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

**FORM 10-Q**

**(Mark One)**

**[X] QUARTERLY REPORT PURSUANT TO SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**FOR THE QUARTERLY PERIOD ENDED DECEMBER 31, 2011**

**[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**FOR THE TRANSITION PERIOD FROM __________ TO __________.**

Commission File Number: 000-31184

**SHOSHONE SILVER/GOLD MINING COMPANY**
(Exact name of registrant as specified 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)

**(208) 664-0620**
(Registrant's telephone number, including area code)

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 [ ]

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

| | |
|---|---|
| Large accelerated filer [ ] | Accelerated filer [ ] |
| Non-accelerated filer [ ] (Do not check if a smaller reporting company) | Smaller reporting company [X] |

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

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

| Class | Outstanding as of February 2, 2012 |
|---|---|
| Common Stock ($0.10 par value) | 53,221,704 |

**SHOSHONE SILVER/GOLD MINING COMPANY**

**FORM 10-Q**
**For the Quarter Ended December 31, 2011**

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## PART I – FINANCIAL INFORMATION

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

| | December 31, 2011 (unaudited) | September 30, 2011 |
|---|---|---|
| **ASSETS** | | |
| CURRENT ASSETS | | |
| Cash and cash equivalents | $ 248,939 | $ 942,428 |
| Deposits and prepaids | 29,235 | 48,780 |
| Supplies inventory | 1,777 | 1,777 |
| Total Current Assets | 279,951 | 992,985 |
| PROPERTY, PLANT AND EQUIPMENT | | |
| Property, plant and equipment | 3,256,650 | 3,255,558 |
| Accumulated depreciation | (1,717,554) | (1,675,106) |
| Total Property Plant and Equipment | 1,539,096 | 1,580,452 |
| MINERAL AND MINING PROPERTIES | 2,327,369 | 2,206,369 |
| OTHER ASSETS | | |
| Notes receivable (net of discount) | 1,634,943 | 1,614,841 |
| Investments | 24,674 | 18,669 |
| Total Other Assets | 1,659,617 | 1,633,510 |
| **TOTAL ASSETS** | $ 5,806,033 | $ 6,413,316 |
| **LIABILITIES AND STOCKHOLDERS' EQUITY** | | |
| CURRENT LIABILITIES | | |
| Accounts payable | $ 15,790 | $ 53,155 |
| Accrued expenses | 8,250 | 5,420 |
| Notes payable | 15,088 | - |
| Total Current Liabilities | 39,128 | 58,575 |
| COMMITMENTS AND CONTINGENCIES | - | - |
| STOCKHOLDERS' EQUITY | | |
| Common stock, 200,000,000 shares authorized, $0.10 par value; 52,926,704 and 51,087,704 shares issued and outstanding | 5,292,670 | 5,108,770 |
| Additional paid-in capital | 4,619,013 | 4,554,963 |
| Treasury stock | (206,894) | (206,894) |
| Accumulated deficit in exploration stage | (2,279,611) | (1,437,635) |
| Accumulated deficit prior to exploration stage | (1,667,482) | (1,667,482) |
| Accumulated other comprehensive income (loss) | 9,209 | 3,019 |

| | | | | |
|---|---|---|---|---|
| Total Stockholders' Equity | | 5,766,905 | | 6,354,741 |
| | | | | |
| **TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY** | $ | 5,806,033 | $ | 6,413,316 |

