

ANNUAL REPORT 2013

TRUSCOTT MINING CORPORATION LIMITED ACN 116 420 378



CONTENTS

	Page
Company Directory	1
Chairman's Report	2
Review of Operations	3
Corporate Governance Statement	10
Directors' Report	14
Auditor's Independence Declaration	19
Statement of Profit or Loss and Other Comprehensive Income	20
Statement of Financial Position	21
Statement of Changes in Equity	22
Statement of Cash Flows	23
Notes to & Forming Part of the Financial Statements	24
Directors' Declaration	37
Independent Auditor's Report	38
Shareholder Information	40
Tenement Schedule	41

Email: admin@truscottmining.com.au

Website: www.truscottmining.com.au

COMPANY DIRECTORY

DIRECTORS

P N Smith – Executive Chairman and Managing Director

R Moore – Non-Executive Director

M J Povey – Executive Director

COMPANY SECRETARY

M J Povey

REGISTERED OFFICE

Level 1, 443 Vincent Street West

West Leederville WA 6007

(PO Box 2805, West Perth WA 6872)

Telephone (08) 9389 7088

Facsimile (08) 9245 1088

AUDITORS

Maxim Audit

255 Hay Street

Subiaco WA 6008

HOME EXCHANGE

Australian Securities Exchange Ltd

Exchange Plaza

2 The Esplanade

Perth WA 6000

ASX Code: TRM

SHARE REGISTRY

Security Transfer Registrars

770 Canning Highway

Applecross WA 6053

Telephone: (08) 9315 2333

Facsimile (08) 9315 2233

CHAIRMAN'S REPORT

I am pleased to present the Company's Annual Report for 2013/14 and a summary of the exploration activities and commercial initiatives for the year. During this period Truscott Mining Corporation Limited has maintained its operational focus within the Tennant Creek Mineral Field in the Northern Territory.

Truscott Mining Corporation has concentrated its efforts to better understand the general structural setting for mineralisation throughout the mineral field and more specifically to use that knowledge to better model the ore zones at the Westminster Project.

The work completed is expected to provide an increased level of control over, and hence cost effectiveness, of future drilling programs. Commencement of drilling to provide more tangible evidence of the value of the new knowledge base is scheduled for the second quarter of the coming financial year.

The level of drilling activity will in part be determined by the status of the Westminster Project. The Westminster Project Area has been advanced to the level of maturity at which it is appropriate to structure a Joint Venture Agreement. The Company is aware in its dealings with potential partners that opportunities to secure participation in high grade mineralisation projects such as Westminster are becoming increasingly difficult to find.

The development of another three project areas, Hera, Olympus and Tyson is progressing and being driven by the progressive understandings that have followed from the work at the Westminster Project and across the mineral field.

It is evident that the gold mining industry has continued to experience an extremely difficult commercial environment during the last twelve months with the continued consolidation in prices and investor sentiment.

Truscott had previously responded to the tight trading conditions by carefully allocating exploration expenditure, and reduced its corporate overheads by maintaining an operational office on its mining lease at Tennant Creek and moving the majority of its other business functions into the electronic domain.

By maintaining an interim emphasis on adding value by developing knowledge rather than the more capital intensive processes associated with drilling it has been possible to complete the year with no new share issues, other than those approved by the last Annual General Meeting. Directors have continued to further support the Company by constraining their time charges. Further consolidation of the potential shareholder base has also followed as a consequence of the expiry of options over ordinary shares.

The Company continues to demonstrate strong attributes, relative to many others in the gold exploration sector of; committed leadership in the field by directors and staff, premium high grade gold targets, high leverage as a consequence of the number of shares on issue, large percentages of shareholdings by directors, staff and key investors.

Peter N Smith
Executive Chairman

30th September 2014

REVIEW OF OPERATIONAL ACTIVITES

Summary

During the year Truscott has maintained its focus on geological assessment and research efforts in the region of the central Tennant Creek high-grade gold field (Figure 1), which contains the Company's tenement holdings. With the Company utilising its increasing knowledge base to ensure that planned future exploration programs effectively utilise funds allocated to drilling.

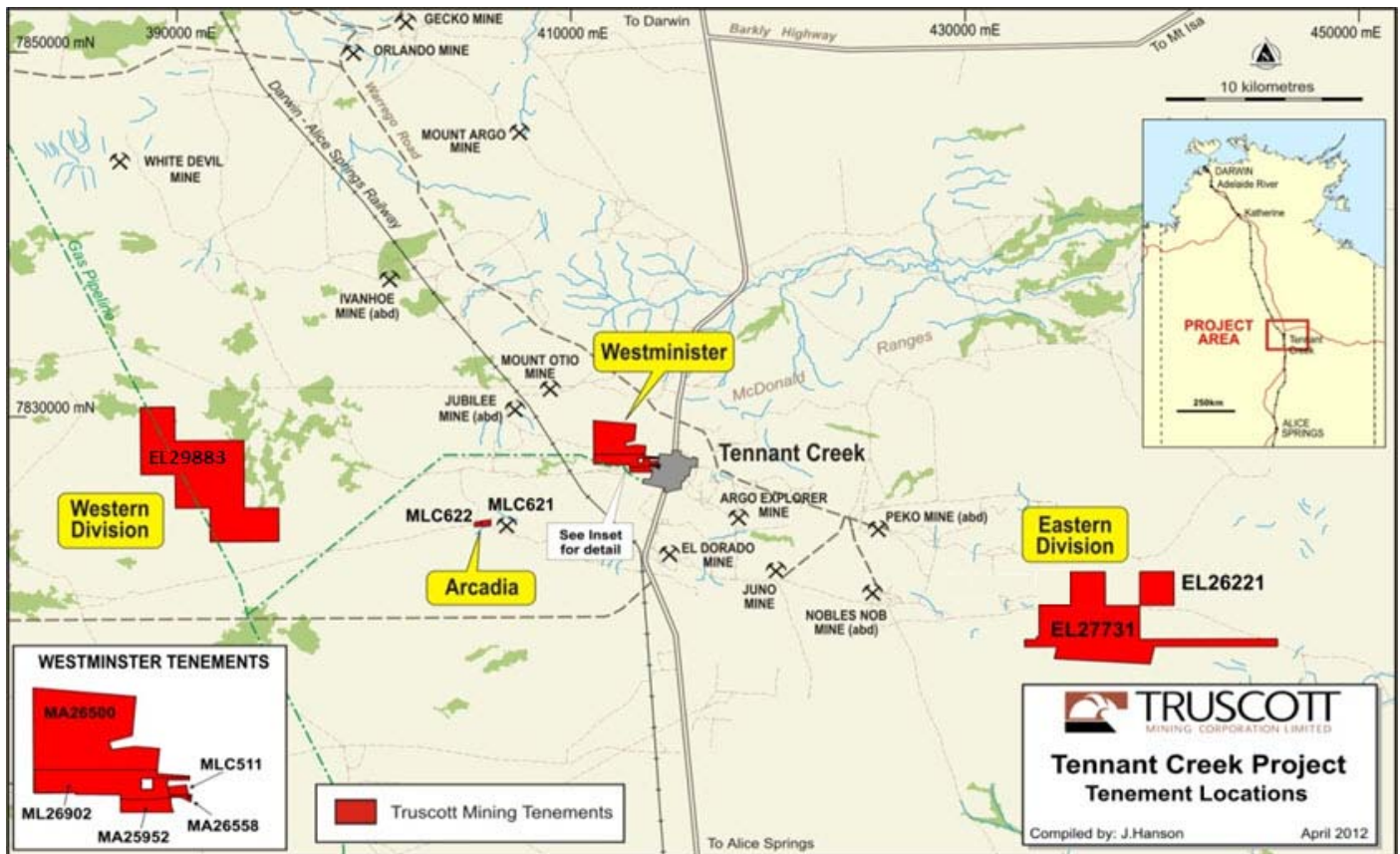


Figure One: Truscott Exploration Tenure – Tennant Creek Mineral Field

During the fourth quarter of the year final preparations for the commencement of drilling at the Westminister Gold Project were completed.

The Orthographic depiction of the model for the Number One ore body (Figure 2) describes the core alignment of the ironstone lenses which host the gold mineralisation within a compression zone.

Following the 063° (P) direction (Figure 3) of the regional structural model, individual lenses plunge at thirty three degrees. These host ironstone lenses have been subsequently mineralised in association with shear at 083° (D) at a true dip of approximately 60 degrees.

The sub-vertical distance between the ironstone lenses, within dilated packages at 063° ("slices"), is approximately 90 metres as annotated with markers A, B, C.

The modeling to date has been limited in depth to 350 metres, the same level as the current base of another known deposit which is located along the 083° (D) direction of shear.

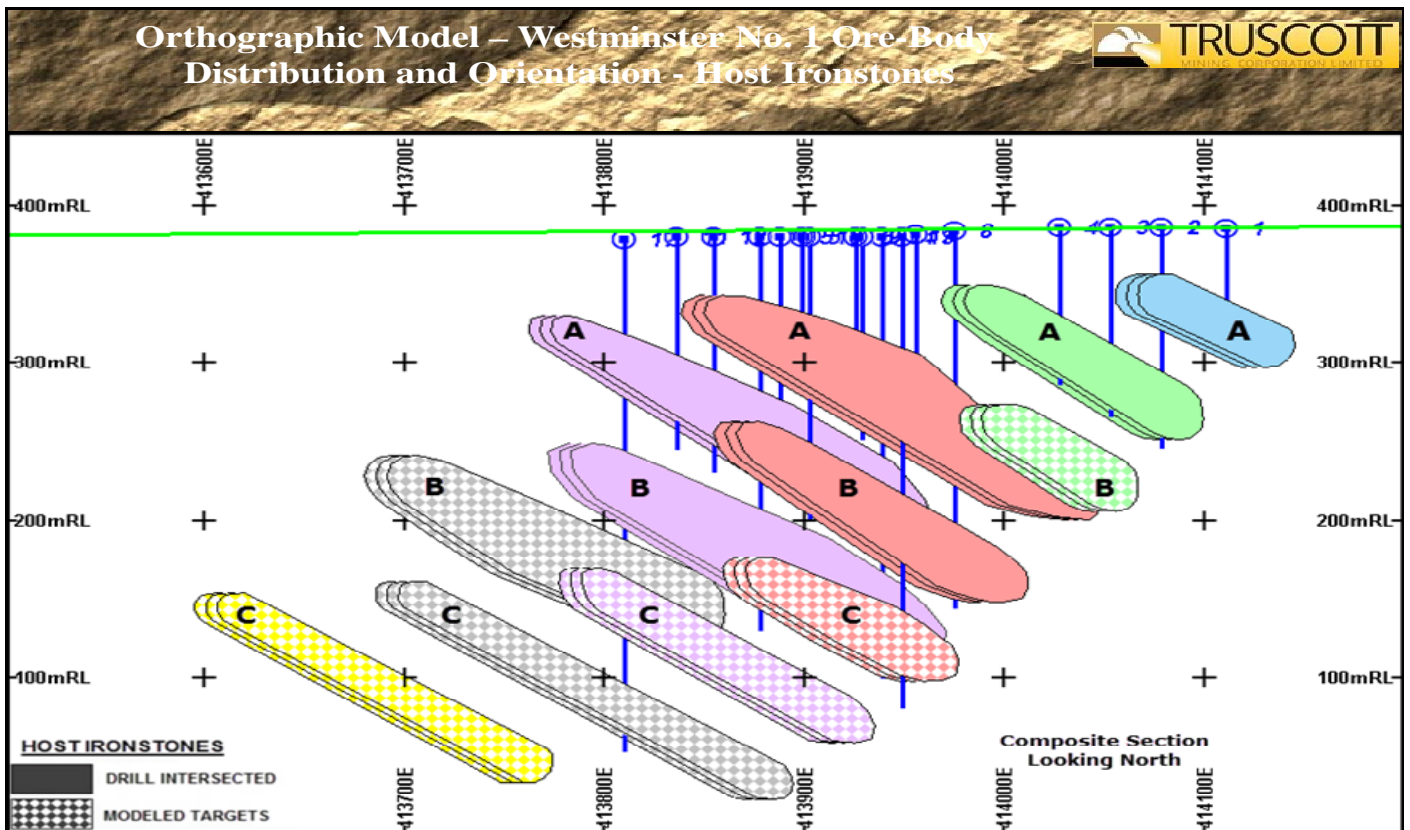


Figure Two: Westminster No.1 Ore-body Orthographic View - North

Historical drilling was sufficient to provide an inferred resource for mineralisation included in the top level (A) green and pink lenses. The blue lens has partially been artisan mined at 38g/t Au.



Figure Three: Westminster No.1 Ore-body Model - Plan View

Subsequent drilling has intersected the next level (B) of the purple and pink lenses but not with sufficient density to generate additional resource estimates.

The objectives of the next drilling program includes increasing the sampling density within the more recently drilled intersected zones to support renewed resource estimates, and also to intersect the next lower level (C).

At Westminster, primary mineralising shear sympathetic to the strike slip shear direction D (083°) crosses both the extension and the compression zone (Figure 4). The intersection of the shearing and the ironstone lenses defining the drop out zones for high grade mineralisation.

Ore bodies that form in the extension setting tend to be more robust or massive in character with ore pods that have aggregated in a direction parallel or sub parallel to the R (103°) direction of the structural model.

