766 15,000 | - - | 650,100 - |

Common shares returned to
treasury and cancelled (Notes
10)

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

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

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

| | Number of shares issued | Capital Stock \$ | Shares to be issued / Additional paid in capital \$ | Deficit, accumulated during the development stage \$ | Stockholders' equity (deficiency) \$ |
|---|----------------------------|---------------------|---|---|---|
| Balance at 30 September 2008 | 44,834,000 | 44,834 | 1,181,187 | (369,103) | 856,918 |
| Contributions to capital by related parties – expenses (Notes 9, 10 and 12) | - | - | 65,500 | - | 65,500 |
| Share subscriptions received in advance | - | - | (422,176) | - | (422,176) |
| Common shares issued for cash (\$0.25 per share) (Note 10) | 950,000 | 950 | 236,550 | - | 237,500 |
| Common shares issued for cash (\$0.45 per share) (Note 11) | 484,837 | 485 | 217,691 | - | 218,176 |
| Common shares returned to treasury and cancelled (Notes 10 and 11) | (4,100,000) | (4,100) | 4,100 | - | - |
| Intrinsic value of beneficial conversion feature (Note 10) | - | - | 15,000 | - | 15,000 |
| Net loss for the year | - | - | - | (1,010,522) | (1,010,522) |
| Balance at 30 September 2009 | 42,168,837 | 42,169 | 1,297,852 | (1,379,625) | (39,604) |
| Contributions to capital by related parties – expense (Notes 9, 10 and 12) | - | - | 24,000 | - | 24,000 |
| Shares to be issued | - | - | 7,500 | - | 7,500 |
| Net loss for the year | - | - | - | (85,165) | (85,165) |
| Balance at 30 September 2010 | 42,168,837 | 42,169 | 1,329,352 | (1,464,790) | (93,269) |
| Contributions to capital by related parties – expenses (Notes 9, 10 and 12) | - | - | 12,000 | - | 12,000 |
| Net loss for the period | - | - | - | (21,360) | (21,360) |
| | 42,168,837 | 42,169 | 1,341,352 | (1,486,150) | (102,629) |

Balance at 31 March 2011

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

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7

Silverstar Mining Corp.
(A Development Stage Company)
Notes to Consolidated Financial Statements
(Expressed in U.S. Dollars)
(Unaudited)
31 March 2011

1. Nature, Basis of Presentation and Continuance of Operations

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

The accompanying consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, Silverdale Mining Corp. (“Silverdale”) from 24 July 2008, the date of acquisition.

The Company is a development stage enterprise, as defined in Accounting Standards Codification (the “Codification” or “ASC”) 915-10, “Development Stage Entities”. The Company is devoting all of its present efforts in securing and establishing a new business, and its planned principle operations have not commenced, and, accordingly, no revenue has been derived during the organization period.

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

These consolidated financial statements as at 31 March 2011 and for the six month period then ended have been prepared on a going concern basis, which contemplates the realization of assets and the settlement of liabilities and commitments in the normal course of business. The Company has a loss of \$21,360 (2010 - \$39,274, cumulative - \$1,486,150) and has working capital deficit of \$102,629 at 31 March 2011 (30 September 2010 - \$93,269).

Management cannot provide assurance that the Company will ultimately achieve profitable operations or become cash flow positive, or raise additional debt and/or equity capital. Management believes that the Company’s capital resources should be adequate to continue operating and maintaining its business strategy during the fiscal year ending 30 September 2011. However, if the Company is unable to raise additional capital in the near future, due to the Company’s liquidity problems, management expects that the Company will need to curtail operations, liquidate assets, seek additional capital on less favourable terms and/or pursue other remedial measures. These consolidated financial statements do not include any adjustments related to the recoverability and classification of assets or the amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

At 31 March 2011, the Company had suffered losses from development stage activities to date. Although management is currently attempting to implement its business plan, and is seeking additional sources of equity or debt financing, there is no assurance these activities will be successful. Accordingly, the Company must rely on its president to perform essential functions without compensation until a business operation can be commenced. These factors raise substantial doubt about the ability of the Company to continue as a going concern. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Silverstar Mining Corp.
(A Development Stage Company)
Notes to Consolidated Financial Statements
(Expressed in U.S. Dollars)
(Unaudited)
31 March 2011

2. Significant Accounting Policies

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

Principles of consolidation

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

Cash and cash equivalents

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

Mineral property costs

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

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

Mineral property exploration costs are expensed as incurred.

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

As of the date of these consolidated financial statements, the Company has not established any proven or probable reserves on its mineral properties and incurred only acquisition and exploration costs (Note 4).

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

Silverstar Mining Corp.
(A Development Stage Company)
Notes to Consolidated Financial Statements
(Expressed in U.S. Dollars)
(Unaudited)
31 March 2011

Reclamation costs

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

Long-lived assets

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

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

Derivative financial instruments

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

Income taxes

Deferred income taxes are reported for timing differences between items of income or expense reported in the financial statements and those reported for income tax purposes in accordance with ASC 740, "Income Taxes", which requires the use of the asset/liability method of accounting for income taxes. Deferred income taxes and tax benefits are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases, and for tax losses and credit carry-forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The Company provides for deferred taxes for the estimated future tax effects attributable to temporary differences and carry-forwards when realization is more likely than not.