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

| | Three-Month Period Ended December 31, 2011 | Three-Month Period Ended December 31, 2010 | Period from January 1, 2000 (beginning of exploration stage) to December 31, 2011 |
|---|---|---|---|
| REVENUES | $ - | $ - | $ 209,585 |
| COST OF REVENUES | - | - | 228,828 |
| GROSS PROFIT | - | - | (19,243) |
| OPERATING EXPENSES | | | |
| Depreciation | 42,448 | 45,595 | 862,391 |
| General and administrative | 611,530 | 101,310 | 2,064,613 |
| Mining and exploration expenses | 179,031 | 66,390 | 4,739,565 |
| Net gain on sale of load claim | - | - | (468,907) |
| Professional fees | 29,308 | 19,677 | 1,305,141 |
| Total Operating Expenses | 862,317 | 232,972 | 8,502,803 |
| LOSS FROM OPERATIONS | (862,317) | (232,972) | (8,522,046) |
| OTHER INCOME (EXPENSES) | | | |
| Bad debt recovery | - | - | 47,008 |
| Cancellation of debt income | - | - | 69,418 |
| Dividend and interest income | 20,108 | 19,202 | 376,862 |
| Gain on sale of fixed asset | - | - | 28,115 |
| Gain on sale of Mexican mining concession | - | - | 4,363,353 |
| Gain on settlement of note receivable | - | - | 64,206 |
| Interest expense | (83) | (38) | (12,134) |
| Lease income | - | - | 444,044 |
| Loss on abandonment of asset | - | - | (20,000) |
| Net gain on sale of investments | 316 | 12,157 | 1,129,234 |
| Net gain on settlement of lease dispute | - | 85,000 | 85,000 |
| Other income (expense) | - | - | 197,435 |
| Other-than-temporary impairment of investments | - | - | (149,279) |
| Unrealized holding loss on marketable securities | - | - | (380,827) |
| Total Other Income (Expenses) | 20,341 | 116,321 | 6,242,435 |
| INCOME (LOSS) BEFORE INCOME TAXES | (841,976) | (116,651) | (2,279,611) |

| | | | | | | |
|---|---|---|---|---|---|---|
| INCOME TAXES | | - | | - | | 124,826 |
| DEFERRED TAX GAIN | | - | | - | | (124,826) |
| NET INCOME (LOSS) | | (841,976) | | (116,651) | | (2,279,611) |
| OTHER COMPREHENSIVE INCOME (LOSS) | | | | | | |
| Unrealized holding gain (loss) on investments | | 6,190 | | 66,436 | | 10,244 |
| NET COMPREHENSIVE INCOME (LOSS) | $ | (835,786) | $ | (50,215) | $ | (2,269,367) |
| NET INCOME (LOSS) PER COMMON SHARE, BASIC | $ | (0.02) | $ | (0.00) | | |
| NET INCOME (LOSS) PER COMMON SHARE, DILUTED | $ | (0.02) | $ | (0.00) | | |
| WEIGHTED AVERAGE NUMBER OF COMMON STOCK SHARES OUTSTANDING, BASIC | | 52,504,056 | | 42,792,378 | | |
| WEIGHTED AVERAGE NUMBER OF COMMON STOCK SHARES OUTSTANDING, DILUTED | | 52,504,056 | | 42,792,378 | | |

**SHOSHONE SILVER/GOLD MINING COMPANY**
**CONSOLIDATED STATEMENTS OF CASH FLOWS**
**(unaudited)**

| | Three-Month Period Ended December 31, 2011 | Three-Month Period Ended December 31, 2010 | Period from January 1, 2000 (beginning of exploration stage) to December 31, 2011 |
|---|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Net income (loss) | $ (841,976) | $ (116,651) | $ (2,279,611) |
| Adjustments to reconcile net income (loss) to net cash used by operations: | | | |
| Adjustment to balance of note receivable | - | - | (766) |
| Amortization of note receivable discount | (20,102) | (19,145) | (269,580) |
| Available-for-sale securities issued in exchange for services | - | - | 135,140 |
| Available-for-sale silver investment issued in exchange for services | - | - | 3,560 |
| Bad debt expense | - | - | 9,624 |
| Cancellation of debt income | - | - | (69,418) |
| Common stock issued for mining and exploration expenses | - | - | 308,100 |
| Common stock issued for services | 111,250 | 53,200 | 569,936 |
| Common stock issued in settlement of agreement with former CEO | - | - | 20,000 |
| Depreciation and amortization expense | 53,795 | 49,211 | 912,307 |
| Discount given on early payment on note receivable | - | - | 50,000 |
| Gain on sale of fixed asset | - | - | (28,114) |
| Gain on settlement of note receivable | - | - | (64,206) |
| Impairment of mining expenses | - | - | 413,000 |
| Loss on abandonment of investment | - | - | 20,000 |
| Loss recognized on other-than-termporary impairment of investments | - | - | 149,279 |
| Net (gain) loss on sale of investments | (316) | (12,157) | (1,129,234) |
| Net gain on sale of lode claim | - | - | (468,907) |
| Net gain on sale of Mexican mining concession | - | - | (4,363,353) |
| Treasury stock issued for services | - | - | 58,460 |
| Unrealized holding loss on marketable securities | - | - | 380,827 |
| Changes in assets and liabilities: | | | |
| Change in accounts payable | (6,085) | (17,859) | (44,176) |
| Change in accrued interest receivable | - | - | (20,255) |
| Change in accrued liabilities | 2,830 | (12,841) | 4,266 |
| Change in deposits and prepaids | (6,108) | - | (26,140) |
| Change in other current assets | - | - | (14,443) |
| Change in stock to issue | - | - | 230,680 |
| Change in supplies inventory | - | 117 | 10,955 |

