



TRUSCOTT
MINING CORPORATION LIMITED

ABN: 31 116 420 378

FINANCIAL REPORT
FOR THE YEAR ENDED
30 JUNE 2007

COMPANY PARTICULARS

DIRECTORS

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

COMPANY SECRETARY
M J Povey B.Bus, CA, FTIA

REGISTERED OFFICE
13 Colin Street
West Perth WA 6005
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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

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

Unless disclosed below, all the best practice recommendations of the ASX Corporate Governance Council have been applied for the entire financial year ended 30 June 2007.

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

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

Summary of Board Charter

The Board is collectively responsible for promoting the success of the Company. The Board supervises the Company's framework of control and accountability systems and ensures the Company is properly managed. The Board also approves and monitors major capital expenditure, capital management, and acquisitions and divestitures. It approves the annual budget and monitors the financial performance of the Company as well as its financial and other reporting. The Board provides overall corporate governance to the Company, including conducting regular reviews of the balance of responsibilities within the Company to ensure division of functions remain appropriate to the needs of the Company. The Board has agreed to guidelines for assessing materiality.

The Board appoints (with shareholder ratification) and liaises with the external auditor and Audit Committee (if applicable). The Board is also responsible for monitoring and ensuring compliance with all of the Company's legal obligations.

The chairperson is responsible for leadership of the Board, for the efficient organisation and conduct of the Board's function.

Summary of Audit Committee Charter

The role of the Audit Committee is to monitor the integrity of the financial statements of the Company and review significant financial reporting judgments. The Audit Committee also reviews the Company's internal financial control system, risk management systems and any internal audit function.

The Audit Committee monitors and reviews the external audit function including matters concerning appointment and remuneration, independence and non-audit services. The Audit Committee also performs such other functions as assigned by law, the Company's constitution, or the Board.

The Audit Committee has the power to conduct or authorize investigations into matters within the committee's scope of responsibilities and has the authority, as necessary, to retain independent legal, accounting or other advisors.

Summary of Nomination Committee Charter

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

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

Summary of Remuneration Committee Charter

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

The Remuneration Committee makes decisions (if the full Board carries out the function of Remuneration Committee) or recommendations to the Board with respect to appropriate remuneration and incentive policies for executive directors and senior executives.

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

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

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

Summary of Code of Conduct

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

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

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

Summary of Policy and Procedure for Selection and Appointment of New Directors

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

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CORPORATE GOVERNANCE STATEMENT

Summary of Process for Performance Evaluation of the Board, Board Committees, Individual Directors and Key Executives

The chairperson is responsible for conducting an annual review of the Board performance.

Summary of Policy for Trading in Company Securities

The Board has adopted a policy and procedure on dealing in the Company's securities by directors, officers and employees which prohibits dealing in the Company's securities when those persons possess inside information. It also provides that the written acknowledgement of the chairperson should be obtained prior to trading.

Summary of Compliance Procedures

Detailed compliance procedures for ASX Listing Rule disclosure requirements have been adopted by the Company. It appoints an officer of the Company to be responsible for compliance. It is detailed in its application covering the following areas:

1. appointment of the responsible officer and description of his/her duties;
2. identifies area of risk for the Company;
3. provides guidelines for:
 - (a) identifying disclosure material; and
 - (b) monitoring share price movements;
4. guide for use of trading halts;
5. guide for decision making process;
6. details on record keeping;
7. education of Board and management;
8. confidentiality;
9. release of disclosure material; and
10. updating of compliance procedures.

Summary of Procedure for the Selection, Appointment and rotation of External Auditor

The Board is responsible for the initial appointment of the external auditor and the appointment of a new external auditor when any vacancy arises, as per the recommendations of the Audit Committee with the decision being ratified by shareholders at the next annual general meeting of the Company.

Candidates for the position of external auditor of the Company must be able to demonstrate complete independence from the Company and an ability to maintain independence through the engagement period.

The Audit Committee will review the performance of the external auditor on an annual basis and make any recommendations to the Board.

Summary of Shareholder Communication Strategy

The Board aims to ensure that the shareholders are informed of all major developments affecting the Company. In line with recent legislative changes the annual report is to be placed on the company's website for all shareholders and other interested parties. Only those shareholders who make a written request will receive a hard copy of Company's annual report. The Company maintains a website on which the Company makes certain other information available on a regular basis.

