

ANNUAL REPORT 2013

TRUSCOTT MINING CORPORATION LIMITED ACN 116 420 378



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Email: admin@truscottmining.com.au

Website: www.truscottmining.com.au

COMPANY DIRECTORY

DIRECTORS

P N Smith – Executive Chairman and Managing Director
R Moore – Non-Executive Director
M J Povey – Executive Director

COMPANY SECRETARY

M J Povey B.Bus, FTIA

REGISTERED OFFICE

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West Perth WA 6005
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Telephone (08) 9389 7088
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AUDITORS

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Subiaco WA 6008

HOME EXCHANGE

Australian Securities Exchange Ltd
Exchange Plaza
2 The Esplanade
Perth WA 6000

ASX Code: TRM

SHARE REGISTRY

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770 Canning Highway
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CHAIRMAN'S REPORT

I am pleased to present the Company's Annual Report for 2012/13 and a summary of the exploration activities and commercial initiatives for the year. During this period Truscott Mining Corporation Limited has maintained its operational focus within in the Tennant Creek Mineral Field in the Northern Territory.

Through its continued research and development work the company has targeted the building of a platform from which to establish significant joint ventures for each of its key project areas.

Truscott Mining Corporation Limited has now advanced the Westminster Project Area to the level of maturity at which it is appropriate to structure a Joint Venture Agreement. Work directed to achieving that objective in the near term is now in progress.

The development of the Westminster Project, as the Company's core business, will be managed by a separate technical group. The Company's new business opportunities and the related additional work programs required to mature other Project Areas for Joint Venture will be undertaken by specialists focused on that objective.

It is evident that the gold mining industry has experienced an extremely difficult commercial environment during the last twelve months with the consolidation in prices and investor sentiment extending longer than anticipated by almost all of the participants in the sector.

Truscott in response to the tight trading conditions has carefully allocated exploration expenditure, having previously already significantly reduced its corporate overheads by maintaining an operational office on its mining lease at Tennant Creek and moving the majority of its other business functions into the electronic domain.

These governance initiatives have supported an effective level of operational activity throughout the year and have again not required a major increase in the number of shares issued to new parties.

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

Peter N Smith
Executive Chairman

26th September 2013

REVIEW OF OPERATIONAL ACTIVITIES

Summary

During the year Truscott focused its geological assessment and research efforts in the region of the central Tennant Creek high-grade gold field (Figure 1), which contains the Company's tenement holdings. With the company utilising its increasing knowledge base to progressively build the underlying value of these tenement holdings.

The commercialisation of the research findings is now following with the objective of establishing a number of joint venture arrangements for each of the Company's project areas. Truscott has defined a drilling program for the Westminster Project Area that is scheduled, dependent on concluding a joint venture arrangement, to commence in the last quarter of this calendar year.

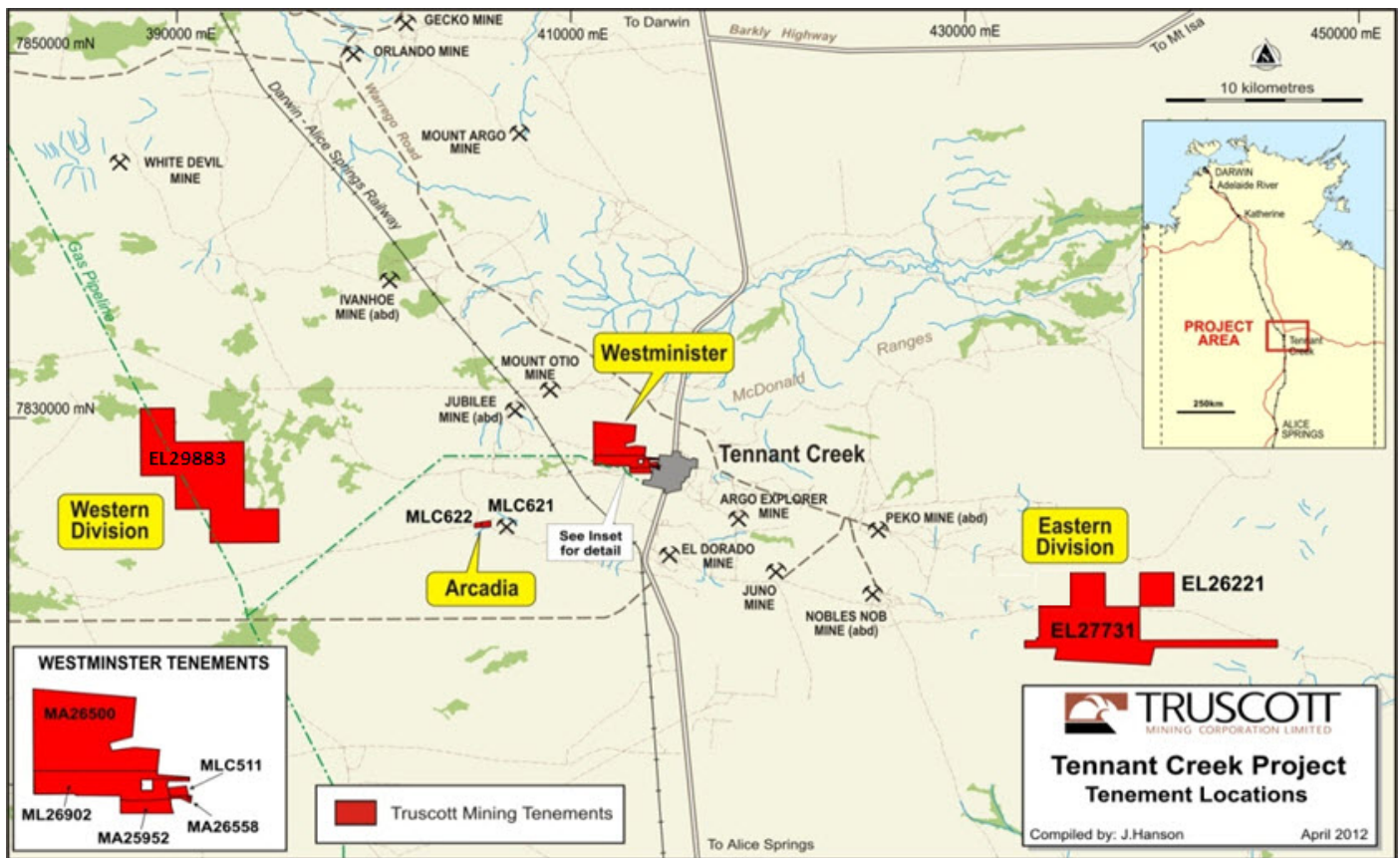


Figure One: Truscott Exploration Tenure – Tennant Creek Mineral Field

Tennant Creek Mineral Field – Structural Controls

Observations support the concept that transcurrent faulting across the Warramunga Basin (Mineral Field) has acted dextrally to drive the formation of a parallel strike slip zone.

Major deposits occur at the intersection of transcurrent elements (D 083 – 263 degrees) and synthetic shear (103-283 degrees) zones. Truscott has focused on a number of these intersections (Figure 2) as study areas to further advance the understanding of structural controls over mineralisation.

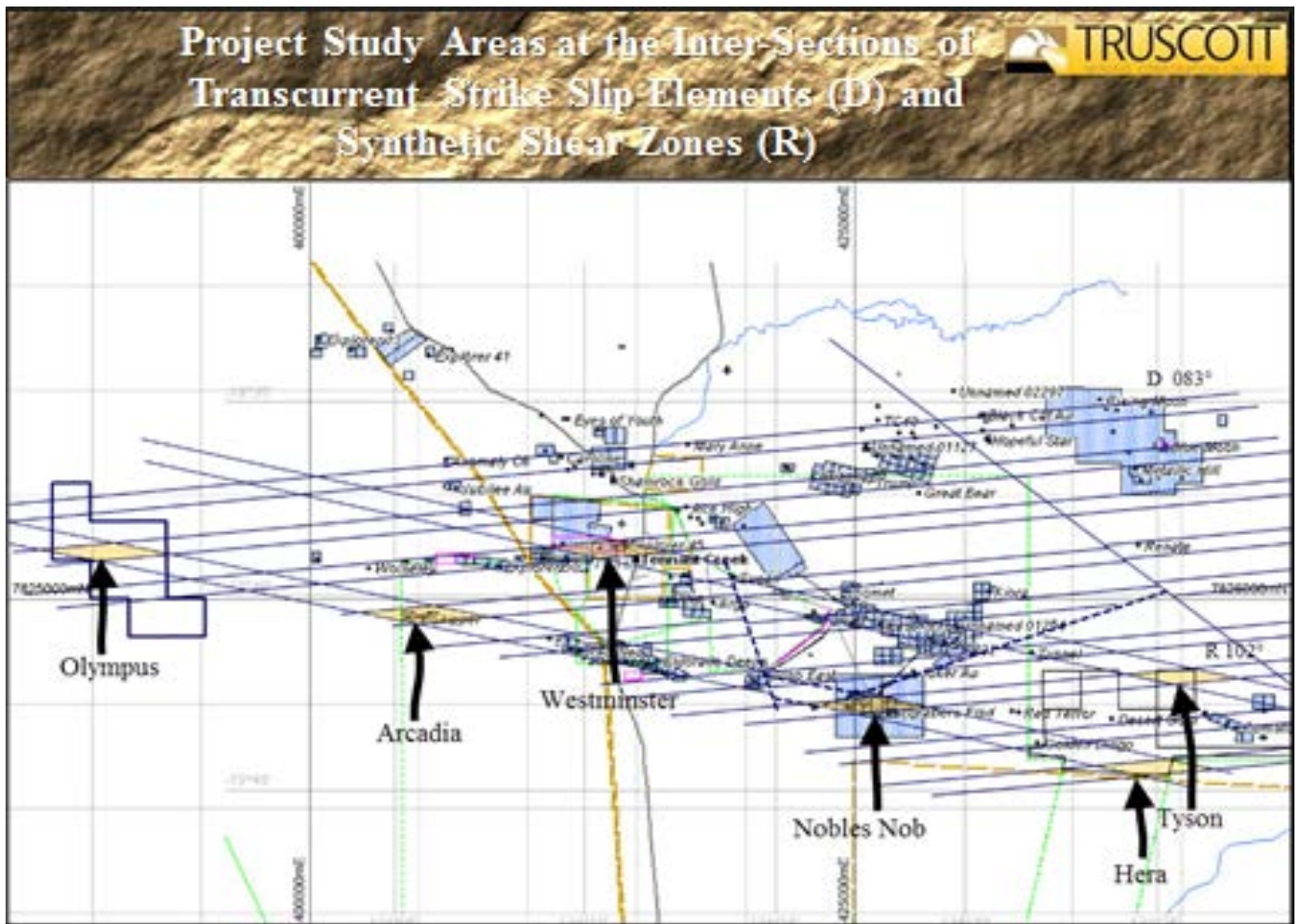


Figure Two: Project Study Areas – Tennant Creek Mineral Field

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

Internally these rotational environments can be divided into two different structural domains as illustrated in the Westminster study area (Figure 3). The manner in which the separate components of these mineralised arrays within these domains have aggregated into ore bodies is different.