Limited drilling has been undertaken in the extension zone, with one historical drill hole crossing over the top of the zone and recording 23m @ 0.7 g/t Au, and a second more recent vertical hole at the end of the zone recording 90m of anomalous gold averaging 0.24g/t Au. Both holes however serve to give a sense of the potential robustness of the target mineralisation in the core of the extension zone.

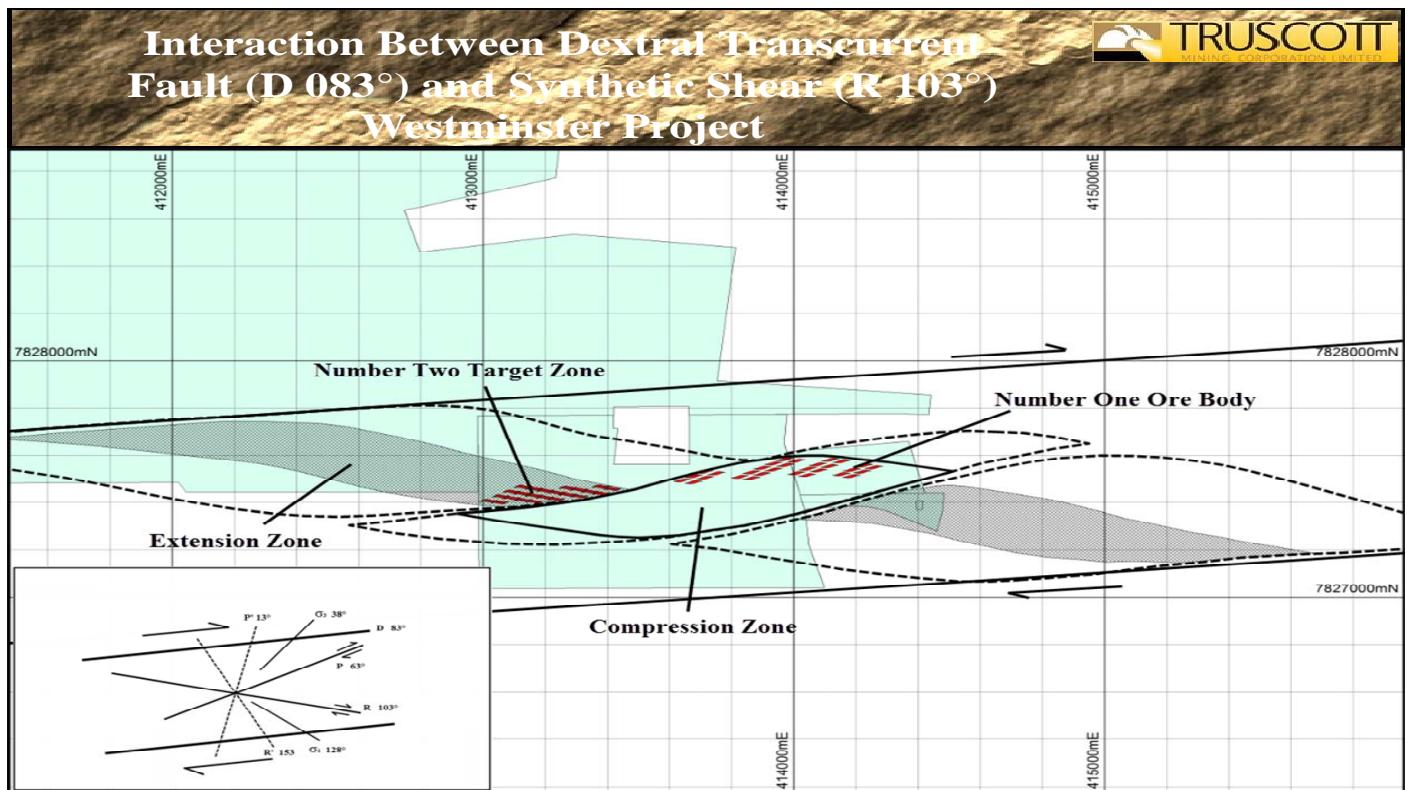


Figure Four: Westminster Project – Interpreted Extension and Compression Zones

Testing the potential for massive mineralisation at the Number Two target within the extension zone also remains a key objective for the next round of drilling.

Several holes in close proximity to the interpreted trace of the primary synthetic shear D (083°) have been planned to test the Number Two target zone.

Tennant Creek Mineral Field – Project Areas- Structural Controls

Truscott's research and regional mapping shows that the Mineral Field lies within a zone of regional strain (deformation D1) creating a dextral shear pattern.

At a mineral field scale, harmonics have focused components of shearing to define project areas which contain existing mines and exploration targets (Figure 5).

The distribution of the project areas is defined by the intersection of 083° (D) trans- current strike slip and the more dominant 103° (R) (extension) resultant shearing. In the exploration region of interest this generates obvious northern and southern corridors containing major deposits.

The rotational interaction that results where a change in shear/fault orientation is occurring from a D (083°) to R (103°) is thought to provide the host environment for significant mineralisation.

Internally these rotational environments can be divided into two different structural domains as illustrated in the Westminster study area (Figure 4). Within these domains the mineralised lenses aggregate into ore bodies with different overall orientations and plunges.

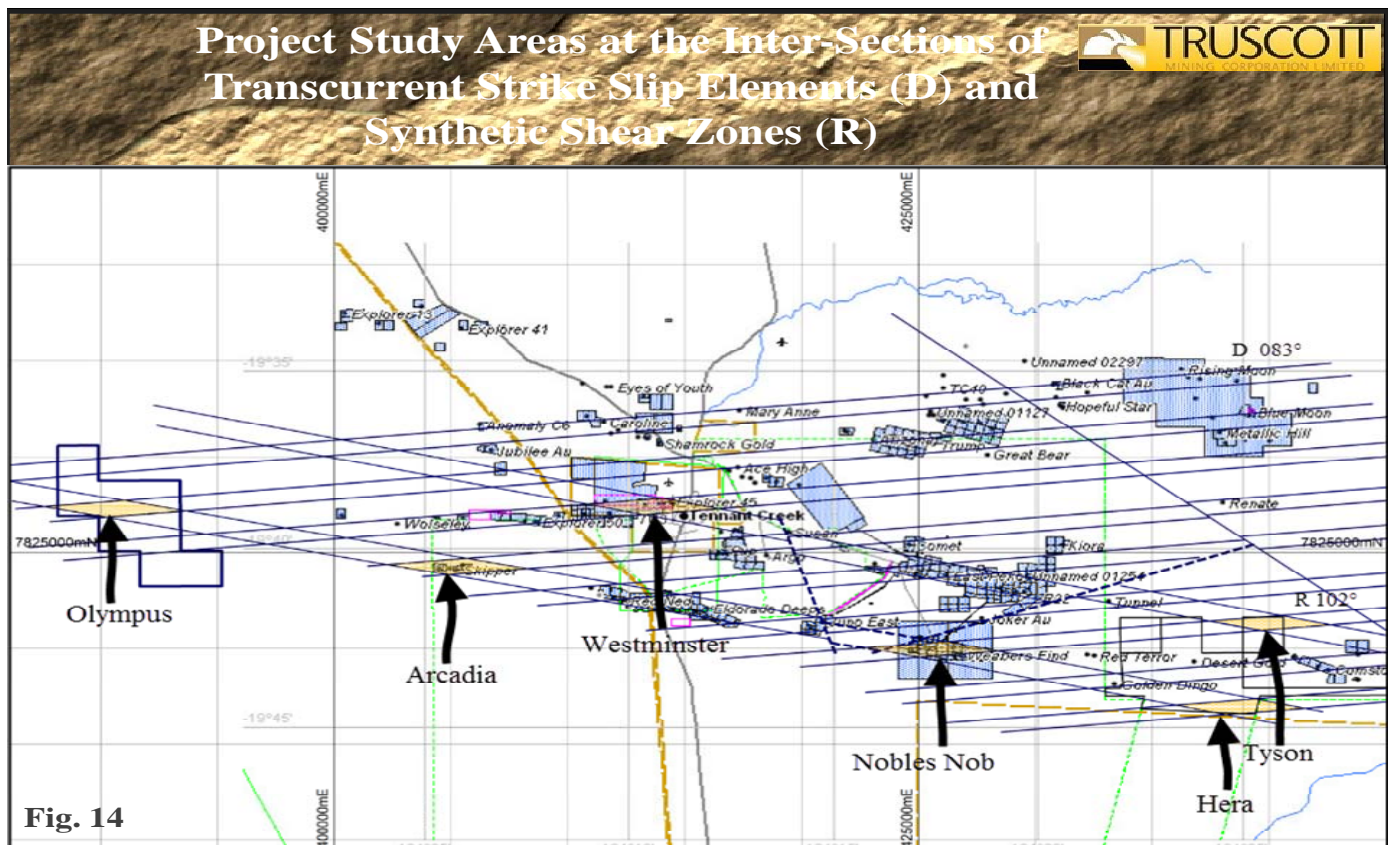


Figure Five: Intersecting Shears (Truscott Project and Study Areas are located on the northern and southern resultant shear corridors)

Applied Research

Truscott's research is now being applied to Truscott's other Project Areas. Project scale structural models provide a useful tool to framework (Figure 6) shearing and dilation that has occurred as a consequence of the applied stresses. These shear zones provide the key to describing both the host environment for the mineralization and the distribution of the mineralization.

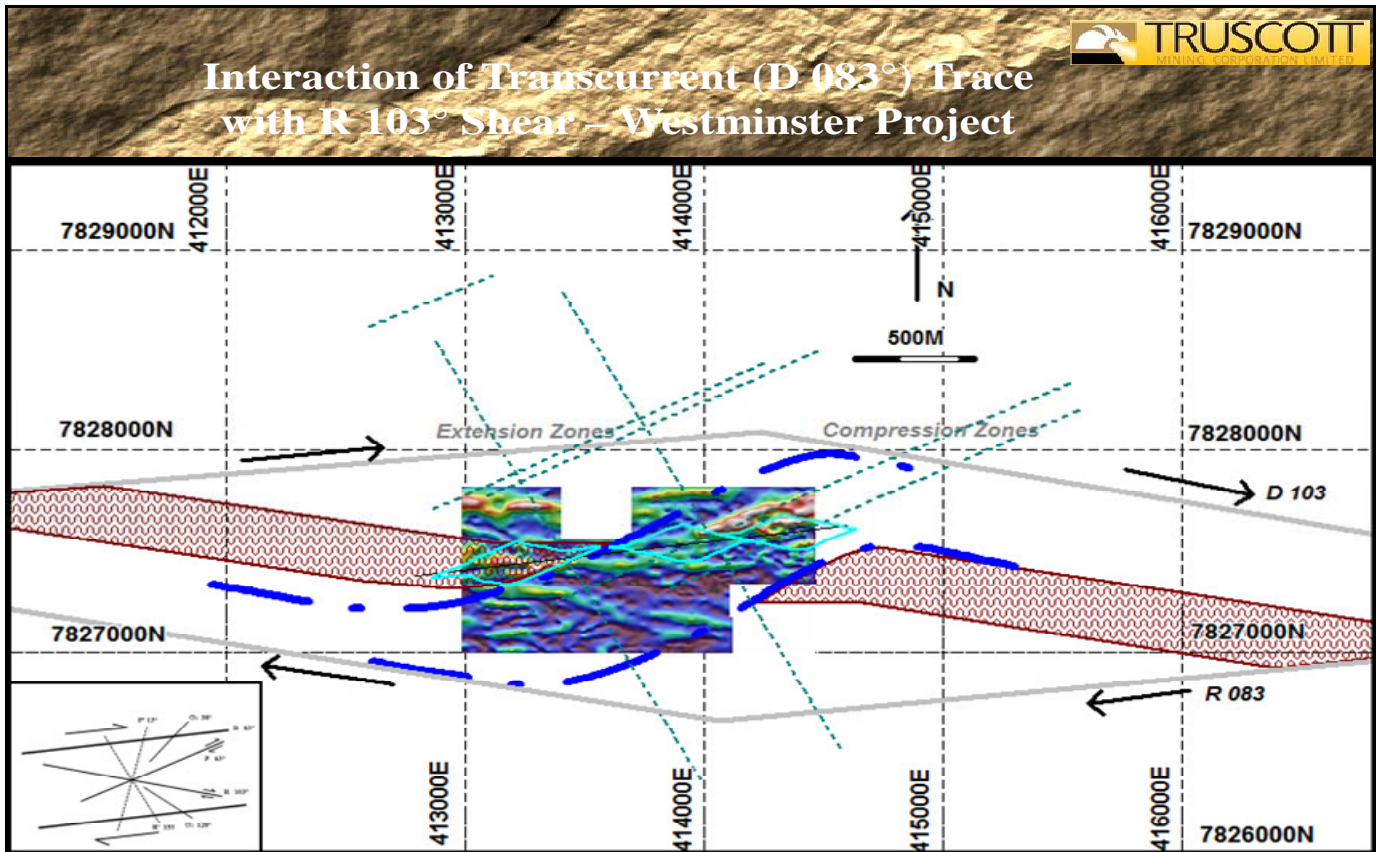


Figure Six: Extension and Compression boudinage structures (pale blue) at Westminster

Early work therefore has concentrated on the expression of the 103° and 83° shear zones that can be observed at field and project scales and are evident on geophysics images. It has become evident that the structural modelling has general applicability across the mineral field and comparative observations can be made with significant known deposits.