| | | | |
|---|---|---|---|
| Net cash used in operating activities | (706,712) | (76,125) | (5,502,069) |
| | | | |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Advances on notes receivable | - | - | (111,022) |
| Advances to related party | - | - | (395,000) |
| Issuance of note receivable from related party | - | - | (243,000) |
| Payments received on notes receivable | - | - | 582,846 |
| Payments received on notes receivable from related party | - | - | 332,498 |
| Proceeds from sale of fixed assets | - | - | 18,000 |
| Proceeds from sale of investments | 501 | 29,631 | 4,791,268 |
| Proceeds from sale of lode claim | - | - | 463,907 |
| Proceeds from sale of Mexican mining concession | - | - | 2,497,990 |
| Proceeds from short-term loans | - | - | 160,760 |
| Purchase of fixed assets | (1,092) | (1,027) | (1,098,341) |
| Purchase of mineral and mining properties | (121,000) | - | (197,472) |
| Purchases of investments | - | - | (4,059,939) |
| Net cash provided by investing activities | (121,591) | 28,604 | 2,742,495 |
| | | | |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Common shares repurchased for treasury | - | - | (50,616) |
| Net proceeds from sale of common stock | 136,700 | 25,000 | 3,243,925 |
| Payment made on long-term note payable | (1,886) | (1,628) | (270,704) |
| Payment of common stock subscriptions | - | - | 20,225 |
| Proceeds from sale of treasury stock | - | 5,694 | 5,694 |
| Net cash (used in) provided by financing activities | 134,814 | 29,066 | 2,948,524 |
| | | | |
| Net increase (decrease) in cash | (693,489) | (18,455) | 188,950 |
| | | | |
| Cash, beginning of period | 942,428 | 55,853 | 59,989 |
| | | | |
| Cash, end of period | $ 248,939 | $ 37,398 | $ 248,939 |
| | | | |
| SUPPLEMENTAL CASH FLOW DISCLOSURES: | | | |
| Interest expense paid | $ 83 | $ 38 | $ 10,590 |
| Income taxes paid | $ - | $ - | $ - |
| | | | |
| NON-CASH INVESTING AND FINANCING ACTIVITIES: | | | |
| Accounts payable issued in exchange for partial payment on office building | $ - | $ - | $ 60,000 |
| Common stock issued for purchase of equipment and mining properties | $ - | $ - | $ 160,340 |
| Common stock issued for services, accounts payable, finder's fee and mining & exploration expenses | $ - | $ - | $ 539,333 |
| Deposit utilized to purchase fixed asset | $ - | $ - | $ 5,000 |
| Equipment received in exchange for settlement of note recievable | $ - | $ - | $ 4,139 |
| Marketable securities received in lieu of note receivable | $ - | $ - | $ 104,273 |
| Mill building acquired in exchange for common stock and other consideration | $ - | $ - | $ 224,475 |
| | $ - | $ - | $ 1,852,126 |

