

**TRUSCOTT MINING CORPORATION LIMITED**

**ACN 116 420 378**

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**NOTICE OF ANNUAL GENERAL MEETING**

**AND**

**EXPLANATORY MEMORANDUM**

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**Date of Meeting**

Friday 30 October 2009

**TIME OF MEETING**

2:30 pm WST

**PLACE OF MEETING**

Boardroom 13 Colin Street, West Perth WA 6005

**As this is an important document, please read it carefully.**

**This Notice of Annual General Meeting and Explanatory Memorandum should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser without delay.**

**TRUSCOTT MINING CORPORATION LIMITED**  
**ACN 116 420 378**

**NOTICE OF ANNUAL GENERAL MEETING**

**NOTICE IS HEREBY GIVEN** that the Annual General Meeting of Truscott Mining Corporation Limited ACN 116 420 378 (“**Company**”) will be held in the Boardroom at 13 Colin Street, West Perth, WA 6005 on 30 October 2009 commencing at 2:30 pm WST.

An Explanatory Memorandum containing information in relation to each of the following Resolutions accompanies this Notice of Meeting.

Terms used in this Notice of General Meeting will, unless the context otherwise requires, have the same meaning as given to them in the Glossary as contained in the Explanatory Memorandum.

**AGENDA**

**BUSINESS**

**Financial Statements and Reports**

To receive and consider the financial statements of the Company and the Reports of the Directors and Auditor for the financial year ended 30 June, 2009.

**RESOLUTIONS**

**Resolution 1 – Adoption of Remuneration Report (Non-binding)**

To consider, and if thought fit, to pass, with or without amendment, the following resolution as **a non-binding resolution**:

*“That, for the purposes of sections 250R(2) and 250R(3) of the Corporations Act 2001 and for all other purposes, approval is given to the adoption of the Remuneration Report as contained in the Directors’ Report for the financial year ended 30 June 2009.”*

**Short explanation:** The Corporations Act provides that a resolution that the remuneration report be adopted must be put to a vote at a listed company’s annual general meeting. The vote on this resolution is advisory only and does not bind the Directors or the Company.

**Resolution 2 – Aggregate amount payable to non-executive directors**

To consider, and if thought fit, to pass, with or without amendment, the following resolution as **an ordinary resolution**:

*“That, for the purposes of the Constitution, the Company approves the maximum aggregate amount that may be paid to non-executive Directors as remuneration for their services at \$80,000 per annum, which may be divided among those Directors in the manner determined by the Board of the Company from time to time.”*

**Short explanation:** The Company is entering interesting times with exploration opportunities widening. For the Company to be able to avail itself of these opportunities it may have to offer a board seat to one or more additional persons who may have attributes that are desirable to have on the Board. A reasonable level of remuneration must be available to be able to attract the right person(s). The company currently only has one non-executive director.

### **Resolution 3 – Re-election of Director**

To re-elect as a Director Mr Michael J Povey, who retires in accordance with rule 11.3 of the Company’s Constitution and, being eligible, offers himself for re-election.

### **Resolution 4 – Grant of Options to Ivan Henderson – Chief Geologist**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, for the purpose of listing rule 7.1 and Section 208 of the Corporations Act and for all other purposes, the Directors be authorised to grant for nil cash consideration the following unlisted options:*

*300,000 options with an exercise price of 25 cents and an expiry date of 20 August 2014 to vest on 20 August 2011.”*

The options are to be issued to Mr Ivan Henderson or his nominee/s (such options to be granted on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice of General Meeting, including Annexure A to the Explanatory Memorandum).”

### **Voting exclusion statement**

The Company will disregard any votes cast on Resolution 4 by Mr Ivan Henderson to whom the options are to be issued and any associate of Mr Henderson and a person who might receive a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed.

However, the Company need not disregard a vote if it is cast by a person as a proxy appointed in writing that specifies how the proxy is to vote on the proposed Resolution; and it is not cast on behalf of Mr Henderson or an associate of Mr Henderson.

Please note terms used in Resolution 4 of this Notice of Meeting have the same meaning as set out in the glossary of the Explanatory Memorandum accompanying this Notice.

### **Resolution 5 – Allotment of Options to Michael Povey**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, pursuant to Listing Rule 10.11 and Section 208 of the Corporations Act and for all other purposes, the Directors be authorised to grant a total of 650,000 Options,*

*each having an exercise price of 25 cents and an expiry date of 4 years from the date of grant, to Michael Povey or his nominee/s (such Options to be granted on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice of General Meeting, including Annexure B to the Explanatory Memorandum)."*

#### **Voting exclusion statement**

The Company will in accordance with section 224 of the Corporations Act 2001 disregard any votes cast on this Resolution 5 by Michael Povey or any of his associates. However, the Company need not disregard a vote if it is cast by a person as a proxy appointed in writing that specifies how the proxy is to vote on the proposed Resolution; and it is not cast on behalf of Michael Povey or an associate of Michael Povey.

#### **Resolution 6 – Allotment of Options to Peter Smith**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That, pursuant to Listing Rule 10.11 and Section 208 of the Corporations Act and for all other purposes, the Directors be authorised to grant a total of 900,000 Options, each having an exercise price of 25 cents and an expiry date of 4 years from the date of grant, to Peter Smith or his nominee/s (such Options to be granted on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice of General Meeting, including Annexure B to the Explanatory Memorandum)."*

#### **Voting exclusion statement**

The Company will in accordance with section 224 of the Corporations Act 2001 disregard any votes cast on this Resolution 6 by Peter Smith or any of his associates. However, the Company need not disregard a vote if it is cast by a person as a proxy appointed in writing that specifies how the proxy is to vote on the proposed Resolution; and it is not cast on behalf of Peter Smith or an associate of Peter Smith.

#### **Resolution 7 – Allotment of Options to Derrick Sufredo**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That, pursuant to Listing Rule 10.11 and Section 208 of the Corporations Act and for all other purposes, the Directors be authorised to grant a total of 650,000 Options, each having an exercise price of 25 cents and an expiry date of 4 years from the date of grant, to Derrick Sufredo or his nominee/s (such Options to be granted on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice of General Meeting, including Annexure B to the Explanatory Memorandum)."*

#### **Voting exclusion statement**

The Company will in accordance with section 224 of the Corporations Act 2001 disregard any

votes cast on this Resolution 7 by Derrick Sufredo or any of his associates. However, the Company need not disregard a vote if it is cast by a person as a proxy appointed in writing that specifies how the proxy is to vote on the proposed Resolution; and it is not cast on behalf of Derrick Sufredo or an associate of Derrick Sufredo.

Please note terms used in Resolutions 5 to 7 (inclusive) of this Notice of Meeting have the same meaning as set out in the glossary of the Explanatory Memorandum accompanying this Notice.

**Short explanation for Resolutions 5 - 7:** As announced on 2 April 2009 and confirmed in an announcement on 15 May 2009, the directors resolved not to receive cash for their 2009 directors' fees and superannuation entitlements, but instead to receive options, subject to shareholder approval. The purpose was to increase the incentive of the directors to work towards increasing shareholder value and to also enable more cash to be directed at the Company's exploration programme.