Project Scheduling

The Hera Prospect lies along a southern shear zone (Figure 4) adjacent to the High Grade Nobles Nob Project. (1,996,000 tonnes @ 17.3g/t Au; 1,110,000 Ounces – historical mining)

Research work has now been progressed to a stage where comparative images are being generated for a number of project areas. Structural modelling is being referenced to field mapping, Google Earth satellite images, ground based gravity surveys and historical drill results.

In each project area it is possible to see a central compression zone with structural fabric orientated in the (P) 063° direction and other extension zones (hashed) with structural fabric orientated in the (R) 103° direction.

At the Hera prospect no historical drilling has been located within the target area, but historical drilling has provided information that has acted to constrain the target area. Both the dilation and compression target zones (Figure seven) have therefore not been directly drill tested to date.

Where outcrop occurs, field observations support the interpretation based on the gravity and magnetic images. For the next stage of activity, drilling is targeting both the dilation and compression target zones at Hera.

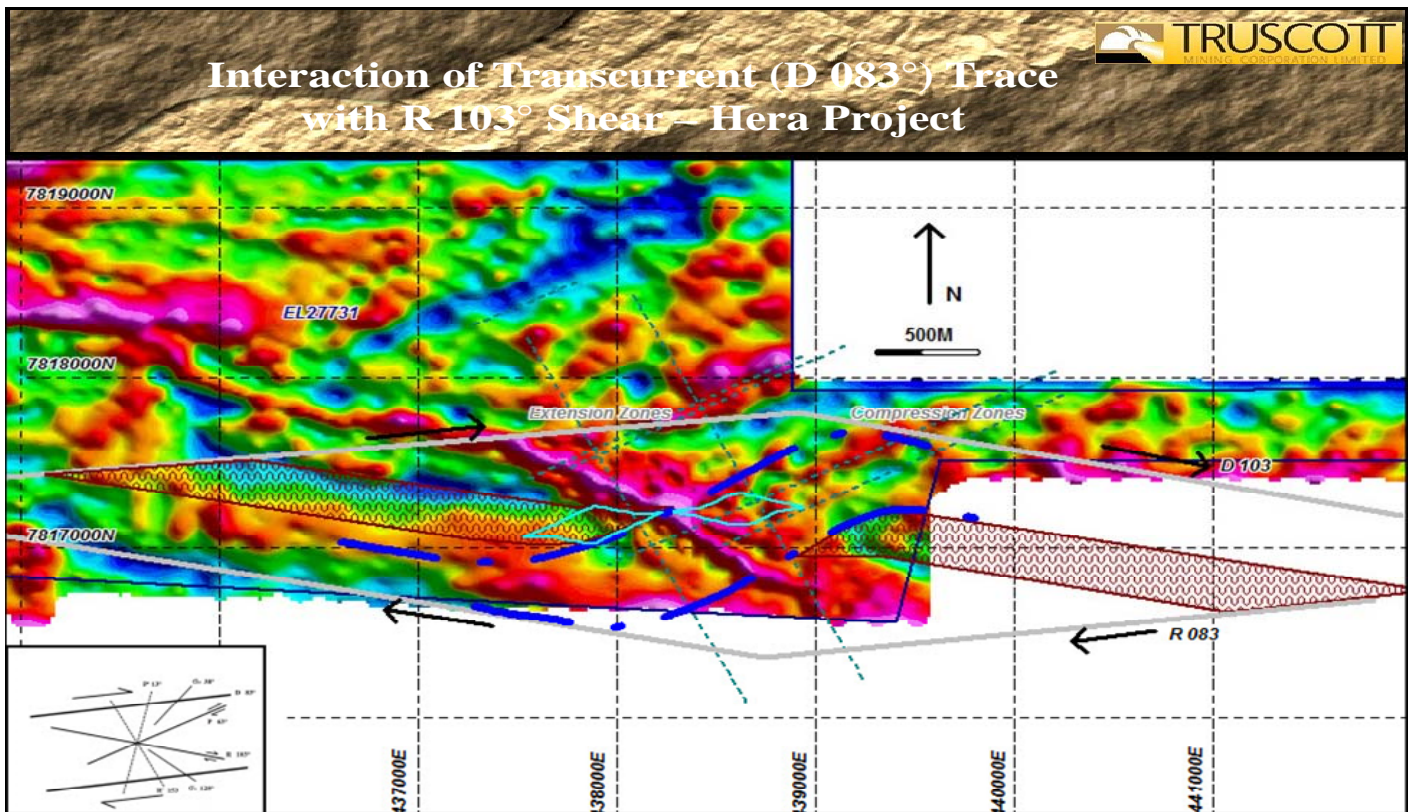


Figure Seven: Extension and Compression boudinage structures (pale blue) at Hera

Project Status Summary

Lead Project

Westminster Project Area (Truscott: MLC511, MA25952, MA26500, MA26588 all 100%)

Project Status: Work on finalising an earn-in arrangement and JV agreement in progress.

Planning to target the high grade gold zones within ore-body one, with new drilling and by extending existing drill holes.

Planning completed for further drilling of the gold mineralisation at target two with the objective of defining sufficient high grade gold to achieve ore body status.

Drilling of the potential ore bodies within the larger Westminster extension/compression system scheduled to follow the finalisation of the earn-in agreement.

Exploration Projects

Hera Project Area (Truscott: EL27731, 100%)

Project Status: Clearance Certificates issued by AAPA for exploration and mining activities.

Acquisition of geophysical information completed.

Comparative analysis of the structural setting of the Hera Project Area is ongoing.

Field mapping progressing & scout drill planning finalised.

Discussions with a new party, interested in forming a second earn-in and Joint Venture agreement, initiated and confidentiality agreements exchanged.

Olympus Project Area (Truscott: EL29883, 100%)

Project Status: *Tenement granted during December 2013.*

Clearance Certificates issued by AAPA for exploration and mining activities.

Tyson Project Area (Truscott: EL26221 100%)

Project Status: *Clearance Certificates issued by AAPA for exploration and mining activities.*

Acquisition of geophysical information planned.

Field reconnaissance & mapping program planned.

Arcadia Project Area (Truscott: ML29999 100%)

Project Status: *Tenements MLC621 & MLC622 consolidated under new tenement ML29999*

Westminster Project Logistics (Truscott: MLC511, MA25952, MA26500, MA26588 all 100%)

Truscott's Westminster Project is located just west of the Tennant Creek Township in the centre of the Tennant Creek Mineral Field. The project covers an area of 5.96 km² which includes some of the earliest workings and discoveries in the field that date from the mid 1930's.

The area is traversed by a sealed road and is ideally located close to service connections of power, natural gas and potable water, and within 500m of the local airport and rail line.

The mineralisation at Westminster is now well enough understood to provisionally define an application for a proposed mining lease area ML 26902 to accommodate development requirements.

The larger operational area of approximately 3.0 by 0.5 kilometres is expected to be sufficient to provide for the facilities necessary to support significant mining operations.

Due to its proximity to Tennant Creek and infrastructure access, Truscott Mining has created a unique project which will have significantly reduced establishment costs.

Peter N Smith
Executive Chairman

Competent Person's Statement: *The contents of this report, that relate to geology and exploration results, are based on information reviewed by Dr Judith Hanson, who is an employee of Truscott Mining Corporation Limited and a Member of the Australasian Institute of Mining & Metallurgy. She has sufficient experience relevant to the style of mineralisation and types of deposit under consideration and to the activity being undertaken to qualify as a "Competent Person", as defined in the 2012 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Dr Hanson consents to the inclusion in this presentation of the matters compiled by therein in the form and context in which they appear.*

Truscott Mining Corporation Limited's Corporate Governance Arrangements

The objective of the Board of Truscott Mining Corporation Limited (Truscott) is to create and deliver long-term shareholder value through the utilization of innovative research methods which assist in the targeting of exploration activities, whilst keeping a tight rein on the issue of additional shares. The board also recognises the need to keep costs down so that maximum resources can be directed towards research and exploration activities and this is critical to achieving the objective of creating and delivering long-term shareholder value.

The Board considers there to be an unambiguous and positive relationship between the creation and delivery of long-term shareholder value and high-quality corporate governance. Accordingly, in pursuing its objective, the Board has committed to corporate governance arrangements that strive to foster the values of integrity, respect, trust and openness among and between board members, management, employees, customers and suppliers.

Truscott is listed on the Australian Securities Exchange (ASX). Accordingly, unless stated otherwise in this document, the Board's corporate governance arrangements comply with the recommendations of the ASX Corporate Governance Council (including the 2010 amendments) as well as current standards of best practice for the entire financial year ended 30 June 2014.

Principle 1: Lay solid foundations for management and oversight

The Company has established the functions that are reserved to the Board. As the Company only has 3 Board members and no senior executives the following functions are generally undertaken by the whole board and are:

- Overseeing the company, including its control and accountability systems.
- Appointing and removing senior staff.
- Development of corporate strategy and performance objectives.
- Monitoring systems of risk management and internal control, codes of conduct, and legal compliance.
- Monitoring senior staffs' performance and implementation of strategy.
- Ensuring appropriate resources are available to senior staff.
- Development of capital expenditure proposals, capital management, deciding on acquisitions and divestitures.
- Prepares all financial and other reports.

The company has established the functions that are reserved to the Senior executives. These functions are:

The selection and definition of exploration targets, meeting reporting deadlines imposed under the various Mining Acts and Regulations, complying with mine safety requirements, and all other matters relating to exploration activities. As the company currently does not have any Senior executives these functions are being undertaken by the Board and employee geologists.

Due to the small size of the Company there is always difficulty in implementing control checks and balances. The Board accepts this and assumes a greater role in this area than it otherwise would in order to satisfy itself in this regard.

Principle 2: Structure the board to add value

The Board operates in accordance with the broad principles set out in its charter which is available from the corporate governance section of the Company website. The charter details the Board's composition and responsibilities.

Board Composition

A majority of the Board should be independent directors

Notification of Departure

Only one of the directors is considered to be independent – Ms Rebecca Moore. Messrs Peter N Smith and Michael J Povey are not considered to be independent.

Explanation for Departure

Given the size and scope of the Company's operations and given it is at exploration stage, the Board considers that it is appropriately structured to discharge its duties in a manner that is in the best interests of the Company and its shareholders from both a long-term strategic and day-to-day operations perspective. The Board will continue to monitor its composition and make appropriate changes to its composition as and when the Board deems fit.

The skills, experience and expertise relevant to the position of each director who is in office at the date of the annual report and their term of office are detailed in the directors' report.

The name of the non-executive independent director of the company is:

Rebecca T Moore

An independent director is a non-executive director who is not a member of management and who is free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the independent exercise of their judgment. For a director to be considered independent, they must meet all of the following materiality thresholds:

- not hold, either directly or indirectly through a related person or entity, more than 10% of company's outstanding shares;
- not benefit, either directly or indirectly through a related person or entity, from any sales to or purchases from the company; and
- derive no income, either directly or indirectly through a related person or entity, from a contract with the company other than income derived as a director of the company.

The Board also considers that the current board composition reflects an appropriate balance of skills, expertise and experience to achieve its objective of creating and delivering long-term shareholder value. The Company is involved in research into exploration and exploration for precious and base metals and this necessitates the Board having skills corresponding to those activities. Nevertheless, directors also as a whole, need to have a strong understanding of a range of other areas, including finance, contract law and occupational health and safety requirements.

The chairperson should be an independent director

Notification of Departure:

The chairperson, Mr Peter N Smith is not an independent director.

Explanation for Departure:

While the Board recognises the importance of independence in decision making, it does not comply with Recommendation 2.2 as Peter Smith, the current chair, does not satisfy the independence criteria in paragraphs 1, 2, 4 and 5 of Box 2.1 of the ASX Principles and Recommendations. The Board believes that Peter Smith is the most appropriate person for the position as chair because of his experience.

The roles of the chair and chief executive officer should not be exercised by the same individual

Notification of Departure:

Peter Smith is appointed as Chair and Managing Director.

Explanation for Departure:

The Board considers that, in view of the size of the Company and its activities, that it is appropriate for Peter Smith to lead the Company in both a strategic and, tactical capacity. The Board considers that at this stage, it is not necessary to appoint a chief executive officer (or equivalent). Each individual director reports to their fellow board members regularly at Board meetings. The Board will continue to monitor its composition and that of senior management and make appropriate changes as and when the Board deems fit.

Principle 3: Promote ethical and responsible decision making

Ethical Standards

The Board is committed to its core governance values of integrity, respect, trust and openness among and between board members, management, employees, customers and suppliers. These values are enshrined in the Board's Code of Conduct policy, which is available at www.truscottmining.com.au.

The Code of Conduct policy requires all directors, management and employees to at all times:

- act honestly and in good faith;
- exercise due care and diligence in fulfilling the functions of office;
- avoid conflicts and make full disclosure of any possible conflict of interest;
- comply with both the letter and spirit of the law;
- encourage the reporting and investigation of unlawful and unethical behaviour; and
- comply with the share trading policy outlined in the Code of Conduct.

