



**TRUSCOTT**  
MINING CORPORATION LIMITED

**ABN: 31 116 420 378**

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**INTERIM FINANCIAL REPORT**

**FOR THE HALF YEAR ENDED**

**31 DECEMBER 2010**

## **COMPANY DIRECTORY**

### **DIRECTORS**

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

### **COMPANY SECRETARY**

M J Povey B.Bus, CA, FTIA

### **REGISTERED OFFICE**

13 Colin Street  
West Perth WA 6005  
(PO Box 2805, West Perth WA 6872)

Telephone (08) 9327 7300

Facsimile (08) 9324 3691

Email: [admin@truscottmining.com.au](mailto:admin@truscottmining.com.au)

Website: [www.truscottmining.com.au](http://www.truscottmining.com.au)

### **AUDITORS**

Maxim Audit  
243 Hay Street  
Subiaco WA 6008

### **HOME EXCHANGE**

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

ASX Code: TRM

### **SHARE REGISTRY**

Security Transfer Registrars  
770 Canning Highway  
Applecross WA 6053  
Telephone (08) 9315 2333  
Facsimile (08) 9315 2233

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# TRUSCOTT MINING CORPORATION LIMITED ABN 31 116 420 378

## Interim Financial Report

### DIRECTORS' REPORT

Your directors submit the financial report of the company for the half-year ended 31 December 2010.

#### Directors

The names of directors who held office during or since the end of the half-year:

Peter Neil Smith – executive chairman

Michael Jarvis Povey – executive director and company secretary

Derrick Sufredo – non-executive director

#### Review of Operations

##### *Exploration activities*

##### **Status – Westminster**

- Resource definition drilling continues to confirm the potential of the Westminster Project to become a new operational centre for the Tennant Creek Goldfield.
- A series of mineralised shoots have been defined along the 2.2 kilometre strike length of the Westminster project area.
- Drilling on two of the mineralised shoots has defined near surface mineralisation of sufficient grade to support underground mining.
- Initial infill drilling in the shoot system has identified continuity of mineralisation to approximately 200m below surface.
- Geophysical modelling suggests the main accumulations of mineralisation occur closer to 200m below surface.
- Truscott's exploration strategy utilises structural analysis to target predicted ore shoots at depth and mineralised intersections drilled to date confirm the structural model and facilitate planning for future work.
- The Westminster Project is now at a transition stage in its development. Continued systematic work and ongoing drilling programs are expected to attract the interest of a wide audience of new parties.

##### *Capital raising*

- The Company raised \$1,000,000 by the placement in October 2010 of 5,000,000 fully paid shares at 20 cents with 1,000,000 free attached 45 cent options.
- Further funds to support the company's exploration programs are anticipated from the exercise of 3,000,000 20 cent options set for maturity on 31 March 2011. On 24 January 2011 500,000 of these 20 cent options were exercised with \$100,000 received.

#### **Auditor's Declaration**

The lead auditor's independence declaration under section 307C of the *Corporations Act 2001* is set out on page 2 for the half-year ended 31 December 2010.

This report is signed in accordance with a resolution of the Board of Directors.



Director .....

Michael J Povey

Dated this 14<sup>th</sup> day of March 2011.

**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 half-year ended 31 December 2010 there have been:

- a. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review;  
and
- b. no contraventions of any applicable code of professional conduct in relation to the review.

*Maxim Audit*

Maxim Audit  
Chartered Accountants

*G. Jowett-Blinman*

G Jowett- Blinman  
Perth WA

Dated this 14th day of March 2011.

**TRUSCOTT MINING CORPORATION LIMITED ABN 31 116 420 378****Interim Financial Report****STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2010**

	Note	31.12.2010	31.12.2009
		\$	\$
<b>Revenue</b>	2	200,029	4,772
<b>Expenses</b>			
Directors' remuneration		(42,287)	(46,667)
Depreciation		(3,114)	(4,396)
Exploration evaluation and development costs written-off		-	(45)
Superannuation expenses		-	(124)
Administration expenses		(198,617)	(146,461)
Loss before income tax		(43,989)	(192,921)
Income tax expense		-	-
Loss for the period	2	(43,989)	(192,921)
Other comprehensive income			
Other comprehensive income for the year, net of tax		-	-
Total comprehensive loss for the period		(43,989)	(192,921)
Profit/(loss) attributable to:			
Members of the company		(43,989)	(192,921)
Total comprehensive profit/(loss) attributable to:			
Members of the company		(43,989)	(192,921)
<b>Earnings per share</b>			
From continuing operations			
Basic loss per share (cents per share)		(0.07)	(0.36)
Diluted loss per share (cents per share)		(0.07)	(0.36)

The accompanying notes form part of this financial report.