### **Resolution 8 – Approval to issue up to 5,000,000 fully paid ordinary shares**

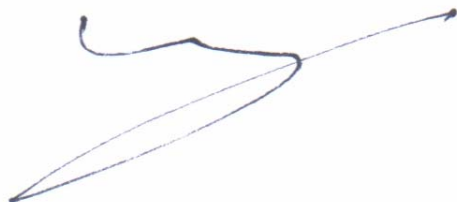
To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, the Company approves the issue of up to 5,000,000 ordinary shares fully paid at an issue price of 11 cents per share to sophisticated or professional investors on the terms and conditions set out in the Explanatory Statement accompanying this Notice of General Meeting).”*

### **Voting exclusion statement**

The Company will disregard any votes cast on Resolution 8 by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed.

### **By Order of the Board of Directors**

A handwritten signature in blue ink, appearing to be 'Michael Povey', written over a horizontal line.

Michael Povey  
Company Secretary  
Truscott Mining Corporation Limited  
23<sup>rd</sup> September 2009

**TRUSCOTT MINING CORPORATION LIMITED**  
**ACN 116 420 378**

**EXPLANATORY MEMORANDUM**

This Explanatory Memorandum has been prepared for the Shareholders of Truscott Mining Corporation Limited ("**Company**") in connection with the business to be conducted at the Annual General Meeting of the Company to be held at **the Boardroom 13 Colin Street West Perth WA 6005 on 30 October 2009 commencing at 2:30 pm WST**. This Explanatory Memorandum is intended to provide Shareholders with sufficient information to assess the merits of the Resolutions contained in the accompanying Notice of Annual General Meeting.

This Explanatory Memorandum should be read in conjunction with the accompanying Notice of Annual General Meeting.

The Directors recommend that Shareholders read this Explanatory Memorandum before determining whether or not to support the Resolutions.

**Resolution 1 – Remuneration Report**

Section 300A of the Corporations Act 2001 requires that the Directors' Report must contain a Remuneration Report containing information about the Board's policy for determining the nature and amount of the remuneration of Directors and senior management. The Remuneration Report must also explain the relationship between the remuneration policy of the Board and the Company's performance. Shareholders are required to vote on a non-binding resolution to adopt the Remuneration Report.

Please note that the vote on this item is advisory only and does not bind the Directors of the Company or the Company.

**Resolution 2 – Aggregate amount payable to non-executive directors**

The constitution of the Company provides that the remuneration of the non-executive Directors is to not exceed such fixed sum per annum as first determined by the Directors prior to the first annual general meeting of members, and that such fixed sum shall not be increased except pursuant to a resolution passed at a general meeting of the Company where notice of the suggested increase shall have been given to Members in the notice convening the meeting. There has been no increase in the fixed amount paid to non-executive directors since the company was incorporated in September 2005.

Resolution 2 seeks shareholder approval to increase the maximum aggregate remuneration that may be paid to non-executive Directors from \$54,500 to \$80,000 per annum, inclusive of superannuation. As there is a possibility the number of non-executive Directors may increase, due to opportunities the Company is pursuing, the present maximum aggregate remuneration may prevent the Company attracting the right person(s) to be a Director of the Company. The Directors believe that this level of remuneration is consistent with corporate remuneration of similar companies.

Directors' recommendation:

The Board, with the non-executive Director abstaining, recommends that shareholders vote in favour of increasing the maximum aggregate remuneration that may be paid to non-executive Directors to \$80,000 per annum.

**Resolution 3 – Re-Election of Director**

**Mr Michael J Povey**

Pursuant to rule 11.3 of the Company's Constitution, at each Annual General Meeting, one third of the Directors (or, if their number is not a multiple of 3, then the number nearest to one third) must retire from office. The Directors retire by rotation, with the Directors who have been the longest in the office since being appointed or re-appointed being the Directors who must resign in any year. If 2 or more persons became directors (or were re-elected) on the same day, those to retire must be determined by lot unless they otherwise agree among themselves. Each director is entitled to offer himself for re-election as a Director at the Annual General Meeting which coincides with his retirement.

Accordingly, Mr Povey will retire in accordance with the requirements of the Company's Constitution at the Annual General Meeting. As he is entitled and eligible for re-election, he seeks re-election as a director of the Company at the meeting.

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

Directors' recommendation:

Your Directors have reviewed the necessary competencies of the Board members and each candidate's contribution to the Board and, with Mr Povey abstaining, unanimously recommend Mr Povey's re-election.

**Resolution 4 – Grant of Options to Ivan Henderson – Chief Geologist**

**Background**

Under Resolution 4 the Company proposes to grant 300,000 Unlisted Options to Mr Ivan Henderson, or his nominees.

Listing Rule 7.1 provides that a company must not, without prior approval of Shareholders, issue securities if the securities will in themselves or when aggregated with the securities issued by a company during the previous 12 months, exceed 15% of the number of securities on issue at the commencement of that 12 month period.

In accordance with listing rule 7.3, the following information is provided to shareholders:

- (1) The securities will be issued to Mr Ivan Henderson, or his nominee.
- (2) The total number of securities to be issued is:

<u>Number</u>	<u>Exercise price</u>	<u>Expiry date</u>	<u>Vesting date</u>
300,000	25 cents	20/08/2014	20/08/11

- (3) The options will be issued in accordance with the terms of Mr Henderson's employment agreement. The date the options will be issued must be no later than 3 months after the date of this meeting. However, if the date of issue is later than 3 months after the date of the Annual General Meeting, an ASX waiver or modification will be sought prior to issue.
- (4) The options will be issued on the Terms and Conditions as set out in Annexure A.
- (5) Each share issued pursuant to the options will rank pari passu with the Company's then issued shares.
- (6) No funds will be raised by the issue of the options. The funds raised on any exercise of the options will be used for the ongoing working capital purposes of the Company.
- (7) The options will be issued and allotted on one day.

Mr Henderson was appointed as the Chief Geologist of the Company on 20 August 2007 and is entitled to receive the options under the terms of his employment contract.

The grant of the Options is designed to encourage Mr Henderson to have a greater involvement in the achievement of the Company's objectives and to provide an incentive to strive to that end by participating in the future growth and prosperity of the Company through share ownership.

The Directors consider that the incentive represented by the grant of the Unlisted Options is a cost effective and efficient reward and incentive for the Company to provide, as opposed to alternative forms of incentive, such as the payment of additional cash compensation.

The number of Unlisted Options to be issued to Mr Henderson has been determined based on a number of factors including a review of his total remuneration and market standards. The Directors have generally reviewed a selection of comparable companies to determine market conditions generally and considered the proposed number of Unlisted Options to be granted will ensure that Mr Henderson's overall remuneration is in line with market standards.

Further, the Company considers that it is in the interests of Shareholders to align the interest of Key Management and Shareholders by encouraging Management, subject to appropriate conditions, to have an equity holding in the Company. However the Company considers that similar to other Shareholders, this interest should arise through direct investment by the Management. In this regard, if all of the Unlisted Options subject to this resolution are exercised, Mr Henderson will be investing a total of \$75,000 into the Company.