Basic and diluted net loss per share

The Company computes net income (loss) per share in accordance with ASC 260, "Earnings per Share". ASC 260 requires presentation of both basic and diluted earnings per share ("EPS") on the face of the income statement. Basic EPS is computed by dividing net income (loss) available to common shareholders (numerator) by the weighted average number of shares outstanding (denominator) during the period. Diluted EPS gives effect to all dilutive potential common shares outstanding during the period using the treasury stock method and convertible preferred stock using the if-converted method. In computing diluted EPS, the average stock price for the period is used in determining the number of shares assumed to be purchased from the exercise of stock options or warrants. Diluted EPS excluded all dilutive potential shares if their effect is anti-dilutive.

Comprehensive loss

ASC 220, "Comprehensive Income", establishes standards for the reporting and display of comprehensive loss and its components in the financial statements. As at 31 March 2011, the Company has no items that represent a comprehensive loss and, therefore, has not included a schedule of comprehensive loss in the consolidated financial statements.

Segments of an enterprise and related information

ASC 280, "Segment Reporting" establishes guidance for the way that public companies report information about operating segments in annual financial statements and requires reporting of selected information about operating segments in interim financial statements issued to the public. It also establishes standards for disclosures regarding products and services, geographic areas and major customers. ASC 280 defines operating segments as components of a company about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. The Company has evaluated this Codification and does not believe it is applicable at this time.

Start-up expenses

The Company has adopted ASC 720-15, "Start-Up Costs", which requires that costs associated with start-up activities be expensed as incurred. Accordingly, start-up costs associated with the Company's formation have been included in the Company's general and administrative expenses for the period from the date of inception on 5 December 2003 to 31 March 2011.

Silverstar Mining Corp.
(A Development Stage Company)
Notes to Consolidated Financial Statements
(Expressed in U.S. Dollars)
(Unaudited)
31 March 2011

Foreign currency translation

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

Use of estimates

The preparation of financial statements in conformity with United States Generally Accepted Accounting Principle ("U.S. GAAP") requires management to make estimates and assumptions that affect the amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from these estimates.

Comparative figures

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

Changes in accounting policies

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

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

Silverstar Mining Corp.
(A Development Stage Company)
Notes to Consolidated Financial Statements
(Expressed in U.S. Dollars)
(Unaudited)
31 March 2011

3. Acquisition

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

On 24 July 2008, the Company acquired Silverdale. The aggregate consideration paid by the Company was \$791,860 of which \$141,760 was paid in cash, and the Company issued 4,334,000 common shares of the Company valued at \$650,100 to acquire 100% of the issued and outstanding common shares of Silverdale (Notes 10 and 12). Silverdale was acquired pursuant to a Stock Exchange Agreement with Silverdale and the former shareholders of Silverdale dated 13 June 2008. The acquisition of Silverdale expanded the Company's business of acquiring and exploring mineral properties.

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

The purchase price allocation has been determined as follows:

| | |
|----------------------------|---------|
| \$ | |
| Assets purchased: | |
| Mineral property interests | 790,321 |
| Total assets acquired | 791,860 |
| Purchase price | 791,860 |

Silverstar Mining Corp.
(A Development Stage Company)
Notes to Consolidated Financial Statements
(Expressed in U.S. Dollars)
(Unaudited)
31 March 2011

4. Mineral Property Costs

Rose Prospect Lode Mining Claim

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

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

The Company had no expenditures related to the Rose Prospect Lode Mining Claim property for the six month periods ended 31 March 2011 and 2010.

Pinehurst Properties

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

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

The Company has no expenditures related to the Pinehurst Properties for the six month periods ended 31 March 2011 and 2010.

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

14

Silverstar Mining Corp.
(A Development Stage Company)
Notes to Consolidated Financial Statements
(Expressed in U.S. Dollars)
(Unaudited)
31 March 2011

Silver Strand Properties

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

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

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

The Company has no expenditures related to the Silver Strand Properties for the six month periods ended 31 March 2011 and 2010.

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

Cobalt Canyon Gold Project

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

The Company had no expenditures related to the Cobalt Canyon Gold Project for the six month periods ended 31 March 2011 and 2010.

