ANNUAL REPORT 2011

TRUSCOTT MINING CORPORATION LIMITED ACN 116 420 378

TRUSCOTT
MINING CORPORATION LIMITED

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Email: admin@truscottmining.com.au
Website: www.truscottmining.com.au

COMPANY DIRECTORY

Changes since previous draft
DIRECTORS

P N Smith – Executive Chairman and Managing Director
D Sufredo – Non-Executive Director
M J Povey – Executive Director

COMPANY SECRETARY

M J Povey B.Bus, CA, FTIA

REGISTERED OFFICE

6/62 Ord Street
West Perth WA 6005
(PO Box 2805, West Perth WA 6872)

Telephone (08) 9327 7300
Facsimile (08) 9324 3691

AUDITORS

Maxim Audit
243 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 2011 and a summary of the exploration activities and research and development initiatives for the year. Truscott Mining Corporation Limited continues to undertake all operational activities in the Tennant Creek Mineral Field in the Northern Territory.

The company has maintained an effective level of operational activity throughout the year without significantly increasing the number of shares on issue. The tight capital structure provides shareholders with good leverage to the company's exploration activities, and in particular the increasingly mature Westminster Gold Project.

In June, what is planned to be the first of a progressive series of ore resource estimates for the Westminster Project was released to the market. The increasing in-ground value of the Company's high grade gold resources, coupled with the underlying strength in the gold sector, is looked to as a potential driver for the market capitalisation of the Company.

During the year a series of discussions with the Territory Government have been ongoing with respect to the best course of actions available to Company for achieving approvals for mining at Westminster. These forward planning initiatives are ongoing and are receiving active support.

The Company's tenement holdings are strategically positioned to allow for exploration and development initiatives to be readily facilitated as they have close proximity to the infrastructure required to support both exploration and future development. The key exploration projects Westminster, Lyall, Hera and Olympus all fall within a 25km working radius of the regional centre of Tennant Creek and the company's exploration office.

The company's exploration activities throughout the Mineral Field continued to be driven within the context of furthering research into the relationships that exist between structural controls and the direction of later stage mineralising fluid movements within the Tennant Creek Mineral Field. The complex models developed during the course of the research program have now become increasingly effective predictive tools.

Completion of research and development activities at Westminster Project will occur following sufficient definition of the local structural framework. Research and development activity will then be migrated to other key project areas to study in more detail the applicability of the concepts developed across the Mineral Field.

The Company has maintained its focus at the Westminster Project where there is the opportunity to add significant value to shareholdings in the company. It can be demonstrated that this strategy has begun to establish traction with the establishment of a first resource estimate. The primary objective for the coming year is to follow through with additional work programs to further increase the resource base.

Peter N Smith
Executive Chairman

23rd September 2011

REVIEW OF OPERATIONAL ACTIVITES

Activity Summary

- During the year Truscott has continued to advance its in-house understanding of the structural controls over mineralisation within the central Tennant Creek high-grade gold field (Figure 1), through continued research and analysis initiatives.

- At the Westminster Project observations and analysis generated from the drill programs undertaken during the year have provided feed back to allow continuous assessment and refinements to be made to the structural model at a project level.

- For the Westminster Project a detailed assessment of the constraints on ore shoot geometry is being developed which describes the expected location of potential high grade mineralised target zones prior to drilling.

- Drill testing of a part of the target zone at Westminster has resulted in the confirmation of the model and the definition of an initial Inferred Mineral Resource estimate of:

111 300t @ 25.6 g/t Au for 91 700 contained Au oz

- The company's research into the structural controls and mineralising events continues to increase the effectiveness of the structural model being developed as a tool to successfully predict the sites for high grade gold mineralisation.

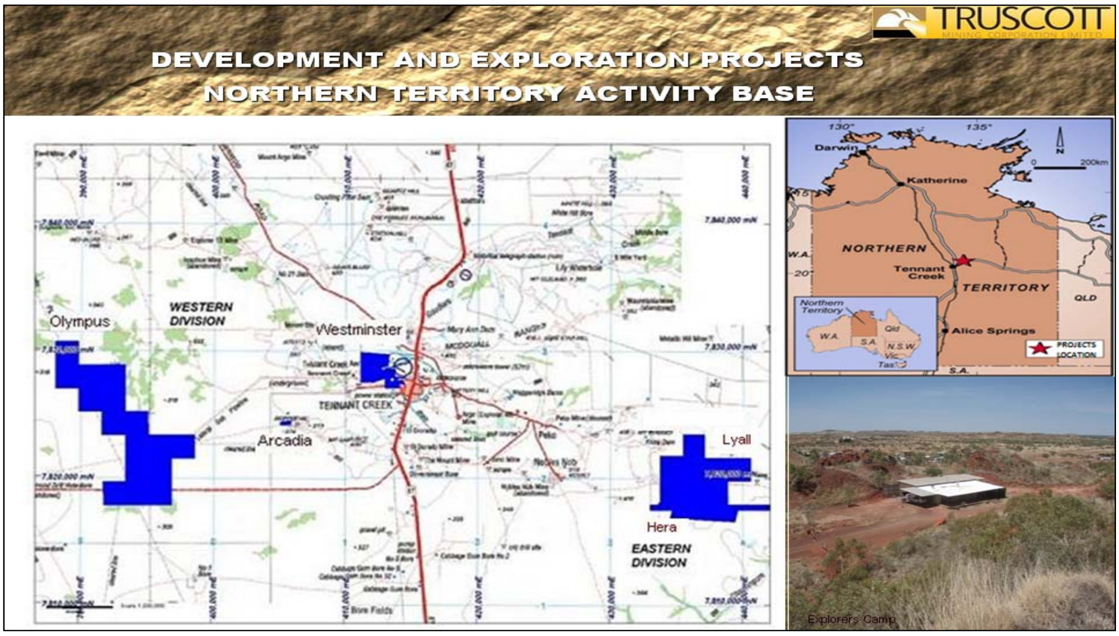

Figure 1: Exploration Activity Centres - Tennant Creek NT

- The scale of structural framework describing the mineralisation at Westminster suggests that the deposit is potentially of the same order of magnitude as that for the larger historical mines in the Tennant Creek field.

- A series of RAB and RC drill holes has been planned for the Hera Project as part of an ongoing study to compare mineralisation and structural settings on a field wide basis.

TENNANT CREEK GEOSYNCLINE – Lower Proterozoic

Poly-Metallic (Au, Ag, Bi, Mo, Co, Cu, Pb, Zn, Fe) Systems

Strategic Tenement Holdings

For logistical reasons the company is focusing its exploration effort in an area within a 25km radius of the Tennant Creek Township (Figure 2). Within this area, two underground operations, Peko and Juno stand out, with substantive past and present publicly reported inferred and indicated resource estimates for each deposit.

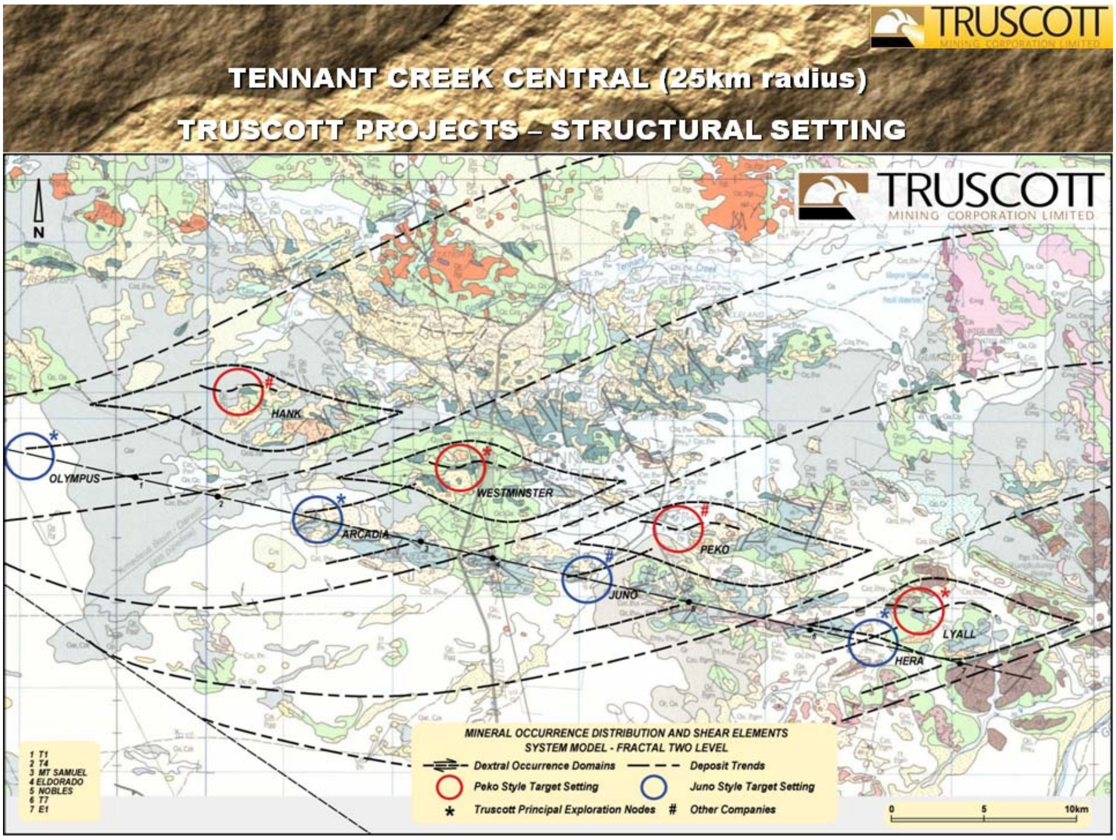

Figure 2: Tennant Creek Mineral Field – Structural Settings

The company's structural modelling has identified primary targets exhibiting congruent structural settings to major deposits in the Tennant Creek Mineral Field. The targets are located at the intersections between the axes of major folds with prominent shear zones (Figure 2).

Strategic Management Considerations

- Truscott is a tightly held exploration company with a low number of shares on issue (66,979,854) and a large percentage of director, management and founders' participation (46.5%, fully diluted after options) in share ownership.

- The company manages a systematic and intellectually driven exploration program over mineral projects in which it has 100% holding (Figure 3).

- Truscott continues to work to minimise the issue of additional equity as a means of maintaining the company shareholders' position, as the most highly leveraged company to exploration and development success in the Tennant Creek Mineral Field.

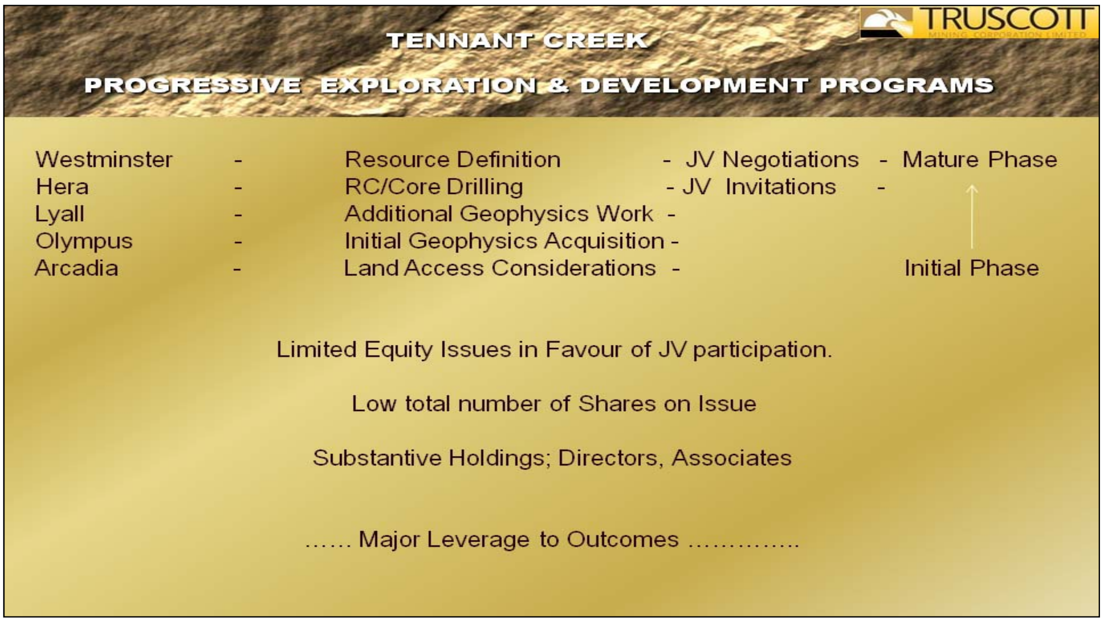

Figure 3: Summary of Project Development Status

Westminster Project Logistics (Truscott: MLC511, A25952, A26500, A26588 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 km^2 which includes some of the earliest workings and discoveries in the field that date from the mid 1930's.