Examples of ore bodies which appear to have formed in the compression environment are Juno, and the resource currently awaiting extension drilling in the centre of the Westminster study area. These ore bodies aggregate in a direction parallel or sub parallel to the P (063) direction of the Structural model (Inset Figure 3).

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

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

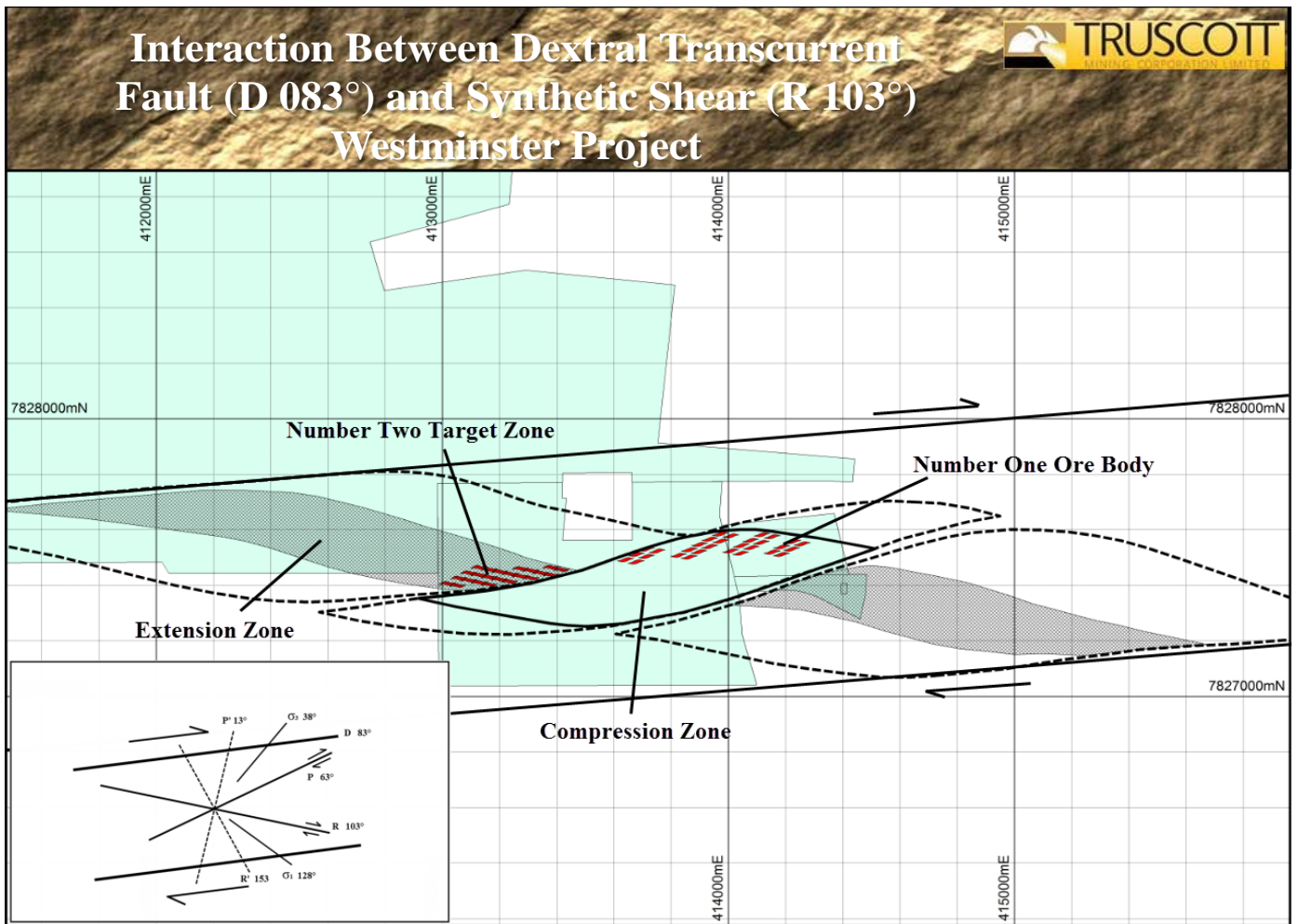


Figure Three: Westminster Project – Interpreted Extension and Compression Zones

Mineralisation Events

Ironstone is thought to have been initially derived from intrabasinal mafic volcanics located below Warramunga sediments and emplaced in sub vertical en echelon arrays. The ironstones deposited in these structurally deformed locations were then sheared allowing the passage of ore bearing fluids. Those areas of the ironstone that remained unsheared at that time were too massive to allow for the passage of contemporaneous mineralising ore bearing fluids from depth.

Ironstone occurs in the form of either magnetite and or hematite, and historically hematite was documented as a weathering feature only. However hematite has been found at a number of localities including Westminster and Nobles Knob, below the weathering zone in fresh rock.

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

Project Status: *Work on establishing a JV agreement in progress*

Westminster Project – Main Target Zones

Drilling at Westminster to date has only explored the upper 200m of the crust but current Truscott models predict that higher more continuous grade ore zone areas may exist. These higher grade zones are modelled as existing below a dolomite zone seen at the base of a number of existing drill holes.

Distinct vertical and lateral zonation of mineralisation is well documented for most of the major Tennant Creek ore bodies with high grade gold commonly located below dolomite zones.

Drilling to date (Table 1) has broken through to the top of what is potentially the primary high grade target zone for underground mining, with the peripheral drill holes intersecting gold mineralisation.

WESTMINSTER PROJECT HIGH GRADE MINERALISATION-DEPTHS				
Hole Number	Intersections	m*g/t	Depth	
WMRC031	2m @ 26.3g/t Au	52	46	
WMRC059	6m @ 7.8g/t Au	47	60	
WMRC082	2m @ 81.0g/t Au	162	67	Upper Mineralisation Zone
NMDDH1	7m @ 40.4g/t Au	282	71	
WMRC041	5m @ 23.53g/t Au	118	83	
WMRC047	6m @ 5.45g/t Au	33	86	
WMRC083	2m @ 33.0g/t Au	66	88	
WMRC099	6m @ 4.76g/t Au	28	94	
WMRC077	3m @ 10.9g/t Au	33	95	
WMRC131	3m @ 3.69g/t Au	11	158	
WMRC100	4m @ 3.92g/t Au	16	159	
WMRC117	3m @ 6.86g/t Au	20	177	
WMRC095	2m @ 8.1g/t Au	16	181	
WMRC093	5m @ 7.8g/t Au	39	192	
WMRC054	6m @ 12.3g/t Au	74	209	Lower Mineralisation Zone
High Grade Target Zone			240	Lower Mineralisation Zone
Next Drilling Program				

Table One: Higher grade Au intercepts in layers

The current exploration program for Westminster has three main objectives:

Extend a number of existing drill holes in order to test for the deeper high grade target zone within the compression zone.

Further delineate the extent of mineralisation along the strike length of the compression zone.

Target the potential massive mineralisation adjacent to Big Ben (number two target zone) and within the extension zone.

In aggregate the Westminster Project Area, is considered to be a multi- million ounce target.

Hera Project Area (Truscott: E27731, 100%)

Project Status: *Clearance Certificates issued by AAPA for exploration and Mining Activities*

Acquisition of geophysical information completed.

Mapping and scout drilling program planned

This project is located in the highly prospective southern shear zone (Figure 2) which extends to the high grade Juno (452,000t@56.1g/t Au) and Nobles Nob (1,996,000t@17.3g/t Au) deposits.

Recent field reconnaissance work, guided by an informed application of the structural model allowed new unmapped outcrops of mineralisation to be located. Further field work is ongoing with early drill testing scheduled for last quarter 2013.