**TRUSCOTT MINING CORPORATION LIMITED ABN 31 116 420 378****Interim Financial Report****STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2010**

	Note	31.12.2010	30.06.2010
		\$	\$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		862,569	64,564
Trade and other receivables		236,472	659,849
Other current assets		14,328	6,885
<b>TOTAL CURRENT ASSETS</b>		<u>1,113,369</u>	<u>731,298</u>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		46,144	50,622
Deferred exploration, evaluation and development expenditure	3	4,089,831	3,443,006
<b>TOTAL NON-CURRENT ASSETS</b>		<u>4,135,975</u>	<u>3,493,628</u>
<b>TOTAL ASSETS</b>		<u>5,249,344</u>	<u>4,224,926</u>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables		167,100	235,315
<b>TOTAL CURRENT LIABILITIES</b>		<u>167,100</u>	<u>235,315</u>
<b>TOTAL LIABILITIES</b>		<u>167,100</u>	<u>235,315</u>
<b>NET ASSETS</b>		<u>5,082,244</u>	<u>3,989,611</u>
<b>EQUITY</b>			
Issued capital	4	5,578,448	4,603,448
Reserves		588,655	427,033
Accumulated losses		<u>(1,084,859)</u>	<u>(1,040,870)</u>
<b>TOTAL EQUITY</b>		<u>5,082,244</u>	<u>3,989,611</u>

The accompanying notes form part of this financial report.

**TRUSCOTT MINING CORPORATION LIMITED ABN 31 116 420 378**

**Interim Financial Report**

**STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 31 DECEMBER 2010**

		\$	\$	\$	\$
	Note	<b>Ordinary Shares</b>	<b>Accumulated losses</b>	<b>Options Reserve</b>	<b>Total</b>
<b>Balance at 1.7.2009</b>		4,141,398	(1,138,076)	212,924	3,216,246
Shares issued during the period	4	550,000	-	-	550,000
Transaction costs	4	(27,500)	-	-	(27,500)
Options reserve		-	-	142,285	142,285
Loss attributable to the members		-	(192,921)	-	(192,921)
<b>Balance at 31.12.2009</b>		<u>4,663,898</u>	<u>(1,330,997)</u>	<u>355,209</u>	<u>3,688,110</u>
<b>Balance at 1.7.2010</b>		4,603,448	(1,040,870)	427,033	3,989,611
Shares issued during the period	4	1,000,000	-	-	1,000,000
Transaction costs	4	(25,000)	-	-	(25,000)
Options reserve		-	-	161,622	161,622
Loss attributable to the members		-	(43,989)	-	(43,989)
<b>Balance at 31.12.2010</b>	4	<u><u>5,578,448</u></u>	<u><u>(1,084,859)</u></u>	<u><u>588,655</u></u>	<u><u>5,082,244</u></u>

The accompanying notes form part of this financial report.

**TRUSCOTT MINING CORPORATION LIMITED ABN 31 116 420 378**

**Interim Financial Report**

**STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED 31 DECEMBER 2010**

	<b>31.12.2010</b>	<b>31.12.2009</b>
	<b>\$</b>	<b>\$</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Payments to suppliers and employees	(224,311)	(153,648)
Research & development tax concession	634,750	-
Interest received	20,455	5,730
Payments for exploration, evaluation and development expenditure	-	(45)
Net cash used in operating activities	<u>430,894</u>	<u>(147,963)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of plant and equipment	(2,990)	-
Payments for exploration, evaluation and development expenditure	(616,818)	(459,425)
Payments for security bond	(13,081)	-
Net cash used in investing activities	<u>(632,889)</u>	<u>(459,425)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of shares	<u>1,000,000</u>	<u>522,500</u>
Net cash provided by financing activities	<u>1,000,000</u>	<u>522,500</u>
Net increase/(decrease) in cash held	798,005	(84,888)
Cash and cash equivalents at beginning of period	64,564	415,420
Cash and cash equivalents at end of period	<u>862,569</u>	<u>330,532</u>

The accompanying notes form part of this financial report.

# TRUSCOTT MINING CORPORATION LIMITED ABN 31 116 420 378

## Interim Financial Report

### NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

#### NOTE 1: BASIS OF PREPARATION

These general purpose financial statements for the interim half-year reporting period ended 31 December 2010 have been prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standards including AASB 134: Interim Financial Reporting.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Truscott Mining Corporation Ltd. As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Company. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Company for the year ended 30 June 2010, together with any public announcements made during the half-year.

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements.

#### *Going concern*

For the 6 months ended 31 December 2010, the Company has incurred losses of \$43,989 from operating activities, as disclosed in the statement of comprehensive income. As a result of the losses from operations the Directors have assessed the Company's ability to continue as a going concern and to pay its debts as and when they fall due.