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

5. Accounts Payable and Accrued Liabilities

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

Silverstar Mining Corp.
(A Development Stage Company)
Notes to Consolidated Financial Statements
(Expressed in U.S. Dollars)
(Unaudited)
31 March 2011

6. Convertible Debentures

| | As at 31 March 2011 \$ | As at 30 September 2010 (Audited) \$ |
|--|---------------------------------|--|
| Three convertible debentures issued to three unrelated parties bearing interest at a rate of 10% per annum on any unpaid principle balances, unsecured, and having no fixed terms of repayment. The holders of the convertible debentures have the right to convert any portion of the unpaid principle and/or accrued interest into restricted common shares of the Company at any time within thirty-six months from the issue date on the basis of \$0.0025 per common share for each dollar of principle and/or interest due and payable. The Company may repay principal amounts due at any time without premium or penalty. During the six month period ended 31 March 2011, the Company accrued interest expense of \$747 (2010 – \$749) (Note 12). The balance as at 31 March 2011 consists of principal of \$15,000 (30 September 2010 – \$15,000) and accrued interest of \$2,865 (30 September 2010 – \$2,118), respectively. | 17,865 | 17,118 |

7. Demand Loan

| | As at 31 March 2011 \$ | As at 30 September 2010 (Audited) \$ |
|---|---------------------------------|--|
| During the year ended 30 September 2010, the Company accepted a demand loan from an unrelated party bearing interest at a rate of 10% per annum on any unpaid principle balances. The demand loan is unsecured and has no fixed terms of repayment. The Company may repay principal amounts due at any time without premium or penalty. In addition, the Company will issue 250,000 common shares in the Company upon repayment of the loan (Notes 10, 12 and | 34,085 | 32,589 |

13). During the six month period ended 31 March 2011, the Company accrued interest expense of \$1,496 (2010 – \$1,085) (Note 12). The balance as at 31 March 2011 consists of principal of \$30,000 (30 September 2010 – \$30,000) and accrued interest of \$4,085 (30 September 2010 – \$2,589).

| | As at 30 September 2010 (Audited) |
|---------------------------|--|
| As at 31 March 2011 | \$ |

During the year ended 30 September 2010, the Company accepted a demand loan in the amount of \$2,500 from a former director and officer of the Company bearing interest at a rate of 10% per annum on any unpaid principal balance. The demand loan is unsecured and has no fixed terms of repayment. The Company may repay principal amounts due at any time without premium or penalty. During the six month period ended 31 March 2011, the Company accrued interest expense of \$125 (2010 – \$Nil) (Note 12). The balance as at 31 March 2011 consists of principal of \$2,500 (30 September 2010 – \$2,500) and accrued interest of \$220 (30 September 2010 – \$95).

| | |
|-------|-------|
| 2,720 | 2,595 |
|-------|-------|

During the six month period ended 31 March 2011, the Company accepted a demand loan from a shareholder bearing interest at a rate of 9% per annum on any unpaid principle balances. The demand loan is unsecured and has no fixed terms of repayment. The Company may repay principal amounts due at any time without premium or penalty. During the six month period ended 31 March 2011, the Company accrued interest expense of \$433 (2010 – \$Nil) (Note 12). The balance as at 31 March 2011 consists of principal of \$17,183 (30 September 2010 – \$Nil) and accrued interest of \$433 (30 September 2010 – \$Nil).

| | |
|--------|---|
| 17,616 | - |
|--------|---|

During the six month period ended 31 March 2011, the Company accepted a demand loan from a shareholder bearing interest at a rate of 9% per annum on any unpaid principle balances. The demand loan is unsecured and has no fixed terms of repayment. The Company may repay principal amounts due at any time without premium or penalty. During the six month period ended 31 March 2011, the Company accrued interest expense of \$256 (2010 – \$Nil) (Note 12). The balance as at 31 March 2011 consists of principal of \$16,000 (30 September 2010 – \$Nil) and accrued interest of \$256 (30 September 2010 – \$Nil).

| | |
|--------|---|
| 16,256 | - |
|--------|---|

70,677

35,184

Silverstar Mining Corp.
(A Development Stage Company)
Notes to Consolidated Financial Statements
(Expressed in U.S. Dollars)
(Unaudited)
31 March 2011

8. Due to Related Parties

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

Amounts due to related parties include an amount payable to a company controlled by a shareholder of the Company for accounting services in the amount of \$9,290 (30 September 2010 - \$22,500). The balance is non-interest bearing, unsecured and has no fixed terms of repayment.

Amounts due to related parties include an amount payable to a shareholder of the Company for corporate expenses in the amount of \$80 (30 September 2010 - \$Nil). The balance is non-interest bearing, unsecured and has no fixed terms of repayment.

9. Related Party Transactions

During the six month period ended 31 March 2011, the Company paid or accrued \$Nil to a company related to the Company by way of a shareholder in common for accounting services (2010 - \$13,500).

During the six month period ended 31 March 2011, an officer and director of the Company made contributions to capital for management fees in the amount of \$9,000 (2010 - \$9,000) and rent in the amount of \$3,000 (2010 - \$3,000) (Notes 10 and 12).

10. Capital Stock

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

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

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

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

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

Silverstar Mining Corp.
(A Development Stage Company)
Notes to Consolidated Financial Statements
(Expressed in U.S. Dollars)
(Unaudited)
31 March 2011

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

On 24 July 2008, the Company issued 4,334,000 common shares of the Company valued at \$650,100 to acquire 100% of the issued and outstanding common shares of Silverdale (Note 12).