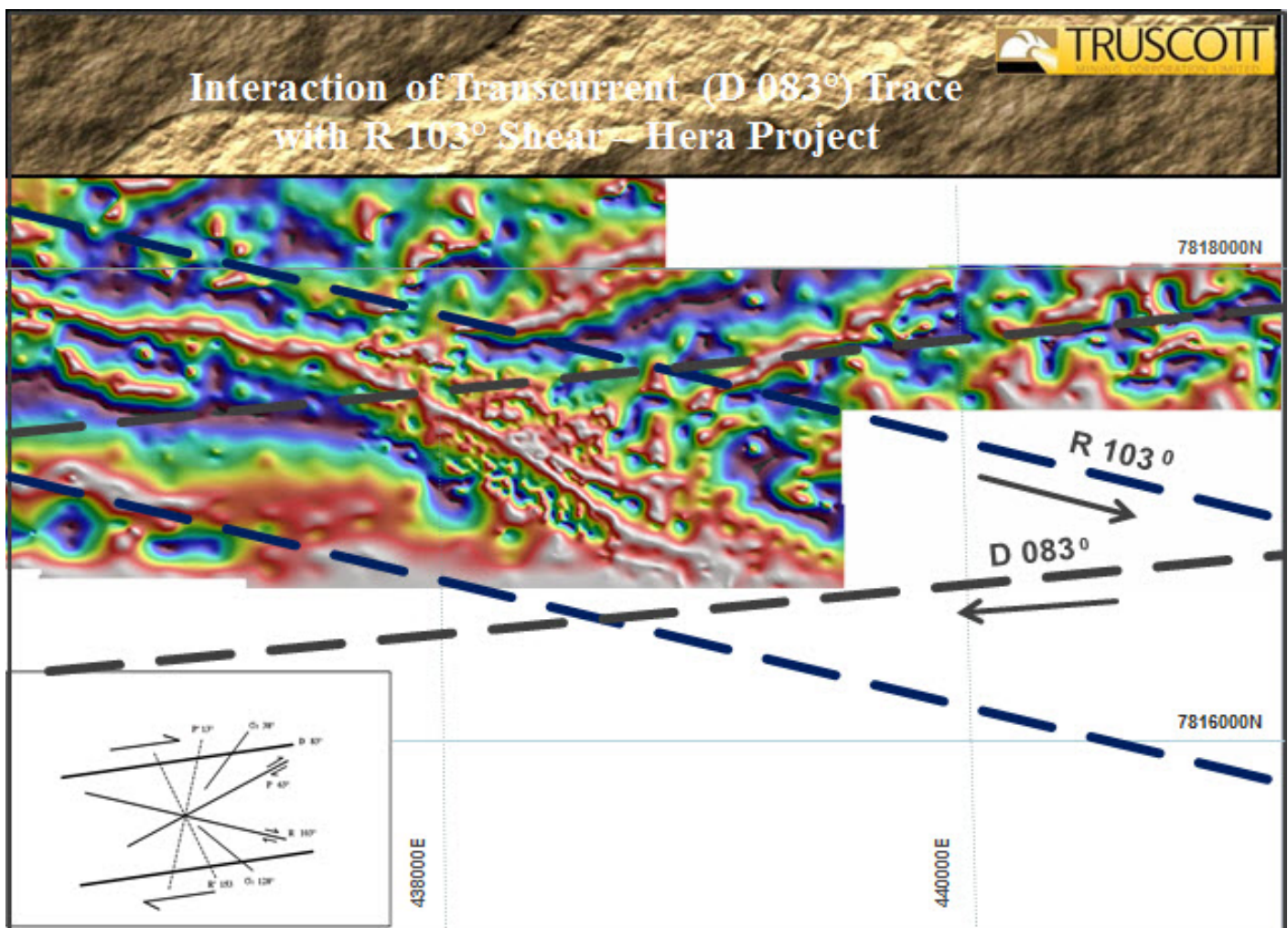


Figure Four: Hera Project Area– Gravity Image and Structural Zones

Tyson Project Area (Truscott: E26221 100%)

Project Status: *Clearance Certificates issued by AAPA for exploration and Mining Activities*

Acquisition of geophysical information planned

Tracking of the elements of Truscott's structural model for the Warramunga Basin, thirty kilometres to the west of Tennant Creek, provides the location for a new under explored Tyson Project Area (Figure 5) lying under cover.

A large circular feature covering the core of the project area is also clearly evident from aerial photography. Field recognisance shows this area correlates with an indurated (coincident with mineralisation?) cover of latter Ooradidgee Group rocks.

An irregular unconformity (referred to as the Tennant Event) between the lower Ooradidgee Group and the upper Warramunga Formation is defined by a zone of sedimentation that often includes distinctive reconstituted marker beds.

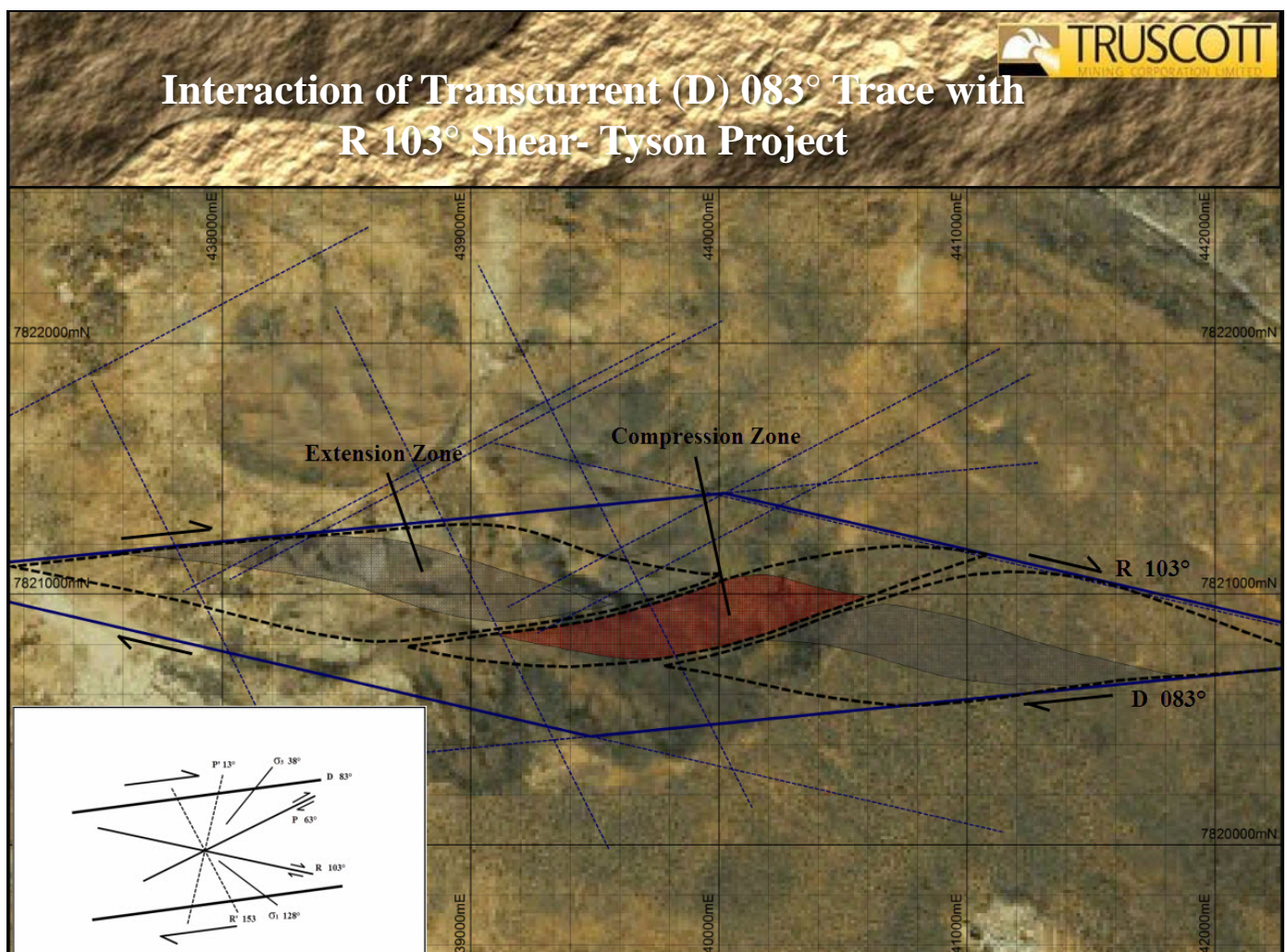


Figure Five: Tyson Project Area– Recognisance Mapping

The underlying host environment for gold mineralisation, the Warramunga Formation, is further evidenced at the periphery of the circular feature by the occurrence of ironstone float.

Observation from aerial photographs of structural elements, when combined with the structural model for the basin, allow extensional and compression zones to be defined for the underlying target.

It is anticipated that acquisition of close spaced ground based gravity data for the project area will increase the level of definition over specific structural targets within the extension and compression zones.

Recognising the timing of later Warramunga Formation structural events and related mineralisation has also been critical to understanding the nature of gold deposition.

It appears that erosion of the upper Warramunga Formation and the beginning of the deposition of the Ooradidgee Group occurred simultaneously with structural deformation, intrusion and mineralisation.

The overlying Ooradidgee Group has apparently hidden or masked this target zone, within the underlying rocks, and resulted in previous explorers not undertaking any drilling in this area.

Olympus Project Area (Truscott: E27145 replaced by E29883, 100%)

Project Status: *New Application*

Clearance Certificates issued by AAPA for exploration and Mining Activities

This study area has just been re-established under a new tenement application E29883.

Arcadia (Truscott: MLC621, MLC622 all 100%)

Project Status: *Moratorium in Force*

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.

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

Truscott's Westminster Project (Figure 6) is located just west of the Tennant Creek Township in the centre of the Tennant Creek Mineral Field. The project covers an area of 5.96 km² which includes some of the earliest workings and discoveries in the field that date from the mid 1930's.