The Company's ability to fund exploration commitments and for use as working capital is dependent upon raising additional capital (in future years) or deriving revenue from existing operations. The company currently has on issue a number of unlisted options that will be expiring in the next 12 months and are expected to be exercised with the potential to raise up to \$675,000.

The Directors of the company advise that it currently has sufficient cash reserves to fund more than 18 months of operations and exploration from balance date. The directors are continuing to negotiate additional funding at a price level that is consistent with the company's current share price. The directors are in negotiations regarding or are considering the following:

1. A private placement direct to sophisticated investors/mining industry investors to raise up to \$2,000,000; and/or
2. Placements with drilling contractors who will take part equity as part of the contract consideration; and/or
3. A share issue to current shareholders by way of a share purchase plan and/or a rights issue to raise up to \$600,000.

Accordingly, the Directors have prepared the financial statements 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.

#### NOTE 2: PROFIT (LOSS) FOR THE PERIOD

	31.12.2010	31.12.2009
The following revenue and expense items are relevant in explaining the financial performance for the interim period:	\$	\$
Interest received from other persons	12,529	4,772
Research & development tax concession	187,500	-
	<hr/>	<hr/>
	200,029	4,772
	<hr/>	<hr/>

**TRUSCOTT MINING CORPORATION LIMITED ABN 31 116 420 378**

**Interim Financial Report**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2010**

NOTE 3: DEFERRED EXPLORATION, EVALUATION AND DEVELOPMENT EXPENDITURE	\$
Carrying amount at 1 July 2009 – at cost	2,859,106
Deferred exploration, evaluation and development expenditure during the period	692,070
Expenditure associated with acquisitions	1,284
Disposal of interest in mining tenements	-
Amounts written off during the period	(109,454)
Impairment adjustment	-
Carrying amount at 30 June 2010 – at cost	<u>3,443,006</u>
Carrying amount at 1 July 2010 – at cost	3,443,006
Deferred exploration, evaluation and development expenditure during the period	646,825
Expenditure associated with acquisitions	-
Disposal of interest in mining tenements	-
Amounts written off during the period	-
Impairment adjustment	-
Carrying amount at 31 December 2010 – at cost	<u>4,089,831</u>

**TRUSCOTT MINING CORPORATION LIMITED ABN 31 116 420 378**

**Interim Financial Report**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2010**

NOTE 4: ISSUED CAPITAL	<b>31.12.2010</b>		<b>30.6.2010</b>	
(i) Issued and paid up capital:	\$		\$	
62,564,502 (30 June 2010: 57,564,502) fully paid ordinary shares	5,578,448		4,603,448	
	<b>Half year to 31.12.2010</b>		<b>Year ended 30.6.2010</b>	
(ii) Movements in shares on issue	<b>No. of shares</b>	<b>\$</b>	<b>No. of shares</b>	<b>\$</b>
Opening balance	57,564,502	4,603,448	52,564,502	4,141,398
Placement on 23/11/09 at 11 cents	-	-	5,000,000	550,000
Placement on 6/10/10 at 20 cents	2,500,000	500,000	-	-
Placement on 15/10/10 at 20 cents	2,500,000	500,000	-	-
	62,564,502	5,603,448	57,564,502	4,691,398
Less costs of issues	-	(25,000)	-	(87,950)
Closing balance	62,564,502	5,578,448	57,564,502	4,603,448

(iii) Holders of ordinary shares have the right to receive dividends as declared and in the event of winding up of 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. Shareholders are entitled to one vote per share held either in person or by proxy at a meeting of the company when a poll is called, otherwise each shareholder has one vote on a show of hands.

	<b>Half year to 31.12.2010</b>		<b>Year ended 30.6.2010</b>	
(iv) Movements in options on issue	<b>No. of options</b>		<b>No. of options</b>	
Opening balance	14,700,000		10,400,000	
Issue on 30/10/09 exercisable at 25 cents and expiring on 20/08/14	-		300,000	
Issue on 30/10/09 exercisable at 25 cents and expiring on 30/10/13	-		2,200,000	
Issue on 02/02/10 exercisable at 25 cents and expiring on 28/02/13	-		300,000	
Issue on 14/04/10 exercisable at 25 cents and expiring on 31/05/13	-		1,500,000	
Issue on 06/10/10 exercisable at 45 cents and expiring on 06/10/14	500,000		-	
Issue on 15/10/10 exercisable at 45 cents and expiring on 15/10/14	500,000		-	
Issue on 01/11/10 exercisable at 45 cents and expiring on 20/08/15	300,000		-	
Issue on 01/11/10 exercisable at 45 cents and expiring on 01/11/14	1,700,000		-	
Closing balance	17,700,000		14,700,000	

(v) Holders of the options have the right to exercise them by paying the exercise price and acquiring one fully paid ordinary share for each option. Option holders do not have the right to receive dividends and are not entitled to vote at any meeting of members.