| | | | | | | |
|---|---|---|---|---|---|---|
| Mineral properties acquired in exchange for common stock and other consideration | | | | | | |
| Mineral property reacquired upon default | $ | - | $ | - | $ | 131,553 |
| Mining equipment acquired in exchange for common stock and other consideration | $ | - | $ | - | $ | 260,000 |
| Note issued in exchanged for vehicle, equipment and prepaid asset | $ | 16,974 | $ | - | $ | 125,130 |
| Note receivable (net of discount) in connection with sale of Mexcian Mining Concession | $ | - | $ | - | $ | 1,865,363 |
| Note receivable in connection with sale of lode claim | $ | - | $ | - | $ | 120,000 |
| Office equipment acquired in exchange for common stock and other consideration | $ | - | $ | - | $ | 15,525 |
| Stock received in exchange for lode claim | $ | - | $ | - | $ | 60,000 |
| Treasury stock acquired through sale of investment | $ | - | $ | - | $ | 296,296 |
| Treasury stock issued in exchange for fixed asset | $ | - | $ | - | $ | 7,500 |

**Shoshone Silver/Gold Mining Company (an Exploration Stage Company)**
**Condensed Notes to the Interim Financial Statements**
**December 31, 2011**

## NOTE 1: DESCRIPTION OF BUSINESS AND BASIS OF PRESENTATION

### Description of Business

Shoshone Silver/Gold 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. On December 30, 2011, the Company's name was changed to Shoshone Silver/Gold Mining Company.

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.

### Basis of Presentation

The foregoing unaudited interim consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America for interim consolidated financial information and with the instructions to Form 10-Q and Rule 10-01 of Regulation S-X as promulgated by the Securities and Exchange Commission. Accordingly, these financial statements do not include all of the disclosures required by accounting principles generally accepted in the United States of America for complete financial statements. These unaudited interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements for the year ended September 30, 2011, included in the Company's Annual Report on Form 10-K which was filed with the SEC on December 23, 2011.

In the opinion of management, the unaudited interim consolidated financial statements furnished herein include all adjustments (consisting of only normal recurring adjustments) necessary for a fair statement of the results for the interim periods presented. Operating results for the three-month period ended December 31, 2011, are not necessarily indicative of the results that may be expected for the year ending September 30, 2012.

## 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.

### Fair Value Measurements

Topic 820 in the Accounting Standards Codification (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.

Investments in available-for-sale securities and investments in silver coins and bars are reported at fair value utilizing Level 1 inputs. For these investments, 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 December 30, 2011, and indicates the fair value hierarchy of the valuation techniques utilized by the Company to determine such fair value.

| | | Fair Value Measurements At December 31, 2011, Using | | |
|---|---|---|---|---|
| Description | Fair Value December 31, 2011 | Quoted Prices In Active Markets for Identical Assets (Level 1) | Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| Investments | $ 24,674 | $ 24,674 | $ - | $ - |
| Note Receivable (net of discount) | 1,634,943 | - | 1,634,943 | - |
| **Total Assets Measured at Fair Value** | $ 1,659,617 | $ 24,674 | $ 1,634,943 | $ - |

**Going Concern**

As shown in the accompanying financial statements, the Company typically has limited cash and limited revenues and has incurred an accumulated deficit of $3,947,093 from inception through December 31, 2011.  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 marketable securities, royalty and option agreement payments, and from the sale of the Company's common stock. Should the Company be unable to raise capital through any of these avenues, its business, 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. Towards this end, during fiscal 2011, the Company raised $1,159,500 from the issuance of 7,816,667 shares of its common stock. During the first quarter of fiscal 2012, the Company raised and additional $136,700 in net proceeds from the issuance of 1,010,000 shares of its common stock.

Currently, the Company anticipates raising the majority of the remaining $800,000 to $1,000,000 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.

**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.

**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: DEPOSITS AND PREPAID EXPENSES**

In December 2011, the Company purchased for $23,082 a one-year liability insurance policy (the "Policy"). The Policy was purchased with a cash payment of $6,108 with the balance of $16,974 settled with a promissory note. The Company recorded prepaid insurance of $23,082 and a related entry to record a $16,974 note payable. During the three-month period ended December 31, 2011, $3,847 of this prepaid insurance was amortized into General & Administrative Expenses. See Note 8.