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

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

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

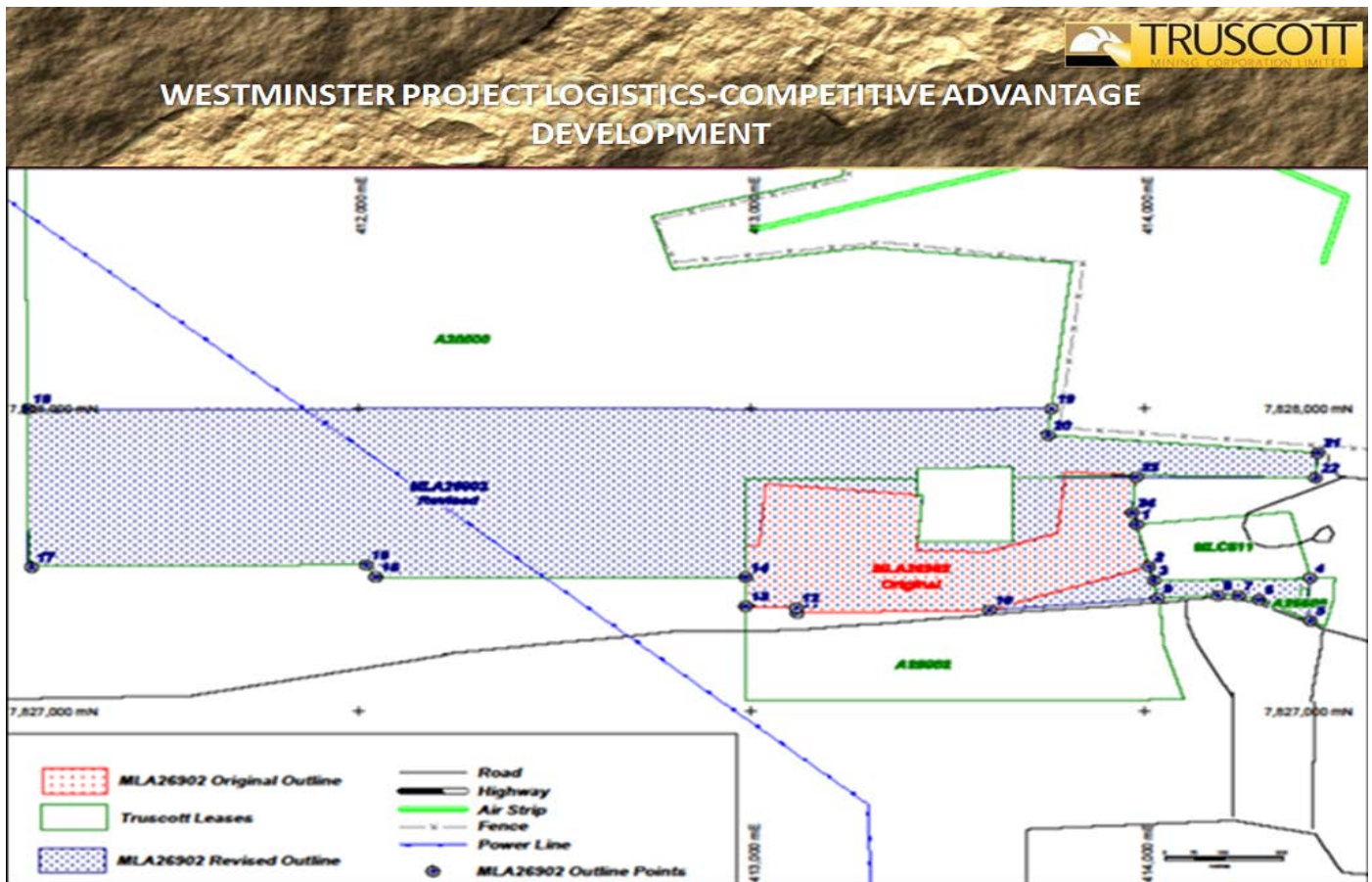


Figure Six: Westminster Mining Leases MLC 511 & MA 26902

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

Peter N Smith
Executive Chairman

Competent Person's Statement: The contents of this report, that relate to geology and exploration results, are based on information reviewed by Dr Judith Hanson, who is an employee of Truscott Mining Corporation Limited and a Member of the Australasian Institute of Mining & Metallurgy. She has sufficient experience relevant to the style of mineralisation and types of deposit under consideration and to the activity being undertaken to qualify as a "Competent Person", as defined in the 2004 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Dr Hanson consents to the inclusion in this presentation of the matters compiled by therein in the form and context in which they appear.

Truscott Mining Corporation Limited's Corporate Governance Arrangements

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

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

Truscott is listed on the Australian Securities Exchange (ASX). Accordingly, unless stated otherwise in this document, the Board's corporate governance arrangements comply with the recommendations of the ASX Corporate Governance Council (including the 2010 amendments) as well as current standards of best practice for the entire financial year ended 30 June 2013.

Principle 1: Lay solid foundations for management and oversight

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

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

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

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

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

Principle 2: Structure the board to add value

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

Board Composition

A majority of the Board should be independent directors

Notification of Departure

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

Explanation for Departure

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

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

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

Rebecca Moore

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

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

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

The chairperson should be an independent director

Notification of Departure:

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

Explanation for Departure:

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

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

Notification of Departure:

Peter Smith is appointed as Chair and Managing Director.

Explanation for Departure:

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

Principle 3: Promote ethical and responsible decision making

Ethical Standards

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

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

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

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

Diversity Policy

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

Share Ownership and Share Trading Policy

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

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

Board Committees

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

Principle 4: Safeguard integrity in financial reporting

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

Audit Committee

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

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

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

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

Notification of Departure:

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

Explanation for Departure:

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

Nomination Committee

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

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

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

Remuneration Committee

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

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

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

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

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

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

Finance and Operations Committee

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

Performance Evaluation

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

Board Roles and Responsibilities

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

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

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

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

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

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

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

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

Shareholder Rights

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

Shareholder Communication Strategy

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

Principle 7: Recognise and manage risk

Risk Management

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

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

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

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

Principle 8: Remunerate fairly and responsibly

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

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

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

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

The Board of Directors has pleasure in presenting its report on the company for the financial year ended 30 June 2013.

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 2013 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 58 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.

Rebecca Moore – age 42 years (Non-Executive Director)
B Com

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

Michael J Povey age 62 years (Executive Director & Company Secretary)
B.Bus, FTIA.

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

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

Principal Activities

The principal activities of the company are the exploration and development of gold and base metal projects in the Northern Territory. No significant changes in the nature of these activities occurred during the year ended 30 June 2013.

Operating Results

The loss of the company after providing for income tax amounted to \$336,376 (2012: loss \$15,857).

Dividends

No dividend has been declared or paid by the company during the year ended 30 June 2013 and the directors do not at present recommend a dividend.

Review of Operations

Exploration activities

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

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

Financial Position

The net assets of the company were \$7,125,363 at 30 June 2013 (2012: \$7,123,243).

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 2013. On 5 November 2012 the company issued 4,037,791 fully paid ordinary shares in lieu of directors' fees, consulting fees and salaries as approved at the AGM to directors and employees. On 13 June 2013 the company issued 1,621,628 fully paid ordinary shares to raise \$60,000 before costs. Full details of all share issues are included in Note 10 to the Financial Statements.

After Balance Date Events

Other than 300,000 options lapsing, the directors are not aware of any matter or circumstance since the end of the financial year that has significantly affected or may significantly affect the operations of the company, the results of those operations or the state of affairs of the company in subsequent financial years.

Future Developments, Prospects and Business Strategies

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

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

Remuneration Report – audited

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

Remuneration Policy

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

Details of remuneration

The remuneration for each key management person of the company during the year ended 30 June 2013 was as follows:

	Short-term benefits		Post-employment benefits	Share/option based payments	
Name	Salary, fees & commissions \$	Consulting fees \$	Superannuation \$	Non-cash shares value \$	Totals \$
<u>Executive directors</u>					
P N Smith	0	141,000	0	146,400	287,400
M J Povey	0	46,220	0	67,680	113,900
<u>Non-executive director</u>					
R T Moore	0	0	0	43,200	43,200
Totals	0	187,220	0	257,280	444,500

In order to conserve cash for research, exploration and working capital purposes the directors agreed to receive "payment" for director fees in fully paid ordinary (FPO) shares and also agreed to receive part of their consulting fees in FPO shares. Of the above share based payments the following amounts were approved and issued as shares at the 2012 Annual General Meeting:

	\$	No of shares
Mr P N Smith	60,000	857,143
Mr M J Povey	22,640	323,429
Ms R T Moore	10,800	154,286
Total	\$ 93,440	1,224,858

The remaining values of shares to be issued for directors' fees and consulting services performed to 30 June 2013 are:

	\$
Mr P N Smith	86,400
Mr M J Povey	45,040
Ms R T Moore	32,400
Total	\$ 163,840

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

Consultancy agreements

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

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

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

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

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

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

The remuneration for each key management person of the company during the year ended 30 June 2012 was as follows:

Name	Short-term benefits		Post-employment benefits	Share/option based payments		Totals
	Salary, fees & commissions \$	Consulting fees \$	Superannuation \$	Non-cash shares value \$	Non-cash options value \$	
Executive directors						
P N Smith	26,422	233,040	2,378	84,480	0	346,320
M J Povey	19,816	55,662	1,784	25,908	0	103,170
Non-executive director						
D Sufredo – Retired 21/2/2012	25,511	0	2,296	0	0	27,807
R T Moore – Appointed 21/2/2012	0	0	0	15,517	0	15,517
Senior management						
I Henderson – Resigned October 2011	83,955	0	4,480	0	950	89,385
Totals	155,704	288,702	10,938	125,905	950	582,199

The non-cash options value includes the proportionate share of the total value based on the elapsed period to vesting.

In order to conserve cash for research, exploration and working capital purposes the directors agreed to receive “payment” for director fees in fully paid ordinary (FPO) shares and also agreed to receive part of their consulting fees in FPO shares. The above share based payments were subject to shareholder approval at the 2012 AGM and were issued after the approval was received. The consulting fees were paid either to the director or to entities associated with the respective directors. The non-cash shares value were for directors’ fees and for consulting fees for services rendered under normal commercial arrangements and at commercial rates by the directors or by entities associated with the directors.

Number of shares held by directors and related entities

Director	Balance 1 July 2012	Acquired	Disposed	Balance 30 June 2013
P N Smith	20,442,202	2,835,999	0	23,278,201
R Moore	0	375,961	0	375,961
M J Povey	964,719	943,480	0	1,908,199
Totals	21,406,921	4,155,440	0	25,562,361

The above shareholdings include both direct and indirect holdings as at 30 June 2013. Shares acquired were purchased on market and/or through the Company’s share purchase plan and/or issued as remuneration in lieu of cash payments.

Number of options held directly by directors

Director	Balance 1 July 2012	Acquired	Expired or exercised	Balance 30 June 2013
P N Smith	1,600,000	0	0	1,600,000
R Moore	0	0	0	0
M J Povey	1,150,000	0	0	1,150,000
Totals	2,750,000	0	0	2,750,000

Value of shares issued or to be issued as part of sacrifices in lieu of director and consulting fees for the year ended 30 June 2013

Director	Shares in lieu of director’s fees \$	Shares in lieu of consulting fees \$	Total remuneration represented by shares %
P N Smith	57,600	88,800	50.94
M J Povey	43,200	24,480	59.42
R Moore	43,200	0	100.00
	144,000	113,280	

The number of shares to be issued will be calculated based on market prices immediately prior to the dispatch of the Notice of Meeting for the 2013 AGM and is dependent on approval of the shareholders at the AGM.

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

Unlisted Share Options

At the date of this report the following options to acquire ordinary shares in Truscott Mining Corporation Ltd had been issued. No options were exercised, and 2,100,000 options expired during the year ended 30 June 2013. 300,000 options expired after 30 June 2013, but before the date of this report.

OPTIONS			
Grant date	Date of expiry	Exercise price	Number under option
30 October 2009	30 October 2013	25 cents	2,200,000
30 October 2009	20 August 2014	25 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			5,700,000

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 2013.

Auditors' Independence Declaration

The auditors' independence declaration for the year ended 30 June 2013 has been received and can be found on page 20 of the Financial Report.

Proceedings on Behalf of the Company

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

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

Directors' Meetings

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

	Directors' meetings		Audit committee meetings	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Director				
P N Smith	6	6	0	0
R Moore	6	6	2	2
M J Povey	6	6	2	2

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

Insurance and Indemnity of Officers or Auditor

The company has paid premiums to insure all the directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in their capacity of director of the company, other than conduct involving a wilful breach of duty in relation to the company. Disclosure of the nature and 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.