On 30 September 2008, a former director and officer of the Company returned to treasury 15,000,000 common shares of the Company for proceeds of \$Nil. These shares were cancelled during the year ended 30 September 2008 (Note 12).

On 10 October 2008, the Company completed a public offering of securities pursuant to an exemption provided by Rule 504 of Regulation D, registered in the State of Nevada, and issued 950,000 common shares for total cash proceeds of \$237,500. On 24 July 2008, the Company issued 1,000,000 common shares related to this public offering of securities in error. A total of 500,000 of these common shares were returned to treasury and cancelled. A total of 500,000 of these common shares remain outstanding and the Company is in the process of obtaining these common shares for return to treasury and cancellation. The Company has placed a trading restriction on these common shares pending their receipts to treasury and cancellation and has excluded them from total number of common shares reported as issued and outstanding at 30 September 2010.

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

During the year ended 30 September 2009, former directors and officers of the Company returned to treasury 4,100,000 common shares of the Company for proceeds of \$Nil. These shares were cancelled during the year ended 30 September 2009 (Note 12).

During the year ended 30 September 2009, former officer of the Company forgave loans to the Company totaling \$39,000. This loan forgiveness has been recorded as contributions to capital (Note 12).

During the year ended 30 September 2010, an officer and director of the Company made contributions to capital for management fees in the amount of \$18,000 (2009 - \$22,000) and rent in the amount of \$6,000 (2009 - \$4,500) (Note 12).

During the six month period ended 31 March 2011, an officer and director of the Company made contributions to capital for management fees in the amount of \$9,000 (2010 - \$9,000) and rent in the amount of \$3,000 (2010 - \$3,000) (Notes 9 and 12).

Silverstar Mining Corp.
(A Development Stage Company)
Notes to Consolidated Financial Statements
(Expressed in U.S. Dollars)
(Unaudited)
31 March 2011

Shares to be issued

During the year ended 30 September 2010, the Company accepted a demand loan from an unrelated party, in which the Company will issue 250,000 common shares in the Company upon repayment of the loan. The Company accrued interest expense of \$7,500 related to the value of 250,000 common shares to be issued (Notes 7, 12 and 13).

11. Income Taxes

The Company has losses carried forward for income tax purposes to 31 March 2011. There are no current or deferred tax expenses for the six month period ended 31 March 2011 due to the Company's loss position. The Company has fully reserved for any benefits of these losses. The deferred tax consequences of temporary differences in reporting items for financial statement and income tax purposes are recognized, as appropriate. Realization of the future tax benefits related to the deferred tax assets is dependent on many factors, including the Company's ability to generate taxable income within the net operating loss carryforward period. Management has considered these factors in reaching its conclusion as to the valuation allowance for financial reporting purposes.

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

| | For the six month period ended 31 March 2011 \$ | For the six month period ended 31 March 2010 \$ |
|---|---|---|
| Deferred tax asset attributable to: | | |
| Current operations | 7,262 | 13,353 |
| Contributions to capital by related parties | (4,080) | (4,080) |
| Less: Change in valuation allowance | (3,182) | (9,273) |
| Net refundable amount | - | - |

Silverstar Mining Corp.
(A Development Stage Company)
Notes to Consolidated Financial Statements
(Expressed in U.S. Dollars)
(Unaudited)
31 March 2011

The composition of the Company's deferred tax assets as at 31 March 2011 and 30 September 2010 are as follows:

| | As at 31 March 2011 \$ | As at 30 September 2010 (Audited) \$ |
|--|------------------------------|---|
| Income tax operating loss carryforward | 1,474,150 | 1,464,790 |
| Statutory federal income tax rate | 34% | 34% |
| Other reconciling items, net | -21.68% | -21.81% |
| Effective income tax rate | 0% | 0% |
| Deferred tax assets | 181,671 | 178,489 |
| Less: Valuation allowance | (181,671) | (178,489) |
| Net deferred tax asset | - | - |

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

As at 31 March 2011, the Company has an unused net operating loss carry-forward balance of approximately \$534,329 that is available to offset future taxable income. This unused net operating loss carry-forward balance expires between 2024 and 2031.

12. Supplemental Disclosures with Respect to Cash Flows

| | For the period from the date of inception on 5 December 2003 to 31 March 2011 \$ | For the six month period ended 31 March 2011 \$ | For the six month period ended 31 March 2010 \$ |
|--|--|--|--|
| Cash paid during the year for interest | - | - | - |
| Cash paid during the year for income taxes | - | - | - |

On 24 July 2008, the Company issued 4,334,000 common shares of the Company valued at \$650,100 to acquire 100% of the issued and outstanding common shares of Silverdale (Notes 3 and 10).

Silverstar Mining Corp.
(A Development Stage Company)
Notes to Consolidated Financial Statements
(Expressed in U.S. Dollars)
(Unaudited)
31 March 2011

On 30 September 2008, a former director and officer of the Company returned to treasury 15,000,000 common shares of the Company for proceeds of \$Nil. These shares were cancelled during the year ended 30 September 2008 (Note 10).