Granting options as part of the remuneration packages of senior executives is a well established practice of public companies and, in the case of the Company, has the benefit of conserving cash whilst properly rewarding management.

On the basis of the indicative option value, as detailed in the table below, the value of Unlisted Options proposed to be granted is as follows:

<b>Vesting date</b>	<b>No. of Unlisted Options</b>	<b>Indicative Value \$*</b>
20 August 2011	300,000	\$12,270

\*Note: the Indicative Value of the Unlisted Options is based upon the Black-Scholes options pricing model. Further details, and the assumptions on which the calculation of the indicative value is prepared, is discussed below.

Directors' recommendation:

All Directors were available to consider Resolution 4 – issue of options:

Peter Smith, Michael Povey, and Derrick Sufredo (who do not have an interest in Resolution 4) recommend to Shareholders that they vote in favour of Resolution 4 for the reasons outlined in this Explanatory Memorandum.

Using the Black-Scholes option pricing model and based on the assumptions set out below, the options were ascribed values as follows:

<b>Vesting date</b>	<b>20/08/2011</b>
Underlying security price	7.2 cents
Valuation date	14/09/2009
Exercise price of the Unlisted Options	25 cents
Standard deviation of returns	100.0%
Risk free rate (current Reserve Bank interbank overnight cash rate)	3.0%
Expiry date	20/08/2014
<b>Indicative value per option</b>	<b>4.09 cents</b>

Details of the potential benefits and costs to the Company are listed below:

*Potential Benefits*

If the Unlisted Options are granted pursuant to the proposed Resolution 4, the Company considers the following benefits arise:

- The grant of Unlisted Options is a non-cash form of remuneration, thus conserving liquid funds.
- The exercise of the Unlisted Options will provide working capital for the Company at no significant cost. If all the Unlisted Options proposed to be granted pursuant to Resolution 4 are ultimately exercised, an amount of \$75,000 would be raised.

*Dilution Effect and Potential Costs*

The potential cost to the Company of the grant of 300,000 Unlisted Options pursuant to Resolution 4 is that there will be a dilution of the issued share capital if the Unlisted Options are exercised. The Company currently has 52,564,502 Shares on issue and

11,153,600 Unlisted Options on issue (the exercise price and expiry date of which are set out below):

<b>Number</b>	<b>Exercise Price</b>	<b>Expiry Date</b>
753,600	20 cents each	31 March 2010
3,000,000	20 cents each	31 March 2011
2,500,000	25 cents each	23 May 2012
4,000,000	85 cents each	18 May 2012
300,000	25 cents each	20 August 2011
300,000	30 cents each	20 August 2012
300,000	25 cents each	20 August 2013

The exercise of the proposed Unlisted Options would have a dilution effect of approximately 0.47% of Shareholders (assuming all the Options on issue have been exercised).

Under the Australian Equivalent of IFRS, the Company is required to expense the value of the Unlisted Options in its income statement over the vesting period. The Directors do not consider that from an economic and commercial point of view, there are any costs or detriments including opportunity costs or taxation consequences for the Company or benefits foregone by the Company in granting the Unlisted Options pursuant to Resolution 4, other than, if the Unlisted Options are exercised at a time when the market price of the Shares is greater than the exercise price of the Unlisted Options, there will be a detriment insofar as the Company will be required to issue Shares at a price lower than it might otherwise have been able to, with the result that less funds will be raised.

## **Resolutions 5 to 7 – Grant of Options to Directors**

### **1. Background**

Under Resolutions 5 to 7, the Company proposes to grant a total of 2,200,000 Options to Peter Smith, Michael Povey and Derrick Sufredo, or their respective nominees, as follows:

<b>Name</b>	<b>Position</b>	<b>Options</b>
Peter Smith (or his nominee/s)	Executive Chairman	900,000
Michael Povey (or his nominee/s)	Executive Director / Company Secretary	650,000
Derrick Sufredo (or his nominee/s)	Non-Executive Director	650,000

The terms of the Options to be granted to Messrs Smith, Povey and Sufredo are set out in Annexure B to this Explanatory Memorandum. These Options have an exercise price of 25 cents and an expiry date of 4 years from the date of grant. They vest at 5.00pm on 31 December 2009.

The grant of the Options is to replace the cash remuneration and superannuation payable for the year ended 31 December 2009 and also to encourage the Directors to

have a greater involvement in the achievement of the Company's objectives and to provide an incentive to strive to that end by participating in the future growth and prosperity of the Company through share ownership. The amount of cash and superannuation that the options replace is:

Mr P N Smith	\$ 38,150
Mr M J Povey	27,250
Mr D Sufredo	<u>27,250</u>
	<u>\$ 92,650</u>

The number of Options to be issued to the Directors has been determined based on the amount of remuneration foregone and a review of the total remuneration that will be payable to the Directors and market standards. The Directors have generally reviewed a selection of comparable companies to determine market conditions generally and considered the proposed number of Options to be granted will ensure that the Directors' overall remuneration is in line with market standards.

Further, the Company considers that it is in the interests of Shareholders to align the interest of the Directors and Shareholders by encouraging the Directors, subject to appropriate conditions, to have an equity holding in the Company. However the Company considers that similar to other Shareholders, this interest should arise through direct investment by the Directors. In this regards, if all of the Options are exercised, the Directors will be investing a total of \$550,000 into the Company.

### **3. Corporations Act 2001 Requirements**

Chapter 2E of the Corporations Act prohibits, subject to certain exceptions, a company from giving a financial benefit to a related party of the company without prior shareholder approval.

The Directors, Peter Smith, Michael Povey and Derrick Sufredo (the parties to which Resolutions 5 to 7 relate), are considered "related parties" for this purpose, and the grant of Options to them constitutes a "financial benefit" for this purpose.

The purpose of the grant is to remunerate the specified Directors for past and future services. i.e. for the year ending 31 December 2009. The Directors believe that the future success of the Company will depend in large measure on the skills and motivation of the people engaged in and overseeing the management of the Company's operations. It is therefore important that the Company is able to attract and retain people of the highest calibre.

The Directors considered that receiving options in lieu of salary and superannuation for 2009 conserved cash resources and allowed additional funds to be spent on exploration.

In determining the number of Options to be granted and the terms, consideration was given to the relevant experience and role of each of the Directors, their respective overall remuneration terms and the terms of the Options.

The Options referred to in Resolutions 5 to 7 will be granted in lieu of their annual remuneration within one month of approval by the Shareholders.

In accordance with section 219 of the Act, the following information is provided to Shareholders to allow them to assess whether or not it is in the Company's interests to pass Resolutions 5 to 7:

- (a) The related parties to whom the proposed Resolutions would permit the financial benefits to be given are as follows:

The Directors, Peter Smith, Michael Povey and Derrick Sufredo, are the related parties to whom the proposed Resolutions 5 to 7 would permit a financial benefit to be given. They are related parties of the Company by virtue of section 228 of the Corporations Act.