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

Environmental Regulations and Native Title

Environmental

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

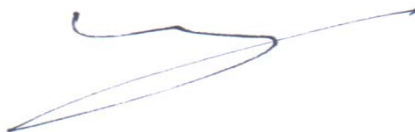
Native Title

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

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



DIRECTOR



DIRECTOR

Signed at Nedlands this 27th day of September 2013

Maximise your potential



**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 2013 there have been no contraventions of:

- a. the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- b. any applicable code of professional conduct in relation to the audit.

Maxim Audit

Maxim Audit
Chartered Accountants

M A Lester

M A Lester
Perth WA
Dated this 27th September 2013.

"Liability limited by a scheme approved under Professional Standards Legislation"

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**Chartered
Accountants**



National Association: Hall Chadwick
International Association: AGN International
Associations of Independent Firms

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

FOR THE YEAR ENDED 30 June 2013

	NOTES	2013	2012
		\$	\$
Revenue	2	235,890	445,768
Consultants		(102,596)	(98,433)
Depreciation		(3,380)	(3,860)
Compliance and regulatory expenses		(119,003)	(109,178)
Loss on disposal of assets		(1,402)	(7,451)
Directors' remuneration		(144,000)	(137,667)
Occupancy costs		0	(23,068)
Exploration evaluation and development costs written off	8	(146,540)	(29,004)
Superannuation expenses		(1,923)	(5,572)
Employee benefits expense		(21,325)	(24,670)
Administration expenses		(32,097)	(22,722)
Loss before income tax	3	(336,376)	(15,857)
Income tax expense	4	0	0
Loss for the year		<u>(336,376)</u>	<u>(15,857)</u>
Other comprehensive income			
Other comprehensive income for the year, net of tax		<u>0</u>	<u>0</u>
Total comprehensive loss for the year		<u>(336,376)</u>	<u>(15,857)</u>
Earnings per share			
Basic and diluted earnings per share – cents	12	(0.440)	(0.023)

The accompanying notes form part of these financial statements

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

AS AT 30 June 2013

	NOTES	2013	2012
		\$	\$
ASSETS			
CURRENT ASSETS			
Cash & cash equivalents	11	46,323	161,102
Trade and other receivables	5	264,288	468,199
Other current assets	6	7,405	47,075
TOTAL CURRENT ASSETS		318,016	676,376
NON-CURRENT ASSETS			
Plant and equipment	7	22,952	31,917
Deferred exploration, evaluation and development expenditure	8	7,045,523	6,715,269
TOTAL NON-CURRENT ASSETS		7,068,475	6,747,186
TOTAL ASSETS		7,386,491	7,423,562
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	9	261,128	300,319
TOTAL CURRENT LIABILITIES		261,128	300,319
TOTAL LIABILITIES		261,128	300,319
NET ASSETS		7,125,363	7,123,243
EQUITY			
Issued capital	10	7,638,922	7,300,426
Reserves		606,591	606,591
Accumulated losses		(1,120,150)	(783,774)
TOTAL EQUITY		7,125,363	7,123,243
Commitments	16		
Contingent liabilities	17		

The accompanying notes form part of these financial statements

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

FOR THE YEAR ENDED 30 June 2013

	Ordinary shares	Accumulated losses	Options reserve (1)	Total
	\$	\$	\$	\$
Balance at 1 July 2011	6,546,479	(767,917)	605,641	6,384,203
Shares issued during the year	775,750	0	0	775,750
Transaction costs	(21,803)	0	0	(21,803)
Loss attributable to the members	0	(15,857)	0	(15,857)
Options reserve	0	0	950	950
Balance at 30 June 2012	7,300,426	(783,774)	606,591	7,123,243
Shares issued during the year	343,845	0	0	343,845
Transaction costs	(5,349)	0	0	(5,349)
Loss attributable to the members	0	(336,376)	0	(336,376)
Options reserve	0	0	0	0
Balance at 30 June 2013	7,638,922	(1,120,150)	606,591	7,125,363

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

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

There were no options issued during the year.

The accompanying notes form part of these financial statements

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

FOR THE YEAR ENDED 30 June 2013

	NOTES	2013	2012
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest received		6,053	11,131
Fuel tax credit		0	9,109
Payments for exploration, evaluation and development expenditure written off		(19,630)	(4,625)
Payments to suppliers and employees		(190,040)	(427,064)
Research & development tax concession		425,629	665,731
Net cash provided by (used in) operating activities	11(a)	222,012	254,282
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of plant and equipment		(1,000)	(9,330)
Payments for exploration, evaluation and development expenditure		(395,145)	(1,313,026)
Refund(payment) for security bond		4,703	(19,056)
Net cash used in investing activities		(391,442)	(1,341,412)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		60,000	832,250
Capital raising costs		(5,349)	(33,302)
Net cash provided by financing activities		54,651	798,948
Net decrease in cash held		(114,779)	(288,182)
Cash and cash equivalents at beginning of financial year		161,102	449,284
Cash and equivalents at end of financial year	11(b)	46,323	161,102

The accompanying notes form part of these financial statements

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

FOR THE YEAR ENDED 30 June 2013

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES:

The principal accounting policies adopted in the preparation of the financial report are set out below.
The financial statements were authorised for issue on 27 September 2013 by the Directors of the company.

(a) Basis of preparation

These general purpose financial statements have 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 Company is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

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

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements 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 these financial statements are presented below and have been consistently applied unless otherwise stated.

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

(b) Going concern

For the year ended 30 June 2013, the Company incurred a loss of \$336,376 generated net cash inflows of \$222,012 from operating activities, but had net cash outflows of \$391,442 from investing activities as disclosed in the Statement of Profit or Loss and Other Comprehensive Income and Statement of Cash flows, respectively. As a result of the need for continued cash outflows from investment activities the Directors have assessed the Company's ability to continue as a going concern and to pay its debts as and when they fall due.

The Company's ability to fund exploration commitments and for use as working capital is dependent upon raising additional capital in future years or deriving revenue from existing operations. Subsequent to the year end the company has received a refund from the ATO of \$226,647 resulting from an R&D tax concession claim for the 2012/13 financial year.

The Directors of the company advise it does not currently have sufficient cash reserves to fund more than 5 months of operations at the current level of exploration from balance date, but the Directors are confident that the available funds, plus the R&D tax offset are sufficient to meet the estimated minimum and committed expenditure requirements for the 9 months to 31 March 2014. Thereafter the Directors are dependent on raising additional capital. The directors are in negotiations regarding or are considering the following:

- (i) A joint venture arrangement over some of the tenements of the Company;
- (ii) A placement to a number of sophisticated and/or institutional investors to raise at least \$450,000; and/or
- (iii) A placement to professional investors to raise at least \$450,000.

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

(c) 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) 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 2013 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").

(e) 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.

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

FOR THE YEAR ENDED 30 June 2013

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

(e) Income tax (cont'd)

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.

(f) Financial instruments

Recognition and initial measurement

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

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

Loans and receivables

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

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

Financial liabilities

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

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

(g) 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.

(h) 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.

(i) Plant and Equipment

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

Plant and equipment

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

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

FOR THE YEAR ENDED 30 June 2013

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

(i) Plant and Equipment (cont'd)

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 profit or loss and other comprehensive income during the financial period in which they are incurred.

Depreciation

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

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

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

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

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

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

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

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

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

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

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

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

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

(k) 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.

(l) 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.

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FOR THE YEAR ENDED 30 June 2013

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

(l) Employee benefits (Cont'd)

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.

(m) 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.

(n) 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.

(o) 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.

(p) Critical Accounting Estimates and Judgments

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

Critical accounting estimates and assumptions

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

Estimated impairment of deferred exploration expenditure

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

(q) New Accounting Standards for Application in Future Periods

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Company. The Company has decided not to early adopt any of the new and amended pronouncements. The Company's assessment of the new and amended pronouncements that are relevant to the Company but applicable in future reporting periods is set out below:

AASB 9: *Financial Instruments* (December 2010) and AASB 2010-7: *Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)*.

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FOR THE YEAR ENDED 30 June 2013

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

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

These Standards are applicable retrospectively and include revised requirements for the classification and measurement of financial instruments, as well as recognition and derecognition requirements for financial instruments.

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.

These Standards were mandatorily applicable for annual reporting periods commencing on or after 1 January 2013. However, AASB 2012-6: *Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures* (issued September 2012) defers the mandatory application date of AASB 9 from 1 January 2013 to 1 January 2015. In light of the change to the mandatory effective date, the Company is expected to adopt AASB 9 and AASB 2010-7 for the annual reporting period ending 31 December 2015. The directors anticipate that the adoption of AASB 9 and AASB 2010-7 may not have a significant impact on the Company's financial instruments, and it is impracticable at this stage to provide a reasonable estimate of such impact.

AASB 10: *Consolidated Financial Statements*, AASB 11: *Joint Arrangements*, AASB 12: *Disclosure of Interests in Other Entities*, AASB 127: *Separate Financial Statements* (August 2011) and AASB 128: *Investments in Associates and Joint Ventures* (August 2011) (as amended by AASB 2012-10: *Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments*), and AASB 2011-7: *Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards* (applicable for annual reporting periods commencing on or after 1 January 2013).

AASB 10 replaces parts of AASB 127: *Consolidated and Separate Financial Statements* (March 2008, as amended) and Interpretation 112: *Consolidation – Special Purpose Entities*. AASB 10 provides a revised definition of "control" and additional application guidance so that a single control model will apply to all investees. This Standard is not expected to significantly impact the Company's financial statements.

AASB 11 replaces AASB 131: *Interests in Joint Ventures* (July 2004, as amended). AASB 11 requires joint arrangements to be classified as either "joint operations" (where the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities) or "joint ventures" (where the parties that have joint control of the arrangement have rights to the net assets of the arrangement). This Standard is not expected to significantly impact the Company's financial statements.

AASB 12 contains the disclosure requirements applicable to entities that hold an interest in a subsidiary, joint venture, joint operation or associate. AASB 12 also introduces the concept of a "structured entity", replacing the "special purpose entity" concept currently used in Interpretation 112, and requires specific disclosures in respect of any investments in unconsolidated structured entities. This Standard will affect disclosures only and is not expected to significantly impact the Company's financial statements.

To facilitate the application of AASBs 10, 11 and 12, revised versions of AASB 127 and AASB 128 have also been issued. The revisions made to AASB 127 and AASB 128 are not expected to significantly impact the Company's financial statements.