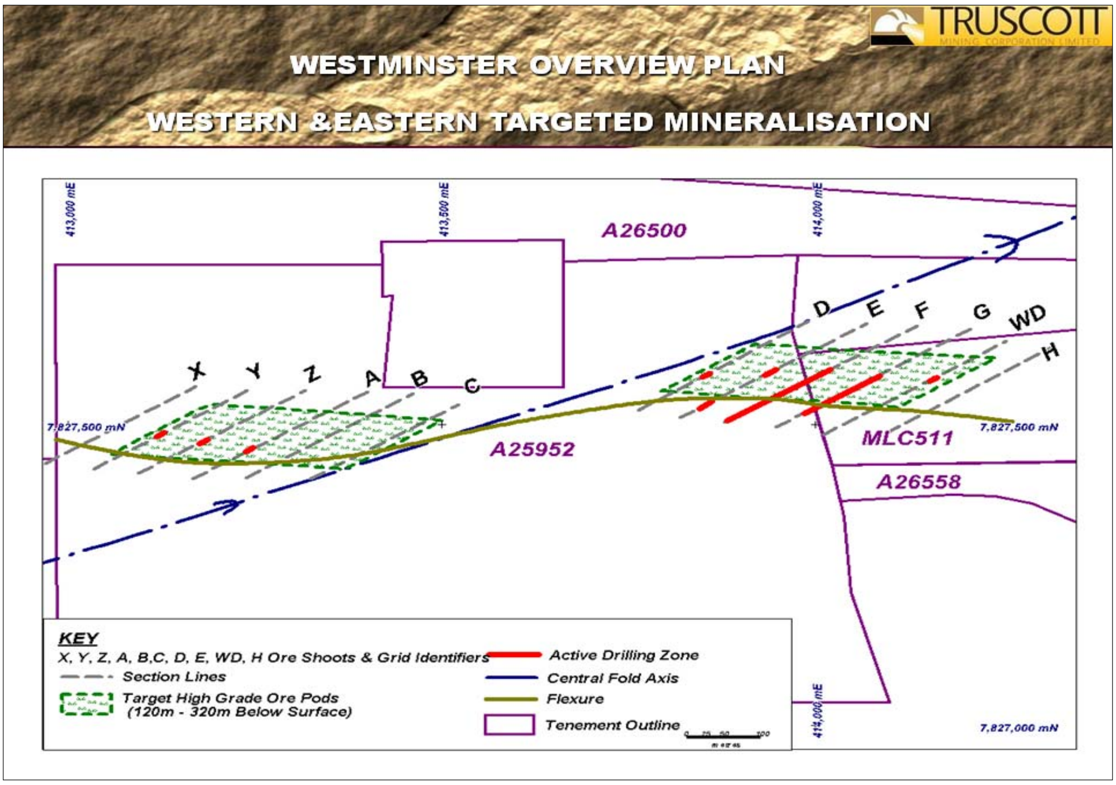

Figure 4: Plan View of Mineralised Lodes at Westminster Project

Truscott has been the first company to successfully consolidate a number of these historical mining leases along a line of strike. The project covers more than 2.2 km strike length of mineralised ironstone outcrop and sub-crop that host numerous historical shallow high grade gold workings. The project site is ideally located close to all major service connections and within 500m of the local airport.

Structural Setting - Westminster Mineralised Lodes

Field mapping combined with geophysical and drilling data have been used to describe and identify the trends and structures present at the Westminster Project.

Interpreted dextral dilation envelopes enclose an "offset" shear/alteration zone proximal to a principle fold axis that has a trace approaching 068^0 (Figure 4). The shear/alteration zone is characterised by chlorite/carbonate/iron alteration and cuts through a sequence of north dipping fine grained shale units.

The interpreted dilation envelopes are offset and are approximately 1km in length. Drilling to date has confirmed the continuity of mineralisation to approximately 200m depth. Several of the ore shoots so far identified, have favourable zones of hydrothermal alteration developed as depth increases.

The primary target zones for high grade massive mineralisation are indicated in Figure 4. The target zones shown in plan are interpreted as areas where there is a build up of mineralisation, within ore shoots, with increasing depth.

Field mapping indicates that the east-west alignment, of the targeted ore shoots, along the length of the Westminster Project undergoes a major flexure as they cross an interpreted central anticline. The flexure is an integral part of the setting of the zones of dilation that hosts the mineralisation. It is interpreted that the shoots differ in size and mineral content as a consequence of their positions relative to flexure. It is expected that future drill results are likely to reflect these differences.

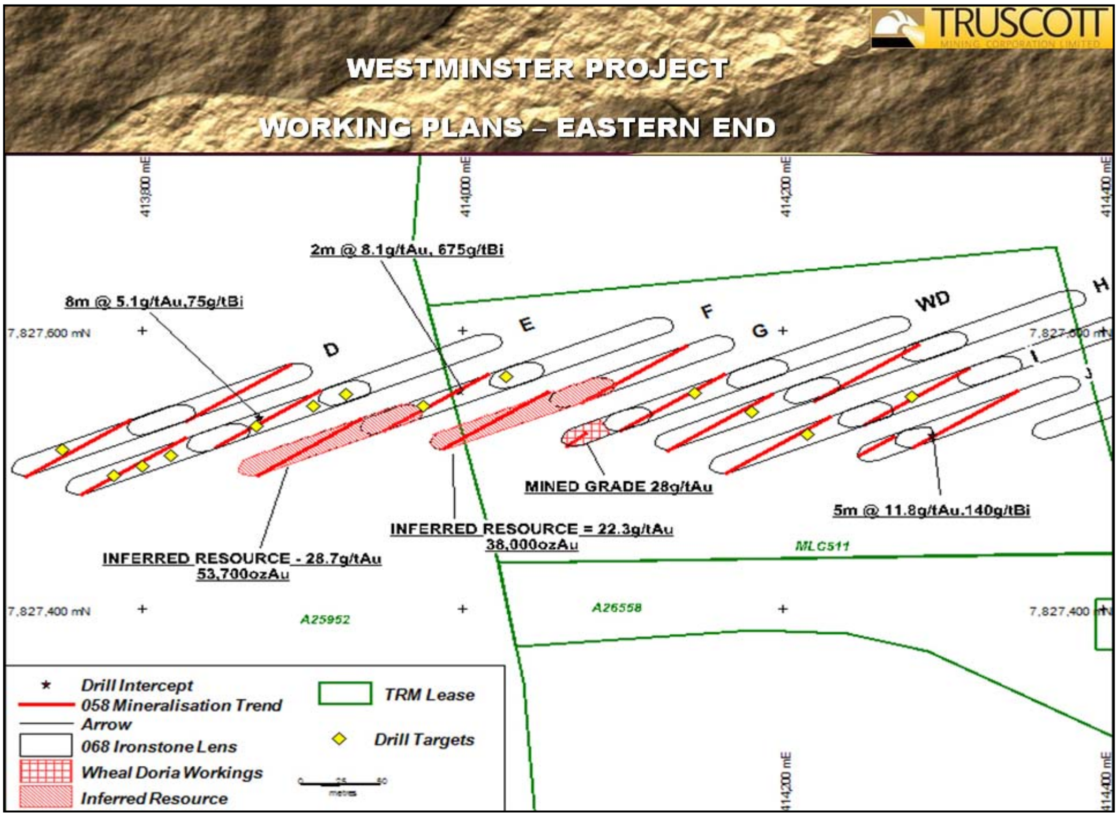

Figure 5: Westminster Project – Working Plans – Eastern End

Ore Emplacement Model

The exploration model being developed to target high grade mineralisation has been updated to now draw upon the following four interrelated concepts;

Ironstone pods are located in zones of dilation developed during an early Phase 1 event of the regional deformation of the Tennant Creek Mineral Field.

Gold, Bismuth and Copper mineralisation were introduced as an overprinting during a later Phase 2 event that fractured and sheared the ironstone lenses.

The mineralisation exhibits a consistent hydrothermal mineral (Au-Bi-Cu-Pb-Zn) zonation through the different levels in the system.

The position of an ironstone pod relative to the footwall of the dilation zone appears to control the extent of mineralisation.

Summarising, to effectively target commercial mineralisation, hosted in the ironstone pods, it is necessary to firstly define the intersection matrix for the Phase 1 and Phase 2 events and then to determine whether a particular intersection is expected to be viable.

Figure 5 shows the trends of the ironstone pods (labelled as D, E, F, G, WD, H, I & J) and the traces of the high grade gold mineralisation. The alignment of the initial inferred mineral resource zones, the historical mine workings and the target zones for resource extension drilling provide a sense of the likely vector for the identification of further high grade gold mineralisation.

Inferred Mineral Resources

Part 1-Early Drill Results

Drill results returned late in the year provided sufficient additional information to define an initial Inferred Mineral Resource estimate for portions of Shoots F & G (Figure 5) at Westminster.

Significant high grade results returned from the drilling included:

2m @ 81.0g/t Au, 5201g/t Bi, Hole 11WMRC082

2m @ 33.0g/t Au, 1747g/t Bi, Hole 11WMRC083

The gold mineralisation occurs in or adjacent to ironstone lenses hosted in strongly altered and sheared sedimentary rocks. An aggressive lower cut-off grade of 5g/t Au was applied in calculating the resource estimate (Table 1) with the objective of building up a resource base that has the potential to sustain selective underground mining methods.

The resource estimates for Shoots F & G have been calculated to depth limits of 200m and 140m respectively. Parameters that were used to calculate the resource estimate are listed in Appendix 1.

Table 1: Progressive Resource Estimate Reporting – (Issue No.1)

5g/t Au Cut off	Tonnes	Au(g/t)	Contained Ounces Au
Shoot G	53 100	22.3	38 000
Shoot F	58 200	28.7	53 700
Total	**111 300**	**25.6**	**91 700**

The resource described to date exhibits the same high grade tenor as the ore mined (Figure 3) from the lease by early small scale operators. Additional metal credits for Silver, Bismuth, Cobalt, and other metals have not been included in the estimate.

Part 2 – Subsequent Drill Results

Drill results returned later in the June quarter support the ore emplacement model to facilitate the planning for the next round of resource extension and delineation drilling.

Significant high grade results returned from later drilling, which have not been included in the initial resource estimate, but have now been utilised for planning, included:

8m @ 5.1g/t Au, 75g/t Bi, Hole 11WMRC093

2m @ 8.1g/t Au, 675g/t Bi, Hole 11WMRC095

Hole 11WMRC093 was drilled into Shoot E and returned 14m @ 3.3g/t Au (including 1m @ 26.3g/t Au). This is considered significant as it provides the first confirmation of high tenor gold mineralisation within Shoot E (Figure 5). This intersection provides the reference point for planning resource definition drilling of the newly identified shoot.

Hole 11WMRC095 was drilled into the lower F Shoot and returned 2m @ 8.1g/t Au within a 12m wide anomalous halo. This is interpreted as an intersection in the Shoot F approximately 30m above the main target. The significant intersection indicates an extension to the current bounding limits of the ore resource estimate for Shoot F by 50m.

Future Westminster Drilling Activity

Towards the close of the September quarter planning will be finalised for a further 3,000m of Reverse Circulation resource definition drilling for the Westminster Project. The drilling is scheduled to start in October 2011. Deep drilling (>300m) is scheduled for December 2011.