- (b) The nature of the financial benefit proposed to be given:

The nature of the financial benefit to be given to the related parties is the grant of the Options in lieu of their annual remuneration on the terms and conditions set out in Annexure B to this Explanatory Memorandum. The Options to be granted are non-transferable (subject to the provisions of the terms and conditions outlined in the Annexures).

On the basis of the indicative option value, as detailed in the table below, the value of Options proposed to be granted to the related parties, is as follows:

<b>Name</b>	<b>No. of Options</b>	<b>Indicative Value*</b>
Peter Smith	900,000	\$56,520
Michael Povey	650,000	\$40,820
Derrick Sufredo	650,000	\$40,820

\*Note: the Indicative Value of the Options is based upon the Black and Scholes options pricing model. Further details, and the assumptions on which the calculation of the indicative value is prepared, is discussed below.

- (c) Directors' recommendation:

All Directors were available to consider Resolutions 5 to 7:

Peter Smith and Derrick Sufredo (who do not have an interest in Resolution 5) recommend to Shareholders that they vote in favour of Resolution 5 for the reasons outlined in this Explanatory Memorandum. Michael Povey does not wish to make any recommendation to Shareholders in relation to proposed Resolution 5 as he has a material personal interest in the outcome of that particular Resolution as it relates to the proposed grant of Options to him individually, or his nominee/s.

Michael Povey and Derrick Sufredo (who do not have an interest in Resolution 6) recommend to Shareholders that they vote in favour of Resolution 6 for the reasons outlined in this Explanatory Memorandum. Peter Smith does not wish to make any recommendation to Shareholders in relation to proposed Resolution 6 as he has a

material personal interest in the outcome of that particular Resolution as it relates to the proposed grant of Options to him individually, or his nominee/s.

Peter Smith and Michael Povey (who do not have an interest in Resolution 7) recommend to Shareholders that they vote in favour of Resolution 7 for the reasons outlined in this Explanatory Memorandum. Derrick Sufredo does not wish to make any recommendation to Shareholders in relation to proposed Resolution 7 as he has a material personal interest in the outcome of that particular Resolution as it relates to the proposed grant of Options to him individually, or his nominee/s.

- (d) Other information that is reasonably required by Shareholders to make a decision whether it is in the best interests of the Company to pass Resolutions 5 to 7 and that is known to the Company or any of its Directors:
- (i) The directors' remuneration for the year ending 31 December 2009 for each of Peter Smith, Michael Povey and Derrick Sufredo (excluding the value of the Options proposed to be granted under Resolutions 5 to 7) is currently as follows:

<b>Name</b>	<b>Position</b>	<b>Annual Remuneration including superannuation</b>
Peter Smith	Executive Chairman	\$0
Michael Povey	Executive Director / Company Secretary	\$0
Derrick Sufredo	Non-Executive Director	\$0

- (ii) Excluding any securities proposed to be granted to the related parties pursuant to Resolutions 5 to 7, Peter Smith, Michael Povey, and Derrick Sufredo and their respective associates have a relevant interest in the securities set out below:

<b>Name</b>	<b>Shares</b>	<b>Options</b>
Peter Smith	18,905,979	6,000,000
Michael Povey	670,000	1,500,000
Derrick Sufredo	2,362,567	1,000,000

- (iii) The Directors requested BDO Kendalls Corporate Finance (WA) Pty Ltd to provide an indicative valuation of the Options proposed to be granted to the related parties for inclusion in this Explanatory Memorandum.

BDO Kendalls Corporate Finance (WA) Pty Ltd by letter dated 21 May 2009, have concluded that the Black and Scholes Option Pricing Model attributes an indicative value of 6.28 cents to each Option to be granted to Messrs Smith, Povey and Sufredo based on the following assumptions:

1.	Underlying security price:	11.0 cents
2.	Exercise price of the Options	25 cents
3.	Vesting date	31 December 2009
4.	Dividend rate	0%
5.	Standard deviation of returns	100%
6.	Risk free rate (current Reserve Bank interbank overnight cash rate)	3.91%
7.	Expiry date	4 years from 2 April 2009
8.	Valuation date	2 April 2009

(iv) There is no other information known to the Directors or the Company that is reasonably required by Shareholders to make a decision whether or not it is in the Company's interests to pass Resolutions 5 to 7, other than as set out throughout this Explanatory Memorandum.

(e) Details of the potential benefits and costs to the Company are listed below:

*Potential Benefits*

If the Options are granted pursuant to the proposed Resolutions 5 to 7, the Company considers the following benefits arise:

- Each of Peter Smith, Michael Povey and Derrick Sufredo will have a vested interest in the affairs of the Company. As the Options are in lieu of their 2009 remuneration, they will have an incentive to ensure the market price of the Shares increases to create value in the Options and this will benefit all Shareholders.
- The grant of Options is a non-cash form of remuneration and replaces the cash that was to be paid, thus conserving liquid funds.
- The exercise of the Options will provide working capital for the company at no significant cost. If all the Options proposed to be granted pursuant to Resolutions 2 to 5 are ultimately exercised, an amount of \$550,000 would be raised.

*Dilution Effect and Potential Costs*

The potential cost to the Company of the grant of an aggregate of 2,200,000 Options pursuant to Resolutions 5 to 7 is that there will be a dilution of the issued share capital if the Options are exercised. The Company currently has 52,564,502 Shares on issue and 11,153,600 Options on issue (the exercise price and expiry date of which are set out below):

<b>Number</b>	<b>Exercise Price</b>	<b>Expiry Date</b>
753,600	20 cents each	31 March 2010
3,000,000	20 cents each	31 March 2011
2,500,000	25 cents each	23 May 2012
4,000,000	85 cents each	18 May 2012
300,000	25 cents each	20 August 2011
300,000	30 cents each	20 August 2012
300,000	25 cents each	20 August 2013

The exercise of the proposed Options to related parties would have a dilution effect of approximately 3.45% of Shareholders (assuming all the Options on issue have been exercised).

Under the Australian Equivalent of IFRS, the Company is required to expense the value of the Options in its income statement over the vesting period. The Directors do not consider that from an economic and commercial point of view, there are any costs or detriments including opportunity costs or taxation consequences for the Company or benefits foregone by the Company in granting the Options pursuant to Resolutions 5 to 7, other than, if the Options are exercised at a time when the market price of the Shares is greater than the exercise price of the Options, there will be a detriment insofar as the Company will be required to issue Shares at a price lower than it might otherwise have been able to, with the result that less funds will be raised. This must be weighed against the cash savings of \$92,650 the company has achieved by not paying directors' remuneration for the year ending 31 December 2009.

#### **4. Listing Rule 10.11**

Listing Rule 10.11 requires shareholders' approval by ordinary resolution to any issue by a listed company of securities to a related party. Accordingly, Listing Rule 10.11 requires Shareholders to approve the issue of Options to Messrs Smith, Povey and Sufredo as Directors.