**NOTE 4: PROPERTY, PLANT & 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 December 31, 2011 and September 30, 2011:

| | December 31, 2011 | September 30, 2011 |
|---|---|---|
| **Administrative:** | | |
| Equipment | $ 624,405 | $ 623,312 |
| | 624,405 | 623,312 |
| **Lakeview:** | | |
| Building | 56,255 | 56,255 |
| Equipment | 381,007 | 381,007 |
| Mill | 1,539,282 | 1,539,282 |
| | 1,976,544 | 1,976,544 |
| **Warren:** | | |
| Building | 379,960 | 379,960 |
| Equipment | 275,741 | 275,742 |
| | 655,701 | 655,702 |
| Total | 3,256,650 | 3,255,558 |
| Less: Accumulated Depreciation | (1,717,554) | (1,675,106) |
| Property, Plant & Equipment, net | $ 1,539,096 | $ 1,580,452 |

Depreciation expense was $42,448 for the three-month period ended December 31, 2011 and $45,595 for the comparable period last year.

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 5: MINERAL AND MINING PROPERTIES**

During the fiscal 2012 first quarter, the Company purchased the Silver Strand Mine from an unrelated party. This property consists of 15 unpatented mining claims located in northern Kootenai County. The Company paid $121,000 in cash and entered into an agreement to pay a 20% net profits royalty interest valued at $880,000. The cost of the property is included in our consolidated financial statements under mining properties until such time as the Company's outside study on the property's reserves, if any, is completed. The Purchase and Sale Agreement is filed as Exhibit 10.13. See Note 11.

**NOTE 6: NOTES 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 a discounted payment of $450,000 was made in July 2009. The remaining balance of $2,000,000 is to be paid in four consecutive equal annual 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 three-month period ended December 31, 2011, $20,102 of interest income was realized through the amortization of this note discount.

The balance on this note receivable (net of discount) was $1,634,943 at December 31, 2011.

**NOTE 7: 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 December 31, 2011:

| Investment | Quantity | Cost | Market Value |
|---|---|---|---|
| **Available for Sale Securities:** | | | |
| Gold Crest Mines | 550,100 | $ 713 | $ 11,002 |
| Lucky Friday Extension | 5,000 | 250 | 550 |
| Merger Mines | 10,000 | 1,400 | 1,300 |
| New Jersey Mining | 52,857 | 12,686 | 10,571 |
| **Subtotal** | 617,957 | 15,049 | 23,423 |
| **Silver Coins & Bars** | 45 | 542 | 1,251 |
| **Total at December 31, 2011** | 618,002 | **$** 15,591 | **$** 24,674 |

The Company's net change in accumulated other comprehensive income (loss) was $6,190 during the first quarter of fiscal year 2012. This change includes both adjustments for previously unrealized gains and losses on investments sold during the year and the unrealized gains and losses on the Company's available-for-sale investments that are still held by the Company. The $6,190 is recorded on the statements of operations as other comprehensive income and the change is reflected in the change in accumulated other comprehensive income on the balance sheet from September 30, 2011 to December 31, 2011.

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The Company realized $316 of net gain previously included in accumulated other comprehensive income on the sale of investments during the first quarter of fiscal year 2012, which is reflected on the statements of operations.

The following summarizes the investments at September 30, 2011**:**

| Investment | Quantity | Cost | Market Value |
|---|---|---|---|
| **Available for Sale Securities:** | | | |
| Gold Crest Mines | 550,100 | $ 713 | $ 5,501 |
| Lucky Friday Extension | 5,000 | 250 | 325 |
| Merger Mines | 10,000 | 1,400 | 1,500 |
| New Jersey Mining | 52,857 | 12,686 | 9,514 |
| **Subtotal** | 617,957 | 15,049 | 16,840 |
| **Silver Coins & Bars** | 61 | 735 | 1,829 |
| **Total at September 30, 2011** | 618,018 | **$** 15,784 | **$** 18,669 |

The Company's net annual change in accumulated other comprehensive income (loss) was $54,072 during the fiscal year ended September 30, 2011. This change includes both adjustments for previously unrealized gains and losses on investments sold during the year and the unrealized gains and losses on the Company's available-for-sale investments that are still held by the Company. The $54,072 is recorded on the statements of operations on the Company's September 30, 2011 audited consolidate financial statements as other comprehensive income and the change is reflected in the change in accumulated other comprehensive income on the balance sheet from September 30, 2010 to September 30, 2011.