The main objectives of the October drilling program include:

1. Increase the mineral resource estimate for Shoot F (Figure 5).

2. Confirm the upper zone of Shoot E (Figure 5) and test for ore grade mineralisation in Shoot D.

3. Test for ore grade mineralisation in Shoots I & H (Figure 5) adjacent to mineralisation intersected in TRC13 of 5m @ 11.8 g/t Au.

Westminster – System Potential

Analysis into the nature of the interaction between the earlier stage ironstone bodies and the later stage gold mineralization has provided a target framework for drill program planning. Complexity of the interactions of the two discrete events has provided a barrier to past explorers and thus precluded any opportunity for discovery based on systematic analysis.

Historical mining within the Westminster project area appears to have been limited to a series of shallow workings. Drilling has demonstrated that mineralization is hosted in metasediments which either outcrop or are near surface. The historical workings are not expected to materially reduce the resource potential for the project.

The character of the vertical zoning and the alteration envelopes associated with Tennant Creek high grade gold systems is well documented. A review of this work provides a basis for following the gold leads to depth. The mineral zones evident at Westminster demonstrate a transition from talc-chlorite-magnetite to massive magnetite chlorite. The latter zone is often associated with high gold grades and is located approximately 200m below surface. Descriptions of drill chips from Shoot F indicate the character of the alteration and mineral zones is similar to that documented for the high grade Juno deposit (452,000 tonnes @ 56.1g/t Au).

The inventory of high grade gold intersections (>5g/t Au) is progressively building up (Table 2) as the overall framework for the deposit model is being defined. Infill drilling will commence, within defined constraints, to further increase data density and raise the category of resource classification once the structural model is considered adequate.

Table 2: list of key intersections (>5g/t Au) at Westminster Project

WMDDH1*	1.8m @ 11.3g/t Au from 136 metres
NMDDH1*	7m @ 40.4g/t Au from 71 metres
TRC13*	5m @ 11.8 g/t Au from 133 metres
09WMRC031	2m @ 26.3g/t Au from 46 metres
	2m @ 4.0g/t Au from 56 metres
09WMRC041	5m @ 23.5g/t Au from 83 metres
	1m @ 13.1g/t Au from 105 metres
10WMRC047	6m @ 5.5g/t Au from 86 metres
	1m @ 6.6g/t Au from 97 metres
10WMRC054	1m @ 10.1g/t Au from 160 metres
	6m @ 12.3g/t Au from 209 metres
10WMRC059	6M @ 7.8g/t Au from 60 metres
11WMRC077	3m @ 10.9g/t Au from 95 metres
11WMRC082	2m @ 81.0g/t Au from 67 metres
11WMRC083	2m @ 33.0g/t Au from 88 metres
11WMRC093	5m @ 7.8g/t Au from 192 metres
11WMRC095	2m @ 8.1g/t Au from 181 metres

*{Notes - 1g/t Au Cut off max 1m internal waste; * database}*

The Westminster system appears to consist of a number of mineralised shoots over an estimated strike length of 2.2 km. To date only a minor percentage of the overall target zone has been drill tested. The overall structural framework for the deposit suggests that the potential size of the deposit at Westminster can be considered as being of the same order of magnitude as the largest historical mines for the field.

Lyall and Hera Projects (Truscott: SEL27731, EL25577, EL26221 (all 100%))

The Lyall and Hera Projects are located 20 km east of the Tennant Creek Township.

The ground gravity image (Figure 6) shows an interpreted principal fold axis associated with the Lyall and Hera Projects.

On ground mapping and structural analysis was undertaken on the Lyall and Hera project area during the June quarter. The mapping identified key structural elements within SEL23371 that are present and control the distribution of the gold mineralisation identified at the Westminster Project.

The Aboriginal Areas Protection Authority was commissioned to complete the clearance work on the balance of the Lyall Project area included in EL 26221. Following the issuing of a clearance certificate on EL 26221 all of the Lyall and the Hera tenement holdings will be accessible for on ground exploration activities.

Planning has been completed to test two drill targets at Hera that have previously been defined by ground based gravity and magnetic survey datasets.

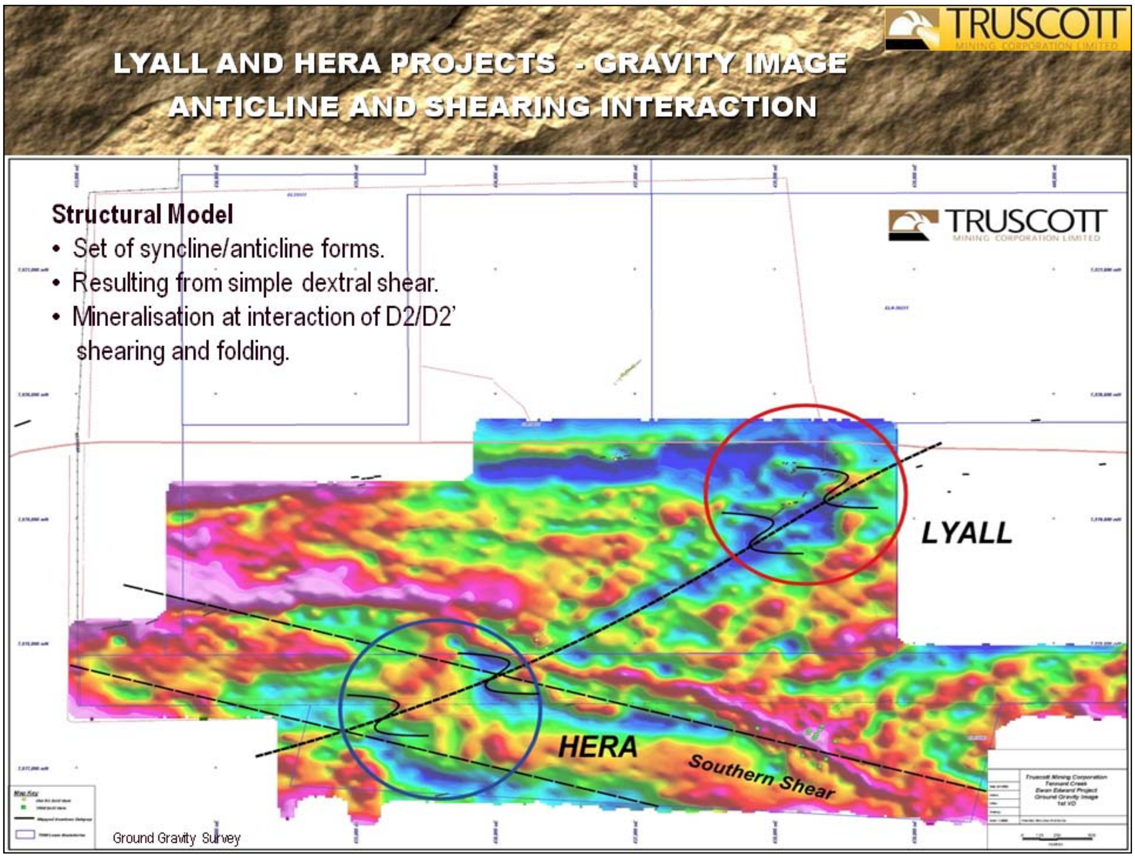

Figure 6: Detailed Ground Gravity Image at Lyall and Hera Projects

Olympus (Truscott: EL 27145 100%)

The Olympus Project is located 25km to the west of the Tennant Creek Township within tenement EL 27145. The target zone is interpreted as an intersection between a fold axis and the southern shear zone. Regional airborne magnetic data and radiometric data clearly identify the target zone. Historical vacuum RAB drilling in the general area identified weak gold and copper anomalism.

Site clearance work has been completed over the zone of interest with an AAPA clearance certificate issued for future exploration and mining activities. Specification of the requirements for a detailed ground based gravity survey is undergoing final review as part of the comparative study of the company's exploration projects along the southern shear.

Arcadia (Truscott: MLC621, MLC622 all 100%)

Shallow historical gold workings associated with ironstones are located within granted mineral leases MLC621 and MLC622. These mining leases are considered to be as prospective as the other major projects, however Arcadia's ranking as a major exploration project is reduced due to access considerations.

Historical data and geological plans from these leases are now being incorporated in the wider comparative study of prospect settings for Truscott's Hera, Acadia and Olympus Projects located along the southern shear zone.

Peter N Smith
Executive Chairman

Competent Person: *The contents of this report, that relate to geology and exploration results, are based on information reviewed by Ivan Henderson, who is a full time employee of Truscott Mining Corporation Limited and a Member of the Australian Institute of Geoscientists. He 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 2004 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Ivan Henderson consents to the inclusion in this report of the matters compiled by them in the form and context in which they appear.*

Appendix 1: Resource Estimate Summary

Table 1: Westminster Inferred Mineral Resource Estimate

5g/t Au Cutoff	Tonnes	Au(g/t)	Contained Ounces Au
Shoot G	53 100	22.3	38 000
Shoot F	58 200	28.7	53 700
Total	**111 300**	**25.6**	**91 700**

Notes

1.Collar locations of all holes have been located using differential GPS
2. Down hole drift of the drill holes was measured at regular intervals using a digital down hole survey camera
3. An SG of 3.4t/m3 was used to determine the tonnage. SG determinations were available from a series of drill core samples.
4. Resource blocks were generated on drill sections orientated along a bearing of 058^0 - 238^0
5. The orientation and shape of the resource blocks were constrained by geological structures.
6. Resource blocks were assigned a grade corresponding to the line weighted average grade of the drill intercepts
7. Seven blocks were identified to determine the resource for Shoot G and eleven blocks were identified to determine the resource for Shoot F
8. The total resource estimate was calculated by a tonnage weighted average of all the defined resource blocks.
9. A 5g/t Au lower grade cut was used, no gold equivalent credits were applied, and no upper grade cut was applied.

Unless disclosed below, all the best practice recommendations of the ASX Corporate Governance Council have been applied for the entire financial year ended 30 June 2011.

Board Composition

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 independent director of the company is:

Derrick Sufredo

When determining whether a non-executive director is independent the director must not fail any of the following materiality thresholds:

- less than 10% of company shares are held by the director and any entity or individual directly or indirectly associated with the director;

- no sales are made to or purchases made from any entity or individual directly or indirectly associated with the director; and

- none of the directors' income or the income of an individual or entity directly or indirectly associated with the director is derived from a contract with any member of the company other than income derived as a director of the company.

Independent directors have the right to seek independent professional advice in the furtherance of their duties as directors at the company's expense. Written approval must be obtained from the chair prior to incurring any expense on behalf of the company.

Truscott Mining Corporation Ltd has adopted comprehensive systems of control and accountability as the basis for the administration of corporate governance. The Board is committed to administering the policies and procedures with openness and integrity, pursuing the true spirit of corporate governance commensurate with the Company's needs. To the extent they are applicable, the Company has adopted the Corporate Governance Principles and Recommendations ("**Recommendations**") as published by ASX Corporate Governance Council.

A summary of the Company's corporate governance practices is set out below.

Ethical Standards

The Board acknowledges and emphasises the importance of all directors and employees maintaining the highest standards of corporate governance practice and ethical conduct.

A code of conduct has been established requiring directors and employees to:

- 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 the law;
- encourage the reporting and investigating 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 due care is taken by the Board in making sound decisions.

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.

Trading Policy

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 security's prices.

Audit Committee

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

Performance Evaluation

The chairperson is responsible for conducting an annual review of the Board performance. The Chair speaks to each director individually regarding their role as director.

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.

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.

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.

Summary of Nomination Committee Charter

The role of the Nomination Committee (the full Board carries out the function of Nomination Committee) is to determine the state of director nominees for election to the Board and to identify and recommend candidates to fill casual vacancies. The Nomination Committee regularly reviews the size and composition of the Board, and makes recommendations to the Board on any appropriate changes.

The Nomination Committee establishes evaluation methods of rating the performance of Board members and implements ways of enhancing the competency levels of directors. The Nomination Committee also provides directors with access to ongoing education relevant to their position in the Company.

Remuneration Committee

The function of the Remuneration Committee (the full Board carries out the function of Remuneration Committee) is to assist the Board in fulfilling its corporate governance responsibilities with respect to remuneration by reviewing and making appropriate recommendations.