Directors are obliged to be independent in judgment and ensure all reasonable steps are taken to ensure that the Board's core governance values are not compromised in any decisions the Board makes.

Diversity Policy

Diversity includes all elements of human character, nature and makeup. The Company recognises that a diverse workforce engaged within an appropriate work culture can reasonably be expected to contribute to the effectiveness and success of the Company. Accordingly, the company has established a Diversity Policy. The policy requires firstly that the person selected to fill a role must have the requisite experience and qualifications. Where there is more than one person available to fill a vacant role, the Company will endeavour to select a person who will be capable and who may also assist with gender diversification. As the Company currently only has 3 directors and 3 employees it is difficult until the Company gets larger to set gender targets as percentages. However, the company does have one female board member and also 2 female employees. One of the female employees is the Company's senior geologist.

Share Ownership and Share Trading Policy

The Company does not formally require employees to have a shareholding in the Company. However, both Directors and employees are encouraged to sacrifice part of their income from the Company into the acquisition of the Company's shares. Details of directors' individual shareholdings in Truscott are provided in the remuneration report.

The Company's policy regarding directors and employees trading in its securities is set by the board. The policy restricts directors and employees from acting on material information until it has been released to the market and adequate time has been given for this to be reflected in the Company's share price. A detailed description of the Board's policy regarding directors and employees trading in Truscott shares is available from the Board's Share Trading policy at www.truscottmining.com.au.

Board Committees

As the Company only has 3 directors, and no managers, other than the Audit Committee, all functions are carried out by the full Board.

Principle 4: Safeguard integrity in financial reporting

The audit committee should be structured so that it: consists only of non-executive directors; consists of a majority of independent directors; is chaired by an independent chair, who is not chair of the Board; and has at least 3 members.

Audit Committee

The role of the audit committee is to assist the Board in monitoring the processes and controls associated with the financial reporting function that ensure the integrity of the company's financial statements. Specifically, the audit committee oversees:

- the appointment, independence, performance and remuneration of the external auditor;
- the integrity of the audit process;
- the effectiveness of the internal controls; and
- compliance with applicable regulatory requirements.

The names and qualifications of the audit committee and their attendance at meetings of the committee are included in the directors' report.

TRUSCOTT MINING CORPORATION LIMITED
ABN: 31 116 420 378
CORPORATE GOVERNANCE STATEMENT

Notification of Departure:

The audit committee comprises 2 members, only one of whom is an independent non-executive director.

Explanation for Departure:

As the Company only has 3 Directors, 2 of whom are executives it is not possible to have the majority as independent directors. The Chair of the Company is not a member of this committee. The Board has adopted, and the audit committee applies, an audit committee charter.

Nomination Committee

The role of the nomination committee is to ensure that the Board comprises directors with a range and mix of attributes appropriate for achieving its objective.

The full Board considers those matters that would usually be the responsibility of a nomination committee. The composition of the Board does not make the establishment of a separate nomination committee practicable. The Board has adopted a nomination committee charter, which it applies when convening as the nomination committee.

As the Company only has 3 directors the Company's Nomination Committee comprises the whole Board.

Remuneration Committee

The role of the Remuneration Committee is the application of the remuneration policy.

The Remuneration Committee makes decisions with respect to appropriate remuneration and incentive policies for executive directors with the assistance of independent external consultants.

The Remuneration Committee ensures that executive remuneration packages involve a balance between fixed and incentive pay, reflecting short and long-term performance objectives appropriate to the Company's circumstances and objectives.

The Remuneration Committee ensures that fees paid to non-executive directors are within the aggregate amount approved by shareholders and makes recommendations to the Board with respect to the need for increases to this aggregate amount at the Company's annual general meeting.

The Remuneration Committee reviews and makes recommendations concerning long-term incentive compensation plans and continually reviews and if necessary improves any existing benefit programs established for employees.

As the Board only has 3 members it considers that no efficiencies or other benefits would be gained by establishing a separate remuneration committee. However, similarly to its approach to nomination-related matters, the Board has adopted a remuneration committee charter, which it applies when convening as the remuneration committee. No directors participate in any deliberations regarding their own remuneration or related issues.

Finance and Operations Committee

As the Company only has 3 directors and no managers the Company's Finance and Operations Committee comprises the whole Board.

Performance Evaluation

The chairperson is responsible for reviewing the Board performance. Due to the small size of the Board the Chair is able to monitor each director individually throughout the year regarding their role as director and therefore there is no need to have a formal evaluation.

Board Roles and Responsibilities

The Board is first and foremost accountable to provide value to its shareholders through delivery of timely and balanced disclosures.

A "Corporate Governance Disclosure document" is publicly available on the company's website. This document details the adopted practices and processes in relation to matters reserved for the Board's consideration and decision-making and specifies the level of authorisation provided to other key management personnel. The Board is ultimately responsible for ensuring its actions are in accordance with key corporate governance principles.

A key plank of the Board Governance Document is the requirement for all directors to demonstrate honesty, integrity, and preparedness to critically evaluate all aspects of the company's operations. Inherent in all of this is the expectation that directors:

- commit the necessary time and energy to fulfil their responsibilities as directors; and
- place the interests of the company before their personal interests.

The Chair is responsible for ensuring individual directors, the Board as a whole and KMP comply with both the letter and spirit of the Board's governance arrangements. The Chair discharges their responsibilities in a number of ways, primarily through:

- setting agendas in collaboration with other directors and KMP;
- encouraging critical evaluation and debate among directors;
- managing board meetings to ensure that all critical matters are given sufficient attention; and
- communicating with stakeholders as and when required.

The independent director has the right to seek independent professional advice on any matter connected with the discharge of her responsibilities as a director at the company's expense. Written approval must be obtained from the Chair prior to incurring any expense on behalf of the company.

Principles 5 and 6: Make timely and balanced disclosures and respect the rights of shareholders

Shareholder Rights

Shareholders are entitled to vote on significant matters impacting on the business, which include the election and remuneration of directors, changes to the constitution and receipt of annual and interim financial statements. Shareholders are strongly encouraged to attend and participate in the Annual General Meetings of Truscott Mining Corporation Limited, to lodge questions to be responded by the Board and/or the Chair, and are able to appoint proxies.

Shareholder Communication Strategy

The Board has a policy to ensure that the shareholders are informed of all major developments affecting the Company in as timely a manner as is commercially possible, and well within the times set by the ASX Listing Rules. Shareholders who make a written request will receive a hard copy of the Company's annual report. The Company maintains a website and shareholders may join the Company's email registry by registering through the Company website.

Principle 7: Recognise and manage risk

Risk Management

The Board considers identification and management of key risks associated with the business as vital to maximise shareholder wealth. A yearly assessment of the business's risk profile is undertaken and reviewed by the Board, covering all aspects of the business from the operational level through to strategic level risks. The Chair has been delegated the task of implementing internal controls to identify and manage risks for which the Board provides oversight. The effectiveness of these controls is monitored and reviewed regularly.

The board has received assurance from the chief executive officer and the chief financial officer that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.

The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks. As the Company does not have any management team members the Board as a whole manages material business risks.

Principle 8: Remunerate fairly and responsibly

The Board represents the entire management team of the Company. There are not enough members to provide a separate remuneration committee and therefore the Board assumes the role of the remuneration committee.

The Board as a whole, will when required, and in conjunction with an external expert commercial agency, review and recommend remuneration for the Board and for senior executives. The Company does not currently have any executives.

Further information on directors' and executive's remuneration is set out in the directors' report under the heading "Remuneration Report".

TRUSCOTT MINING CORPORATION LIMITED
ABN: 31 116 420 378
DIRECTORS' REPORT

The Board of Directors has pleasure in presenting its report on the company for the financial year ended 30 June 2014.

Directors

Names, Qualifications and Experience

The names and details of the company's directors in office at any time during the year ended 30 June 2014 and until the date of this report are as follows. Directors were in office for the entire period unless otherwise stated.

Peter N Smith – age 59 years (Executive Chairman and Managing Director)
BSc (Min), PG Dip (M Tech), M Min Tech, FAusIMM, CP,

Experience in Australia and overseas in mine development and management including positions with Normandy Poseidon, Gwalia Consolidated, Broken Hill Proprietary Limited and Ivanhoe Mines. Previously Director of Strategic Minerals Corporation and CEO for Giants Reef Mining Limited, and now a director of a number of private exploration companies. Mr Smith has been a director of the company since it was incorporated in September 2005.

Mr Smith is a director and shareholder in Resource Investments & Consulting Pty Ltd which has a contract to supply the services of Mr Smith as a consultant mining engineer.

Rebecca Moore – age 43 years (Non-Executive Director)
B Com, GAICD

Ms Moore has a background in project management, governance and marketing, having worked in state and local government, private enterprise and mining. Ms Moore is currently in a senior role with a major Australian bank. Ms Moore is a member of the audit committee.

Michael J Povey age 63 years (Executive Director & Company Secretary)
B.Bus, FTIA.

An accountant with public Accounting experience with major accounting firms including Deloitte and KPMG. Mr Povey has also lectured in both undergraduate and postgraduate business courses at Curtin University. Mr Povey has subsequently established an accounting practice concentrating on taxation and company reporting. He has been the company secretary and a director of the company since it was incorporated in September 2005 and is chair of the audit committee.

Mr Povey is the principal of an accounting practice that has a contract to supply the services of Mr Povey for company secretarial and accounting services.

Principal Activities

The principal activities of the company are the exploration and development of gold and base metal projects in the Northern Territory. No significant changes in the nature of these activities occurred during the year ended 30 June 2014.

Operating Results

The loss of the company after providing for income tax amounted to \$278,613 (2013: loss \$336,376).

Dividends

No dividend has been declared or paid by the company during the year ended 30 June 2014 and the directors do not at present recommend a dividend.

Review of Operations

Exploration activities

Truscott has focused its geological assessment and research efforts in the region of the central Tennant Creek high-grade gold field, which contains the Company's tenement holdings. The Company continues to utilise its increasing knowledge base to progressively build the value of a number of discrete project areas within these tenement holdings.

The commercialization of the geological knowledge is now the focus of planning with the objective of establishing a number of joint venture arrangements for each of the Company's project areas. Truscott has defined a drilling program for the Westminster Project Area; the timing for the commencement of the program has yet to be finalised.

Financial Position

The net assets of the company were \$7,081,948 at 30 June 2014 (2013: \$7,125,363).

Significant Changes in the State of Affairs

Other than listed below, there were no significant changes in the state of affairs of the company that occurred during the year ended 30 June 2014. On 8 November 2013 the company issued 5,928,001 fully paid ordinary shares in lieu of directors' fees, consulting fees and salaries as approved at the AGM to directors and employees. Full details of all share issues are included in Note 10 to the Financial Statements.

After Balance Date Events

Other than 300,000 options lapsing, and the directors making preparations for a capital raising from sophisticated investors of \$250,000 before costs, and the Directors lending the company \$90,000 with a further \$145,000 to be lent in the next week, the Directors are not aware of any matter or circumstance since the end of the financial year that has significantly affected or may significantly affect the operations of the company, the results of those operations or the state of affairs of the company in subsequent financial years.

Future Developments, Prospects and Business Strategies

Depending on the Company's ability to enter into joint venture arrangements and/or to raise additional capital the directors expect to undertake a number of drilling programs to test the in-house modelling that followed from findings of the research program on the company's four key project areas: Westminster, Tyson, Hera, and Arcadia. The Company would like to enter into joint venture arrangements to research for and explore for gold and base minerals on its Tennant Creek tenements. Additional capital raisings may be required to support the research and exploration programs and for working capital purposes.

TRUSCOTT MINING CORPORATION LIMITED
ABN: 31 116 420 378
DIRECTORS' REPORT

Remuneration Report – audited

This report details the nature and amount of remuneration for each director and executive of Truscott Mining Corporation Limited. As at the date of this report the company did not have any executive employees.

Remuneration Policy

The policy of the company is to attract the right team members by paying market based remuneration that is commensurate with the skills and experience of the directors and executives. The performance of the Company in its exploration activities has been considered by the Board and compared with the exploration activities of other companies operating in and around the general location of the Tennant Creek Mineral Field. The Board considers that the Company's activities compare very favourably with those of the other companies and accordingly the remuneration is considered to not exceed what is reasonable, based on the performance achieved.

Details of remuneration

The remuneration for each key management person of the company was as follows:

Name	Short-term benefits		Post-employment benefits	Share based payments	Totals
	Salary, fees & commissions \$	Consulting fees \$	Superannuation \$	Non-cash shares value \$	
<u>Executive directors</u>					
P N Smith					
2014	0	83,100	0	126,900	210,000
2013	0	141,000	0	146,400	287,400
M J Povey					
2014		45,200	0	57,600	102,800
2013	0	46,220	0	67,680	113,900
<u>Non-executive director</u>					
R T Moore	0				
2014	0	0	0	43,200	43,200
2013	0	0	0	43,200	43,200
Totals					
2014	0	128,300	0	227,700	356,000
2013	0	187,220	0	257,280	444,500

In order to conserve cash for research, exploration and working capital purposes the directors agreed to receive "payment" for director fees, plus some of their consulting fees payable for the years ended 30 June 2013 and 2014 in fully paid ordinary (FPO) shares.