On 30 September 2009, a former directors and officers of the Company returned to treasury 4,100,000 common shares of the Company for proceeds of \$Nil. These shares were cancelled during the year ended 30 September 2009 (Note 10).

During the year ended 30 September 2010, a former officer of the Company made contributions to capital by forgiving a loan in the amount of \$Nil (2009 - \$39,000) (Note 10).

During the year ended 30 September 2010, an officer and director of the Company made contributions to capital for management fees in the amount of \$18,000 (2009 - \$22,000) and rent in the amount of \$6,000 (2009 - \$4,500) (Note 10).

During the year ended 30 September 2010, the Company accrued interest of \$1,502 (2009 - \$15,616, of which \$15,000 is related to amortization of debt discount) related to the convertible debentures.

During the year ended 30 September 2010, the Company accrued interest of \$10,184 (2009 - \$Nil) related to the demand loans, of which \$7,500 is related to the 250,000 common shares to be issued (Notes 7, 10 and 13).

During the six month period ended 31 March 2011, the Company accrued interest of \$3,057 related to the convertible debentures and a demand loan (Notes 6 and 7).

During the six month period ended 31 March 2011, an officer and director of the Company made contributions to capital for management fees in the amount of \$9,000 (2010 - \$9,000) and rent in the amount of \$3,000 (2010 - \$3,000) (Notes 9 and 10).

13. Commitment

As at 31 March 2011, the Company is committed to issue 250,000 common shares of the Company upon repayment of a demand loan (Notes 7, 10 and 12).

Silverstar Mining Corp.
 (A Development Stage Company)
 Notes to Consolidated Financial Statements
 (Expressed in U.S. Dollars)
 (Unaudited)
 31 March 2011

14. Financial Instruments

The carrying value of financial assets and liabilities as at 31 March 2011 and 30 September 2010 are as follows:

| | As at 31 March 2011 | As at 30 September 2010 (Audited) |
|---|------------------------|--|
| | \$ | \$ |
| Financial Assets | | |
| Held-for-trading, measured at fair value | | |
| Cash and cash equivalents | 921 | 1,907 |
| Financial Liabilities | | |
| Other liabilities, measured at amortized cost | | |
| Accounts payable and accrued liabilities | 5,638 | 20,374 |
| Convertible debentures | 17,865 | 17,118 |
| Demand loans | 70,677 | 35,184 |
| Due to related parties | 9,370 | 22,500 |

The carrying value of cash and cash equivalents, accounts payable, convertible debentures, demand loans and due to related parties approximates their fair value because of the short maturity of these instruments.

Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from its financial instruments.

The Company manages liquidity risk by continuously monitoring actual and projected cash flows and matching the maturity profile of financial assets and liabilities. The Company may encounter difficulties in meeting obligations associated with its financial liabilities.

15. Subsequent Event

There are no subsequent events for the period from the six month period ended 31 March 2011 to the date the consolidated financial statements are available to be issued on 11 May 2011.

Silverstar Mining Corp.
(A Development Stage Company)
Notes to Consolidated Financial Statements
(Expressed in U.S. Dollars)
(Unaudited)
31 March 2011

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

Forward-Looking Statements

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

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

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

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

Corporate History

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

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

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

Silverstar Mining Corp.
(A Development Stage Company)
Notes to Consolidated Financial Statements
(Expressed in U.S. Dollars)
(Unaudited)
31 March 2011

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

On March 31, 2008, we entered into a joint venture agreement with New Jersey Mining Co. to acquire a 50% interest in the Silver Strand silver mine located in the Coeur d'Alene Mining District. We were unable to close the joint venture agreement as expected before September 30, 2008. The Company is in default under the terms of the option agreement, and does not have any short term prospects for raising the funds needed to complete these projects and has written off its deferred mineral property costs related to the project.

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

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

On September 8, 2008, we entered into a letter of intent with Gold Canyon Partners, LLP pursuant to which we have agreed to purchase a 100% interest in a mining property commonly known as the Cobalt Canyon Gold Project, in the Chief District, located in Lincoln County, Nevada. The acquisition contemplated by the letter of intent is subject to the fulfillment of certain conditions precedent, due diligence and the negotiation of a definitive agreement. We have chosen not to complete the agreement and have forfeited the \$15,000 initial payment.

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

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

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

In October 2010, Mr. Lawrence Siccia, a former president, chief executive officer, secretary, treasurer and director of our company, transferred 5,000,000 restricted shares of our common stock to Mr. Neil Kleinman, our current

president, chief executive officer and director. Mr. Kleinman purchased the shares from personal funds in the amount of \$2,500.

Silverstar Mining Corp.
(A Development Stage Company)
Notes to Consolidated Financial Statements
(Expressed in U.S. Dollars)
(Unaudited)
31 March 2011

Plan of Operation

We currently have no operations.