The Remuneration Committee makes decisions or recommendations to the Board with respect to appropriate remuneration and incentive policies for executive directors and senior executives.

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.

Summary of Code of Conduct

This Code of Conduct sets out the principles and standards which the Board, management and employees of the Company are encouraged to strive towards when dealing with each other, shareholders and the broader community.

The Company is to comply with all legislative and common law requirements which affect its business. The Company will deal with others in a way that is fair and will not engage in deceptive practices.

The Code of Conduct sets out directives for Directors, management and staff relating to conflicts of interests, protection of the Company's assets and confidentiality.

Policy and Procedure for Selection and Appointment of New Directors

The Board considers and selects candidates for the Board by reference to a number of factors. Directors are initially appointed by the full Board, subject to election by shareholders at the next general meeting.

Summary of 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.

The Board sets out below its "if not, why not" report in relation to those matters of corporate governance where the Company's practices depart from the Recommendations. As the Company's activities develop in size, nature and scope, the size of the Board and the implementation of additional corporate governance structures will be given further consideration.

Principle 1: Lay solid foundations for management and oversight
Recommendation 1.1

The company has established the functions that are reserved to the Board. As the company only has 3 Board members these functions are generally undertaken by the whole board and are:

Overseeing the company, including it control and accountability systems.

Principle 1: Lay solid foundations for management and oversight
Recommendation 1.1 – cont'd

Appointing and removing senior executives.

Development of corporate strategy and performance objectives.

Monitoring systems of risk management and internal control, codes of conduct, and legal compliance.

Monitoring senior executives' performance and implementation of strategy.

Ensuring appropriate resources are available to senior executives.

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:

As the company only has one senior executive – the exploration manager, his functions relate to 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. The exploration manager reports directly to the Board.

Recommendations 1.2: Companies should disclose the process for evaluating the performance of senior executives

The company's sole senior executive role in the company is regularly reviewed at Board meetings in both a formal and informal setting.

Principle 2: Structure the board to add value
Recommendation 2.1: A majority of the Board should be independent directors

Notification of Departure
Only one of the directors is considered to be independent – Mr Derrick Sufredo. Mssrs 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.

Recommendation 2.2: 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.

Recommendation 2.3: The roles of the chairperson and chief executive officer (or equivalent) should not be exercised by the same individual

Notification of Departure:
Peter Smith is appointed as chairperson and also carries out some of the functions of a chief executive officer. The Company has not formally appointed a chief executive officer (or equivalent).

Explanation for Departure:
The Board considers that, in view of the size of the Company's activities, it is appropriate for Peter Smith to lead the Company in both a strategic and, to some extent, in a day-to-day 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.

Recommendation 2.4: The Board should establish a nomination committee

Notification of Departure:
There is no nomination sub-committee.

Explanation for Departure:
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.

Recommendation 2.5: The Board should have a process for evaluating the performance of the Board, its committees and individual directors

The Chairman regularly reviews the performance of the other 2 directors, and if necessary, makes suggestions. Other than the Audit Committee all functions are carried out by the full board.

Principle 3: Promote ethical and responsible decision-making
Recommendation 3.2: Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity for the board to assess annually both the objectives and progress in achieving them.

Recommendation 3.3: Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the Board in accordance with the diversity policy and progress towards achieving them.

Recommendation 3.4: Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.

Notification of Departure:
The Company has established a Diversity Policy, however, the policy does not include requirements for the Board to establish measurable objectives and the reporting of gender proportions at the workplace.

Explanation for Departures:
Given the size and scope of the Company's operations and given it is at exploration stage, the Board considers it not yet appropriate to report on these matters.

Principle 4: Safeguard integrity in financial reporting
Recommendation: 4.2: 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.

Notification of Departure:
The audit committee comprises 2 members one of whom is non-executive. Only one member is independent although the chair of the audit committee is not the chairperson of the Company.

Explanation for Departure:
Given the size and structure of the Board, the Company is unable to meet the composition requirements under the recommendation. The Board has adopted, and the audit committee applies, an audit committee charter.

Principle 8: Remunerate fairly and responsibly
Recommendation 8.1: The Board should establish a remuneration committee

Notification of Departure:
A separate remuneration committee has not been formed.

Explanation for Departure:
The Board 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.

The Board of Directors has pleasure in presenting its report on the company for the financial year ended 30 June 2011.

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 2011 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 56 years **(Executive Chairman and Managing Director)**
BSc (Min), PG Dip (M Tech), M Min Tech
FAusIMM, CP, MAICD

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.

Derrick Sufredo – age 47 years **(Non-Executive Director)**
B App Sc, B.Bus

Mr Sufredo has over 12 years private business development experience in commercial and management functions that include finance, marketing, research, product and infrastructure development and customer liaising. Additionally, he has operational mining experience including the provision of technical services on mine sites within the Australian gold mining sector. Mr Sufredo has been a director of the company since it was incorporated in September 2005. Mr Sufredo is a member of the audit committee.

Michael J Povey age 60 years **(Executive Director & Company Secretary)**
B.Bus, CA, FTIA.

A Chartered Accountant with public Accounting experience with major accounting firms including Deloittes 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. Mr Povey 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 2011.

Operating Results
The profit of the company after providing for income tax amounted to $272,953 (2010: $97,206).

Dividends
No dividend has been declared or paid by the company during the year ended 30 June 2011 and the directors do not at present recommend a dividend.

Review of Operations
Exploration activities
The company has undertaken sufficient drilling programs at the Westminster Project in Tennant Creek to now consider the project as a mature exploration project, over which there is an increased level of understanding of the structural controls for mineralisation, and a reasonable expectation that further drilling programs will build upon the current inferred mineral resource base. Systematic assessment and evaluation of the company's other four key project areas within a twenty five kilometre radius of the exploration base at Tennant Creek has been ongoing, including the scheduling of additional RAB/RC drilling programs for the Hera Project.

Financial Position
The net assets of the company were $6,384,203 at 30 June 2011 (2010: $3,989,611).

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 2011.
The company issued 9,415,352 shares to raise $1,966,031 before costs during the year. The company also issued 3,500,000 options all with an exercise price of 45 cents during the year. Full details are included in Note 10 to the Financial Statements. On 29 June 2011 the company announced an inferred gold resource of 91,750 oz.

After Balance Date Events
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
The company will continue to undertake research and development work on the structural controls over mineralisation within the Tennant Creek Mineral Field. The progressive build up of knowledge and the continuous improvement of the in-house modelling that follows from findings of the research program are, expected to lead to increased effectiveness of application of funds for exploration expenditure on the company's five key project areas: Westminster, Lyall, Hera, Olympus and Arcadia.

Remuneration Report

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 had one executive employee – Mr Ivan Henderson, the company's exploration manager.

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 during the year ended 30 June 2011 was as follows:

	Short-term benefits		Post-employment benefits	Share/option based payments		
Name	**Salary, fees & commissions $**	**Consulting fees $**	**Superannuation $**	**Non-cash shares value $**	**Non-cash options value $**	**Totals $**
Executive directors						
P N Smith	26,250	204,600	2,363	0	29,600	262,813
M J Povey	18,750	40,300	1,687	0	21,144	81,881
Non-executive director						
D Sufredo	18,750	0	1,687	0	21,144	41,581
Senior management						
I Henderson	138,400	0	12,456	0	25,533	176,389
Totals	**202,150**	**244,900**	**18,193**	**0**	**97,421**	**562,664**

The above option based payments and consulting fees were paid either to the director or to entities associated with the respective directors. The consulting fees were paid for services rendered under normal commercial arrangements and at commercial rates to entities associated with the directors. The options were approved by the members at the company's 2010 Annual General Meeting (AGM). The non-cash options value includes the proportionate share of the total value based in the elapsed period to vesting.

The above options values for Mssrs Smith, Povey and Sufredo represent half of the value of the options issued at the AGM and cover the 6 months to 31 December 2010. The other half was brought to account in the year ended 30 June, 2010. The options were issued to the directors so as to conserve cash balances and were in lieu of Directors' fees that were payable for the 6 months ended 31 December 2010.

Mr Henderson's contract may be terminated by either party giving 3 months written notice. At the 2010 AGM Mr Henderson was granted 300,000 options with an exercise price of 45 cents, an expiry of 20 August 2015 and will vest on 20 August 2012. The vesting of the 2015 expiry options is contingent on Mr Henderson being employed by the Company on 20 August 2012.

The options were issued to Mr Henderson as part of his salary package and helps conserve the cash balance of the company.

Consultancy agreements
Remuneration and other terms of employment for Mr P N Smith, Mr M J Povey and Mr D Sufredo are formalised in consultancy agreements. Each of these 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 is for 2 years commencing from 30 June 2011.
- Amounts payable were fixed for the 2 years.
- 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, including 9% superannuation are:

Mr P N Smith	$57,600
Mr M J Povey	$43,200
Mr D Sufredo	$43,200

- Minimum consultancy fees payable are:

Mr P N Smith	$230,400
Mr M J Povey	$43,200
Mr Sufredo	$nil

- Each director is entitled to receive additional consultancy 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
Mr D Sufredo	24 days	$1,800 per day

The remuneration for each key management person of the company during the year ended 30 June 2010 was as follows:

	Short-term benefits		Post-employment benefits	Share/option based payments		
Name	Cash salary, fees & commissions $	Consulting fees $	Superannuation $	Non-cash shares value $	Non-cash options value $	Totals $
Executive directors						
P N Smith	26,250	167,890	2,362	0	28,260	224,762
M J Povey	18,750	39,300	1,688	0	20,410	80,148
Non-executive directors						
D Sufredo	18,750	0	1,688	0	20,410	40,848
Senior management						
I Henderson	136,000	0	12,240	0	9,649	157,889
Totals	**199,750**	**207,190**	**17,978**	**0**	**78,729**	**503,647**

The above option based payments and consulting fees were paid either to the director or to entities associated with the respective directors. The consulting fees were paid for services rendered under normal commercial arrangements and at commercial rates to entities associated with the directors. The non-cash options value is the proportionate share of the total value, based on the elapsed period to vesting. The options were issued to the directors so as to conserve cash balances and were in lieu of Directors' fees that were payable for the 6 months ended 30 June 2010.

Number of shares held by key management personnel and related entities

Director	Balance 1-July-10	Acquired	Disposed	Balance 30-June-11
P N Smith	19,140,729	1,060,754	0	20,201,483
D Sufredo	2,422,568	150,000	0	2,572,568
M J Povey	679,000	200,000	45,000	834,000
I Henderson	0	0	0	0
Totals	**22,242,297**	**1,410,754**	**45,000**	**23,608,051**

The above shareholdings include both direct and indirect holdings as at 30 June 2011. Shares acquired were purchased on market and/or through the exercise of options. The shares sold were on market trades.

Number of options held by key management personnel and related entities

Director	Balance 1-July-10	Acquired	Expired or exercised	Balance 30-June-11
P N Smith	6,900,000	700,000	1,000,000	6,600,000
D Sufredo	1,650,000	500,000	500,000	1,650,000
M J Povey	2,150,000	500,000	500,000	2,150,000
I Henderson	1,200,000	300,000	0	1,500,000
Totals	**11,900,000**	**2,000,000**	**2,000,000**	**11,900,000**

The above option holdings include both direct and indirect holdings as at 30 June 2011. Options acquired were issued as part of remuneration for the year ended 30 June 2011. Of the options issued to the above directors, half related to directors' fees for the year ended 30 June, 2010. 300,000 of Mr Henderson's options expired on 20 August 2011.