The value of shares to be issued (2013 issued) as part of sacrifices in lieu of director and consulting fees:

	Director fees \$	Consulting fees \$	Totals \$
<u>Mr P N Smith</u>			
2014	57,600	69,300	126,900
2013	57,600	88,800	146,400
<u>Mr M J Povey</u>			
2014	43,200	14,400	57,600
2013	43,200	24,480	67,680
<u>Ms R T Moore</u>			
2014	43,200	0	43,200
2013	43,200	0	43,200
Totals			
2014	144,000	83,700	\$ 227,700
2013	144,000	113,280	\$ 257,280

The value of shares to be issued for the year ended 30 June 2014 is subject to shareholder approval at the upcoming AGM and will only be issued once the approval has been received. If such approval is not received, the above amounts become payable in cash. The consulting fees were paid/payable either to the director or to entities associated with the respective directors. The non-cash shares value were for the directors' fees and the consulting fees for services rendered under normal commercial arrangements and at commercial rates by the directors or by entities associated with the directors. The number of shares to be issued will be determined immediately prior to the dispatch of the Notice of Meeting for the 2014 AGM and will be based on market prices and is dependent on approval of the shareholders at the AGM.

TRUSCOTT MINING CORPORATION LIMITED
ABN: 31 116 420 378
DIRECTORS' REPORT

The totals of remuneration paid to KMP of the company during the year are as follows:

	2014	2013
	\$	\$
Short-term employee benefits	128,300	187,220
Post-employment benefits	0	0
Share based payments (Subject to approval at the 2014 AGM)	227,700	0
Share based payments approved at the 2013 AGM	0	163,840
Share based payments approved at the 2012 AGM	0	93,440
	356,000	444,500

The number of ordinary shares in the Company held by each KMP during the financial year is as follows:

	Balance at	Granted	Issued on	Shares	Balance at
	Beginning	as	Exercise of	purchased	End of Year
30 June 2014	of Year	Remuner-	Options	on the	
		ation	during the	market	
		during	Year	during the	
		the Year		Year	
Peter N Smith	23,278,201	2,880,000	0	15,000	26,173,201
Michael J Povey	1,908,199	1,501,334	0	0	3,409,533
Rebecca Moore	375,961	1,080,000	0	0	1,455,961
	25,562,361	5,461,334	0	15,000	31,038,695

The above shareholdings include both direct and indirect holdings as at 30 June 2014.

	Balance at	Granted as	Issued on	Other	Balance at
	Beginning	Remunerat	Exercise of	Changes	End of Year
30 June 2013	of Year	-ion during	Options	during	
		the Year	during the	the Year	
			Year		
Peter N Smith	20,442,202	2,064,001	0	771,998	23,278,201
Michael J Povey	964,719	693,544	0	249,936	1,908,199
Rebecca Moore	0	375,961	0	0	375,961
	21,406,921	3,133,506	0	1,021,934	25,562,361

The above shareholdings include both direct and indirect holdings as at 30 June 2013. Other changes included shares purchased on market and from participation in the Company's share purchase plan.

KMP Options and Rights Holdings

The number of options over ordinary shares held by each KMP of the Company during the financial year is as follows:

	Balance at	Granted as	Exercised	Expired	Balance at	Vested during	Vested and	Vested
	Beginning of	Remuner-	during the	during the	End of Year	the Year	Exer-	and
30 June 2014	Year	ation during	Year	Year			ciseable	Unexer-
		the Year						cisable
Peter N Smith	1,600,000	0	0	900,000	700,000	0	700,000	0
Michael J Povey	1,150,000	0	0	650,000	500,000	0	500,000	0
Rebecca Moore	0	0	0	0	0	0	0	0
	2,750,000	0	0	1,550,000	1,200,000	0	1,200,000	0

The above option holdings are all held directly as at 30 June 2014.

TRUSCOTT MINING CORPORATION LIMITED
ABN: 31 116 420 378
DIRECTORS' REPORT

30 June 2013	Balance at Beginning of Year	Granted as Remuner- ation during the Year	Exercised during the Year	Other Changes during the Year	Balance at End of Year	Vested during the Year	Vested and Exer- ciseable	Vested and Unexer- cisable
Peter N Smith	1,600,000	0	0	0	1,600,000	0	1,600,000	0
Michael J Povey	1,150,000	0	0	0	1,150,000	0	1,150,000	0
Rebecca Moore	0	0	0	0	0	0	0	0
	2,750,000	0	0	0	2,750,000	0	2,750,000	0

The above option holdings were all held directly as at 30 June 2013.

Other KMP Transactions

There have been no other transactions involving equity instruments other than those described in the tables above.

Consultancy agreements

Remuneration and other terms of employment for Mr P N Smith and Mr M J Povey are formalised in consultancy agreements. Ms R Moore's director's fees are covered in her letter of appointment. Each of the above agreements provide for directors' fees, superannuation and the provision of professional services. A summary of the agreements is as follows:

- The term of each agreement was for 2 years commencing from 30 June 2011. If not renewed the agreements continue on a monthly basis.
- Amounts payable were fixed for the 2 years. There has been no change in the rates since 30 June 2011.
- The agreements may be terminated by giving 3 months notice or the company paying 3 months consultancy fee in lieu of notice.
- Upon termination of the agreement the consultant is not entitled to claim any compensation or damages from the Company in respect of the termination.
- Annual directors' fees payable, inclusive of compulsory superannuation are:

Mr P N Smith	\$57,600
Mr M J Povey	\$43,200
Ms R T Moore	\$43,200
- Minimum annual consultancy fees payable are:

Mr P N Smith	\$230,400
Mr M J Povey	\$43,200
Ms R T Moore	\$nil
- Each director is entitled to receive additional consultancy/directors' fees as specified below once the following number of equivalent days
- have been worked each year:

Mr P N Smith	120 days	\$2,400 per day
Mr M J Povey	48 days	\$1,800 per day
Ms R T Moore	36 days	\$1,800 per day

Mr Smith elected to receive less than his contracted amount so as to conserve funds for the company. Mr Smith will not be making a claim against the company for the shortfall in the contracted consultancy fees amount.

Unlisted Share Options

At the date of this report the following options to acquire ordinary shares in Truscott Mining Corporation Ltd had been issued. No options were exercised, and 2,500,000 options expired during the year ended 30 June 2014. 300,000 options expired after 30 June 2014, but before the date of this report.

OPTIONS			
Grant date	Date of expiry	Exercise price	Number under option
6 October 2010	6 October 2014	45 cents	500,000
15 October 2010	15 October 2014	45 cents	500,000
1 November 2010	1 November 2014	45 cents	1,700,000
21 June 2011	21 June 2015	45 cents	500,000
Totals			3,200,000

No options were issued during the year ended 30 June 2014.

Non-Audit Services

The Board of Directors is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that the services disclosed below did not compromise the external auditors' independence for the following reasons:

- all material non-audit services are reviewed and approved by the Board of Directors prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided do not compromise the general principles relating to auditor independence as set out in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

There were no fees for non-audit services paid or payable to the external auditors during the year ended 30 June 2014.

TRUSCOTT MINING CORPORATION LIMITED
ABN: 31 116 420 378
DIRECTORS' REPORT

Auditors' Independence Declaration

The auditors' independence declaration for the year ended 30 June 2014 has been received and can be found on page 19 of the Financial Report.

Proceedings on Behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

Directors' Meetings

During the financial year, 8 meetings of directors (including committees of directors) were held. Attendances by each director during the year were as follows:

	Directors' meetings		Audit committee meetings	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Director				
P N Smith	4	4	0	0
R Moore	4	4	2	2
M J Povey	4	4	2	2

In accordance with the Constitution, Mr Povey retires as a director at the Annual General Meeting and being eligible, offers himself for re-election.

Insurance and Indemnity of Officers or Auditor

The company has paid premiums to insure all the directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in their capacity of director of the company, other than conduct involving a wilful breach of duty in relation to the company. Disclosure of the nature and the amount of the premium is prohibited by the confidentiality clause of the insurance contract. No indemnities have been given or agreed to be given or insurance premiums paid or agreed to be paid, during or since the end of the financial year, to any person who is or has been an auditor of the company.

Audit

Maxim Audit continues in office as auditor in accordance with section 327 of the Corporations Act 2001. As at the date of this report, the company, due to its size and regular consultation with its auditors, has an audit committee comprising one executive director and one non-executive director.

Environmental Regulations and Native Title

Environmental

For exploration and mining licenses; EL26221, EL 27731, MLC 511, A25952, A26500, and A26558, the primary legislation in force is the Northern Territory Mining Management Act 2002, section 35 of which requires the application for authorisation of a Mine Management Plan on an annual basis.

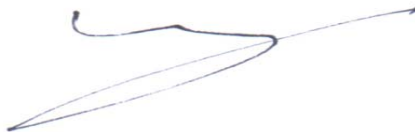
Native Title

For activity zones within exploration and mining licenses; EL 26621, EL 27731, MLC 511, A25952, A26500, and A26558 an authority has been issued by the Aboriginal Areas Protection Authority for exploration and mining, including the construction of infrastructure.

This report is made in accordance with a resolution of the directors.



DIRECTOR



DIRECTOR

Signed at Nedlands this 30th day of September 2014

**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001**

TO THE DIRECTORS OF TRUSCOTT MINING CORPORATION LIMITED

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2014 there has been no contraventions of:

- (i) the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Maxim Audit

MAXIM AUDIT
Chartered Accountants

M A Lester

M A Lester

Perth, WA

Dated this 30th day of September 2014

TRUSCOTT MINING CORPORATION LIMITED
ABN: 31 116 420 378
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 June 2014

	NOTES	2014	2013
		\$	\$
Revenue	2	99,453	235,890
Consultants		(25,380)	(102,596)
Depreciation		(2,037)	(3,380)
Compliance and regulatory expenses		(101,206)	(119,003)
Loss on disposal of assets		0	(1,402)
Directors' remuneration		(144,000)	(144,000)
Exploration evaluation and development costs written off	8	0	(146,540)
Superannuation expenses		(1,820)	(1,923)
Employee benefits expense		(18,839)	(21,325)
Loss on remuneration liability settled by share based payments		(59,280)	0
Administration expenses		(25,504)	(32,097)
Loss before income tax	3	(278,613)	(336,376)
Income tax expense	4	0	0
Loss for the year		(278,613)	(336,376)
Other comprehensive income			
Other comprehensive income for the year, net of tax		0	0
Total comprehensive loss for the year		(278,613)	(336,376)
Earnings per share			
Basic and diluted earnings per share – cents	12	(0.335)	(0.440)

The accompanying notes form part of these financial statements

TRUSCOTT MINING CORPORATION LIMITED
ABN: 31 116 420 378
STATEMENT OF FINANCIAL POSITION

AS AT 30 June 2014

	NOTES	2014	2013
		\$	\$
ASSETS			
CURRENT ASSETS			
Cash & cash equivalents	11	4,646	46,323
Trade and other receivables	5	140,544	264,288
Other current assets	6	5,243	7,405
TOTAL CURRENT ASSETS		150,433	318,016
NON-CURRENT ASSETS			
Plant and equipment	7	18,173	22,952
Deferred exploration, evaluation and development expenditure	8	7,351,593	7,045,523
TOTAL NON-CURRENT ASSETS		7,369,766	7,068,475
TOTAL ASSETS		7,520,199	7,386,491
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	9	395,007	261,128
TOTAL CURRENT LIABILITIES		395,007	261,128
NON-CURRENT LIABILITIES			
Borrowings	18	43,244	0
TOTAL NON-CURRENT LIABILITIES		43,244	0
TOTAL LIABILITIES		438,251	261,128
NET ASSETS		7,081,948	7,125,363
EQUITY			
Issued capital	10	7,874,120	7,638,922
Reserves		606,591	606,591
Accumulated losses		(1,398,763)	(1,120,150)
TOTAL EQUITY		7,081,948	7,125,363
Commitments	16		
Contingent liabilities	17		

The accompanying notes form part of these financial statements

TRUSCOTT MINING CORPORATION LIMITED
ABN: 31 116 420 378
STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 June 2014

	Ordinary shares	Accumulated losses	Options reserve (1)	Total
	\$	\$	\$	\$
Balance at 1 July 2012	7,300,426	(783,774)	606,591	7,123,243
Shares issued during the year	343,845	0	0	343,845
Transaction costs	(5,349)	0	0	(5,349)
Loss attributable to the members	0	(336,376)	0	(336,376)
Options reserve	0	0	0	0
Balance at 30 June 2013	7,638,922	(1,120,150)	606,591	7,125,363
Shares issued during the year	237,120	0	0	237,120
Transaction costs	(1,922)	0	0	(1,922)
Loss attributable to the members	0	(278,613)	0	(278,613)
Options reserve	0	0	0	0
Balance at 30 June 2014	7,874,120	(1,398,763)	606,591	7,081,948

1. The option reserve records items recognised as costs when:

- a. options are issued to directors as part of their remuneration;
- b. options are issued to brokers who assist with capital raisings;
- c. options are issued to employees as part of their remuneration;
- d. options are issued to consultants as consideration for services rendered, and
- e. options are issued as consideration for the acquisition of exploration licences/tenements.

There were no options issued during the year.