**NOTE 5: SEGMENT INFORMATION**

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

**NOTE 6: CONTINGENT LIABILITIES**

There has been no change in contingent liabilities since the last annual reporting date.

# TRUSCOTT MINING CORPORATION LIMITED ABN 31 116 420 378

## Interim Financial Report

### NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

#### NOTE 7: EVENTS SUBSEQUENT TO REPORTING DATE

There have not been any material events subsequent to the reporting date other than the release to the ASX of the completion of a drilling program with assay results to be released as soon as they are available. One option holder has paid \$100,000 to exercise 500,000 20 cent options. A driller has accepted 300,000 fully paid 25 cent ordinary shares as part payment for drilling services.

#### NOTE 8: COMMITMENTS

	31.12.2010	30.6.2010
	\$	\$
<b>a. Operating lease commitments</b>		
Non-cancellable operating leases contracted for, but not capitalised in the financial statements		
Payable – minimum lease payments		
– not later than 12 months	22,300	22,254
– between 12 months and 5 years	0	0
– greater than 5 years	<u>0</u>	<u>0</u>
	<u>22,300</u>	<u>22,254</u>

The company's property lease expired in May 2010 and it has been renewed on a rolling 3 month term. The lease can be terminated by either party giving at least one month's notice within each 3 month term. The rent is payable monthly in advance.

The company has entered into a non-cancellable operating lease with GTI Resources Ltd (an ASX listed company) to sub-lease 50% of the property and to be responsible for 50% of the minimum lease payments totalling \$11,150 (30.6.2010 \$11,127).

#### b. Capital expenditure commitments

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

##### Exploration Expenditure Commitments

The company has certain obligations to perform minimum annual exploration work totalling \$327,000 on its properties.

#### NOTE 9: 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 field technician services totalling \$98,600 during the 6 months ended 31.12.2010 (6 months ended 31.12.2009 \$87,000).

Michael J Povey is the principal of a Chartered Accounting practice which provided accounting and company secretarial services totalling \$22,300 during the 6 months ended 31.12.2010 (6 months ended 31.12.2009 \$21,000). Mr Povey reimbursed the company \$6,676 for the use of company office space during the 6 months.

At the Annual General Meeting held on 1 November 2010, options were approved for issue to directors in lieu of payment of directors fees for the period 1 January 2010 to 31 December 2010. The options issued were 700,000 to Peter N Smith, 500,000 to Michael J Povey and 500,000 to Derrick Sufredo. The value of these options has been taken up in the financial report at the agreed commercial rate.

**TRUSCOTT MINING CORPORATION LIMITED ABN 31 116 420 378**

**Interim Financial Report**

**DIRECTORS' DECLARATION**

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 3 to 10 are in accordance with the *Corporations Act 2001*, including:
  - a. complying with Accounting Standard AASB 134: Interim Financial Reporting; and
  - b. giving a true and fair view of the company's financial position as at 31 December 2010 and of its performance for the half-year ended on that date.
2. 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



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Michael J Povey

Dated this 14<sup>th</sup> day of March 2011

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

### Report on the Half-year Financial Report

We have reviewed the accompanying half-year financial report of Truscott Mining Corporation Limited (the company) which comprises the condensed statement of financial position as at 31 December 2010, the condensed statement of comprehensive income, condensed statement of changes in equity, condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory notes and the directors' declaration.

#### *Directors' Responsibility for the Half-Year Financial Report*

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

#### *Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410: Review of an Interim Financial Report Performed by the Independent Auditor of the Entity in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the company's financial position as at 31 December 2010 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Truscott Mining Corporation Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

#### *Matters Relating to the Electronic Presentation of the Audited Financial Report*

This review report relates to the financial report of the company for the half-year ended 31 December 2010 included on the website of Truscott Mining Corporation Limited. The directors of the company are responsible for the integrity of the website and we have not been engaged to report on its integrity. This review report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to or from the financial report. If users of the financial report are concerned with the inherent risk arising from publication on a website, they are advised to refer to the hard copy of the reviewed financial report to confirm the information contained in this website version of the financial report.

#### *Independence*

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the Corporations Act, provided to the directors of Truscott Mining Corporation Limited on 14<sup>th</sup> March 2011, would be in the same terms if provided to the directors as at the time of this auditor's review report.

*Conclusion*

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Truscott Mining Corporation Limited is not in accordance with the *Corporations Act 2001* including:

giving a true and fair view of the company's financial position as at 31 December 2010 and of its performance for the half-year ended on that date; and

complying with AASB 134: Interim Financial Reporting and Corporations Regulations 2001.

*Inherent Uncertainty*

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

*Maxim Audit*

Maxim Audit  
Chartered Accountants

*G. Jowett - Blinman*

G Jowett- Blinman  
Perth WA

Dated this 14th day of March 2011.