Unlisted options during the year ended 30 June 2011

Key management person 2011	Vested No.	Granted No.	Grant date	Value per option at grant date	Exercise price $	First exercise date	Last exercise date
P N Smith	700,000	700,000	01/11/2010	0.08316	0.45	31/12/2010	01/11/2014
M J Povey	500,000	500,000	01/11/2010	0.08316	0.45	31/12/2010	01/11/2014
D Sufredo	500,000	500,000	01/11/2010	0.08316	0.45	31/12/2010	01/11/2014
I Henderson	0	300,000	01/11/2010	0.16500	0.45	20/08/2012	20/08/2015
Totals	**1,700,000**	**2,000,000**					

Note: The holder is able to convert each option into 1 ordinary fully paid share in Truscott Mining Corporation Ltd

Key management person 2011	Options granted as part of remuneration $	Total remuneration represented by options %	Options exercised $	Options cancelled ($)	Total $
P N Smith	29,600	11.3	0	0	29,600
D Sufredo	21,144	50.8	0	0	21,144
M J Povey	21,144	25.8	0	0	21,144
I Henderson	25,533	14.5	0	0	25,533
Totals	**97,421**		**0**	**0**	**97,421**

The options were approved by the members at the company's 2010 Annual General Meeting (AGM). The non-cash options value includes the proportionate share of the total value based in the elapsed period to vesting.

Unlisted Share Options
At the date of this report the following options to acquire ordinary shares in Truscott Mining Corporation Ltd had been issued. 1,850,000 options were exercised, and 1,150,000 options expired during the year ended 30 June 2011. 300,000 options expired after 30 June 2011.

OPTIONS

Grant date	Date of expiry	Exercise price	Number under option
23 May 2008	23 May 2012	25 cents	2,500,000
31 October 2008	18 May 2012	85 cents	4,000,000
31 October 2008	20 August 2012	30 cents	300,000
31 October 2008	20 August 2013	25 cents	300,000
30 October 2009	30 October 2013	25 cents	2,200,000
30 October 2009	20 August 2014	25 cents	300,000
02 February 2010	28 February 2013	25 cents	300,000
14 April 2010	31 May 2013	25 cents	1,500,000
1 November 2010	20 August 2015	45 cents	300,000
1 November 2010	1 November 2014	45 cents	1,700,000
6 October 2010	6 October 2014	45 cents	500,000
15 October 2010	15 October 2014	45 cents	500,000
21 June 2011	21 June 2015	45 cents	500,000
Totals			**14,900,000**

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 2011.

Auditors' Independence Declaration
The auditors' independence declaration for the year ended 30 June 2011 has been received and can be found on page 21of 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, 12 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	12	12	0	0
D Sufredo	12	12	1	1
M J Povey	12	12	1	1

In accordance with the Constitution, Mr Sufredo 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; EL25577, EL26221, SEL 27731, EL27145, 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 25577, EL 26621, SEL 27731, EL27145, 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 West Perth this 23rd day of September 2011

Maximise your potential

MAXIM
Hall Chadwick
Chartered Accountants & Business Advisers

AUDITOR'S INDEPENDENCE DECLARATION UNDER S 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 2011 there have been:

a. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

b. no contraventions of any applicable code of professional conduct in relation to the audit.

Maxim Audit

Maxim Audit
Chartered Accountants

G. Jowett-Blinman

G Jowett-Blinman
Perth WA
Dated this 23rd September 2011.

243 Hay Street, Subiaco, WA 6008
PO Box 1938 Subiaco, WA 6904
Tel: +61 8 9489 2555
Fax: +61 8 9489 2556
Email: info@maximgroup.com.au
www.maximgroup.com.au

TRUSCOTT MINING CORPORATION LIMITED
ABN: 31 116 420 378
STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2011

	NOTES	2011	2010
Continuing operations		$	$
Revenue	2	689,475	650,355
Consultants		(73,370)	(116,028)
Depreciation		(7,483)	(7,397)
Directors' remuneration		(79,787)	(84,167)
Occupancy costs		(45,687)	(49,494)
Exploration evaluation and development costs written off	8	0	(109,454)
Superannuation expenses		(3,375)	(3,499)
Administration expenses		(206,820)	(183,110)
Profit before income tax	3	272,953	97,206
Income tax expense	4	0	0
Profit for the year		272,953	97,206
Other comprehensive income			
Other comprehensive income for the year, net of tax		0	0
Total comprehensive income for the year		272,953	97,206
Profit attributable to:			
Members of the Company		272,953	97,206
Total comprehensive income attributable to:			
Members of the company		272,953	97,206
Earnings per share			
From continuing operations:			
Basic and diluted earnings per share – cents	12	0.441	0.175

The accompanying notes form part of these financial statements

AS AT 30 JUNE 2011

	NOTES	2011	2010
		$	$
ASSETS			
CURRENT ASSETS			
Cash & cash equivalents		469,284	64,564
Trade and other receivables	5	835,647	659,849
Other current assets	6	6,836	6,885
TOTAL CURRENT ASSETS		1,311,767	731,298
NON-CURRENT ASSETS			
Property, plant and equipment	7	40,479	50,622
Deferred exploration, evaluation and development expenditure	8	5,299,673	3,443,006
TOTAL NON-CURRENT ASSETS		5,340,152	3,493,628
TOTAL ASSETS		6,651,919	4,224,926
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	9	267,716	235,315
TOTAL CURRENT LIABILITIES		267,716	235,315
TOTAL LIABILITIES		267,716	235,315
NET ASSETS		6,384,203	3,989,611
EQUITY			
Issued capital	10	6,546,479	4,603,448
Reserves		605,641	427,033
Accumulated losses		(767,917)	(1,040,870)
TOTAL EQUITY		6,384,203	3,989,611
Commitments	16		
Contingent liabilities	17		

The accompanying notes form part of these financial statements

FOR THE YEAR ENDED 30 JUNE 2011

	Ordinary shares	Accumulated losses	Options reserve (1)	Total
	$	$	$	$
Balance at 30 June 2009	4,141,398	(1,138,076)	212,924	3,216,246
Shares issued during the year	550,000	0	0	550,000
Transaction costs	(87,950)	0	0	(87,950)
Profit attributable to the members	0	97,206	0	97,206
Options reserve	0	0	214,109	214,109
Balance at 30 June 2010	4,603,448	(1,040,870)	427,033	3,989,611
Shares issued during the year	1,966,031	0	0	1,966,031
Transaction costs	(23,000)	0	0	(23,000)
Profit attributable to the members	0	272,953	0	272,953
Options reserve	0	0	178,608	178,608
Balance at 30 June 2011	6,546,479	(767,917)	605,641	3,684,203

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.

The options issued to directors were valued by an independent valuer using the Black Scholes valuation method.

The accompanying notes form part of these financial statements

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2011

	NOTES	2011	2010
		$	$
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest received		31,070	8,500
Payments for exploration, evaluation and development expenditure written off		0	(30,661)
Payments to suppliers and employees		(344,366)	(235,886)
Research & development tax concession		634,751	0
Net cash provided by (used in) operating activities	11	321,455	(258,047)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of plant and equipment		(2,991)	0
Payments for exploration, evaluation and development expenditure		(1,614,889)	(610,309)
Payment for security bond		(17,555)	(5,000)
Net cash used in investing activities		(1,635,435)	(615,309)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		1,718,700	550,000
Capital raising costs		-	(27,500)
Net cash provided by financing activities		1,718,700	522,500
Net increase (decrease) in cash held		404,720	(350,856)
Cash and cash equivalents at beginning of financial year		64,564	415,420
Cash and equivalents at end of financial year	11	469,284	64,564

The accompanying notes form part of these financial statements

FOR THE YEAR ENDED 30 JUNE 2011

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES:

The principal accounting policies adopted in the preparation of the financial report are set out below.

(a) Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, Australian Accounting interpretations, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*.

The financial report covers the company Truscott Mining Corporation Limited, incorporated and domiciled in Australia.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards as issued by the IASB. Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

The financial report has been prepared on an accruals basis and is 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 2011, the Company had a profit of $272,953, generated net cash inflows of $321,455 from operating activities, but had net cash outflows of $1,635,435 from investing activities as disclosed in the Statement of Comprehensive Income and Statement of Cash flows, respectively. As a result of the need for continued cash outflows form 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. The company expects to bank a refund cheque from the ATO estimated to be $665,731 by the end of October 2011 resulting from an R&D tax offset claim for the 2010/11 financial year.

The Directors of the company advise it does not currently have sufficient cash reserves to fund more than 7 months of operations at the current level of exploration from balance date, but that the available funds and previously spent funds are sufficient to meet the estimated minimum and committed expenditure for the next 12 months. The directors are in negotiations regarding or are considering the following:

(i) A placement to a number of sophisticated and institutional investors to raise at least $500,000; and/or
(ii) A placement to a professional investor to raise at least $500,000.

Accordingly, the Directors have prepared the financials 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) Segment reporting

Operating segments and segment information is disclosed as the basis of internal reports provided to the Board of Directors. Such information is provided using the same measures as those used in preparing the financial statements.

(d) Foreign currency translation

As the company only operates in Australia there is no need for any foreign currency translation.

(e) 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 2011 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").

FOR THE YEAR ENDED 30 JUNE 2011

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

(f) 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.

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.

(g) 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.

Loans and receivables are included in current assets, where they are expected to mature within 12 months after the end of the reporting period.

Financial liabilities

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

(h) 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). 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.

(i) 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.

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

(j) Property, Plant and Equipment

Each class of property, 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(h) 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.

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 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
Building 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 sheet 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 comprehensive income. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

(k) 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 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.

FOR THE YEAR ENDED 30 JUNE 2011

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

(l) 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.

(m) 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/option – 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.

(n) 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.

(o) 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.

(p) Leases

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

(q) Joint ventures

The company does not have any joint ventures.

(r) 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.

(s) 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.

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

(t) New Accounting Standards for Application in Future Periods

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods and which the Company has decided not to early adopt. A discussion of those future requirements and their impact on the Company is as follows:

- AASB 9: Financial Instruments (December 2010) (applicable for annual reporting periods commencing on or after 1 January 2013).

  This Standard is applicable retrospectively and includes revised requirements for the classification and measurement of financial instruments, as well as recognition and derecognition requirements for financial instruments. The Company has not yet determined any potential impact on the financial statements.

  The key changes made to accounting requirements include:

  - simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;
  - simplifying the requirements for embedded derivatives;
  - removing the tainting rules associated with held-to-maturity assets;
  - removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;
  - allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument;
  - requiring financial assets to be reclassified where there is a change in an entity's business model as they are initially classified based on: (a) the objective of the entity's business model for managing the financial assets; and (b) the characteristics of the contractual cash flows; and
  - requiring an entity that chooses to measure a financial liability at fair value to present the portion of the change in its fair value due to changes in the entity's own credit risk in other comprehensive income, except when that would create an accounting mismatch. If such a mismatch would be created or enlarged, the entity is required to present all changes in fair value (including the effects of changes in the credit risk of the liability) in profit or loss.

- AASB 124: Related Party Disclosures (applicable for annual reporting periods commencing on or after 1 January 2011).

  This Standard removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities and clarifies the definition of a "related party" to remove inconsistencies and simplify the structure of the Standard. No changes are expected to materially affect the Company.

- AASB 1053: Application of Tiers of Australian Accounting Standards and AASB 2010–2: Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements [AASB 1, 2, 3, 5, 7, 8, 101, 102, 107, 108, 110, 111, 112, 116, 117, 119, 121, 123, 124, 127, 128, 131, 133, 134, 136, 137, 138, 140, 141, 1050 & 1052 and Interpretations 2, 4, 5, 15, 17, 127, 129 & 1052] (applicable for annual reporting periods commencing on or after 1 July 2013).

  AASB 1053 establishes a revised differential financial reporting framework consisting of two tiers of financial reporting requirements for those entities preparing general purpose financial statements:

  - Tier 1: Australian Accounting Standards; and
  - Tier 2: Australian Accounting Standards – Reduced Disclosure Requirements.

  Tier 2 of the framework comprises the recognition, measurement and presentation requirements of Tier 1, but contains significantly fewer disclosure requirements.

  The following entities are required to apply Tier 1 reporting requirements (i.e. full IFRS):

  - for-profit private sector entities that have public accountability; and
  - the Australian Government and state, territory and local governments.

  Since the Company is a for-profit private sector entity that has public accountability, it does not qualify for the reduced disclosure requirements for Tier 2 entities.

  AASB 2010–2 makes amendments to Australian Accounting Standards and Interpretations to give effect to the reduced disclosure requirements for Tier 2 entities. It achieves this by specifying the disclosure paragraphs that a Tier 2 entity need not comply with as well as adding specific "RDR" disclosures.