AASB 13: *Fair Value Measurement* and AASB 2011-8: *Amendments to Australian Accounting Standards arising from AASB 13* (applicable for annual reporting periods commencing on or after 1 January 2013).

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

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

AASB 13 defines fair value, sets out in a single Standard a framework for measuring fair value, and requires disclosures about fair value measurement.

AASB 13 requires:

- inputs to all fair value measurements to be categorised in accordance with a fair value hierarchy; and
- enhanced disclosures regarding all assets and liabilities (including, but not limited to, financial assets and financial liabilities) to be measured at fair value.

These Standards are expected to result in more detailed fair value disclosures, but are not expected to significantly impact the amounts recognised in the Company's financial statements.

- AASB 2011-4: *Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements* (applicable for annual reporting periods beginning on or after 1 July 2013).

This Standard makes amendments to AASB 124: *Related Party Disclosures* to remove the individual key management personnel disclosure requirements (including paras Aus29.1 to Aus29.9.3). These amendments serve a number of purposes, including furthering trans-Tasman convergence, removing differences from IFRSs, and avoiding any potential confusion with the equivalent *Corporations Act 2001* disclosure requirements.

This Standard is not expected to significantly impact the Company's financial report as a whole because:

- some of the disclosures removed from AASB 124 will continue to be required under s 300A of the Corporations Act, which is applicable to the Company; and
- AASB 2011-4 does not affect the related party disclosure requirements in AASB 124 applicable to all reporting entities, and some of these requirements require similar disclosures to those removed by AASB 2011-4.
- AASB 119: *Employee Benefits* (September 2011) and AASB 2011-10: *Amendments to Australian Accounting Standards arising from AASB 119 (September 2011)* (applicable for annual reporting periods commencing on or after 1 January 2013).

These Standards introduce a number of changes to the presentation and disclosure of defined benefit plans, including:

- removal of the "corridor" approach from AASB 119, thereby requiring entities to recognise all changes in a net defined benefit liability/(asset) when they occur; and
- disaggregation of changes in a net defined benefit liability/(asset) into service cost, net interest expense and remeasurements and recognition of:
 - (i) service cost and net interest expense in profit or loss; and
 - (ii) remeasurements in other comprehensive income.

AASB 119 (September 2011) also includes changes to the criteria for determining when termination benefits should be recognised as an obligation.

- AASB 2012-2: *Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities* (applicable for annual reporting periods commencing on or after 1 January 2013).

AASB 2012-2 principally amends AASB 7: *Financial Instruments: Disclosures* to require entities to include information that will enable users of their financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position.

This Standard is not expected to significantly impact the Company's financial statements.

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

This Standard adds application guidance to AASB 132: *Financial Instruments: Presentation* to address potential inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement.

This Standard is not expected to significantly impact the Company's financial statements.

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

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

- AASB 2012-5: Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 (applicable for annual reporting periods commencing on or after 1 January 2013).

This Standard amends a number of Australian Accounting Standards as a consequence of the issuance of Annual Improvements to IFRSs 2009-2011 Cycle by the International Accounting Standards Board, including:

- AASB 1: *First-time Adoption of Australian Accounting Standards* to clarify the requirements in respect of the application of AASB 1 when an entity discontinues and then resumes applying Australian Accounting Standards;
- AASB 101: *Presentation of Financial Statements* and AASB 134: *Interim Financial Reporting* to clarify the requirements for presenting comparative information;
- AASB 116: *Property, Plant and Equipment* to clarify the accounting treatment of spare parts, stand-by equipment and servicing equipment; and
- AASB 134 to facilitate consistency between the measures of total assets and liabilities an entity reports for its segments in its interim and annual financial statements.

This Standard is not expected to significantly impact the Company's financial statements.

2. REVENUE

	2013	2012
	\$	\$
Revenue from continuing operations:		
Interest received from other persons	5,938	11,030
Fuel tax credit	0	9,109
Consulting services	3,305	0
Research & development tax concession	226,647	425,629
Total revenue	<u>235,890</u>	<u>445,768</u>

3. LOSS BEFORE TAX

Loss before income tax includes the following specific expenses:

	2013	2012
	\$	\$
Auditor's remuneration for audit or review of the financial reports of the company	27,325	24,925
Remuneration for other services	0	0
Total remuneration	<u>27,325</u>	<u>24,925</u>
Rental lease payments	0	39,759
Sublease payments	0	(16,691)
Rental expense on operating lease for head office	<u>0</u>	<u>23,068</u>

4. INCOME TAX EXPENSE

(a) Income tax expense		
Current income tax credit	0	0
Deferred tax	0	0
Adjustment in respect of prior year	0	0
	<u>0</u>	<u>0</u>
(b) Numerical reconciliation of income tax expense to prima facie tax payable		
Loss from continuing operations before income tax expense	(336,375)	(15,857)
Tax at the Australian tax rate of 30% (2012 30%)	(100,913)	(4,757)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Tenement acquisition costs written off	16,558	190
Exploration costs	883	282,167

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FOR THE YEAR ENDED 30 June 2013

4. INCOME TAX EXPENSE (cont'd)	2013	2012
	\$	\$
Blackhole expenditure	(8,346)	(10,816)
R&D tax concession	(67,994)	(127,689)
Other expenses	27,325	38,009
	<u>(132,487)</u>	<u>177,104</u>
Tax losses not brought to account	132,487	(177,104)
Income tax attributable to the Company	<u>0</u>	<u>0</u>
(c) Tax losses		
Unused tax losses for which no deferred tax asset has been recognised	5,367,329	4,925,708
Potential Tax Benefit at 30%	<u>1,610,199</u>	<u>1,477,712</u>

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

(d) Deferred tax liabilities/assets	Opening Balance	Charged to income	Charged directly to equity	Closing Balance
Deferred tax liabilities				
Deferred exploration expenditure	1,589,902	424,679	0	2,014,581
Other	266	(30)	0	236
Deferred tax assets				
Accrued expenses	(53,514)	15,780	0	(37,734)
Other - legal costs	(2,157)	0	2,036	(121)
Capital raising costs	(23,184)	0	3,257	(19,927)
Balance not recognised as at 30 June 2012	<u>1,511,313</u>	<u>440,429</u>	<u>5,293</u>	<u>1,957,035</u>
Deferred tax liabilities				
Deferred exploration expenditure	2,014,581	(6,069)	0	2,008,512
Other	236	(35)	0	201
Deferred tax assets				
Accrued expenses	(37,734)	(17,143)	0	(54,877)
Other - legal costs	(121)	0	60	(61)
Capital raising costs	(19,927)	0	6,681	(13,246)
Balance not recognised as at 30 June 2013	<u>1,957,035</u>	<u>(23,247)</u>	<u>6,741</u>	<u>1,940,529</u>

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

The potential tax benefit of losses not brought to account is \$1,610,199 and the temporary differences are \$1,940,529.

5. TRADE AND OTHER RECEIVABLES - CURRENT	2013	2012
	\$	\$
Term deposit used as security for company credit card	20,000	20,000
GST credit due	13,335	21,784
Interest receivable	671	786
Sundry debtors	3,635	0
R&D tax concession amount	226,647	425,629
	<u>264,288</u>	<u>468,199</u>
6. OTHER CURRENT ASSETS		
Prepayments	7,405	47,075
	<u>7,405</u>	<u>47,075</u>

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FOR THE YEAR ENDED 30 June 2013

7. PROPERTY PLANT AND EQUIPMENT	2013	2012
	\$	\$
Leasehold improvements – at cost	3,746	3,746
Less accumulated depreciation	(2,332)	(2,083)
	<u>1,414</u>	<u>1,663</u>
Office furniture and equipment – at cost	21,254	33,886
Less accumulated depreciation	(15,793)	(23,951)
	<u>5,461</u>	<u>9,935</u>
Motor vehicle – at cost	26,561	26,561
Less accumulated depreciation	(18,640)	(16,812)
	<u>7,921</u>	<u>9,749</u>
Field equipment – at cost	33,389	34,010
Less accumulated depreciation	(25,233)	(23,440)
	<u>8,156</u>	<u>10,570</u>
	<u>22,952</u>	<u>31,917</u>

Movements in carrying amounts

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

	Building Improvements	Office furniture and equipment	Field equipment	Motor Vehicle	Totals
Balance at 1 July 2011	2,664	13,278	12,538	11,999	40,479
Additions	0	6,967	2,363	0	9,330
Disposals	(397)	(6,607)	(447)	0	(7,451)
Revaluation increments/decrements	0	0	0	0	0
Depreciation expense	(604)	(3,703)	(3,884)	(2,250)	(10,441)
Balance at 1 July 2012	<u>1,663</u>	<u>9,935</u>	<u>10,570</u>	<u>9,749</u>	<u>31,917</u>
Additions	0	0	1,000	0	1,000
Disposals/write-offs	0	(1,094)	(308)	0	(1,402)
Revaluation increments/decrements	0	0	0	0	0
Depreciation expense	(249)	(3,380)	(3,106)	(1,828)	(8,563)
Balance at 30 June 2013	<u>1,414</u>	<u>5,461</u>	<u>8,156</u>	<u>7,921</u>	<u>22,952</u>

8. DEFERRED EXPLORATION, EVALUATION AND DEVELOPMENT EXPENDITURE	2013	2012
	\$	\$
Tenement acquisition costs – at cost	291,427	345,611
Security deposits – at cost	59,058	63,761
Deferred exploration expenditure – at cost	6,695,038	6,305,897
	<u>7,045,523</u>	<u>6,715,269</u>
Carrying amount at beginning of year	6,715,269	5,299,673
Deferred exploration, evaluation and development expenditure incurred	480,489	1,425,545
Expenditure associated with acquisitions	1,008	0
Prior year costs written-off	(126,701)	(29,004)
Current year costs written-off	(19,839)	0
Payment(refund) of security deposits	(4,703)	19,055
Carrying amount at end of year (at cost)	<u>7,045,523</u>	<u>6,715,269</u>

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

9. TRADE AND OTHER PAYABLES – CURRENT	2013	2012
	\$	\$
Sundry payables and accrued expenses	82,082	129,117
Employee entitlements	1,206	2,297
Remuneration sacrifices by directors and employee payable in shares (Subject to approval at the AGM)	177,840	168,905
	<u>261,128</u>	<u>300,319</u>

TRUSCOTT MINING CORPORATION LIMITED
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FOR THE YEAR ENDED 30 June 2013

10. ISSUED CAPITAL

a) Ordinary Shares

- (i) Issued and paid-up capital
79,429,633 (2012: 73,740,214) fully paid ordinary shares

	2013		2012	
	No. of Shares	\$	No. of Shares	\$
(ii) Movements in shares on issue				
Opening balance	73,740,214	7,300,426	66,979,854	6,546,479
Share purchase plan 15/2/12 at 11.475 cents	0	0	3,320,270	381,000
Placement 12/3/12 at 11.475 cents	0	0	3,440,090	394,750
Shares issued on 5/11/12 as per AGM to directors and employees at 7 cents	4,037,791	282,645	0	0
Share purchase plan 13/6/13 at 3.7 cents	1,621,628	60,000	0	0
Shares issued on 13/6/13 to employee at 4 cents	30,000	1,200	0	0
	<u>79,429,633</u>	<u>7,644,271</u>	<u>73,740,214</u>	<u>7,322,229</u>
Less costs of issues	<u>0</u>	<u>(5,349)</u>	<u>0</u>	<u>(21,803)</u>
Closing balance	<u>79,429,633</u>	<u>7,638,922</u>	<u>73,740,214</u>	<u>7,300,426</u>

- (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:

5 November 2012 – 4,037,791 shares at 7.0 cents as per the AGM in lieu of directors' fees, consulting fees and to employees.