The following information is provided to Shareholders for the purpose of Listing Rule 10.11:

- (i) the Options will be granted to Messrs Peter Smith, Michael Povey and Derrick Sufredo or their respective nominee(s);
- (ii) the maximum number of Options to be granted to the Directors is as follows:

<b>Name</b>	<b>No. of Options</b>
Peter Smith	900,000
Michael Povey	650,000
Derrick Sufredo	650,000

- (iii) the Options will be granted on a date which will be no later than 1 month after the

date of this meeting or on such other date as approved by ASX;

- (iv) the Options will be granted in lieu of the directors' remuneration for the year ended 31 December 2009;
- (v) no funds will be raised by the grant of the Options; and
- (vi) the terms and conditions of the Options are set out in Annexure A to this Explanatory Memorandum.

If approval is given for the grant of the Options under Listing Rule 10.11, approval is not required under Listing Rule 7.1.

## **Resolution 8 – Issue of up to 5,000,000 fully paid ordinary shares**

### **8.1 Background**

Resolution 8 seeks Shareholder approval pursuant to ASX Listing Rule 7.1 for the issue of up to 5,000,000 Shares at an issue price of \$0.11 per share, to raise \$550,000 from sophisticated and professional investors.

A summary of ASX Listing Rule 7.1 is set out in Section 8.2.

By approving the issue, the Company will have flexibility to issue further securities under the annual 15% placement capacity as set out in ASX Listing Rule 7.1 without seeking Shareholder approval, if the need or opportunity arises.

### **8.2 ASX Listing Rule 7.1**

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue during any 12 month period any equity securities, or other securities with rights to conversion to equity (such as an option), if the number of those securities exceeds 15% of the number of securities in the same class on issue at the commencement of that 12 month period.

Accordingly, Resolution 8 is seeking Shareholder approval for the issue of up to 5,000,000 Shares to sophisticated and professional investors, who fall within the exemption under Section 708 of the Corporations Act from the requirement of a disclosure document for the issue of securities. Whilst the issue of up to 5,000,000 Shares would be within the Company's annual 15% placement capacity, the Company is requesting Shareholders to approve the issue of the Shares, the subject of Resolution 8, so that the Company will have the flexibility to issue further securities under ASX Listing Rule 7.1 in the future if the need or opportunity arises.

### **8.3 ASX Listing Rule 7.3**

For the purpose of ASX Listing Rule 7.3, the following information is provided:

- (a) Up to 5,000,000 Shares will be issued in a placement to sophisticated and professional investors.
- (b) The Shares will be issued at an issue price of \$0.11 each
- (c) The Shares will rank equally with all Ordinary Shares on issue.
- (d) The Shares will be issued to clients (the names and allocations are as yet unknown) of Martin Place Securities Pty Ltd, all of whom will qualify as sophisticated or professional investors as that term is defined in the Corporations Act 2001 and all of whom therefore fall within one of the exclusions for the Shares to be issued under a disclosure document. None of the parties to whom the Shares will be issued is a related party of the Company.
- (e) The funds raised by the issue of the Shares will be used for working capital and exploration expenditure.
- (f) The Shares will be issued within one month of the date of this General Meeting and will be allotted on one day.

## ANNEXURE A

### Terms of the Unlisted Options to be granted to Ivan Henderson

#### 1. GENERAL

- 1.1 No monies will be payable for the issue of the options.
- 1.2 A certificate will be issued for the options.
- 1.3 Each option shall carry the right to subscribe for one fully paid ordinary share in the Company (“**Share**”) at an exercise price of 25 cents (“**Exercise Price**”).
- 1.4 The options shall vest 20<sup>th</sup> August 2011 and shall expire at 5pm on the 20<sup>th</sup> August 2014 (“**Expiry Date**”).
- 1.5 Subject to clause 3, the options may be exercised by the Optionholder at any time during the period that is between the date of vesting of the options and the Expiry Date.
- 1.6 The issue price of Shares the subject of these options shall be payable in full on exercise of these options.
- 1.7 Options may only be exercised by the delivery to the registered office of the Company of a notice in writing. The notice must specify the number of options being exercised and the exercise price for the option specified and must be accompanied by:
  - (a) the option certificate for those options, for cancellation by the Company; and
  - (b) a cheque payable to the Company (or such other form of payment acceptable to the Board) for the aggregate Exercise Price for each Share to be issued on exercise of the options specified in the notice.

The notice is only effective (and only becomes effective) when the Company has received value for the full amount of the Exercise Price (for example, if the Exercise Price is paid by cheque, by clearance of that cheque).

- 1.8 Subject to clause 4.1, within 10 Business Days after the notice referred to in clause 1.7 becomes effective, the Board must:
  - (a) allot and issue the number of Shares to be issued in respect of the options being exercised;
  - (b) cancel the option certificate for the options being exercised; and
  - (c) if applicable, issue a new option certificate for any remaining options covered by the certificate accompanying the notice.
- 1.9 The options are not transferable other than to:
  - (a) a spouse of an Eligible Person;

- (b) the trustee of a trust in which the Eligible Person is a beneficiary; or
  - (c) the trustee of a superannuation fund of which the Eligible Person is a member.
- 1.10 Shares allotted pursuant to an exercise of options shall rank, from the date of allotment, equally with existing Shares of the Company in all respects.
- 1.11 The Company shall, in accordance with the Listing Rules, make application to have Shares allotted pursuant to an exercise of options listed for Official Quotation, if the Company is listed on the ASX at the time.

## 2. PARTICIPATION, BONUS ISSUES, REORGANISATION AND WINDING UP

- 2.1 The Optionholder is not entitled to participate in any new issue of securities to existing holders of Shares in the Company unless the Optionholder does so before the record date for the determination of entitlements to the new issue of securities and participate as a result of being holders of Shares.

The Company must give the Optionholder, in accordance with the Listing Rules, notice of any new issue of securities before the record date for determining entitlements to the new issue.

- 2.2 If there is a bonus share issue ("**Bonus Issue**") to the holders of Shares, the number of Shares over which an option is exercisable will be increased by the number of Shares which the Optionholder would have received if the option had been exercised before the record date for the Bonus Issue ("**Bonus Shares**"). The Bonus Shares must be paid up by the Company out of the profits or reserves (as the case may be) in the same manner as was applied in the Bonus Issue and upon issue rank pari passu in all respects with the other shares of that class on issue at the date of issue of the Bonus Shares.
- 2.3 If there is a pro rata issue (other than a Bonus Issue) to the holders of Shares during the currency of, and prior to the exercise of any options, the Exercise Price of an option will be adjusted in accordance with the formula provided in the Listing Rules (whether or not the Company is listed on the ASX at the time).
- 2.4 If, prior to the expiry of any options, there is a reorganisation of the issued capital of the Company, then the rights of the Optionholder (including the number of options to which each Optionholder is entitled and the Exercise Price) is changed to the extent necessary to comply with the Listing Rules applying to a reorganisation of capital at the time of the reorganisation.
- 2.5 If, prior to the expiry of the options, a resolution for a members' voluntary winding up of the Company is proposed (other than for the purpose of a reconstruction or amalgamation) the Board may, in its absolute discretion, give written notice to the Optionholder of the proposed resolution. The Optionholder may, during the period referred to in the notice, exercise the options.