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

(t) New Accounting Standards for Application in Future Periods (cont'd

- AASB 2009–12: Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052] (applicable for annual reporting periods commencing on or after 1 January 2011).

  This Standard makes a number of editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRSs by the IASB. The Standard also amends AASB 8 to require entities to exercise judgment in assessing whether a government and entities known to be under the control of that government are considered a single customer for the purposes of certain operating segment disclosures. The amendments are not expected to impact the Company.

- AASB 2009–14: Amendments to Australian Interpretation – Prepayments of a Minimum Funding Requirement [AASB Interpretation 14] (applicable for annual reporting periods commencing on or after 1 January 2011).

  This Standard amends Interpretation 14 to address unintended consequences that can arise from the previous accounting requirements when an entity prepays future contributions into a defined benefit pension plan.

  This Standard is not expected to impact the Company.

- AASB 2010–4: Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, AASB 7, AASB 101 & AASB 134 and Interpretation 13] (applicable for annual reporting periods commencing on or after 1 January 2011).

  This Standard details numerous non-urgent but necessary changes to Accounting Standards arising from the IASB's annual improvements project. Key changes include:

  - clarifying the application of AASB 108 prior to an entity's first Australian-Accounting-Standards financial statements; adding an explicit statement to AASB 7 that qualitative disclosures should be made in the context of the quantitative disclosures to better enable users to evaluate an entity's exposure to risks arising from financial instruments;

  - amending AASB 101 to the effect that disaggregation of changes in each component of equity arising from transactions recognised in other comprehensive income is required to be presented, but is permitted to be presented in the statement of changes in equity or in the notes;

  - adding a number of examples to the list of events or transactions that require disclosure under AASB 134; and

  - making sundry editorial amendments to various Standards and Interpretations.

  This Standard is not expected to impact the Company.

- AASB 2010–5: Amendments to Australian Accounting Standards [AASB 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 & 1038 and Interpretations 112, 115, 127, 132 & 1042] (applicable for annual reporting periods beginning on or after 1 January 2011).

  This Standard makes numerous editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRSs by the IASB. However, these editorial amendments have no major impact on the requirements of the respective amended pronouncements.

- AASB 2010–6: Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets [AASB 1 & AASB 7] (applicable for annual reporting periods beginning on or after 1 July 2011).

  This Standard adds and amends disclosure requirements about transfers of financial assets, especially those in respect of the nature of the financial assets involved and the risks associated with them. Accordingly, this Standard makes amendments to AASB 1: First-time Adoption of Australian Accounting Standards, and AASB 7: Financial Instruments: Disclosures, establishing additional disclosure requirements in relation to transfers of financial assets.

  This Standard is not expected to impact the Company.

- AASB 2010–7: Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127] (applies to periods beginning on or after 1 January 2013).

  This Standard makes amendments to a range of Australian Accounting Standards and Interpretations as a consequence of the issuance of AASB 9: Financial Instruments in December 2010. Accordingly, these amendments will only apply when the entity adopts AASB 9.

  As noted above, the Company has not yet determined any potential impact on the financial statements from adopting AASB 9.

FOR THE YEAR ENDED 30 JUNE 2011

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

(t) New Accounting Standards for Application in Future Periods (cont'd)

- AASB 2010–8: Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets [AASB 112] (applies to periods beginning on or after 1 January 2012).

  This Standard makes amendments to AASB 112: Income Taxes.

  The amendments brought in by this Standard introduce a more practical approach for measuring deferred tax liabilities and deferred tax assets when investment property is measured using the fair value model under AASB 140: Investment Property.

  Under the current AASB 112, the measurement of deferred tax liabilities and deferred tax assets depends on whether an entity expects to recover an asset by using it or by selling it. The amendments introduce a presumption that an investment property is recovered entirely through sale. This presumption is rebutted if the investment property is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

  The amendments brought in by this Standard also incorporate Interpretation 121 into AASB 112.

  The amendments are not expected to impact the Company.

- AASB 2010–9: Amendments to Australian Accounting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters [AASB 1] (applies to periods beginning on or after 1 July 2011).

  This Standard makes amendments to AASB 1: First-time Adoption of Australian Accounting Standards.

  The amendments brought in by this Standard provide relief for first-time adopters of Australian Accounting Standards from having to reconstruct transactions that occurred before their date of transition to Australian Accounting Standards.

  Furthermore, the amendments brought in by this Standard also provide guidance for entities emerging from severe hyperinflation either to resume presenting Australian Accounting Standards financial statements or to present Australian Accounting Standards financial statements for the first time.

  This Standard is not expected to impact the Company.

- AASB 2010–10: Further Amendments to Australian Accounting Standards – Removal of Fixed Dates for First-time Adopters [AASB 2009–11 & AASB 2010–7] (applies to periods beginning on or after 1 January 2013).

  This Standard makes amendments to AASB 2009–11: Amendments to Australian Accounting Standards arising from AASB 9, and AASB 2010–7: Amendments to Australian Accounting Standards arising from AASB 9 (December 2010).

  The amendments brought in by this Standard ultimately affect AASB 1: First-time Adoption of Australian Accounting Standards and provide relief for first-time adopters from having to reconstruct transactions that occurred before their transition date.

  [The amendments to AASB 2009–11 will only affect early adopters of AASB 2009–11 (and AASB 9: Financial Instruments that was issued in December 2009) as it has been superseded by AASB 2010–7.]

  This Standard is not expected to impact the Company.

The Company does not anticipate the early adoption of any of the above Australian Accounting Standards.

2. REVENUE

	2011 $	**2010 $**
Revenue from continuing operations:		
Interest received from other persons	23,744	15,605
Research & development tax concession for prior year	0	346,906
Research & development tax concession for the current year	665,731	287,844
Total revenue	689,475	650,355

FOR THE YEAR ENDED 30 JUNE 2011

3. EXPENSES AND LOSSES/(GAINS)

Profit before income tax includes the following specific expenses:

	2011 $	2010 $
Auditors' remuneration for audit or review of the financial reports of the company	26,675	24,330
Remuneration for other services	0	0
Total remuneration	26,675	24,330
Minimum rental lease payments	145,366	139,882
Sublease payments	(99,679)	(90,388)
Rental expense on operating lease for head office	45,687	49,494

4. INCOME TAX EXPENSE

	2011 $	2010 $
(a) Income tax expense		
Current income tax credit	0	0
Deferred tax	0	0
Adjustment in respect of prior year	0	0
	0	0
(b) Numerical reconciliation of income tax expense to prima facie tax payable		
Profit from continuing operations before income tax expense	272,953	97,206
Tax at the Australian tax rate of 30%	81,886	29,162
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Tenement acquisition costs written off	0	15,184
Exploration costs	537,851	292,018
Blackhole expenditure	(51,724)	(51,234)
Incorporation expenses	0	(72)
R&D tax concession	(199,719)	(190,426)
Adjustment in respect of prior year	0	277,525
Other expenses	(2,022)	717
	366,272	372,874
Tax losses not brought to account	(366,272)	(372,874)
Income tax expense reported in the income statement	0	0
(c) Tax losses		
Unused tax losses for which no deferred tax asset has been recognised	4,158,948	3,560,155
Potential Tax Benefit at 30%	1,247,684	1,068,047

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	732,415	300,487	0	1,032,902
Other	519	(145)	0	374
Deferred tax assets				
Accrued expenses	(32,859)	(9,672)	0	(42,531)
Other - legal costs	(2,873)	0	716	(2,157)
Capital raising costs	(91,122)	0	24,132	(66,990)
Balance not recognised as at 30 June 2010	606,080	290,670	24,848	921,598
Deferred tax liabilities				
Deferred exploration expenditure	1,032,902	557,000	0	1,589,902
Other	374	(108)	0	266
Deferred tax assets				
Accrued expenses	(42,531)	(10,983)	0	(53,514)
Other - legal costs	(2,157)	0		(2,157)
Capital raising costs	(66,990)	0	43,806	(23,184)
Balance not recognised as at 30 June 2011	921,598	545,909	43,806	1,511,313

FOR THE YEAR ENDED 30 JUNE 2011

4. INCOME TAX EXPENSE (cont'd)

(d) Deferred tax liabilities/assets (cont'd)

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.

5. TRADE AND OTHER RECEIVABLES - CURRENT

	2011 $	2010 $
GST credit due	50,992	16,885
Interest receivable	887	665
Sundry debtors	6,737	0
Promissory note	111,300	0
R&D tax concession amount	665,731	642,299
	835,647	659,849

6. OTHER CURRENT ASSETS

	2011 $	2010 $
Pre-paid insurance	6,836	6,885

7. PROPERTY PLANT AND EQUIPMENT

	2011 $	2010 $
Building improvements – at cost	10,758	10,758
Less accumulated depreciation	(8,094)	(4,908)
	2,664	5,850
Office furniture and equipment – at cost	38,408	43,335
Less accumulated depreciation	(25,130)	(28,335)
	13,278	14,930
Motor vehicle – at cost	26,561	26,561
Less accumulated depreciation	(14,562)	(11,793)
	11,999	14,768
Field equipment – at cost	33,907	31,546
Less accumulated depreciation	(21,369)	(16,472)
	12,538	15,074
	40,479	50,622

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 2009	7,493	21,090	21,636	18,176	68,395
Additions	0	0	0	0	0
Disposals	0	0	0)	0	0
Revaluation increments/decrements	0	0	0	0	0
Depreciation expense	(1,643)	(6,160)	(6,562)	(3,408)	(17,773)
Balance at 1 July 2010	5,850	14,930	15,074	14,768	50,622
Additions		2,990	2,361	0	5,351
Disposals	0	(2)	0	0	(2)
Revaluation increments/decrements	0	0	0	0	0
Depreciation expense	(3,186)	(4,640)	(4,897)	(2,769)	(15,492)
Balance at 30 June 2011	2,664	13,278	12,538	11,999	40,479

8. DEFERRED EXPLORATION, EVALUATION AND DEVELOPMENT EXPENDITURE

	2011 $	2010 $
Tenement acquisition costs – at cost	390,949	373,394
Deferred exploration expenditure – at cost	4,908,724	3,069,612
	5,299,673	3,443,006
Carrying amount at beginning of year	3,443,006	2,859,106
Deferred exploration, evaluation and development expenditure incurred	1,839,112	692,070
Expenditure associated with acquisitions	17,555	1,284
Disposal of interest in mining tenements	0	0
Amounts written back/(off)during the year	0	(109,454)
Impairment adjustment	0	0
Carrying amount at end of year (at cost)	5,299,673	3,443,006

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.