The Company realized $4,551 of net loss previously included in accumulated other comprehensive income on the sale of investments during the fiscal year ended September 30, 2011, which is reflected on the Company's September 30, 2011 audited consolidated financial statements on the statements of operations.

**NOTE 8: NOTES PAYABLE**

In December 2011, the Company purchased for $23,082 a one-year liability insurance policy (the "Policy"). The Policy was purchased with a cash payment of $6,108 with the balance of $16,974 settled with a promissory note. The Company recorded prepaid insurance of $23,082 and a related entry to record a $16,974 note payable. The note has a term of nine months, bears interest at 10.25% annually and stipulates that payments of $1,969 be made monthly. The outstanding balance on this note payable was $15,790 at December 31, 2011. See Note 3.

**NOTE 9: COMMON STOCK**

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.

During the three-month period ended December 31, 2011, the Company issued 516,000 common shares to four of its directors in exchange for services valued at $82,260.

During the three-month period ended December 31, 2011, the Company issued 173,000 common shares in exchange for services valued at $28,990.

During the three-month period ended December 31, 2011, the Company issued 1,010,000 shares of common stock to four investors for net proceeds of $136,700. In connection with this offering, the company incurred a total of $28,800 in commission expenses paid to brokers. Of this amount, $14,800 was paid in cash and $14,000 was settled with the issuance of 140,000 shares of common stock. For every share purchased, each investor received one warrant to purchase one share of common stock. The warrants are exercisable at $0.25 per share and expire on August 1, 2013.

**NOTE 10: RELATED PARTY TRANSACTIONS**

During the fiscal 2012 first quarter, the Company paid cash compensation of $407,500 and issued 516,000 common shares valued at $82,260 to four of its directors in connection with the cessation of their board service. The total related expenses of $489,760 are included in the Company's General and Administrative expenses on its Consolidated Statements of Operations.

**NOTE 11: COMMITMENTS AND CONTINGENCIES**

<u>Environmental Issues</u>

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 of any pending litigation or of any specific past or prospective matters which could impair the value of its mining claims.

<u>Silver Strand Mine</u>

During the fiscal 2012 first quarter, the Company purchased the Silver Strand Mine from an unrelated party. In connection with this purchase, the Company entered into an agreement to pay a 20% net profits royalty interest valued at $880,000. The Purchase and Sale Agreement is filed as Exhibit 10.13. See Note 5.

**NOTE 12: SUBSEQUENT EVENTS**

Subsequent events have been evaluated through the date that the consolidated financial statements were available to be issued and management has determined that there have not been any events that have occurred that would require adjustments to the unaudited financial statements.

**Item 2 - Management's Discussion and Analysis or Plan of Operation**

**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 expressi

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.

**Plan of Operation**

Lakeview Property

During 2010, we entered into an agreement to sell silver concentrate produced at our Lakeview property to a smelter for refining. During the prior fiscal year, our test runs generated revenues of $47,885 from the sale of concentrate to the smelter. Our long-term goal is to mine and mill silver at our Lakeview property.

Rescue Mine Property

Our first priority has been the upgrading and renovating the mill at the Rescue Mine Property. Once this work is completed, test runs on stockpiled ore will be conducted.

2011 Work Season - Mine development required some ground support, general clean up, the installation of a refuge station and the addition of air and water lines. A new decline portal has been planned to access the Rescue vein 1,000 feet east of the mill. Road work, site preparation and collaring off for the new decline portal were accomplished. This new decline portal will provide access to un-mined portions of the Rescue vein and, when completed, will serve as the secondary escape-way from the mine as well as the exhaust ventilation.

Electrical work, which included installation of electrical panels, lights and power outlets, was completed in the large staging building, which was erected next to the mill portal last summer to service operations in the Rescue Mine. The new building is fully MSHA compliant. Additionally, a diesel generator was installed to provide power to the mine as part of our ongoing preparations to bring the Rescue Mine and mill back into full operation.

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 typically have limited cash and limited revenues and have incurred an accumulated deficit of $3,947,093 from inception through December 31, 2011. These factors raise substantial doubt about our 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 we cannot continue in existence.