13 June 2013 – 1,621,628 shares at 3.7 cents to raise \$60,000 under a share purchase plan.

13 June 2013 – 30,000 shares at 4.0 cents to an employee as part of employment agreement.

b) Options over Ordinary Shares

Options:

As at the year end the Company had 6,000,000 unlisted options as follows:

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

c) Terms and conditions of Options

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

Options issued in prior years

- Each Option entitles the holder to subscribe for one Share upon exercise of each Option.
- The Options have exercise prices and expiry dates as follows:
 - \$0.25 Employee Options expire 20 August 2013 granted 31 October 2008
 - \$0.25 Director Options expire 30 October 2013 granted 30 October 2009
 - \$0.25 Employee Options expire 20 August 2014 granted 30 October 2009
 - \$0.45 Share Placement options expire 6 October 2014 granted 6 October 2010
 - \$0.45 Share Placement options expire 15 October 2014 granted 15 October 2010
 - \$0.45 Director Options expire 1 November 2014 granted 1 November 2010
 - \$0.45 Share Placement options expire 21 June 2015 granted 21 June 2011
- The 25 cent Employee Options with an expiry date of 20 August 2013 were exercisable from 20 August 2010 and prior to the Expiry Date.
- The 25 cent Director Options with an expiry date of 30 October 2013 were exercisable from 31 December 2009 and prior to the Expiry Date.
- The 25 cent Employee Options with an expiry date of 20 August 2014 were exercisable from 20 August 2011 and prior to the Expiry Date.
- The 45 cent Share Placement options with an expiry date of 6 October 2014 were exercisable from 6 October 2010 and prior to the Expiry Date.
- The 45 cent Share Placement options with an expiry date of 15 October 2014 were exercisable from 10 October 2010 and prior to the Expiry Date.
- The 45 cent Director Options with an expiry date of 1 November 2014 were exercisable from 31 December 2010 and prior to the Expiry Date.
- The 45 cent Share Placement options with an expiry date of 21 June 2015 were exercisable from 21 June 2011 and prior to the Expiry Date.
- Application will be made by the Company to ASX for official quotation of the Shares issued upon the exercise of the Options.
- All shares to be issued on being exercised will rank equally with the then issued shares of the Company.

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10. ISSUED CAPITAL (cont'd)

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

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

The outstanding balance as at 30 June 2013 is represented by 6,000,000 Options over ordinary shares with exercise prices of \$0.25 and \$0.45 each that expire on 20 August 2013, 20 August 2014, 30 October 2013, 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 2013 is 0.94 years.

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

d) Capital management

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

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

There are no externally imposed capital requirements.

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

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

(a) Reconciliation of the loss from continuing operations after income tax to the net cash flows used in operating activities

	2013	2012
	\$	\$
Loss after income tax	(336,376)	(15,857)
Employee remuneration satisfied by the grant of options	0	37
Consultant's fees satisfied by the issue of shares	23,840	0
Employee remuneration satisfied by the issue of shares	3,300	0
Directors's fees satisfied by the issue of shares	36,000	0
Write-off of exploration expenditure	126,701	24,341
Depreciation	3,380	3,860
Loss on disposal of assets	1,402	7,451
Changes in assets and liabilities:		
Decrease/(Increase) in receivables	204,240	272,929
(Decrease)/Increase in payables and accruals	(21,982)	(59,055)
Directors' fees to be satisfied by the issue of shares	108,000	65,917
Consultants' fees to be satisfied by the issue of shares	32,440	18,708
(Decrease)/Increase in employee entitlements	(1,091)	(65,404)
Decrease/(Increase) in prepayments	42,158	1,355

Net cash flows from/(used in) operating activities	222,012	254,282
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(b) Reconciliation of cash and cash equivalents:
Cash and cash equivalents

46,323	161,102
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Closing Balance per Statement of Cash Flows	46,323	161,102
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(c) Non-cash Financing and Investing Activities

The company has issued or will issue, subject to shareholder approval, shares to the value of \$292,780 to be paid in lieu of directors' fees, consultants' fees and employee salaries for services provided during the year ended 30 June 2013. Of this \$198,780 has been expensed in the Statement of Profit or Loss and Other Comprehensive Income and \$121,000 has been included in exploration, evaluation and development expenditure that was capitalised during the year.

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

FOR THE YEAR ENDED 30 June 2013

12. LOSS PER SHARE

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

	2013	2012
	\$	\$
Loss used in calculating basic and diluted earnings per share	<u>(336,376)</u>	<u>(15,857)</u>
	No.	No.
Weighted average number of ordinary shares outstanding during the year used in calculating basic and diluted EPS	76,438,938	69,247,522

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 \$229,800 (2012 \$233,040). Of this year's amount RIC has agreed that \$88,800 (2012 \$55,680) may be paid by the issue of shares (subject to approval by shareholders at the AGM). RIC also provided the services of Mr Smith's son who worked as a field assistant at a cost of \$3,825 (2012 \$6,375) and also provided the services of a non-related employee geologist at a cost of \$41,770 (2012 \$0).

Michael J Povey is the principal of a Chartered Accounting practice which provided accounting and company secretarial services totalling \$70,700 (2012 \$55,662). Of this year's amount Mr Povey has agreed that \$24,480 (2012 \$4,308) may be paid by the issue of shares (subject to approval by shareholders at the AGM).

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

15. FINANCIAL RISK MANAGEMENT

(a) Financial risk management policies

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

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

Liquidity risk

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

Credit risk

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

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

FOR THE YEAR ENDED 30 June 2013

15. FINANCIAL RISK MANAGEMENT (cont'd)

Interest Rate Risk

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

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

	Notes	Floating Interest Rate \$		Fixed interest rate \$		Non-Interest Bearing \$		Total \$	
		2013	2012	2013	2012	2013	2012	2013	2012
Financial Assets:									
Cash at bank and on hand	11(b)	0	0	0	0	11,270	13,602	11,270	13,602
Cash at call	11(b)	35,053	147,499	0	0	0	0	35,053	147,499
Cash on deposit	11(b)	0	0	20,000	20,000	0	0	20,000	20,000
Trade and other receivables –									
Current	5	0	0	0	0	244,288	448,199	244,288	448,199
Other current assets	6	0	0	0	0	7,405	47,075	7,405	47,075
Total financial assets		35,053	147,499	20,000	20,000	262,963	508,876	318,016	676,375
Weighted average interest rate		2.60%	3.50%	4.55%	5.30%	-	-		
Financial Liabilities:									
Payables	9	0	0	0	0	261,128	300,319	261,128	300,319
Total financial liabilities		0	0	0	0	261,128	300,319	261,128	300,319
Weighted average interest rate		-	-	-	-	-	-		
Net financial assets (liabilities)		35,053	147,499	20,000	20,000	1,835	208,557	56,888	376,056

Sensitivity Analysis

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

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

	Profit	Equity
Year ended 30 June 2013		
+/- 2% in interest rates	+/- \$1,101	+/- \$1,101
Year ended 30 June 2012		
+/- 2% in interest rates	+/- \$4,011	+/- \$4,011

(b) Financial instruments

Net Fair Value

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

16. CAPITAL AND LEASING COMMITMENTS

Capital expenditure commitments

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

Exploration Expenditure Commitments

The company has certain obligations to perform minimum annual exploration work totalling \$362,500 on its tenements.

17. CONTINGENT LIABILITIES

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

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

FOR THE YEAR ENDED 30 June 2013

18. SHARE BASED PAYMENTS

a. The following share-based payment arrangements existed at 30 June 2013:

Director options

At the AGM 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. All options have vested. Where the situation warrants, a director may receive a pro-rata vesting of options. Since balance date, no director has ceased their employment.

Employee options

On 31 October 2008, employee incentive options were granted to the company's then exploration manager. The options still current at balance were: 300,000 at an exercise price of \$0.25 and an expiry of 20 August 2013. These options were exercisable after 20 August 2010.

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

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

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

b. summary of options issued as remuneration to directors and employee	2013		2012	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
		\$		\$
Outstanding at the beginning of the year	4,800,000	\$0.324	7,900,000	\$0.303
Granted	0		0	-
Forfeited/cancelled			300,000	\$0.450
Exercised	0	-	0	-
Expired	300,000	\$0.300	2,800,000	\$0.250
Outstanding at year-end	4,500,000	\$0.326	4,800,000	\$0.324
Exercisable at year-end	4,500,000		4,800,000	

The above options outstanding at 30 June 2013 had a weighted average exercise price of \$0.326 and a weighted average remaining contractual life of 0.75 years. Exercise prices range from \$0.25 to \$0.45 in respect of options outstanding at 30 June 2013.

No options were granted during the year.

Of the above 4,500,000 options, 1,750,000 options were granted to a director and an employee who are no longer with the Company.

- c. Fully paid ordinary shares were issued, as approved at the AGM on 5 November 2012, to directors in lieu of sacrificed remuneration were 3,133,506. The fully paid ordinary shares were issued at a price of 7 cents. The issue price was calculated using the weighted average closing price on the 5 days shares were traded up to 2 October 2012 and rounded to the nearest whole cent. Further details are provided in the directors' report.