FOR THE YEAR ENDED 30 JUNE 2011

9. TRADE AND OTHER PAYABLES – CURRENT

	2011 $	2010 $
Sundry payables and accrued expenses	200,014	212,533
Employee entitlements	67,702	22,782
	267,716	235,315

10. ISSUED CAPITAL

a) Ordinary Shares

(i) Issued and paid-up capital
66,979,854 (2010: 57,564,502) fully paid ordinary shares

	2011 No. of Shares	2011 $	2010 No. of Shares	2010 $
(ii) Movements in shares on issue				
Opening balance	57,564,502	4,603,448	52,564,502	4,141,398
Placement 6/10/10 at 20 cents	2,500,000	500,000	0	0
Placement 15/10/10 at 20 cents	2,500,000	500,000	0	0
Options exercised 24/1/11 at 20 cents	500,000	100,000	0	0
Placement 27/1/11 at 25 cents	300,000	75,000	0	0
Options exercised 17/3/11 at 20 cents	250,000	50,000	0	0
Options exercised 31/3/11 at 20 cents	1,100,000	220,000	0	0
Placement 21/6/11 at 23 cents	2,265,352	521,031	0	0
Placement on 23/11/09 at 11 cents	0	0	5,000,000	550,000
	66,979,854	6,569,479	5,000,000	550,000
Less costs of issues	0	23,000	0	87,950
Closing balance	66,979,854	6,546,479	57,564,502	4,603,448

(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:
October 2010 5,000,000 shares at 20 cents to raise $1,000,000
1,850,000 20 cent options were exercised at various times during the year to raise $370,000
January 2011 300,000 shares at 25 cents to raise $75,000
June 2011 2,265,352 shares at 23 cents to raise $521,031 before costs

b) Options Over Ordinary Shares

Options:
As at the year end the Company had 15,200,000 unlisted options as follows:

2,500,000	Options exercisable at $0.25 by 23 May 2012.
4,000,000	Options exercisable at $0.85 by 18 May 2012
300,000	Options exercisable at $0.25 by 20 August 2011
300,000	Options exercisable at $0.30 by 20 August 2012
300,000	Options exercisable at $0.25 by 20 August 2013
300,000	Options exercisable at $0.25 by 20 August 2014
2,200,000	Options exercisable at $0.25 by 30 October 2013
300,000	Options exercisable at $0.25 by 28 February 2013
1,500,000	Options exercisable at $0.25 by 31 May 2013
300,000	Options exercisable at $0.45 by 20 August 2015
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

10. ISSUED CAPITAL (cont'd)

b) Options Over Ordinary Shares (cont'd)

Option issues:

The following options were issued during the year ended 30 June 2011

300,000	Options exercisable at $0.45 by 20 August 2015
1,700,000	Options exercisable at $0.45 by 1 November 2014
500,000	Options exercisable at $0.45 by 6 October 2014 – free attached options as part of share placement
500,000	Options exercisable at $0.45 by 15 October 2014 – free attached options as part of share placement
500,000	Options exercisable at $0.45 by 21 June 2015 – free attached options as part of share placement

The following lists the inputs to the Black-Scholes model used to value the options issued during the year:

	20/8/2015 expiry	1/11/2014 expiry
Exercise price	45 cents	45 cents
Share price on date of valuation	23 cents	14.0 cents
Dividend yield-	-	-
Volatility	110.0%	110.0%
Risk-free interest rate	4.85%	4.85%
Valuation date	1/11/2010	16/09/2010
Expiry date	20/08/2015	1/11/2014
Expected life of options	3 years from vesting	4 years from 1/11/2010
Fair value at grant date	16.50 cents	8.316 cents

The dividend yield reflects the assumption that the current dividend payout will remain unchanged. The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No values were calculated for the 6/10/14, 15/10/14 and 21/6/15 options.

c) Terms and conditions of Options

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

<u>Options issued in prior years</u>

- 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 Director Options expire 23 May 2012 granted 23 May 2008
  - $0.85 Vendor Options expire 18 May 2012 granted 31 October 2008
  - $0.25 Employee Options expire 20 August 2011 granted 31 October 2008
  - $0.30 Employee Options expire 20 August 2012 granted 31 October 2008
  - $0.25 Employee Options expire 20 August 2013 granted 31 October 2008
  - $0.25 Employee Options expire 20 August 2014 granted 30 October 2009
  - $0.25 Director Options expire 30 October 2013 granted 30 October 2009
  - $0.25 Consultant Options expire 28 February 2013 granted 2 February 2010
  - $0.25 Share Placement options expire 31 May 2013 granted 14 April 2010

- The 25 cent Director Options granted on 23 May 2008 were exercisable 12 months after granting and prior to the Expiry Date.
- The 85 cent Vendor Options were escrowed for 2 year after the grant date of 18 May 2008 and are exercisable prior to the Expiry Date.
- The 25 cent Employee Options with an expiry date of 20 August 2011 were exercisable from grant date and prior to the Expiry Date.
- The 30 cent Employee Options with an expiry date of 20 August 2012 were exercisable from 20 August 2009 and prior to the Expiry Date.
- The 25 cent Employee Options with an expiry date of 20 August 2013 were exercisable from 20 August 2010 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 and after their release from restriction on trading.
- All shares to be issued on being exercised will rank equally with the then issued shares of the Company.

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.

<u>Options issued in the current year</u>

- 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:
  - $0.45 Employee Options expire 20 August 2015 and vest 20 August 2012
  - $0.45 Director Options expire 1 November 2014 and vested 31 December 2010
  - $0.45 Free attached options expire 6 October 2014 vested on grant
  - $0.45 Free attached options expire 15 October 2014 vested on grant
  - $0.45 Free attached options expire 21 June 2015 vested on grant

- Application will be made by the Company to ASX for official quotation of the Shares issued upon the exercise of the Options.

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.

10. ISSUED CAPITAL (cont'd)

c) Terms and conditions of Options (cont'd)

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

The outstanding balance as at 30 June 2011 is represented by 15,200,000 Options over ordinary shares with exercise prices of $0.25, $0.30, $0.85, $0.25 and $0.45 each that expire on 20 August 2011, 18 May 2012, 23 May 2012, 20 August 2012, 20 August 2013, 20 August 2014, 30 October 2013, 28 February 2013, 31 May 2013, 20 August 2015, 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 2011 is 2.87 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, 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 of 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.

There have been no changes in the strategy adopted by management to control the capital of the Company since the prior year.

11. CASH FLOW INFORMATION

		2011 $	2010 $
(a)	Reconciliation of the profit (loss) from continuing operations after income tax to the net cash flows used in operating activities		
	Profit (loss) from continuing operations	272,953	97,206
	Employee remuneration satisfied by the grant of options	0	9,649
	Directors' fees satisfied by the grant of options	45,283	84,167
	Consultant's fees satisfied by the grant of options	11,700	5,850
	Write-off of exploration expenditure	0	78,794
	Depreciation	7,483	7,397
	Changes in assets and liabilities:		
	(Increase)/Decrease in receivables	(64,498)	(643,283)
	Increase/(Decrease) in payables and accruals	41,223	104,097
	Increase/(Decrease) in employee entitlements	7,261	(1,918)
	(Increase)/Decrease in prepayments	50	(6)
	Net cash flows from/(used in) operating activities	321,455	(258,047)
(b)	Reconciliation of cash and cash equivalents:		
	Cash and cash equivalents	469,284	64,564
	Closing Balance per Cash Flow Statement	469,284	64,564

(c) Non-cash Financing and Investing Activities

The company issued 565,352 fully paid ordinary shares as consideration for $136,031 of drilling services during the financial year. Options to the value of $52,137 were issued as part of director and employee remuneration and have been included in exploration, evaluation and development expenditure that was capitalised during the year.

FOR THE YEAR ENDED 30 JUNE 2011

12. PROFIT PER SHARE

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

	2011 $	2010 $
Profit used in calculating basic and diluted earnings per share	272,953	97,206
	No.	No.
Weighted average number of ordinary shares outstanding during the year used in calculating basic and diluted EPS	61,904,059	55,564,502

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 $204,600 (2010 $167,890). RIC reimbursed the company $4,800 for the use of company office space during the year.

Michael J Povey is the principal of a Chartered Accounting practice which provided accounting and company secretarial services totalling $40,300 (2010 $39,300). Mr Povey reimbursed the company $12,151 for the use of company office space during the year.

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 credit risk exposure.

Interest Rate Risk

Cash funds held in term deposits are monitored on a monthly 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:

FOR THE YEAR ENDED 30 JUNE 2011

15. FINANCIAL RISK MANAGEMENT (cont'd)

(a) Financial risk management policies (cont'd)

	Notes	Floating Interest Rate $		Fixed interest rate $		Non-Interest Bearing $		Total $	
		2011	2010	2011	2010	2011	2010	2011	2010
Financial Assets:									
Cash at bank and on hand	11(b)	0	0	0	0	43,072	21,614	43,072	21,614
Cash at call	11(b)	406,212	17,897	0	0	0	0	406,212	17,897
Cash on deposit	11(b)	0	0	20,000	25,053	0	0	20,000	25,053
Trade and other receivables – Current		0	0	0	0	835,647	659,849	835,647	659,849
Other current assets		0	0	0	0	6,836	6,885	6,836	6,885
Total financial assets		406,212	17,897	20,000	25,053	885,555	688,348	1,311,767	731,298
Weighted average interest rate		4.75%	4.50%	6.00%	6.39%	-	-		
Financial Liabilities:									
Payables	8	0	0	0	0	267,716	235,315	267,716	235,315
Total financial liabilities		0	0	0	0	267,716	235,315	267,716	235,315
Weighted average interest rate		-	-	-	-	-	-		
Net financial assets (liabilities)		406,212	17,897	20,000	25,053	617,839	453,033	1,044,051	495,983

(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

	2011 $	2010 $
a. Operating lease commitments		
Non-cancellable operating leases contracted for, but not capitalised in the financial statements		
Payable – minimum lease payments		
– not later than 12 months	33,450	22,254
– between 12 months and 5 years	0	0
– greater than 5 years	0	0
	33,450	22,254

The company's property lease expired in May 2010 and it was renewed on a rolling 3 month term. The lease can be terminated by either party giving at least one month's notice within each 3 month term The rent is payable monthly in advance. The company gave 3 months notice on 30 June that it would be terminating the lease on 30 September 2011.

The company has entered into a non-cancellable operating lease with GTI Resources Ltd (an ASX listed company) to sub-lease 50% of the property and to be responsible for 50% of the minimum lease payments totalling $16,725 (2009 $11,127).

b. 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 $175,000 on its properties.

17. CONTINGENT LIABILITIES

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

18. INTERESTS IN JOINT VENTURE OPERATION

The company has no joint venture operations.

19. SHARE BASED PAYMENTS

The following share-based payment arrangements existed at 30 June 2011:

Director options

On 23 May 2008, 2,500,000 share options were granted to 3 directors to accept ordinary shares at an exercise price of $0.25. The options are exercisable after 23 May 2009 but before 23 May 2012.

On 30 October 2009, 2,200,000 share options were granted to 3 directors to accept ordinary shares at an exercise price of $0.25. The options are exercisable after 31 December 2009 but before 30 October 2013.

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. 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 31 October 2008, 900,000 employee incentive options were granted to the company's exploration manager. The options were granted as: 300,000 at an exercise price of $0.25 and an expiry of 20 August 2011; 300,000 at an exercise price of $0.30 and an expiry of 20 August 2012; and 300,000 at an exercise price of $0.25 and an expiry of 20 August 2013. These options are exercisable after 31 October 2008; 20 August 2009 and 20 August 2010 respectively.

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

On 1 November 2010, 300,000 employee incentive options were granted to the company's exploration manager. The options were granted at an exercise price of $0.45 and an expiry of 20 August 2015.

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

Broker options

On 14 April 2010, 1,500,000 share options were granted to the company's broker. The options were granted at an exercise price of $0.25 and an expiry of 31 May 2013.

Consultant options

On 2 May 2010, 300,000 share options were granted to the company's media consultant. The options were granted at an exercise price of $0.25 and an expiry of 28 February 2013.

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

Summary of options issued as remuneration to directors and employee	**2011**		**2010**	
	Number of Options	**Weighted Average Exercise Price $**	**Number of Options**	**Weighted Average Exercise Price $**
Outstanding at the beginning of the year	7,900,000	$0.235	5,400,000	$0.229
Granted	2,000,000	$0.450	2,500,000	$0.250
Forfeited/cancelled	0	-	0	-
Exercised	1,350,000	$0.200	0	-
Expired	650,000	$0.200	0	-
Outstanding at year-end	7,900,000	$0.303	7,900,000	$0.239
Exercisable at year-end	7,300,000		7,300,000	

19. SHARE BASED PAYMENTS – (cont'd)

The options outstanding at 30 June 2011 had a weighted average exercise price of $0.303 and a weighted average remaining contractual life of 2.06 years. Exercise prices range from $0.25 to $0.45 in respect of options outstanding at 30 June 2011.

The weighted average fair value of the options granted during the year was 9.54 cents.

This price was calculated by using a Black-Scholes option pricing model applying the following inputs:

	Director options	**Employee options**
Exercise price	45 cents	45 cents
Life of the options from 30 June 2010	3.34 years	4.14 years
Underlying share price	14.0 cents	23.0 cents
Expected share price volatility	110%	110%
Risk free interest rate	4.85%	4.85%
Value per option	8.316 cents	16.50 cents
Number of options granted	1,700,000	300,000

Historical volatility has been the basis for determining expected share price volatility as it is assumed that this is indicative of future tender, which may not eventuate.