The accompanying notes form part of these financial statements

TRUSCOTT MINING CORPORATION LIMITED
ABN: 31 116 420 378
STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 June 2014

	NOTES	2014	2013
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest received		1,814	6,053
Payments for exploration, evaluation and development expenditure written off		0	(19,630)
Payments to suppliers and employees		(169,392)	(190,040)
Research & development tax concession		226,648	425,629
Net cash provided by (used in) operating activities	11(a)	59,070	222,012
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of plant and equipment		(1,629)	(1,000)
Payments for exploration, evaluation and development expenditure		(137,454)	(395,145)
(Payment)refund for security bond		(2,986)	4,703
Net cash used in investing activities		(142,069)	(391,442)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		0	60,000
Capital raising costs		(1,922)	(5,349)
Loans from directors		43,244	0
Net cash provided by financing activities		41,322	54,651
Net decrease in cash held		(41,677)	(114,779)
Cash and cash equivalents at beginning of financial year		46,323	161,102
Cash and equivalents at end of financial year	11(b)	4,646	46,323

The accompanying notes form part of these financial statements

TRUSCOTT MINING CORPORATION LIMITED
ABN: 31 116 420 378
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 June 2014

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES:

The principal accounting policies adopted in the preparation of the financial report are set out below.
The financial statements were authorised for issue on 30 September 2014 by the Directors of the company.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, interpretations of the Australian Accounting Standards Board (AASB), International Financial Reporting Standards as issued by the International Accounting Standards Board and the *Corporations Act 2001*. The Company is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

The financial statements and notes cover the company Truscott Mining Corporation Limited, incorporated and domiciled in Australia.

Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

Except for cash flow information the financial statements have been prepared on an accruals basis and are based on historical costs modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

(b) Going concern

For the year ended 30 June 2014, the Company incurred a loss of \$278,613 generated net cash inflows of \$59,077 from operating activities, but had net cash outflows of \$142,069 from investing activities as disclosed in the Statement of Profit or Loss and Other Comprehensive Income and Statement of Cash flows, respectively. As at 30 June 2014 the Company's current liabilities exceeded its current assets by \$244,574. As a result of the need for continued cash outflows from investment activities the Directors have assessed the Company's ability to continue as a going concern and to pay its debts as and when they fall due.

The Company's ability to fund exploration commitments and for use as working capital is dependent upon raising additional capital in future years or deriving revenue from existing operations. Subsequent to the year end the company is expected to receive a refund from the ATO of \$97,798 resulting from an R&D tax concession claim for the 2013/14 financial year.

The Directors of the company advise that the following initiatives have been put in place subsequent to year end to raise additional funding:

- Directors have contributed \$90,000 in loan funds to the Company up to 30 September 2014;
- Directors have made representations to contribute further loan funds to the Company of \$145,000 in the first week of October 2014;
- Directors have represented to the company that no Director loans (existing at 30 June 2014 and made subsequent to year end) will be repayable prior to December 2015;
- The company expects to receive a refund from the ATO of \$97,798 resulting from an R&D tax concession claim for the 2013/14 financial year;
- Planning for a placement to a number of sophisticated and/or institutional investors to raise up to \$250,000;
- Negotiating a joint venture arrangement over some of the tenements of the Company which would result in an injection of funds into the Company.

Accordingly, the Directors have prepared the Financial Report on a going concern basis. As such, the financial statements do not include any adjustments as to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the entity not continue as a going concern.

(c) Revenue

Interest revenue is recognised using the effective interest rate method.

The research and development tax concession has been taken up as revenue. The estimated research and development tax concession amount for the year ended 30 June 2014 has been brought to account based on the expected amount of expenditure that can be classified as research and development.

All revenue is stated net of Goods and Services Tax ("GST").

(d) Income tax

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

TRUSCOTT MINING CORPORATION LIMITED
ABN: 31 116 420 378
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 June 2014

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES: (cont'd)

(d) Income tax (cont'd)

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (a) a legally enforceable right of set-off exists; and (b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

(e) Financial instruments

Recognition and initial measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Gains and losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

Gains and losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

(f) Impairment of assets

At the end of each reporting period, the Company assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (e.g. in accordance with the revaluation model in AASB 116: *Property, Plant and Equipment*). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment testing is performed annually for goodwill, intangible assets with indefinite lives and intangible assets not yet available for use.

(g) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits available on demand with banks, other short-term highly liquid investments with original maturities of 3 months or less, and bank overdrafts. Bank overdrafts are reported within short-term borrowings in current liabilities in the statement of financial position.

(h) Plant and Equipment

Each class of plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment

Plant and equipment are measured on the cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1(g) for details of impairment).

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

TRUSCOTT MINING CORPORATION LIMITED
ABN: 31 116 420 378
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 June 2014

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES: (cont'd)

(h) Plant and Equipment (cont'd)

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of profit or loss and other comprehensive income during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised lease assets, but excluding freehold land, is depreciated on a reducing balance or straight-line basis over the asset's useful life to the company commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

Plant and equipment are depreciated or amortised on a reducing balance or straight line basis at rates based upon their expected useful lives as follows:

	Life
Leasehold improvements	6 years
Plant and equipment	2.5 – 10 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of profit or loss and other comprehensive income. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

(i) Deferred exploration, evaluation and development expenditure carried forward

Exploration, evaluation and development expenditures incurred are capitalised in respect of each identifiable area of interest. These costs are only capitalised to the extent that they are expected to be recovered through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit or loss in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest will be amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to capitalise costs in relation to that area of interest.

Costs of site restoration are provided over the life of the project from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with local laws and regulations and clauses of the permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Any changes in the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

(j) Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(k) Employee benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. Those cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

Share based payments are provided to the directors and employee in lieu of cash payments.

The fair value of options granted (determined using the Black-Scholes option pricing model) is recognised as a cost with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which option holders become unconditionally entitled to the options.

TRUSCOTT MINING CORPORATION LIMITED
ABN: 31 116 420 378
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 June 2014

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES: (cont'd)

(l) Issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares, for the acquisition of mining properties, are not included in the cost of the acquisition as part of the purchase consideration.

(m) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

(n) Provisions

Provisions are recognised when the Company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

(o) Critical Accounting Estimates and Judgments

The directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company.

Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Estimated impairment of deferred exploration expenditure

The Company tests annually whether deferred exploration expenditure has suffered any impairment, in accordance with the accounting policy.

(p) New Accounting Standards for Application in Future Periods

Accounting Standards and Interpretations issued by the AASB that are not yet mandatorily applicable to the Company, together with an assessment of the potential impact of such pronouncements on the Company when adopted in future periods, are discussed below:

- AASB 9: *Financial Instruments* and associated Amending Standards (applicable for annual reporting periods commencing on or after 1 January 2017).

The Standard will be applicable retrospectively (subject to the comment on hedge accounting below) and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments and simplified requirements for hedge accounting.

The key changes made to the Standard that may affect the Company on initial application include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. AASB 9 also introduces a new model for hedge accounting that will allow greater flexibility in the ability to hedge risk, particularly with respect to hedges of non-financial items. Should the entity elect to change its hedge policies in line with the new hedge accounting requirements of AASB 9, the application of such accounting would be largely prospective.

The directors do not anticipate that the adoption of AASB 9 will have any impact on the Company's financial instruments.

- AASB 2012-3: *Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities* (applicable for annual reporting periods commencing on or after 1 January 2014).

This Standard provides clarifying guidance relating to the offsetting of financial instruments, which is not expected to impact the Company's financial statements.

TRUSCOTT MINING CORPORATION LIMITED
ABN: 31 116 420 378
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 June 2014

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES: (cont'd)

(p) New Accounting Standards for Application in Future Periods (cont'd)

- Interpretation 21: *Levies* (applicable for annual reporting periods commencing on or after 1 January 2014).

Interpretation 21 clarifies the circumstances under which a liability to pay a levy imposed by a government should be recognised, and whether that liability should be recognised in full at a specific date or progressively over a period of time. This Interpretation is not expected to significantly impact the Company's financial statements.

- AASB 2013-3: *Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets* (applicable for annual reporting periods commencing on or after 1 January 2014).

This Standard amends the disclosure requirements in AASB 136: *Impairment of Assets* pertaining to the use of fair value in impairment assessment and is not expected to significantly impact the Company's financial statements.

- AASB 2013-4: *Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting* (applicable for annual reporting periods commencing on or after 1 January 2014).

AASB 2013-4 makes amendments to AASB 139: *Financial Instruments: Recognition and Measurement* to permit the continuation of hedge accounting in circumstances where a derivative, which has been designated as a hedging instrument, is novated from one counterparty to a central counterparty as a consequence of laws or regulations. This Standard is not expected to significantly impact the Company's financial statements.

(q) New and Amended Accounting Policies Adopted by the Company

Standards and Interpretations applicable to 30 June 2014

In the year ended 30 June 2014, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company and effective for the current annual reporting period.

As a result of this review, the Directors have determined that there is no material impact of the new and revised Standards and Interpretations on the Company and, therefore, no material change is necessary to the Company accounting policies.

Standards and Interpretations in issue not yet adopted

The Directors have also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the year ended 30 June 2014. As a result of this review the Directors have determined that there is no material impact, of the new and revised Standards and Interpretations on the Company and, therefore, no change is necessary to Company accounting policies.

2. REVENUE

	2014	2013
	\$	\$
Revenue from continuing operations:		
Interest received from other persons	1,655	5,938
Consulting services	0	3,305
Research & development tax concession	97,798	226,647
Total revenue	<u>99,453</u>	<u>235,890</u>

3. LOSS BEFORE TAX

Loss before income tax includes the following specific expenses:

	2014	2013
	\$	\$
Auditor's remuneration for audit or review of the financial reports of the company	28,000	27,325
Remuneration for other services	0	0
Total remuneration	<u>28,000</u>	<u>27,325</u>

TRUSCOTT MINING CORPORATION LIMITED
ABN: 31 116 420 378
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 June 2014

4. INCOME TAX EXPENSE

(a) Income tax expense	2014	2013
	\$	\$
Current income tax credit	0	0
Deferred tax	0	0
Adjustment in respect of prior year	0	0
	<u>0</u>	<u>0</u>
 (b) Numerical reconciliation of income tax expense to prima facie tax payable		
Loss from continuing operations before income tax expense	(278,613)	(336,375)
Tax at the Australian tax rate of 30% (2013 30%)	(83,584)	(100,913)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Tenement acquisition costs written off	0	16,558
Exploration costs	(75,872)	883
 Blackhole expenditure	(8,462)	(8,346)
R&D tax concession	(29,339)	(67,994)
Other expenses	(23,636)	27,325
	<u>(220,893)</u>	<u>(132,487)</u>
Tax losses not brought to account	220,893	132,487
Income tax attributable to the Company	<u>0</u>	<u>0</u>
 (c) Tax losses		
Unused tax losses for which no deferred tax asset has been recognised	5,840,725	5,367,329
Potential Tax Benefit at 30%	<u>1,752,218</u>	<u>1,610,199</u>

All unused tax losses were incurred by the company, which is an Australian entity.

(d) Deferred tax liabilities/assets	Opening Balance	Charged to income	Charged directly to equity	Closing Balance
Deferred tax liabilities				
Deferred exploration expenditure	2,014,581	(6,069)	0	2,008,512
Other	236	(35)	0	201
 Deferred tax assets				
Accrued expenses	(37,734)	(17,143)	0	(54,877)
Other - legal costs	(121)	0	60	(61)
Capital raising costs	(19,927)	0	6,681	(13,246)
Balance not recognised as at 30 June 2013	<u>1,957,035</u>	<u>(23,247)</u>	<u>6,741</u>	<u>1,940,529</u>
 Deferred tax liabilities				
Deferred exploration expenditure	2,008,512	(65,196)	0	1,943,316
Other	201	(48)	0	153
 Deferred tax assets				
Accrued expenses	(54,877)	(21,468)	0	(76,345)
Other - legal costs	(61)	0	61	0
Capital raising costs	(13,246)	0	7,826	(5,420)
Balance not recognised as at 30 June 2014	<u>1,940,529</u>	<u>(86,712)</u>	<u>7,887</u>	<u>1,861,704</u>

Deferred tax assets/liabilities have not been recognised as the directors do not believe it is appropriate to regard realisation of these deferred assets/liabilities as being probable. No franking credits are available.

The potential tax benefit of losses not brought to account is \$1,752,218 and the temporary differences are \$1,861,704.