19. EVENTS OCCURRING AFTER BALANCE DATE

Other than the lapsing of 300,000 options 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.

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

FOR THE YEAR ENDED 30 June 2013

20. 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 2013. Some of the share based payments below relate to directors' fees not yet approved to be paid in shares. Included in the remuneration report is \$55,840 for share based payments that are payable as a result of consulting fees to be paid to entities associated with the directors. The totals of remuneration paid to KMP of the company during the year are as follows:

	2013	2012
	\$	\$
Short-term employee benefits	187,220	410,227
Post-employment benefits	0	10,938
Payout of unused annual leave on termination	0	34,179
Option-based payments	0	950
Share based payments (Subject to approval at the AGM)	163,840	125,905
Share based payments approved at the 2012 AGM	93,440	0
	444,500	582,199

KMP Options and Rights Holdings

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

	Balance at 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
30 June 2013								
Peter N Smith	1,600,000	0	0	0	1,600,000	0	1,600,000	0
Michael J Povey	1,150,000	0	0	0	1,150,000	0	1,150,000	0
Rebecca Moore	0	0	0	0	0	0	0	0
	2,750,000	0	0	0	2,750,000	0	2,750,000	0

The above option holdings are direct holdings as at 30 June 2013.

	Balance at Beginning of Year	Granted as Remuner- ation during the Year	Exercised during the Year	Other Changes during the Year	Balance at End of Year	Vested during the Year	Vested and Exer- ciseable	Vested and Unexer- cisable
30 June 2012								
Peter N Smith	6,600,000	0	0	(5,000,000)	1,600,000	0	1,600,000	0
Michael J Povey	2,150,000	0	0	(1,000,000)	1,150,000	0	1,150,000	0
Rebecca Moore	0	0	0	0	0	0	0	0
	8,750,000	0	0	(6,000,000)	2,750,000	0	2,750,000	0

The above option holdings include both direct and indirect holdings as at 30 June 2012.

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

FOR THE YEAR ENDED 30 June 2013

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

KMP Shareholdings

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

	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
30 June 2013					
Peter N Smith	20,442,202	2,064,001	0	771,998	23,278,201
Michael J Povey	964,719	693,544	0	249,936	1,908,199
Rebecca Moore	0	375,961	0	0	375,961
	<u>21,406,921</u>	<u>3,133,506</u>	<u>0</u>	<u>1,021,934</u>	<u>25,562,361</u>

The above shareholdings include both direct and indirect holdings as at 30 June 2013.

	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
30 June 2012					
Peter N Smith	20,201,483	0	0	240,719	20,442,202
Michael J Povey	834,000	0	0	130,719	964,719
Rebecca Moore	0	0	0	0	0
	<u>21,035,483</u>	<u>0</u>	<u>0</u>	<u>371,438</u>	<u>21,406,921</u>

The above shareholdings include both direct and indirect holdings as at 30 June 2012.

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.

21. COMPANY DETAILS

Registered office:
1/62 Ord Street, West Perth WA 6005
(PO Box 2805, West Perth WA 6872)

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

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

Company secretary:
Michael J Povey

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

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

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

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

DIRECTORS' DECLARATION

The directors of the Company declare that:

1. the financial statements and notes, as set out on pages 21 to 40, 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 compliance with International Financial Reporting Standards (IFRS); and
 - b) give a true and fair view of the financial position as at 30 June 2013 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

Perth, WA



DIRECTOR

Dated this 27th day of September 2013

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

Report on the Financial Report

We have audited the accompanying financial report of Truscott Mining Corporation Limited, which comprises the statement of financial position as at 30 June 2013, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the company.

Directors' Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

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

Independence

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

Auditor's Opinion

In our opinion:

- a. the financial report of Truscott Mining Corporation Limited is in accordance with the *Corporations Act 2001*, including:
 - i. giving a true and fair view of the company's financial position as at 30 June 2013 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.

Maximise your potential



Emphasis of Matter

Without modifying our opinion, we draw attention to Note 1(b) in the financial report, which indicates that the company incurred a net loss of \$336,376 generated cash inflows of \$222,012 but had net cash outflows of \$391,442 from investing activities during the year ended 30 June 2013. These conditions, along with other matters as set forth in Note 1(b), indicate the existence of a material uncertainty that may cast significant doubt about the company's ability to continue as a going concern and therefore, the company may be unable to realise its assets and discharge its liabilities in the normal course of business and at the amounts stated in the financial report.

Report on the Remuneration Report

We have audited the remuneration report included in pages 16 to 17 of the directors' report for the year ended 30 June 2013. 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 2013 complies with s300A of the *Corporations Act 2001*.

Maxim Audit

MAXIM AUDIT

Chartered Accountants

Mal Lester

M A Lester

Perth W.A.

Dated this 27th day of September 2013

"Liability limited by a scheme approved under Professional Standards Legislation"



**Chartered
Accountants**



National Association: Hall Chadwick
International Association: AGN International
Associations of Independent Firms

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

ADDITIONAL SHAREHOLDER INFORMATION

Shareholder information as registered at close of business on 23rd September 2013

1. DISTRIBUTION OF SHAREHOLDERS

	Number of Shareholders	Number of Unlisted Option Holders
1	11	1
1,001	42	14
5,001	100	7
10,001	198	11
100,001 and over	<u>73</u>	<u>9</u>
	<u>424</u>	<u>42</u>
Percentage holding of 20 largest holders	71.16%	98.14%

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	12.34
2 Resource Investments & Consulting Pty Ltd	7,057,885	8.89
3 Alcardo Investments Ltd	5,680,167	7.15
4 Hillway Pty Ltd	5,171,314	6.51
5 Comprehensive Drainage (WA) Pty Ltd	4,130,719	5.20
6 Reneagle Pty Ltd	3,066,449	3.86
7 Mr G C & Mrs D S Campbell	3,048,155	3.84
8 Reseda Holdings Pty Ltd	2,703,287	3.40
9 Norvest Projects Pty Ltd	2,053,271	2.59
10 Mr A & Mrs M Brien	2,017,661	2.54
11 Michael J & Elizabeth V Povey	1,823,109	2.30
12 Prof Yew Kwang Ng	1,630,719	2.05
13 Mr P N Smith	1,264,002	1.59
14 Dr J A Hanson	1,227,181	1.54
15 Leet Investments Pty Ltd	1,189,111	1.50
16 Martin Place Securities Noms Pty Ltd	1,070,271	1.35
17 Sofew Assets Pty Ltd	1,000,000	1.26
18 R P Austin Superannuation	1,000,000	1.26
19 Leet Investments Pty Ltd	937,438	1.18
20 Iana Pty Ltd	<u>650,000</u>	<u>0.82</u>
Total of Top 20	<u>56,520,739</u>	<u>71.16</u>
Total Shares	<u>79,429,633</u>	<u>100.00</u>

3. OPTION HOLDERS

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

Option holder	Number of Options	% of Options
1 Mr Peter Smith	1,600,000	28.07
2 Mr Michael J Povey	1,150,000	20.18
3 Mr Derrick Sufredo	1,150,000	20.18
4 Martin Place Securities Nominees Pty Ltd	510,000	8.95
5 Reneagle Pty Ltd	500,000	8.78
6 Mr Ivan J Henderson	300,000	5.26
7 Sofew Assets Pty Ltd	100,000	1.75
8 Detota Pty Ltd	63,200	1.11
9 Leet Investments Pty Ltd	50,000	0.88
10 Super 1135 Pty Ltd	50,000	0.88
11 Mr Franky Hung	36,000	0.63
12 Ms Linda Howe	25,000	0.44
13 Mr Issy Lissek	20,000	0.35
14 Mr Geoffrey Tenney	20,000	0.35
15 Westglade Pty Ltd	15,000	0.26
16 F Micale Pty Ltd	15,000	0.26
17 Mr M Packer	10,000	0.18
18 Crafters Connect Pty Ltd	10,000	0.18
19 Mr H Kollmann	10,000	0.18
20 Mr G Kollmann	<u>6,000</u>	<u>0.11</u>
Total Options	<u>5,604,200</u>	<u>98.32</u>

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

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

4. SUBSTANTIAL SHAREHOLDERS

As at 23rd September 2013 the substantial shareholders registered with the company were:

Shareholder	Number of Shares	% of Issued Capital
1 Peter Neil Smith	22,891,203	29.43
2 Alcardo Investments Ltd	4,355,167	6.50
3 Comprehensive Drainage (WA) Pty Ltd	4,130,719	5.31

5. SHAREHOLDERS HOLDING LESS THAN THE MARKETABLE PARCEL

Shareholder information as registered at close of business on 23rd September 2013. The number of shareholders holding less than the marketable parcel is 198 shareholders holding 1,724,528 ordinary shares representing 2.17% of total issued capital.

6. VOTING RIGHTS

Ordinary shares

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

Unlisted Options

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

7. UNQUOTED SECURITIES

Options

As at 27th September 2013 all of the 5,700,000 issued options are unlisted. 2,750,000 are on issue to directors.

Expiry date	Vesting date	Exercise price	Escrow date	No. of options	No. of holders
30/10/2013		\$0.25		2,200,000	3
20/08/2014		\$0.25		300,000	1
06/10/2014		\$0.45		500,000	1
15/10/2014		\$0.45		500,000	33
01/11/2014		\$0.45		1,700,000	3
21/06/2015		\$0.45		500,000	1

Ordinary shares

A total of 79,429,633 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 24th September 2013 are:

Project	Type & Number	Date Granted or Renewed	Held by	Area
<u>Northern Territory</u>				
Westminster	MLC511	31/01/2007	TRM 100%	9 Hectares
Westminster	MA25952	26/10/2007	TRM 100%	1 Block
Westminster	MA26500	09/07/2008	TRM 100%	5 Blocks
Westminster	MA26558	09/07/2008	TRM 100%	2 Blocks
Arcadia	MLC621	05/08/1981	TRM 100%	8 Hectares
Arcadia	MLC622	30/08/1981	TRM 100%	8 Hectares
Hera	EL27731	17/08/2010	TRM 100%	12 Blocks
Tyson	EL26221	14/02/2008	TRM 100%	1 Block

Notes:

- TRM = Truscott Mining Corporation Ltd
- MLC = Mineral Lease (Central)
- A = Authority to explore
- EL = Exploration Licence
- EL27145 was granted to Resource Holdings (WA) Pty Ltd with Truscott Mining Corporation Ltd being the beneficial holder.

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