Historically, we have generally funded our operations with proceeds from the sale of marketable securities, royalty and option agreement payments, and from the sale of our common stock. Should we be unable to raise capital through any of these avenues, our business, 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. Towards this end, during fiscal 2011, we raised $1,159,500 from the issuance of 7,816,667 shares of our common stock. During the first quarter of fiscal 2012, we raised and additional $136,700 in net proceeds from the issuance of 1,010,000 shares of our common stock.

Currently, we anticipate raising the majority of the remaining $800,000 to $1,000,000 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.

**Comparison of the Three-Month Periods Ended December 31, 2011 and 2010:**

**Results of Operations**

The following table sets forth certain information regarding the components of our Consolidated Statements of Operations for the three-month period ended December 31, 2011, compared with the same period in the prior year. This table is provided to assist in assessing differences in our overall performance:

| | Three-Month Period Ended | | | |
|---|---|---|---|---|
| | Dec. 31, 2011 | Dec. 31, 2010 | $ Change | % Change |
| Revenues | $ - | $ - | $ - | 0.0% |
| Cost of Revenues | - | - | - | 0.0% |
| Gross Profit | - | - | - | 0.0% |
| Depreciation | 42,448 | 45,595 | (3,147) | -6.9% |
| General and administrative | 611,530 | 101,310 | 510,220 | 503.6% |
| Mining and exploration expenses | 179,031 | 66,390 | 112,641 | 169.7% |
| Professional fees | 29,308 | 19,677 | 9,631 | 48.9% |
| Total Operating Expenses | 862,317 | 232,972 | 629,345 | 270.1% |
| Loss from Operations | (862,317) | (232,972) | (629,345) | 270.1% |
| Other Income (Expense) | | | | |
| Dividend and interest income | 20,108 | 19,202 | 906 | 4.7% |
| Interest expense | (83) | (38) | (45) | 118.4% |
| Net (loss) gain on sale of securities | 316 | 12,157 | (11,841) | -97.4% |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Net gain on settlement of lease dispute | | - | | 85,000 | | (85,000) | -100.0% |
| Total Other Income (Expense) | | 20,341 | | 116,321 | | (95,980) | -82.5% |
| Net Loss | $ | (841,976) | $ | (116,651) | $ | (725,325) | 621.8% |

**Overview of Operating Results**

The increase in net loss during the three-month period ended December 31, 2011 was primarily due to expenses of $489,760 incurred in connection with cash and stock based remuneration to four board members. Also contributing, although to a lesser extent, was the receipt of $85,000 in lease income in the comparable period last year versus none in the current quarter.

**Operating Expenses**

The increase in our operating expenses primarily reflects the payments to four board members totaling $489,760 comprised of $407,500 in cash and $82,260 in stock based compensation from the issuance of 516,000 shares of our common stock. These expenses are included in our General and Administrative expenses on our Consolidated Statements of Operations. Also contributing to the increase in our operating expenses were increased mining and exploration activities at our Rescue Mine Property.

**Other Income (Expenses)**

The decrease in other income (expense) during the three-month period ended December 31, 2011, was primarily related to our receipt of $85,000 in connection the settlement of a lease dispute during the first quarter last year. During the first quarter of fiscal 2011, we were awarded a total of $100,000 as settlement of a claim we had filed in the Chapter 11 bankruptcy proceeds of an unrelated company. The claim asserted that we, as lessor, were owed compensation for the failure of the lessee to maintain proper title to the Bullion Claims with the Bureau of Land Management. During the first quarter of fiscal 2011, we assigned the rights to this settlement to an investment firm for net proceeds of $85,000.

Also contributing to this decrease was a net gain realized on the sale of investments of $12,157 during the first quarter last year compared with only $316 during our most recent quarter.

**Overview of Financial Position**

At December 31, 2011, we had cash of $248,939 and total liabilities of $39,128. During the first quarter of fiscal 2012, we raised $136,700 in net proceeds from the issuance of 1,010,000 shares of our common stock. These proceeds were used primarily to continue limited exploration activities at our Lakeview property, to continue refining our milling process at that same location and to continue refurbishing our newly acquired mill building at our Rescue mine.