TRUSCOTT MINING CORPORATION LIMITED
ABN: 31 116 420 378
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 June 2014

5. TRADE AND OTHER RECEIVABLES - CURRENT	2014	2013
	\$	\$
Term deposit used as security for company credit card	20,000	20,000
GST credit due	18,599	13,335
Interest receivable	512	671
Sundry debtors	3,635	3,635
R&D tax concession amount	97,798	226,647
	<u>140,544</u>	<u>264,288</u>
6. OTHER CURRENT ASSETS		
Prepayments	5,243	7,405
	<u>5,243</u>	<u>7,405</u>
7. PROPERTY PLANT AND EQUIPMENT	2014	2013
	\$	\$
Leasehold improvements – at cost	3,746	3,746
Less accumulated depreciation	(2,544)	(2,332)
	<u>1,202</u>	<u>1,414</u>
Office furniture and equipment – at cost	21,255	21,254
Less accumulated depreciation	(17,830)	(15,793)
	<u>3,425</u>	<u>5,461</u>
Motor vehicle – at cost	26,561	26,561
Less accumulated depreciation	(20,125)	(18,640)
	<u>6,436</u>	<u>7,921</u>
Field equipment – at cost	35,018	33,389
Less accumulated depreciation	(27,908)	(25,233)
	<u>7,110</u>	<u>8,156</u>
	<u>18,173</u>	<u>22,952</u>

Movements in carrying amounts

Movement in the carrying amounts for each class of property, plant and equipment:

	Building Improvements	Office furniture and equipment	Field equipment	Motor Vehicle	Totals
Balance at 1 July 2012	1,663	9,935	10,570	9,749	31,917
Additions	0	0	1,000	0	1,000
Disposals	0	(1,094)	(308)	0	(1,402)
Revaluation increments/decrements	0	0	0	0	0
Depreciation expense	(249)	(3,380)	(3,106)	(1,828)	(8,563)
Balance at 1 July 2013	<u>1,414</u>	<u>5,461</u>	<u>8,156</u>	<u>7,921</u>	<u>22,952</u>
Additions	0	0	1,629	0	1,629
Disposals/write-offs	0	0	0	0	0
Revaluation increments/decrements	0	0	0	0	0
Depreciation expense	(212)	(2,037)	(2,675)	(1,485)	(6,409)
Balance at 30 June 2014	<u>1,202</u>	<u>3,424</u>	<u>7,110</u>	<u>6,436</u>	<u>18,173</u>

8. DEFERRED EXPLORATION, EVALUATION AND DEVELOPMENT EXPENDITURE	2014	2013
	\$	\$
Tenement acquisition costs – at cost	291,427	291,427
Security deposits – at cost	62,044	59,058
Deferred exploration expenditure – at cost	6,998,122	6,695,038
	<u>7,351,593</u>	<u>7,045,523</u>
Carrying amount at beginning of year	7,045,523	6,715,269
Deferred exploration, evaluation and development expenditure incurred	303,084	480,489
Expenditure associated with acquisitions	0	1,008
Prior year costs written-off	0	(126,701)
Current year costs written-off	0	(19,839)
Payment(refund) of security deposits	2,986	(4,703)
Carrying amount at end of year (at cost)	<u><u>7,351,593</u></u>	<u><u>7,045,523</u></u>

The ultimate recoupment of the above deferred exploration expenditure is dependent upon the successful development and commercial exploitation or, alternatively, sale of the respective areas of interest. All of the above expenditure relates to exploration phase.

TRUSCOTT MINING CORPORATION LIMITED
ABN: 31 116 420 378
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 June 2014

9. TRADE AND OTHER PAYABLES – CURRENT	2014	2013
	\$	\$
Sundry payables and accrued expenses	167,307	82,082
Employee entitlements	0	1,206
Remuneration sacrifices by directors payable in shares (Subject to approval at the AGM)	227,700	177,840
	395,007	261,128

10. ISSUED CAPITAL
a) Ordinary Shares

- (i) Issued and paid-up capital
85,357,634 (2013: 79,429,633) fully paid ordinary shares

		2014		2013	
(ii)		No. of Shares	\$	No. of Shares	\$
	Movements in shares on issue				
	Opening balance	79,429,633	7,638,922	73,740,214	7,300,426
	Shares issued on 8/11/13 as per AGM to directors and employees at 3 cents	5,928,001	237,120	4,037,791	282,645
	Share purchase plan 13/6/13 at 3.7 cents	0	0	1,621,628	60,000
	Shares issued on 13/6/13 to employee at 4 cents	0	0	30,000	1,200
		85,357,634	7,876,042	79,429,633	7,644,271
	Less costs of issues	0	(1,922)	0	(5,349)
	Closing balance	85,357,634	7,874,120	79,429,633	7,638,922

- (iii) Holders of ordinary shares have the right to receive dividends as declared and in the event of winding up the company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of shares held and the amount paid up. At shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

Share issues:

The following shares were issued during the Year:

8 November 2013 – 5,928,001 shares at 3.0 cents as per the AGM in lieu of directors' fees, consulting fees and to employees.

b) Options over Ordinary Shares

Options:

As at the year end the Company had 3,500,000 unlisted options as follows:

300,000	Options exercisable at \$0.25 by 20 August 2014
1,700,000	Options exercisable at \$0.45 by 1 November 2014
500,000	Options exercisable at \$0.45 by 6 October 2014
500,000	Options exercisable at \$0.45 by 15 October 2014
500,000	Options exercisable at \$0.45 by 21 June 2015

c) Terms and conditions of Options

The Options are granted based upon the following terms and conditions:

Options issued in prior years

- Each Option entitles the holder to subscribe for one Share upon exercise of each Option.
- The Options have exercise prices and expiry dates as follows:
 - \$0.25 Employee Options expire 20 August 2014 granted 30 October 2009
 - \$0.45 Share Placement options expire 6 October 2014 granted 6 October 2010
 - \$0.45 Share Placement options expire 15 October 2014 granted 15 October 2010
 - \$0.45 Director Options expire 1 November 2014 granted 1 November 2010
 - \$0.45 Share Placement options expire 21 June 2015 granted 21 June 2011
- The 25 cent Employee Options with an expiry date of 20 August 2014 were exercisable from 20 August 2011 and prior to the Expiry Date.
- The 45 cent Share Placement options with an expiry date of 6 October 2014 were exercisable from 6 October 2010 and prior to the Expiry Date.
- The 45 cent Share Placement options with an expiry date of 15 October 2014 were exercisable from 10 October 2010 and prior to the Expiry Date.
- The 45 cent Director Options with an expiry date of 1 November 2014 were exercisable from 31 December 2010 and prior to the Expiry Date.
- The 45 cent Share Placement options with an expiry date of 21 June 2015 were exercisable from 21 June 2011 and prior to the Expiry Date.
- Application will be made by the Company to ASX for official quotation of the Shares issued upon the exercise of the Options.
- All shares to be issued on being exercised will rank equally with the then issued shares of the Company.

TRUSCOTT MINING CORPORATION LIMITED
ABN: 31 116 420 378
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 June 2014

10. ISSUED CAPITAL (cont'd)

If there is any reconstruction of the issued share capital of the Company, the rights of the Option holders may be varied to comply with the ASX Listing Rules which apply to the reconstruction at the time of the reconstruction.

No application for quotation of the Options will be made by the Company.

The outstanding balance as at 30 June 2014 is represented by 3,500,000 Options over ordinary shares with exercise price of \$0.25 that expire on 20 August 2014, and \$0.45 each that expire on 1 November 2014, 6 October 2014, 15 October 2014 and 21 June 2015.

The weighted average remaining contractual life for all the share options outstanding as at 30 June 2014 is 0.31 years.

The fair value of the equity-settled share options granted is estimated as at the date of grant using the Black Scholes option valuation model taking into account the terms and conditions upon which the options were granted.

d) Capital management

As the company operates in the field of mineral exploration, with no current sales revenue from mining activities, it is not prudent to expose the company to the financial risk of borrowing. The company is therefore funded 100% by equity at a level to ensure that the Company can fund its operations and continue as a going concern.

The Company's capital only comprises fully paid ordinary share capital.

There are no externally imposed capital requirements.

Management effectively manages the Company's capital by assessing the Company's financial requirements and raising additional capital as required to fund the company's operations, research and exploration programs.

The Company has an arrangement with the Directors for them to loan up to \$100,000 unsecured to the company for an indefinite period..

Other than the loans from Directors, there have been no changes in the strategy adopted by management to control the capital of the Company since the prior year.

	2014	2013
	\$	\$
11. CASH FLOW INFORMATION		
(a) Reconciliation of the loss from continuing operations after income tax to the net cash flows used in operating activities		
Loss after income tax	(278,613)	(336,376)
Consultant's fees satisfied by the issue of shares	0	23,840
Employee remuneration satisfied by the issue of shares	0	3,300
Directors' fees to be satisfied by the issue of shares	144,000	144,000
Loss on remuneration liability settled by share based payments	59,280	0
Consulting fees to be satisfied by the issue of shares	83,700	32,440
Write-off of exploration expenditure	0	126,701
Depreciation	2,037	3,380
Loss on disposal of assets	0	1,402
Changes in assets and liabilities:		
Decrease/(Increase) in receivables	129,009	204,240
Increase/Decrease in payables and accruals	(81,536)	(21,982)
(Decrease)/Increase in employee entitlements	(1,206)	(1,091)
Decrease/(Increase) in prepayments	2,399	42,158
Net cash flows from/(used in) operating activities	<u>59,070</u>	<u>222,012</u>
(b) Reconciliation of cash and cash equivalents:		
Cash and cash equivalents	<u>4,646</u>	<u>46,323</u>
Closing Balance per Statement of Cash Flows	<u>4,646</u>	<u>46,323</u>
(c) Non-cash Financing and Investing Activities		

The company will issue, subject to shareholder approval, shares to the value of \$227,700 (2013 \$176,440) to be paid in lieu of directors' fees and consultants' fees for services provided during the year ended 30 June 2014. All of this has been expensed in the Statement of Profit or Loss and Other Comprehensive Income.

TRUSCOTT MINING CORPORATION LIMITED
ABN: 31 116 420 378
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 June 2014

12. LOSS PER SHARE

The following reflects the loss and share data used in the calculations of basic and diluted earnings per share:

	2014	2013
	\$	\$
Loss used in calculating basic and diluted earnings per share	<u>(278,613)</u>	<u>(336,376)</u>
	No.	No.
Weighted average number of ordinary shares outstanding during the year used in calculating basic and diluted EPS	83,230,050	76,438,938

13. SEGMENT INFORMATION

The company operated solely in Australia in mineral exploration for the whole of the year.

14. RELATED PARTY DISCLOSURES

Transactions with related parties.

Peter N Smith is a director of Resource Investments & Consulting Pty Ltd (RIC) which provided mining engineering and geological services totalling \$152,400 (2013 \$229,800). Of this year's amount RIC has agreed that \$69,300 (2013 \$88,800) may be paid by the issue of shares (subject to approval by shareholders at the AGM). RIC also provided the services of Mr Smith's son who worked as a field assistant at a cost of \$0 (2013 \$3,825) and also provided the services of a non-related employee geologist at a cost of \$0 (2013 \$41,770).

Michael J Povey is the principal of an Accounting practice which provided accounting and company secretarial services totalling \$59,600 (2013 \$70,700). Of this year's amount Mr Povey has agreed that \$14,400 (2013 \$24,480) may be paid by the issue of shares (subject to approval by shareholders at the AGM).

The above amounts agreed to be payable in shares are included in Note 9 – Trade and Other Payables.

15. FINANCIAL RISK MANAGEMENT

(a) Financial risk management policies

The Company's financial instruments consist mainly of deposits with banks, accounts receivable and accounts payable.

The board's overall risk management strategy seeks to assist the Company in meeting its financial targets, whilst minimising potential adverse effects on financial performance. The Company has developed a framework for a risk management policy and internal compliance and control system that covers the organisational, financial and operational aspects of the Company's affairs. The Board is responsible for ensuring the maintenance of, and compliance with appropriate systems.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities. The Company manages liquidity risk by monitoring forecast cash flows.

Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date of recognised financial assets is the carrying amount of those assets as disclosed in the Statement of Financial Position and notes to the financial statements. The company does not have any material credit risk exposure.

Interest Rate Risk

Cash funds held in term deposits are monitored on a regular basis to ensure interest earned on deposits is maintained at market rates. Cash held in non-interest bearing accounts are reviewed daily and cash surplus to the day's requirements are moved to interest bearing accounts.

The company's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, is as follows:

TRUSCOTT MINING CORPORATION LIMITED
ABN: 31 116 420 378
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 June 2014

15. FINANCIAL RISK MANAGEMENT (cont'd)

	Notes	Floating Interest Rate \$		Fixed interest rate \$		Non-Interest Bearing \$		Total \$	
		2014	2013	2014	2013	2014	2013	2014	2013
Financial Assets:									
Cash at bank and on hand	11(b)	0	0	0	0	4,646	11,270	4,646	11,270
Cash at call	11(b)	0	35,053	0	0	0	0	0	35,053
Cash on deposit	5	0	0	20,000	20,000	0	0	20,000	20,000
Trade and other receivables –									
Current	5	0	0	0	0	120,544	244,288	120,544	244,288
Other current assets	6	0	0	0	0	5,243	7,045	5,243	7,045
Total financial assets		0	35,053	20,000	20,000	130,433	262,603	150,433	317,656
Weighted average interest rate		-	2.60%	3.45%	4.55%	-	-		
Financial Liabilities:									
Payables	9	0	0	0	0	438,251	261,128	438,251	261,128
Total financial liabilities		0	0	0	0	438,251	261,128	438,251	261,128
Weighted average interest rate		-	-	-	-	-	-		
Net financial assets (liabilities)		-	35,053	20,000	20,000	(307,818)	1,475	(287,818)	56,528

Sensitivity Analysis

The following table illustrates sensitivities to the Company's exposure to changes in interest rates. The table indicates the impact on how profit and equity values reported at the end of the reporting period would have been affected by changes in relevant risk variable that management considers to be reasonably possible.

These sensitivities assume that the movement in a particular variable is independent of other variables.