The life of the options is based on the historical exercise patterns, which may not eventuate in the future.

The total option based payments of $178,608 for options issued during the year ended 30 June 2011. Do note that of this $69,080, relates to the directors services for the year ended 30 June 2010 and is included in the 2010 comparative amount. The amount that relates to services rendered during the year ended 30 June 2011 for both the employee and the directors is $97,421 (2010: $78,729). For a clear understanding please see the remuneration disclosure in the Directors' Report for details.

20. EVENTS OCCURRING AFTER BALANCE DATE

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. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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.

22. INTERESTS OF KEY MANAGEMENT PERSONNEL (KMP)

Refer to the remuneration report contained in the directors' report for details of the remuneration paid or payable to each member of the Company's key management personnel for the year ended 30 June 2011.

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

	2011	**2010**
	$	**$**
Short-term employee benefits	202,150	199,750
Post-employment benefits	18,193	17,978
Other long-term benefits	0	0
Option-based payments	97,421	78,729
	317,764	296,457

FOR THE YEAR ENDED 30 JUNE 2011

22. INTERESTS OF KEY MANAGEMENT PERSONNEL (KMP) (cont'd)

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:

30 June 2011	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	6,900,000	700,000	1,000,000	0	6,600,000	700,000	6,600,000	0
Michael J Povey	2,150,000	500,000	200,000	(300,000)	2,150,000	500,000	2,150,000	0
Derrick Sufredo	1,650,000	500,000	150,000	(350,000)	1,650,000	500,000	1,650,000	0
Ivan Henderson	1,200,000	300,000	0	0	1,500,000	300,000	900,000	0
	11,900,000	2,000,000	1,350,000	(650,000)	11,900,000	2,000,000	11,300,000	

The above option holdings include both direct and indirect holdings as at 30 June 2011.

30 June 2010	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	6,000,000	900,000	0	0	6,900,000	900,000	6,900,000	0
Michael J Povey	1,500,000	650,000	0	0	2,150,000	650,000	2,150,000	0
Derrick Sufredo	1,000,000	650,000	0	0	1,650,000	650,000	1,650,000	0
Ivan Henderson	900,000	300,000	0	0	1,200,000	300,000	600,000	0
	9,400,000	2,500,000	0	0	11,900,000	2,500,000	11,300,000	0

The above option holdings include both direct and indirect holdings as at 30 June 2010.

KMP Shareholdings

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

30 June 2011	Balance at Beginning of Year	Granted as Remuner-ation during the Year	Issued on Exercise of Options during the Year	Other Changes during the Year	Balance at End of Year
Peter N Smith	19,140,729	0	1,000,000	60,754	20,201,483
Michael J Povey	679,000	0	200,000	(45,000)	834,000
Derrick Sufredo	2,422,568	0	150,000	0	2,572,568
Ivan Henderson	0	0	0	0	0
	22,242,297	0	1,350,000	15,754	23,608,051

The above shareholdings include both direct and indirect holdings as at 30 June 2011.

FOR THE YEAR ENDED 30 JUNE 2011

22. INTERESTS OF KEY MANAGEMENT PERSONNEL (KMP) (cont'd)

30 June 2010	Balance at Beginning of Year	Granted as Remunerat-ion during the Year	Issued on Exercise of Options during the Year	Other Changes during the Year	Balance at End of Year
Peter N Smith	18,905,979	0	0	234,750	19,140,729
Michael J Povey	670,000	0	0	9,000	679,000
Derrick Sufredo	2,362,568	0	0	60,000	2,422,568
Ivan Henderson	0	0	0	0	0
	21,938,547	0	0	303,750	22,242,297

The above shareholdings include both direct and indirect holdings as at 30 June 2010.

Other KMP Transactions

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

For details of other transactions with KMP, refer to Note 14: Related Party Transactions.

DIRECTORS' DECLARATION

The directors of the Company declare that:

1. the financial statements and notes, as set out on pages 22 to 43, are in accordance with the Corporations Act 2001 and:

a) comply with Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS); and

b) give a true and fair view of the financial position as at 30 June 2011 and of the performance for the year ended on that date of the company;

2. as required by Section 295A of the Corporations Act 2001, the Executive Chairman and Chief Finance Officer have each declared that:

a) the financial records of the company for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001;

b) the financial statements and notes for the financial year comply with the Accounting Standards; and

c) the financial statements and notes for the financial year give a true and fair view; 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	DIRECTOR

West Perth, WA

Dated this 23rd day of September 2011

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 (the company), which comprises the statement of financial position as at 30 June 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, 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 and fair presentation 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 entity'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*, provided 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 2011 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.

243 Hay Street, Subiaco, WA 6008
PO Box 1938 Subiaco, WA 6904
Tel: +61 8 9489 2555
Fax: +61 8 9489 2556
Email: info@maximgroup.com.au
www.maximgroup.com.au

Inherent Uncertainty

Without qualification to the opinion expressed above, attention is drawn to the following matter. As a result of the matters described in Note 1 there is a significant uncertainty whether the company will be able to continue as a going concern and therefore whether it will realise its assets and liabilities in the normal course of business and at the amounts stated in the financial statements.

Report on the Remuneration Report

We have audited the remuneration report included in pages 17 to 18 of the report of the directors for the year ended 30 June 2011. 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 2011 complies with s300A of the *Corporations Act 2001*.

Maxim Audit

MAXIM AUDIT
Chartered Accountants

G Jowett-Blinman

G Jowett- Blinman
Perth W.A.
Dated this 23rd day of September 2011

243 Hay Street, Subiaco, WA 6008
PO Box 1938 Subiaco, WA 6904
Tel: +61 8 9489 2555
Fax: +61 8 9489 2556
Email: info@maximgroup.com.au
www.maximgroup.com.au

ADDITIONAL SHAREHOLDER INFORMATION

Shareholder information as registered at close of business on 19th September 2011

1. DISTRIBUTION OF SHAREHOLDERS

		Number of Shareholders	Number of Unlisted Option Holders
1	1,000	8	1
1,001	5,000	44	15
5,001	10,000	132	9
10,001	100,000	238	24
100,001 and over		73	13
		428	62

Percentage holding of 20 largest holders 66.92%

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	14.63
2	Resource Investments & Consulting Pty Ltd	6,470,170	9.66
3	Alcardo Investments Ltd	4,355,167	6.50
4	Comprehensive Drainage (WA) Pty Ltd	4,000,000	5.97
5	Hillway Pty Ltd	3,931,312	5.87
6	Reneagle Pty Ltd	2,500,000	3.73
7	Mr G C & Mrs D S Campbell	1,550,000	2.31
8	Reseda Holdings Pty Ltd	1,527,226	2.28
9	Martin Place Securities Noms Pty Ltd	1,369,835	2.05
10	Tuxedo Investments Pty Ltd	1,299,838	1.94
11	Mr Yew-Kwang Ng	1,200,000	1.79
12	Mrs Diane Sue Campbell	1,017,000	1.52
13	Sofew Assets Pty Ltd	1,000,000	1.49
14	Michael J & Elizabeth V Povey	834,000	1.25
15	Detota Pty Ltd	733,500	1.10
16	Monticone Investments Pty Ltd	661,592	0.99
17	Reseda Holdings Pty Ltd	658,763	0.98
18	Iana Pty Ltd	650,000	0.97
19	Mr R G & Mrs P M Austin	649,288	0.97
20	Martin Place Securities Staff Super	616,666	0.92
	Total of Top 20	44,824,357	66.92
	Total Shares	66,979,854	100.00

3. OPTION HOLDERS

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

Option holder		Number of Options	% of Options
1	Resource Holdings (WA) Pty Ltd	4,000,000	26.85
2	Mr Michael J Povey	1,650,000	11.07
3	Mr Peter Smith	1,600,000	10.74
4	Mr Ivan J Henderson	1,200,000	8.05
5	Mr Derrick Sufredo	1,150,000	7.72
6	Hillway Pty Ltd <Smith Super Fund>	1,000,000	6.71
7	Tuxedo Investments Pty Ltd	1,000,000	6.71
8	Martin Place Securities Nominees Pty Ltd	608,478	4.08
9	MJ & EV Povey <Povey Super Fund>	500,000	3.36
10	Reneagle Pty Ltd	500,000	3.36
11	Reseda Holdings Pty Ltd	500,000	3.36
12	Ms Suzzane Blake	300,000	2.01
13	Sofew Assets Pty Ltd	100,000	0.67
14	Detota Pty Ltd	93,200	0.63
15	Mr Gregory C Campbell	55,000	0.37
16	Mr Franky Hung	51,000	0.34
17	Alcardo Investments Ltd	50,000	0.34
18	Leet Investments Pty Ltd	50,000	0.34
19	Mr T McMahon & Mrs BA McMahon	50,000	0.34
20	Super 1135 Pty Ltd	50,000	0.34
	Total Options	14,507,678	97.37

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

4. SUBSTANTIAL SHAREHOLDERS

As at 19th September 2011 the substantial shareholders registered with the company were:

Shareholder	Number of Shares	% of Issued Capital
1 Peter Neil Smith	20,201,483	30.16
2 Alcardo Investments Ltd	4,355,167	6.50
3 Comprehensive Drainage (WA) Pty Ltd	4,000,000	5.97

5. SHAREHOLDERS HOLDING LESS THAN THE MARKETABLE PARCEL

Shareholder information as registered at close of business on 19th September 2011. The number of shareholders holding less than the marketable parcel is 8 shareholders holding 41,143 ordinary shares representing 0.06% 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 SECURITES

Options
All of the 14,900,000 issued options are unlisted. 10,400,000 are on issue to directors or parties related to the directors.

Expiry date	Vesting date	Exercise price	Escrow date	No. of options	No. of holders
23/05/2012		$0.25		2,500,000	4
18/05/2012		$0.85		4,000,000	1
20/08/2012		$0.30		300,000	1
20/08/2013		$0.25		300,000	1
20/08/2014		$0.25		300,000	1
30/10/2013		$0.25		2,200,000	3
28/02/2013		$0.25		300,000	1
31/05/2013		$0.25		1,500,000	2
20/08/2015	20/08/2012	$0.45		300,000	1
01/11/2014		$0.45		1,700,000	3
06/10/2014		$0.45		500,000	1
15/10/2014		$0.45		500,000	33
21/06/2015		$0.45		500,000	26

Ordinary shares
A total of 66,979,854 ordinary shares are on issue, all of which are listed.

8. COMPANY DETAILS

The registered office of the company is:

1/62 Ord Street
West Perth WA 6005

9. TENEMENT SCHEDULE

Tenements held as at 19th September 2011 are:

Project	**Type & Number**	**Date Granted or Renewed**	**Held by**	**Area**
Northern Territory				
Westminster	MLC511	31/01/2007	TRM 100%	9 Hectares
Westminster	A25952	26/10/2007	TRM 100%	1 Block
Westminster	A26500	09/07/2008	TRM 100%	5 Blocks
Westminster	A26558	09/07/2008	TRM 100%	2 Blocks
Hera/Lyall	SEL27731	17/08/2010	TRM 100%	12 Blocks
Hera/Lyall	EL25577	17/07/2007	TRM 100%	1 Block
Hera/Lyall	EL26221	14/02/2008	TRM 100%	1 Block
Olympus	EL27145	31/08/2009	TRM 100%	8 Blocks
Arcadia	MLC621	05/08/1981	TRM 100%	8 Hectares
Arcadia	MLC622	30/08/1981	TRM 100%	8 Hectares

Notes:
a. TRM = Truscott Mining Corporation Ltd
b. MLC = Mineral Lease (Central)
c. A = Authority to explore
d. EL & SEL = Exploration Licence
e. EL27145 was granted to Resource Holdings (WA) Pty Ltd with Truscott Mining Corporation Ltd being the beneficial holder.

Postal Address:
PO Box 2805
WEST PERTH WA 6872

Phone: +61 8 9327 7300
Fax: +61 8 9324 3691
Email: admin@truscottmining.com.au
Website: www.truscottmining.com.au

TRUSCOTT
MINING CORPORATION LIMITED