**Property, Plant and Equipment**

At December 31, 2011, property, plant and equipment before accumulated depreciation totaled $3,256,650, an increase of $1,092 from $3,255,558 at September 30, 2011. The small increase was related to equipment purchases for administration purposes.

**Notes Receivable**

On December 31, 2011, we had a note receivable, net of discount, of $1,634,943 compared with $1,614,841 at September 30, 2011. The increase related entirely to the amortization of the discount into interest income.

See "Note 6. Notes Receivable" to our consolidated financial statements for further details.

**Investments**

Our investment portfolio at December 31, 2011, was $24,674, an increase of $6,005 from the September 30, 2011, balance of $18,669. This increase was primarily due to rising share prices of the investments in our portfolio partially offset by the sale of 16 ounces of silver.

See "Note 7: Investments" to our consolidated financial statements for further details.

**Stockholders' Equity**

Our total stockholders' equity was $5,766,905 at December 31, 2011, a decrease of $587,836 from $6,354,741 at September 30, 2011. The decrease in total stockholders' equity was primarily due a net loss of $841,976 incurred during the fiscal 2012 first quarter.

See "Note 9: Common Stock" to our consolidated financial statements for further details.

**Liquidity and Capital Resources**

*Operating Activities*

During three-month period ended December 31, 2011, our operating activities used $706,712 and used $76,125 during the same period last year. This decrease was primarily the result of the realization of a net loss of $841,976 during the current quarter compared with a net loss of $116,651 last year.

*Investing Activities*

During three-month period ended December 31, 2011, our investing activities used $121,591 and provided $28,604 during the same period last year. This decrease was primarily due to our purchase of the Silver Strand Mine for $121,000.

See "Note 5: Mining and Mineral Properties" to our consolidated financial statements for further details.

*Financing Activities*

During three-month period ended December 31, 2011, our financing activities provided $134,814 and provided $29,066 during the same period last year. This increase was primarily related to net proceeds from the sale of stock of $136,700 received during the current quarter compared with $25,000 last year.

**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 3 – Quantitative and Qualitative Disclosures About Market Risk**

Not applicable.

**Item 4 – Controls and Procedures**

*Evaluation of Disclosure Controls and Procedures*

In connection with the preparation of this quarterly report on Form 10-Q, an evaluation was carried out by the Company's management, with the participation of the Principal Executive Officer and the Principal 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 December 31, 2011. 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 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.

*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 December 31, 2011, that materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

**PART II – OTHER INFORMATION**

**Item 1 - 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.

**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 2 - Unregistered Sales of Equity Securities and Use of Proceeds**

During the three-month period ended December 31, 2011, the Company sold 1,010,000 shares of common stock at a price per share of $0.15 to four accredited investors for net proceeds of $136,700. For every share purchased, each investor received one warrant to purchase one share of common stock. The warrants are exercisable at $0.25 per share expire on August 1, 2013. This sale was made under the exemption from registration provided by Regulation D, Rule 506.

**Item 3 - Defaults Upon Senior Securities**

None.

**Item 4 - Removed and Reserved**

Not Applicable

**Item 5 - Other Information**

None.

**Item 6 - Exhibits**

| (a) **Exhibit No.** | **Description of Document** |
|---|---|
| 3.1.6 | Articles of Amendment to the Articles of Incorporation dated December 30, 2011 |
| 10.13 | Silver Strand Mine Purchase and Sale Agreement |
| 31.1 | Certification of Principal Executive Officer as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. |
| 31.2 | Certification of Principal Financial Officer as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. |
| 32.1 | Certification of Principal Executive Officer as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. |
| 32.2 | Certification of Principal Financial Officer as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. |

**Signatures**

Pursuant to the requirements 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.

| | |
|---|---|
| | **SHOSHONE SILVER/GOLD MINING COMPANY**<br>(Registrant) |
| February 21, 2012<br>Date | By: /s/ Howard Crosby<br>Howard Crosby<br>President and Chief Executive Officer<br>(Principal Executive Officer) |
| February 21, 2012<br>Date | By: /s/ John Ryan<br>John Ryan<br>Treasurer and Chief Financial Officer<br>(Principal Financial Officer) |