	Profit	Equity
Year ended 30 June 2014		
+/- 2% in interest rates	+/- \$400	+/- \$400
Year ended 30 June 2013		
+/- 2% in interest rates	+/- \$1,101	+/- \$1,101

(b) Financial instruments

Net Fair Value

For other assets and other liabilities the net fair value approximates their carrying value, as disclosed in the Statement of Financial Position.

16. CAPITAL AND LEASING COMMITMENTS

Capital expenditure commitments

Estimated commitments for which no provisions were included in the financial statements are as follows:

Exploration Expenditure Commitments

The company has certain obligations to perform minimum annual exploration work totalling \$224,500 on its tenements.

17. CONTINGENT LIABILITIES

The directors are not aware of any contingent liabilities as at the date of this report.

18. BORROWINGS – NON-CURRENT

	2014 \$	2013 \$
Loans from Directors (unsecured)	43,244	0
No interest is payable on these loans		
Total non-current liabilities	43,244	0

TRUSCOTT MINING CORPORATION LIMITED
ABN: 31 116 420 378
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 June 2014

19. SHARE BASED PAYMENTS

a. The following share-based payment arrangements existed at 30 June 2014:

Director options

At the AGM on 1 November 2010, 1,700,000 share options with an exercise price of \$0.45 and an expiry of 1 November 2014 were granted in lieu of Directors' fees for the calendar year 2010.

The options hold no voting or dividend rights and are not transferable. When a director ceases employment, the options that have not vested are deemed to have lapsed. All options have vested. Where the situation warrants, a director may receive a pro-rata vesting of options. Since balance date, no director has ceased their employment.

Employee options

On 30 October 2009, 300,000 employee incentive options were granted to the company's then exploration manager. The options were granted at an exercise price of \$0.25 and an expiry of 20 August 2014.

The options hold no voting or dividend rights and are not transferable. At the time the exploration manager ceased employment, the above options had fully vested.

At balance date, none of the above share options had been exercised.

Director shares

At the 2012 AGM, 4,037,792 shares with an issue price of 7 cents were allotted to the directors and employees as follows:

Directors in lieu of directors' fees	1,455,962
Directors as sacrifice for consulting fees	1,677,544
Employee as a salary sacrifice	874,286
Employee as part of remuneration	30,000

On 13 June 2013 30,000 shares with an issue price of 4 cents were issued to an employee as remuneration

At the 2013 AGM, 5,928,001 shares with an issue price of 3 cents were allotted to the directors and employees as follows:

Directors in lieu of directors' fees	3,600,000
Directors as sacrifice for consulting fees	1,861,334
Employee as a salary sacrifice	466,667

b. summary of options issued as remuneration to directors and employee

	2014		2013	
	Number of Options	Weighted Average Exercise Price \$	Number of Options	Weighted Average Exercise Price \$
Outstanding at the beginning of the year	4,500,000	\$0.326	4,800,000	\$0.324
Granted	0	0	0	
Forfeited/cancelled	0		0	
Exercised	0		0	-
Expired	2,500,000	\$0.25	300,000	\$0.300
Outstanding at year-end	2,000,000	\$0.45	4,500,000	\$0.326
Exercisable at year-end	2,000,000		4,500,000	

The above options outstanding at 30 June 2014 had a weighted average exercise price of \$0.450 and a weighted average remaining contractual life of 0.31 years. Exercise price is \$0.45 in respect of options outstanding at 30 June 2014.

No options were granted during the year.

Of the above 2,000,000 options, 800,000 options were granted to a director and an employee who are no longer with the Company.

TRUSCOTT MINING CORPORATION LIMITED
ABN: 31 116 420 378
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 June 2014

20. EVENTS OCCURRING AFTER BALANCE DATE

Other than 300,000 options lapsing, and the directors making preparations for a capital raising from sophisticated investors of \$250,000 before costs, the directors are not aware of any matter or circumstance since the end of the financial year that has significantly affected or may significantly affect the operations of the company, the results of those operations or the state of affairs of the company in subsequent financial years.

21. COMPANY DETAILS

Registered office:
Level 1, 433 Vincent Street West, West Leederville WA 6007
(PO Box 2805, West Perth WA 6872)

Telephone numbers
Telephone (08) 9389 7088
Facsimile (08) 9245 1088
admin@truscottmining.com.au

Principal place of business:
Lot 511 Udall Road, Tennant Creek NT 0860

Company secretary:
Michael J Povey

Share registry:
Security Transfer Registrars
770 Canning Highway
Applecross WA 6053

Home exchange:
Australian Securities Exchange Ltd
Exchange Plaza
2 The Esplanade
Perth WA 6000
ASX Code: TRM

Quotation has been granted for all the ordinary shares of the Company on all Member Exchanges of the Australian Securities Exchange Limited.

TRUSCOTT MINING CORPORATION LIMITED
ABN: 31 116 420 378
DIRECTORS' DECLARATION

DIRECTORS' DECLARATION

The directors of the Company declare that:

1. the financial statements and notes, as set out on pages 20 to 36, are in accordance with the Corporations Act 2001 and:
 - a) comply with Australian Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS); and
 - b) give a true and fair view of the financial position as at 30 June 2014 and of the performance for the year ended on that date of the company;
2. the Directors have been given the declarations required by s 295A of the *Corporations Act 2001* from the Chief Executive Officer and Chief Financial Officer; and
3. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



DIRECTOR

Perth, WA



DIRECTOR

Dated this 30th day of September 2014

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TRUSCOTT MINING CORPORATION LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Truscott Mining Corporation Limited, which comprises the statement of financial position as at 30 June 2014, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the company.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101: Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards (IFRS).

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Truscott Mining Corporation Limited, would be in the same terms if provided to the directors as at the date of this auditor's report.

Auditor's Opinion

In our opinion:

- a. the financial report of Truscott Mining Corporation Limited is in accordance with the *Corporations Act 2001*, including:
 - i. giving a true and fair view of the company's financial position as at 30 June 2014 and of its performance for the year ended on that date; and
 - ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 1(b) in the financial report, which indicates that the company incurred a net loss of \$278,163 generated cash inflows of \$59,070 but had net cash outflows of \$142,069 from investing activities during the year ended 30 June 2014. As at the 30th June 2014, the Company's current liabilities exceeded its current assets by \$244,574. These conditions, along with other matters as set forth in Note 1(b), indicate the existence of a material uncertainty that may cast significant doubt about the company's ability to continue as a going concern and therefore, the company may be unable to realise its assets and discharge its liabilities in the normal course of business and at the amounts stated in the financial report.

Report on the Remuneration Report

We have audited the remuneration report included in pages 15 to 17 of the directors' report for the year ended 30 June 2014. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with s 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the remuneration report of Truscott Mining Corporation Limited for the year ended 30 June 2014 complies with s300A of the *Corporations Act 2001*.

Maxim Audit

MAXIM AUDIT
Chartered Accountants

M A Lester

M A Lester

Perth W.A.

Dated this 30th day of September 2014

TRUSCOTT MINING CORPORATION LIMITED
ABN: 31 116 420 378
SHAREHOLDER INFORMATION & TENEMENT SCHEDULE

ADDITIONAL SHAREHOLDER INFORMATION

Shareholder information as registered at close of business on 29th September 2014

1. DISTRIBUTION OF SHAREHOLDERS

	Number of Shareholders	Number of Unlisted Option Holders
1	11	0
1,001	35	4
5,001	95	4
10,001	194	18
100,001 and over	<u>72</u>	<u>5</u>
	<u>407</u>	<u>31</u>
Percentage holding of 20 largest holders	72.02%	97.83%

2. TWENTY LARGEST SHAREHOLDERS

The names of the twenty largest shareholders are as follows:

Shareholder	Number of Shares	% of Issued Capital
1 Resource Holdings (WA) Pty Ltd	9,800,000	11.48
2 Hillway Pty Ltd	7,226,314	8.47
3 Alcardo Investments Ltd	5,880,167	6.89
4 Resource Investments & Consulting Pty Ltd	5,002,885	5.86
5 Comprehensive Drainage (WA) Pty Ltd	4,130,719	4.84
6 Mr P N Smith	3,144,002	3.68
7 Reneagle Pty Ltd	3,066,449	3.59
8 Mr G C & Mrs D S Campbell	3,048,155	3.57
9 Michael J & Elizabeth V Povey	2,823,109	3.31
10 Reseda Holdings Pty Ltd	2,703,287	3.17
11 Norvest Projects Pty Ltd	2,053,271	2.41
12 Mr D M Barrett	2,051,844	2.40
13 Dr J A Hanson	1,693,848	1.98
14 Prof Yew Kwang Ng	1,630,719	1.91
15 Mr A & Mrs M Brien	1,490,008	1.75
16 Ms RT Moore	1,455,961	1.71
17 Leet Investments Pty Ltd	1,200,000	1.41
18 Martin Place Securities Noms Pty Ltd	1,070,271	1.25
19 Sofew Assets Pty Ltd	1,000,000	1.17
20 R P Austin Superannuation	1,000,000	1.17
Total of Top 20	<u>61,471,009</u>	<u>72.02</u>
Total Shares	<u>85,357,634</u>	<u>100.00</u>

3. OPTION HOLDERS

The names of the twenty largest option holders are as follows:

Option holder	Number of Options	% of Options
1 Mr Peter Smith	700,000	21.88
2 Mr Michael J Povey	500,000	15.65
3 Mr Derrick Sufredo	500,000	15.65
4 Martin Place Securities Nominees Pty Ltd	500,000	15.65
5 Reneagle Pty Ltd	500,000	15.65
6 Mr Barry Dawes	58,478	1.83
7 Mr Gregory Campbell	55,000	1.72
8 Mr Barry Dawes	50,000	1.56
9 Mr Andrew Burgin	50,000	1.56
10 Mr Terence McMahon	50,000	1.56
11 Mr John Webster	30,000	0.94
12 Mr Les Szancer	25,000	0.78
13 Ms Ruth McColl	18,750	0.59
14 Mr Franky Hung	15,000	0.47
15 Mr Paul Bridgewood	12,500	0.39
16 Mr Craig Erskine-Smith	12,500	0.39
17 Ms Rosemary Courtney	12,500	0.39
18 Mr Richard Boyer	12,500	0.39
19 Mr John Southon	12,500	0.39
20 Mr David Snedden	<u>12,500</u>	<u>0.39</u>
Total Options	<u>3,127,228</u>	<u>97.83</u>

None of the options are listed for quotation on the Australian Securities Exchange.

TRUSCOTT MINING CORPORATION LIMITED
ABN: 31 116 420 378
SHAREHOLDER INFORMATION & TENEMENT SCHEDULE

4. SUBSTANTIAL SHAREHOLDERS

As at 29 September 2014 the substantial shareholders registered with the company were:

Shareholder	Number of Shares	% of Issued Capital
1 Peter Neil Smith	26,173,201	30.66
2 Alcardo Investments Ltd	4,355,167	6.50
3 Comprehensive Drainage (WA) Pty Ltd	4,130,719	5.31

5. SHAREHOLDERS HOLDING LESS THAN THE MARKETABLE PARCEL

Shareholder information as registered at close of business on 29 September 2014. The number of shareholders holding less than the marketable parcel is 156 shareholders holding 1,192,679 ordinary shares representing 1.40% of total issued capital.

6. VOTING RIGHTS

Ordinary shares

On a show of hands every member present in person or by proxy or attorney or being a corporation by its authorised representative who is present in person or by proxy, shall have one vote for every fully paid ordinary share of which he is a holder.

Unlisted Options

These options have no voting rights until such options are exercised as fully paid ordinary shares.

7. UNQUOTED SECURITIES

Options

As at 29 September 2014 all of the 3,200,000 issued options are unlisted. 1,200,000 are on issue to directors.

Expiry date	Vesting date	Exercise price	Escrow date	No. of options	No. of holders
06/10/2014		\$0.45		500,000	1
15/10/2014		\$0.45		500,000	1
01/11/2014		\$0.45		1,700,000	3
21/06/2015		\$0.45		500,000	26

Ordinary shares

A total of 85,357,634 ordinary shares are on issue, all of which are listed.

8. COMPANY DETAILS

The registered office of the company is:

Level 1, 433 Vincent Street West, West Leederville WA 6007

9. TENEMENT SCHEDULE

Tenements held as at 29 September 2014 are:

Project	Type & Number	Date Granted or Renewed	Held by	Area
<u>Northern Territory</u>				
Westminster	MLC511	1/01/2012	TRM 100%	9 Hectares
Westminster	MA25952	26/10/2007	TRM 100%	1 Block
Westminster	MA26500	09/07/2008	TRM 100%	5 Blocks
Westminster	MA26558	09/07/2008	TRM 100%	2 Blocks
Arcadia	MLC9999	18/11/2013	TRM 100%	23 Hectares
Hera	EL27731	24/08/2010	TRM 100%	12 Blocks
Tyson	EL26221	14/02/2008	TRM 100%	1 Block
Olympus	EL29883	05/12/2013	TRM 100%	8 Blocks

Notes:

- TRM = Truscott Mining Corporation Ltd
- MLC = Mineral Lease (Central)
- MA = Authority to explore
- EL = Exploration Licence

Postal Address:
PO Box 2805
WEST PERTH WA 6872

Phone: +61 8 9327 7300
Fax: +61 8 9245 1088
Email: admin@truscottmining.com.au
Website: www.truscottmining.com.au