Since we no longer have operations, our focus will be to effect a merger, exchange of capital stock, asset acquisition or other similar business combination (a "Business Combination") with an operating or development stage business (the "Target Business") which desires to utilize our status as a reporting corporation under the Securities Exchange Act of 1934 ("Exchange Act"). We intend to seek potential business opportunities and effectuate a Business Combination with a Target Business with significant growth potential which, in the opinion of our management, could provide a profit to both the Company and our shareholders. We intend to seek opportunities demonstrating the potential of long term growth as opposed to short term earnings. Our efforts in identifying a prospective Target Business are expected to emphasize businesses primarily located in the United States; however, we reserve the right to acquire a Target Business located elsewhere. While we may, under certain circumstances, seek to effect Business Combinations with more than one Target Business, as a result of our limited resources, we will, in all likelihood, have the ability to effect only a single Business Combination. We may effect a Business Combination with a Target Business which may be financially unstable or in its early stages of development or growth. The Company's expertise is in the mining sector and the focus will most likely remain concentrate in the mining sector. However, we will not restrict our search to the mining industry, any specific business, industry or geographical location, and we may participate in a business venture of virtually any kind or nature. Our management may become involved in management of the Target Business and/or may hire qualified but as yet unidentified individuals to manage such Target Business. Presently, we have no plans, proposals, agreements, understandings or arrangements to acquire any asset or merge with any specific business or company, and we have not identified any specific business or company for investigation and evaluation.

"Shell" Corporation

We were previously a developmental stage company with limited operations. Currently, we have virtually no business operations and expect to conduct none in the future, other than our efforts to effectuate a Business Combination. As a result we can be characterized as a "shell" corporation. As a shell corporation, we face special risks inherent in the investigation, acquisition, or involvement in a new business opportunity. We face all of the unforeseen costs, expenses, problems, and difficulties related to such companies. We are dependent upon our management to effectuate a Business Combination. Assuming management is successful in identifying a Business Combination, it is unlikely our shareholders will have an opportunity to evaluate the specific merits or risks of any one or more Business combinations and will have no control over the decision making relating to such.

Due to our limited capital resources, the consummation of a Business Combination will likely involve the acquisition of, or merger or consolidation with, a company that does not need substantial additional capital but which desires to establish a public trading market for our shares, while avoiding what it might deem to be the adverse consequences of undertaking a public offering itself, such as the time delays and significant expenses incurred to comply with the various federal and state securities laws that regulate initial public offerings. A Target Business might desire, among other reasons, to create a public market for their shares in order to enhance liquidity for current shareholders, facilitate raising capital through the public sale of securities of which a prior existence of a public market for our securities

exists, and/or acquire additional assets through the issuance of securities rather than for cash.

We cannot estimate the time that it will take to effectuate a Business Combination. It could be time consuming; possibly in excess of many months. Additionally, no assurance can be made that we will be able to effectuate a Business Combination on favorable terms. We might identify and effectuate a Business Combination with a Target Business which proves to be unsuccessful for any number of reasons, many of which are due to the fact that the Target Business is not identified at this time. If this occurs, the Company and our shareholders might not realize any type of profit.

Unspecified Industry and Target Business

We will not limit our search to companies engaged in mining. Rather, we will seek to acquire a Target Business without limiting ourselves to a particular industry. Most likely, the Target Business will be primarily located in the United States, although we reserve the right to acquire a Target Business located outside the United States. In seeking a Target Business, we will consider, without limitation, businesses which (i) offer or provide services or develop, manufacture or distribute goods in the United States or abroad, including, without limitation, in the following areas: mining, internet services, real estate, health care and health products, educational services, environmental services, consumer-related products and services (including amusement, entertainment and/or recreational services), personal care services, voice and data information processing and transmission and related technology development (ii) is engaged in wholesale or retail distribution or (iii) is engaged in manufacturing, construction, alternative energy production, mining or exploration operations. To date, we have not selected any particular industry or any Target Business in which to concentrate our Business Combination efforts. Accordingly, we are only able to make general disclosures concerning the risks and hazards of effectuating a Business Combination with a Target Business since there is presently no current basis for us to evaluate the possible merits or risks of the Target Business or the particular industry in which we may ultimately operate.

To the extent that we effect a Business Combination with a financially unstable company or an entity in its early stage of development or growth (including entities without established records of sales or earnings), we will become subject to numerous risks inherent in the business and operations of financially unstable and early stage or potential emerging growth companies. In addition, to the extent that we effect a Business Combination with a Target Business in an industry characterized by a high level of risk, we will become subject to the currently unascertainable risks of that industry. An extremely high level of risk frequently characterizes certain industries which experience rapid growth. Although management will endeavor to evaluate the risks inherent in a particular industry or Target Business, there can be no assurances that we will properly ascertain or assess all significant risk factors. Rose

Purchase of Significant Equipment

We do not intend to purchase any significant equipment over the six month period ending March 31, 2011.

Off-Balance Sheet Arrangements

As of March 31, 2011, our company had no off-balance sheet arrangements, including any outstanding derivative financial statements, off-balance sheet guarantees, interest rate swap transactions or foreign currency contracts. Our company does not engage in trading activities involving non-exchange traded contracts.