- 2.6 For the purposes of this clause 2, if options are exercised simultaneously, then the Optionholder may aggregate the number of Shares or fractions of Shares for which the Optionholder is entitled to subscribe. Fractions in the aggregate number only will be disregarded in determining the total entitlement of the Optionholder.
- 2.7 Any calculations or adjustments which are required to be made under this clause 2 will be made by the Board and, in the absence of manifest error, are final and conclusive and binding on the Company and the Optionholder.
- 2.8 The Company must within a reasonable period give to each Optionholder notice of any change under clause 2 to the Exercise Price of any options held by the Optionholder or to the number of Shares which the Optionholder is entitled to subscribe for on exercise of an option.

### **3. TAKEOVER PROVISIONS**

- 3.1 Notwithstanding clause 1.5, all options may be exercised by the Optionholder:
- (a) in the event a takeover bid (as defined in the Corporations Act) to acquire any Shares becomes or is declared to be unconditional, irrespective of whether the takeover bid extends to Shares issued and allotted after the date of the takeover bid or not; or
  - (b) at any time after a Change of Control Event has occurred; or
  - (c) if a merger by way of scheme of arrangement under the Corporations Act has been approved by the Court under section 411(4)(b) of the Corporations Act 2001.

### **4. LAPSE OF OPTIONS**

- 4.1 Options not validly exercised on or before the Expiry Date will automatically lapse.
- 4.2 Subject to clause 1.5, unless otherwise determined by the Board, if the Eligible Person that is the Optionholder or that nominated the Optionholder as their nominee ceases to be an Eligible Person prior to the options being exercised then:
- (a) if the Eligible Person ceases to be an Eligible Person for a Termination Reason, any such options held by the Optionholder will automatically lapse;
  - (b) if the Eligible Person ceases to be an Eligible Person for a Specified Reason, the Optionholder, may exercise any such options held by him or her within:

- (i) 30 days of the date (as the case may be) Retirement, Redundancy, death or Total and Permanent Disablement; or
  - (ii) such longer period as the Board determines,
- (c) Options the subject of clause 4.2(b) not exercised within 30 days or the longer period determined by the Board, will automatically lapse; and
- (d) if the Eligible Person ceases to be an Eligible Person for:
- (i) any reason other than a Specified Reason or a Termination Reason; or
  - (ii) a Change of Control Event,

then the options shall continue to be exercisable until the Expiry Date.

4.3 A certificate signed by the Company Secretary of the Company stating that an Eligible Person ceased for any reason to be an Eligible Person shall (in the absence of manifest error) be conclusive for the purposes of these terms, both as to such occurrence and the date of such occurrence.

4.4 Subject to clause 4.2(b), if at any time prior to the Expiry Date of any options an Optionholder dies, the deceased Optionholder's Legal Personal Representative may:

- (a) elect to be registered as the new holder of the deceased Optionholder's options;
- (b) whether or not he or she becomes so registered, exercise those options in accordance with and subject to these terms as if he were the Optionholder of them; and
- (c) if the deceased Optionholder had already given the Company a notice of exercise of his or her options, pay the Exercise Price in respect of those options.

## 5. INTERPRETATION

In these Terms and Conditions:

**ASX** means ASX Limited ACN 008 624 691 and, where the context permits, the Australian Securities Exchange operated by ASX Limited;

**Board** means the Board of Directors of the Company as constituted from time to time;

**Business Day** means Monday to Friday inclusive except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day and any other day that ASX declares is not a business day;

**Change of Control Event** means a shareholder, or group of associated shareholders, being entitled to sufficient shares in the Company to give it or them the ability, and

that ability is successfully exercised, in a general meeting, to replace all or a majority of the Board;

**Company** means Truscott Mining Corporation Limited ACN 116 420 378;

**Corporations Act** means Corporations Act 2001 (Cth);

**Director** means a director of the Company from time to time;

**Eligible Person** means the person who, at the time of the grant of the options to them or their nominee, is a Director or an employee (whether full-time or part-time) of the Company or of an associated body corporate of the Company;

**Legal Personal Representative** means the executor of the will or an administrator of the estate of a deceased person, the trustee of the estate of a person under a legal disability or a person who holds an enduring power of attorney granted by another person;

**Listing Rules** means the official listing rules of ASX as amended, varied, modified or waived from time to time;

**Official Quotation** has the meaning ascribed to it in the Listing Rules;

**Optionholder** means the person holding these options, being the Eligible Person or their nominee;

**Redundancy** means, in relation to an Eligible Person, a determination by the Board that the Company's need to employ a person for the particular kind of work carried out by that Eligible Person has ceased (but, for the avoidance of any doubt, does not include the dismissal of an Eligible Person for personal or disciplinary reasons or where the Eligible Person leaves the employ of the Company of his or her own accord);

**Retirement** means, in relation to an Eligible Person, retirement by that Eligible Person from the Company at age 60 or over or such earlier age as considered appropriate by the Board;

**Specified Reason** means Retirement, Total and Permanent Disablement, Redundancy or death;

**Termination Reason** means in relation to an Eligible Person, dismissal by the Board of that Eligible Person for one of the following reasons:

- (a) where the Eligible Person has engaged in wilful misconduct, bringing the Company into disrepute;
- (b) repeated disobedience by the Eligible Person, after the Eligible Person has received prior written warning in relation to any disobedience on their part;

- (c) incompetence by the Eligible Person in the performance of duties for which the Eligible Person was engaged; or
- (d) where the Eligible Person has engaged in fraud or dishonesty in respect of any the property or affairs of the Company; and

**Total and Permanent Disablement** means, in relation to an Eligible Person, that the Eligible Person has, in the opinion of the Board and with effect on a date determined by the Board, after considering such medical and other evidence as it sees fit, become incapacitated to such an extent as to render the Eligible Person unlikely ever to engage in any occupation for which he is reasonably qualified by education, training or experience.

## ANNEXURE B

### Terms of Options to be granted to Peter Smith, Michael Povey and Derrick Sufredo

#### 1. GENERAL

- 1.1 No monies will be payable for the issue of the options, but they are being granted in lieu of directors' remuneration for the year ended 31 December 2009.
- 1.2 A certificate will be issued for the options.
- 1.3 Each option shall carry the right to subscribe for one fully paid ordinary share in the Company ("**Share**") at an exercise price of 25 cents ("**Exercise Price**").
- 1.4 The options shall vest at 5pm on 31 December 2009 and shall expire at 5pm on the fourth anniversary of the date of grant.
- 1.5 Subject to clause 3, the options may be exercised by the Optionholder at any time during the period that is between the date of vesting of the options and the Expiry Date.
- 1.6 The issue price of Shares the subject of these options shall be payable in full on exercise of these options.
- 1.7 Options may only be exercised by the delivery to the registered office of the Company of a notice in writing. The notice must specify the number of options being exercised and the exercise price for the option specified and must be accompanied by:
  - (a) the option certificate for those options, for cancellation by the Company; and
  - (b) a cheque payable to the Company (or such other form of payment acceptable to the Board) for the aggregate Exercise Price for each Share to be issued on exercise of the options specified in the notice.

The notice is only effective (and only becomes effective) when the Company has received value for the full amount of the Exercise Price (for example, if the Exercise Price is paid by cheque, by clearance of that cheque).