Summary of Risk Management Policy

The Company has established a risk management policy which sets out a framework for a system of risk management and internal compliance and control. The Board, with the assistance of senior management as required, has responsibility for identifying, assessing, treating and monitoring risks. The policy also sets out the Company's risk profile.

As the Company's activities develop in size, nature and scope, the size of the Board and the implementation of additional corporate governance structures will be given further consideration.

The Board sets out below its "if not, why not" report in relation to those matters of corporate governance where the Company's practices depart from the Recommendations.

Principle 2

Recommendation 2.1: A majority of the Board should be independent directors

Notification of Departure

None of the directors are considered to be independent.

Explanation for Departure

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

Principle 2

Recommendation 2.2: The chairperson should be an independent director

Notification of Departure:

The chairperson is not an independent director

Explanation for Departure:

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

Principle 2

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

Notification of Departure:

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

Explanation for Departure:

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

Principle 2

Recommendation 2.4: The Board should establish a Nomination Committee

Notification of Departure:

There is no nomination sub-committee.

Explanation for Departure:

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

Principle 4

Recommendation: 4.3: Structure the Audit Committee so that it consists of only non-executive directors, a majority of independent directors, an independent chairperson, who is not chairperson to the Board and at least 3 members.

Notification of Departure:

The Audit Committee comprises 2 members one of whom is non-executive. Neither member is independent although the chairperson of the Audit Committee is not the chairperson of the Company.

Explanation for Departure:

Given the size and structure of the Board, the Company is unable to meet the composition requirements under the Recommendation. The Board has adopted, and the Audit Committee applies, an Audit Committee Charter.

Principle 9

Recommendation 9.2: The Board should establish a Remuneration Committee

Notification of Departure:

A separate remuneration committee has not been formed.

Explanation for Departure:

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

TRUSCOTT MINING CORPORATION LIMITED
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DIRECTORS' REPORT

The Board of Directors has pleasure in presenting its report on the company for the financial year ended 30th June 2007.

1. Directors

(i) Names, Qualifications and Experience

The names and details of the company's directors in office at any time during the year ended 30 June 2007 and until the date of this report are as follows. Directors were in office for the entire period unless otherwise stated.

Peter N Smith (Executive Chairman)
 BSc (Min), PG Dip (M Tech), M Min Tech
 FAusIMM, CP, MAICD

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

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

Derrick Sufredo (Non-Executive Director)
 B App Sc, B.Bus

Operational experience including the provision of technical services on mine sites within the Australian gold mining sector. Commercial and management expertise in business development functions within the futures and stock broking industry. Derrick was the founding managing director and is presently a part owner of C.K. Locke and Partners, an Australian Financial Services Licensee. Mr Sufredo has been a director of the company since it was incorporated in September 2005. Mr Sufredo is a member of the audit committee.

Ian D Cowden (Executive Director)
 BSc (Geol/Geophys), FAusIMM, CP, MAIG

Experience in exploration and the mining industry world wide, with emphasis on feasibility studies and development to mining. Specific operational experience in relation to a number of commodities that is inclusive of gold and base metals. He has served on the boards of a number of public listed companies and is currently a director of GTI Resources Ltd. Mr Cowden has been a director of the company since October 2005.

Mr Cowden is a director and shareholder in Iana Pty Ltd which has a contract to supply the services of Mr Cowden as a consultant geologist/geophysicist.

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

Public Accounting experience with major accounting firms including Deloittes and KPMG. Michael has subsequently worked to establish an independent business concentrating on taxation, auditing and company reporting. Specialised additional background in the delivery of training courses for consolidations, mergers & acquisitions and accounting standards. Mr Povey has been the company secretary and a director of the company since it was incorporated in September 2005. Mr Povey is chair of the audit committee.

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

Interests in the Shares of the Company as at 30 June 2007

	Number of Shares	
	Direct	Indirect
P N Smith	1	17,759,700
D Sufredo	1	2,323,907
I D Cowden	-	650,000
M J Povey	-	518,000
	2	21,251,607

Included in the indirect holdings of Mr Sufredo are 437,826 shares held by C K Locke & Partners Pty Ltd (CKL). These shares are held by CKL in trust for some of the employees and associates of CKL, but not including Mr Sufredo. Mr Sufredo held 27.78% of the issued shares in CKL at 30 June 2007.