Employees

Neil Kleinman is our sole officer, director and employee.

Silverstar Mining Corp.
(A Development Stage Company)
Notes to Consolidated Financial Statements
(Expressed in U.S. Dollars)
(Unaudited)
31 March 2011

Results of Operations for the Three and Six Months Ended March 31, 2011 and March 31, 2010.

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

Until we can identify an acquisition candidate or acquire assets, we have attempted to minimize our expenses. The single largest expense items are attributable to legal and accounting fees incurred in connection with our reporting obligations under the Securities Exchange Act.

For the three and six months ended March 31, 2011 with respect to legal and accounting fees, we had a credit balance of \$1,241 and paid \$3,059 as compared to \$13,204 and \$18,950 for the three and six months ended March 31, 2010. Legal and accounting fees since December 5, 2003 ("Inception") totaled \$197,654.

For the three months ended March 31, 2011 our only other significant line item expenses were \$1,874 in bank charges and \$1,625 in transfer agent fees. For the six months ended March 31, 2011, we incurred \$9,000 in management fees, \$2,530 in transfer agent fees, \$3,000 in rental costs and \$3,273 in bank charges and interest.

Our expenses for the three and six months ended March 31, 2010 were significantly greater than those incurred for the comparable periods in 2011. Our single largest expenses for the three and six months ended March 31, 2010 was attributable to legal and accounting fees totaling \$13,204 and \$18,950 respectively.

For the three months ended March 31, 2011, we recorded a net loss of \$8,756. For the six months ended March 31, 2011 we had a net loss of \$21,360 and for the three and six months ended March 31, 2010 we incurred a net loss of \$24,648 and \$39,274 respectively. Net loss since Inception totaled \$1,486,150.

Liquidity and Capital Resources

Assets and Liabilities

At March 31, 2011, we had cash of \$921 and liabilities totaling \$103,550 as compared to \$1,907 in cash and liabilities totaling \$95,176 at September 30, 2010. Outstanding demand notes increased from \$35,184 to \$70,677 and accounts payable decreased from \$20,374 to \$5,638. Amounts due related parties decreased from \$22,500 to \$9,370.

We had a working capital deficit of \$102,629 at March 31, 2011 and a working capital deficit of \$93,269 at September 30, 2010. We have no revenues to satisfy these liabilities. Unless we secure additional debt or equity financing, of which there can be no assurance, or enter into some form of business combination, we may be forced to discontinue our limited operations.

Going Concern

Due to the uncertainty of our ability to meet our current operating and capital expenses, in their report on the annual consolidated financial statements for the year ended September 30, 2010, our independent auditors included an explanatory paragraph regarding concerns about our ability to continue as a going concern.

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

Application of Critical Accounting Policies

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

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

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

Item 3. Quantitative and Qualitative Disclosure About Market Risk

Not applicable.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and our Chief Financial Officer, evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) and determined that our disclosure controls and procedures were effective as of the end of the period covered by this Quarterly Report on Form 10-Q. The evaluation considered the procedures designed to ensure that the information required to be disclosed by us in reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and communicated to our management as appropriate to allow timely decisions regarding required disclosure.

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Silverstar Mining Corp.
(A Development Stage Company)
Notes to Consolidated Financial Statements
(Expressed in U.S. Dollars)
(Unaudited)
31 March 2011

Changes in Internal Control over Financial Reporting

During the period covered by this Quarterly Report on Form 10-Q, there was no change in our internal control over financial reporting (as such term is defined in Rules 13a-15(d) and 13d-15(d) under the Exchange Act) that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Inherent Limitations of Disclosure Controls and Internal Controls over Financial Reporting

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

Item 4T.

Not applicable.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

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

Item 1A. RISK FACTORS

There have been no material changes in our risk factors from those disclosed in our Annual Report on Form 10-K for the period ended September 30, 2010.

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

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. [Removed and Reserved]

Item 5. Other Information

None.

Item 6. Exhibits

Exhibit

| Number | Description |
|--------|---|
| (3) | Articles of Incorporation and Bylaws |
| 3.1 | Articles of Incorporation (incorporated by reference from our Registration Statement on Form SB-2 filed on January 30, 2007). |
| 3.2 | By-laws (incorporated by reference from our Registration Statement on Form SB-2 filed on January 30, 2007). |
| 3.3 | Articles of Merger filed with the Secretary of State of Nevada on February 20, 2008 and which is effective March 4, 2008 (incorporated by reference from our Current Report on Form 8-K filed on March 5, 2008). |
| 3.4 | Certificate of Change filed with the Secretary of State of Nevada on February 20, 2008 and which is effective March 4, 2008 (incorporated by reference from our Current Report on Form 8-K filed on March 5, 2008). |
| (10) | Material Contracts |
| 10.1 | Purchase Agreement Rose Prospect Lode Claim (incorporated by reference from our Registration Statement on Form SB-2 filed on January 30, 2007). |
| 10.2 | Share Exchange Agreement dated June 13, 2008, among our company, Silverdale Mining Corp. and the selling the shareholders of Silverdale Mining Corp. as set out in the share exchange agreement (incorporated by reference from our Current |