- 1.8 Subject to clause 4.1, within 10 Business Days after the notice referred to in clause 1.7 becomes effective, the Board must:
  - (a) allot and issue the number of Shares to be issued in respect of the options being exercised;
  - (b) cancel the option certificate for the options being exercised; and
  - (c) if applicable, issue a new option certificate for any remaining options covered by the certificate accompanying the notice.

- 1.9 The options are not transferable other than to:
- (a) a spouse of an Eligible Person;
  - (b) the trustee of a trust in which the Eligible Person is a beneficiary; or
  - (c) the trustee of a superannuation fund of which the Eligible Person is a member.
- 1.10 Shares allotted pursuant to an exercise of options shall rank, from the date of allotment, equally with existing Shares of the Company in all respects.
- 1.11 The Company shall, in accordance with the Listing Rules, make application to have Shares allotted pursuant to an exercise of options listed for Official Quotation, if the Company is listed on the ASX at the time.

## 2. PARTICIPATION, BONUS ISSUES, REORGANISATION AND WINDING UP

- 2.1 The Optionholder is not entitled to participate in any new issue of securities to existing holders of Shares in the Company unless the Optionholder does so before the record date for the determination of entitlements to the new issue of securities and participate as a result of being holders of Shares.

The Company must give the Optionholder, in accordance with the Listing Rules, notice of any new issue of securities before the record date for determining entitlements to the new issue.

- 2.2 If there is a bonus share issue ("**Bonus Issue**") to the holders of Shares, the number of Shares over which an option is exercisable will be increased by the number of Shares which the Optionholder would have received if the option had been exercised before the record date for the Bonus Issue ("**Bonus Shares**"). The Bonus Shares must be paid up by the Company out of the profits or reserves (as the case may be) in the same manner as was applied in the Bonus Issue and upon issue rank *pari passu* in all respects with the other shares of that class on issue at the date of issue of the Bonus Shares.
- 2.3 If there is a pro rata issue (other than a Bonus Issue) to the holders of Shares during the currency of, and prior to the exercise of any options, the Exercise Price of an option will be adjusted in accordance with the formula provided in the Listing Rules (whether or not the Company is listed on the ASX at the time).
- 2.4 If, prior to the expiry of any options, there is a reorganisation of the issued capital of the Company, then the rights of the Optionholder (including the number of options to which each Optionholder is entitled and the Exercise Price) is changed to the extent necessary to comply with the Listing Rules applying to a reorganisation of capital at the time of the reorganisation.
- 2.5 If, prior to the expiry of the options, a resolution for a members' voluntary winding up of the Company is proposed (other than for the purpose of a reconstruction or amalgamation) the Board may, in its absolute discretion, give

written notice to the Optionholder of the proposed resolution. The Optionholder may, during the period referred to in the notice, exercise the options.

- 2.6 For the purposes of this clause 2, if options are exercised simultaneously, then the Optionholder may aggregate the number of Shares or fractions of Shares for which the Optionholder is entitled to subscribe. Fractions in the aggregate number only will be disregarded in determining the total entitlement of the Optionholder.
- 2.7 Any calculations or adjustments which are required to be made under this clause 2 will be made by the Board and, in the absence of manifest error, are final and conclusive and binding on the Company and the Optionholder.
- 2.8 The Company must within a reasonable period give to each Optionholder notice of any change under clause 2 to the Exercise Price of any options held by the Optionholder or to the number of Shares which the Optionholder is entitled to subscribe for on exercise of an option.

### **3. TAKEOVER PROVISIONS**

- 3.1 Notwithstanding clause 1.5, all options may be exercised by the Optionholder:
  - (a) in the event a takeover bid (as defined in the Corporations Act) to acquire any Shares becomes or is declared to be unconditional, irrespective of whether the takeover bid extends to Shares issued and allotted after the date of the takeover bid or not; or
  - (b) at any time after a Change of Control Event has occurred; or
  - (c) if a merger by way of scheme of arrangement under the Corporations Act has been approved by the Court under section 411(4)(b) of the Corporations Act 2001.

### **4. LAPSE OF OPTIONS**

- 4.1 Options not validly exercised on or before the Expiry Date will automatically lapse.
- 4.2 Subject to clause 1.5, unless otherwise determined by the Board, if the Eligible Person that is the Optionholder or that nominated the Optionholder as their nominee ceases to be an Eligible Person prior to the options being exercised then:
  - (a) if the Eligible Person ceases to be an Eligible Person for a Termination Reason, any such options held by the Optionholder will automatically lapse;
  - (b) if the Eligible Person ceases to be an Eligible Person for a Specified Reason, the Optionholder, may exercise any such options held by him or her within:

- (i) 30 days of the date (as the case may be) Retirement, Redundancy, death or Total and Permanent Disablement; or
- (ii) such longer period as the Board determines,
- (c) Options the subject of clause 4.2(b) not exercised within 30 days or the longer period determined by the Board, will automatically lapse; and
- (d) if the Eligible Person ceases to be an Eligible Person for:
  - (i) any reason other than a Specified Reason or a Termination Reason; or
  - (ii) a Change of Control Event,

then the options shall continue to be exercisable until the Expiry Date.

- 4.3 A certificate signed by the company secretary of the Company stating that an Eligible Person ceased for any reason to be an Eligible Person shall (in the absence of manifest error) be conclusive for the purposes of these terms, both as to such occurrence and the date of such occurrence.
- 4.4 Subject to clause 4.2(b), if at any time prior to the Expiry Date of any options an Optionholder dies, the deceased Optionholder's Legal Personal Representative may:
- (a) elect to be registered as the new holder of the deceased Optionholder's options;
  - (b) whether or not he or she becomes so registered, exercise those options in accordance with and subject to these terms as if he were the Optionholder of them; and
  - (c) if the deceased Optionholder had already given the Company a notice of exercise of his or her options, pay the Exercise Price in respect of those options.

## 5. INTERPRETATION

In these Terms and Conditions:

**ASX** means ASX Limited ACN 008 624 691 and, where the context permits, the Australian Securities Exchange operated by ASX Limited;

**Board** means the Board of Directors of the Company as constituted from time to time;

**Business Day** means Monday to Friday inclusive except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day and any other day that ASX declares is not a business day;

**Change of Control Event** means a shareholder, or group of associated shareholders, being entitled to sufficient shares in the Company to give it or them the ability, and

that ability is successfully exercised, in a general meeting, to replace all or a majority of the Board;

**Company** means Truscott Mining Corporation Limited ACN 116 420 378;

**Corporations Act** means Corporations Act 2001 (Cth);

**Director** means a director of the Company from time to time;

**Eligible Person** means the person who, at the time of the grant of the options to them or their nominee, is a Director or an employee (whether full-time or part-time) of the Company or of an associated body corporate of the Company;

**Legal Personal Representative** means the executor of the will or an administrator of the estate of a deceased person, the trustee of the estate of a person under a legal disability or a person who holds an enduring power of attorney granted by another person;

**Listing Rules** means the official listing rules of ASX as amended, varied, modified or waived from time to time;

**Official Quotation** has the meaning ascribed to it in the Listing Rules;

**Optionholder** means the person holding these options, being the Eligible Person or their nominee;

**Redundancy** means, in relation to an Eligible Person, a determination by the Board that the Company's need to employ a person for the particular kind of work carried out by that Eligible Person has ceased (but, for the avoidance of any doubt, does not include the dismissal of an Eligible Person for personal or disciplinary reasons or where the Eligible Person leaves the employ of the Company of his or her own accord);

**Retirement** means, in relation to an Eligible Person, retirement by that Eligible Person from the Company at age 60 or over or such earlier age as considered appropriate by the Board;

**Specified Reason** means Retirement, Total and Permanent Disablement, Redundancy or death;

**Termination Reason** means in relation to an Eligible Person, dismissal by the Board of that Eligible Person for one of the following reasons:

- (a) where the Eligible Person has engaged in wilful misconduct, bringing the Company into disrepute;
- (b) repeated disobedience by the Eligible Person, after the Eligible Person has received prior written warning in relation to any disobedience on their part;
- (c) incompetence by the Eligible Person in the performance of duties for which the Eligible Person was engaged; or

- (d) where the Eligible Person has engaged in fraud or dishonesty in respect of any the property or affairs of the Company; and

**Total and Permanent Disablement** means, in relation to an Eligible Person, that the Eligible Person has, in the opinion of the Board and with effect on a date determined by the Board, after considering such medical and other evidence as it sees fit, become incapacitated to such an extent as to render the Eligible Person unlikely ever to engage in any occupation for which he is reasonably qualified by education, training or experience.

## GLOSSARY

In this Explanatory Memorandum and the Notice, the following terms have the following meanings unless the context otherwise requires:

<b>ASIC</b>	means Australian Securities and Investments Commission.
<b>ASX</b>	means Australian Stock Exchange Limited ACN 008 624 691.
<b>Board</b>	means the board of Directors of the Company.
<b>Business Day</b>	means Monday to Friday inclusive except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day and any other day that ASX declares is not a business day.
<b>Company</b>	means Truscott Mining Corporation Limited ACN 116 420 378.
<b>Constitution</b>	means the constitution of the Company.
<b>Corporations Act</b>	means Corporations Act 2001.
<b>Corporations Regulations</b>	means Corporations Regulations 2001.
<b>Director</b>	means a director of the Company.
<b>Listing Rules</b>	means the Listing Rules of ASX.
<b>Notice</b>	means the Notice of Annual General Meeting accompanying this Explanatory Memorandum.
<b>Resolution</b>	means a resolution contained in the Notice.
<b>Share</b>	means a fully paid ordinary share in the capital of the Company.
<b>Shareholder</b>	means an ordinary shareholder of the Company.

## Proxy Form

### Appointment of Proxy

I/we being member/s of Truscott Mining Corporation Ltd and entitled to attend and vote hereby appoint

	The chairman of the Meeting (mark with an X)	OR	
--	---	----	--

If you are not appointing the Chairman of the Meeting as your proxy please write here the full name of the individual or body corporate (excluding the registered Securityholder) you are appointing as your proxy.

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit at the Annual General Meeting of Truscott Mining Corporation Ltd to be held at 13 Colin Street, West Perth, Western Australia on 30 October, 2009 and at any adjournment of that meeting.

### Voting directions to your proxy – please mark to indicate your directions

		<b>For</b>	<b>Against</b>	<b>Abstain*</b>
Item 1	To adopt Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 2	Aggregate Amount Payable to Non-Executive Directors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 3	Re-election of Mr Michael J Povey	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 4	Grant of Options to Ivan Henderson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 5	Allotment of Options to Michael Povey	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 6	Allotment of Options to Peter Smith	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 7	Allotment of Options to Derrick Sufredo	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 8	Approval to Issue up to 5,000,000 Fully Paid Ordinary Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. If the Chair of the meeting is appointed as your proxy, or may be appointed by default and you do **not** wish to direct your proxy how to vote as your proxy in respect of a resolution, please place a mark in the box.

By marking this box, you acknowledge that the Chair of the meeting may exercise your proxy even if he has an interest in the outcome of the resolution/s and that votes cast by the Chair of the meeting for those resolutions other than as proxy holder will be disregarded because of that interest.

If you do not mark this box, and you have not directed your proxy how to vote, the Chair will not cast your votes on the resolution and your votes will not be counted in calculating the required majority if a poll is called on the resolution.

\* If you mark the Abstain box for a particular item, you are directing your proxy not to vote on your behalf on a show of hands and your votes will not be counted in computing the required majority on a poll.

**PLEASE SIGN HERE** This section *must* be signed in accordance with the instructions to enable your directions to be implemented.

Individual or Securityholder 1

Sole Director and  
Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

In addition to signing the Proxy form in the above box(es) please provide the information below in case we need to contact you.

\_\_\_\_\_  
Contact Name

\_\_\_\_\_  
Contact Daytime Telephone

\_\_\_\_\_  
Date

## How to complete the Proxy Form

### 1. Your Name and Address

Please complete the Security Holder(s) name(s) and address on the lines at the top left of the form.

### 2. Appointment of a Proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box. If the individual or body corporate you wish to appoint as your proxy is someone other than the Chairman of the Meeting write the full name of that individual or body corporate in the space provided. If you leave this section blank, or your named proxy does not attend the meeting, the Chairman of the Meeting will be your proxy. A proxy need not be a securityholder of the company. Do not write the name of the issuer or the registered securityholder in the space.

### 3. Votes on Items of Business

You may direct your proxy how to vote by placing a mark in one of the three boxes opposite each item of business. All your securities will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of securities you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given item, your proxy may vote as he or she chooses. If you mark more than one box on an item you vote on that item will be invalid.

### 4. Appointment of a Second Proxy

You are entitled to appoint up to two proxies to attend and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the company on (08) 9327 7300 or you may copy this form. To appoint a second proxy you must:

- (a) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights of number of securities applicable to that Form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.
- (b) Return both forms together in the same envelope.

### 5. Signing Instructions

You must sign this form as follows in the spaces provided:

Individual:	where the holding is in one name, the holder must sign
Joint Holding:	where the holding is in more than one name, all of the securityholders should sign.
Power of Attorney:	to sign under Power of Attorney, you must have already lodged this document with the registry. If you have not previously lodged this document for notation, please attach a certified copy of the Power of Attorney to this form when you return it.
Companies:	where the company has a sole director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

If a representative of a corporate Securityholder or proxy is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission. A form of the certificate may be obtained from the company or from [www.securitytransfer.com.au](http://www.securitytransfer.com.au) under Forms.

### Lodgement of a Proxy

This Proxy Form (and any Power of Attorney under which it is signed) must be received at the registered office no later than 48 hours before the commencement of the meeting at 2.30 pm on Friday 30 October 2009. Any Proxy Form received after that time will not be valid for the scheduled meeting.

### Documents may be lodged:

IN PERSON	Registered Office – 13 Colin Street, West Perth WA 6005 Australia
BY MAIL	Registered Office – PO Box 2805, West Perth WA 6872 Australia
BY FAX	Registered Office +61 8 9324 3691