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- Report on Form 8-K filed on June 16, 2008).
- 10.3 Mineral Property Option Agreement dated September 14, 2007 between Silverdale Mining Corp. and Chuck Stein (incorporated by reference from our Current Report on Form 8-K filed on July 28, 2008).
- 10.4 Joint Venture Agreement dated March 31, 2008 between our company and New Jersey Mining Company (incorporated by reference from our Current Report on Form 8-K filed on July 28, 2008).
- 10.5 Consulting Agreement dated April 1, 2008 between our company and Mr. James MacKenzie (incorporated by reference from our Quarterly Report on Form 10-QSB filed on August 14, 2008).
- 10.6 Share Cancellation/Return to Treasury Agreement with Donald James MacKenzie (incorporated by reference from our Current Report on Form 8-K filed on October 17, 2008).
- 10.7 Share Cancellation/Return to Treasury Agreement with Greg Cowan (incorporated by reference from our Current Report on Form 8-K filed on October 17, 2008).
- (14) Code of Ethics
- 14.1 Code of Ethics and Business Conduct (incorporated by reference from our Annual Report on Form 10-KSB filed on December 29, 2008).
- (21) Subsidiaries of the Registrant
- 21.1 Silverdale Mining Corp.
- (31) Section 302 Certifications
- 31.1* Section 302 Certification of Principal Executive Officer.
- (32) Section 906 Certification
- 32.1* Section 906 Certification of Principal Executive Officer.

*filed herewith

Silverstar Mining Corp.
(A Development Stage Company)
Notes to Consolidated Financial Statements
(Expressed in U.S. Dollars)
(Unaudited)
31 March 2011

SIGNATURES

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

SILVERSTAR MINING CORP.
(Registrant)

Dated: May 16, 2011

/s/ Neil Kleinman
Neil Kleinman
President, Chief Executive Officer and
Director
(Principal Executive Officer, Principal
Financial Officer and Principal
Accounting Officer)

Silverstar Mining Corp.
(A Development Stage Company)
Notes to Consolidated Financial Statements
(Expressed in U.S. Dollars)
(Unaudited)
31 March 2011

EXHIBIT 31.1

OFFICER'S CERTIFICATION PURSUANT TO SECTION 302 OF SARBANES OXLEY ACT

I, Neil Kleinman, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the quarter ended March 31, 2011 for Silverstar Mining Corp.:
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this report;
4. The issuer's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the issuer and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the small business issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the issuer's internal control over financial reporting that occurred during the issuer's most recent fiscal quarter (the issuer's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the issuer's internal control over financial

reporting; and

5. The issuer's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the issuer's auditors and the audit committee of the small business issuer's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the small business issuer's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the issuer's internal control over financial reporting.

Date: May 16, 2011

By: /s/ Neil Kleinman

Neil Kleinman, CEO

Silverstar Mining Corp.
(A Development Stage Company)
Notes to Consolidated Financial Statements
(Expressed in U.S. Dollars)
(Unaudited)
31 March 2011

EXHIBIT 31.2

OFFICER'S CERTIFICATION PURSUANT TO SECTION 302 OF SARBANES OXLEY ACT

I, Neil Kleinman, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the quarter ended March 31, 2011 for SilverStar Mining Corp. ;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this report;
4. The issuer's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the issuer and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the small business issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the issuer's internal control over financial reporting that occurred during the issuer's most recent fiscal quarter (the issuer's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the issuer's internal control over financial reporting; and

5. The issuer's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the issuer's auditors and the audit committee of the small business issuer's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the small business issuer's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the issuer's internal control over financial reporting.

Date: May 16, 2011

By: /s/ Neil Kleinman

Neil Kleinman

Chief Financial Officer

Silverstar Mining Corp.
(A Development Stage Company)
Notes to Consolidated Financial Statements
(Expressed in U.S. Dollars)
(Unaudited)
31 March 2011

EXHIBIT 32.1

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of SilverStar Mining Corp. (the "Company") on Form 10-Q for the period ended March 31, 2011 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned, in the capacities and on the dates indicated below, hereby certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to his knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operation of the Company.
3. A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Date: May 16, 2011

By: /s/ Neil Kleinman

Neil Kleinman

Chief Executive Officer

Silverstar Mining Corp.
(A Development Stage Company)
Notes to Consolidated Financial Statements
(Expressed in U.S. Dollars)
(Unaudited)
31 March 2011

EXHIBIT 32.2

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of SilverStar Mining Corp. (the "Company") on Form 10-Q for the period ended March 31, 2011 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned, in the capacities and on the dates indicated below, hereby certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to his knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operation of the Company.
3. A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Date: May 16, 2011

By: /s/ Neil Kleinman

Neil Kleinman

Chief Financial Officer