Interests in the Options of the Company as at 30 June 2007

	Number of Options	
	Direct	Indirect
P N Smith	-	1,000,000
D Sufredo	-	500,000
I D Cowden	-	1,000,000
M J Povey	-	500,000
	-	3,000,000

2. Principal Activities

The principal activities of the company are the exploration and development of gold projects in the Northern Territory and Western Australia. No significant changes in the nature of these activities occurred during the year ended 30th June 2007.

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3. Dividends

No dividend has been declared or paid by the company during the year ended 30th June 2007 and the directors do not at present recommend a dividend.

4. Review of Operations

In April the company had a successful listing on the ASX.

The Company continued exploration on its Westminster, Eastern Creek, Ewan Edward and Gosse River projects. This included mapping, soil sampling, and geophysical surveys as well as comprehensive reviews and re-interpretation of historical data.

Two additional Tennant Creek tenements were acquired and two more were applied for.

The loss of the company after providing for income tax amounted to \$244,301 (2006: \$97,857)

5. Future Developments, Prospects and Business Strategies

The Company will continue exploration with the addition of drilling of targets in the next 12 months.

6. Significant Changes in the State of Affairs

Other than listed below there were no significant changes in the state of affairs of the company that occurred during the year ended 30 June 2007 not otherwise disclosed in this report or the financial statements:

- a. The company raised an additional \$300,000 at 10 cents a share in seed capital in October 2006 for exploration, working capital and IPO costs.
- b. In April 2007 the company had an IPO at 20 cents per share that raised \$2,872,900 from the issue of 14,364,500 fully paid ordinary shares.

7. After Balance Date Events

The company has appointed a Chief Geologist to undertake the exploration programme of the company. The company acquired 2 additional exploration licences in the Northern Territory in August 2007.

8. Financial Position

The net assets of the company were \$3,250,654 at 30 June 2007 after acquiring mining prospects and the Initial Public Offering raising of \$2,872,900.

9. Remuneration Report

This report details the nature and amount of remuneration for each director and executive of Truscott Mining Corporation Limited. As at the date of this report, other than the directors, the company had one executive employee – Mr Ivan Henderson, the company's chief geologist who commenced after 30 June 2007.

Remuneration Policy

The policy of the company is to attract the right team members by paying market based remuneration that is commensurate with the skills and experience of the directors and executives.

Details of remuneration

Directors of Truscott Mining Corporation Limited

The remuneration for each director of the company during the year ended 30 June 2007 was as follows:

Name	Short-Term Benefits		Post-employment Benefits	Share and option based payments		Other	Totals
	Director's Fees \$	Salary \$	Superannuation \$	Non-Cash shares value \$	Non-Cash options value \$	Consulting Fees \$	
P N Smith	11,782	0	1,060	25,000	27,018	27,707	92,567
D Sufredo	9,726	0	875	25,000	13,509	188,484	237,594
I D Cowden	9,726	0	875	25,000	27,018	48,267	110,886
M J Povey	9,726	0	875	25,000	13,509	4,967	54,077
Totals	40,960	0	3,685	100,000	81,054	269,425	495,124

The above share/option based payments and consulting fees were paid to entities associated with the respective directors. The consulting fees were paid for services rendered under normal commercial arrangements and at commercial rates to entities associated with the directors. Of the \$188,484 in consulting fees shown for Mr Sufredo, \$25,625 comprised the value of shares issued and \$130,919 cash payments to C K Locke & Partners Pty Ltd of which Mr Sufredo was a 27.78% shareholder at 30 June 2007.

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Consultancy agreements

Remuneration and other terms of employment for Mr P N Smith, Mr I D Cowden and Mr M J Povey are formalised in consultancy agreements. Each of these agreements provide for directors' fees, superannuation and the provision of professional services. A summary of agreements is as follows:

- The term of each agreement is for 2 years commencing from ASX listing approval on 14 April 2007
- Amounts payable are fixed for the 2 years
- The agreements may be terminated by giving 3 months notice or the company paying 3 months consultancy fee in lieu of notice.
- Upon termination of the agreement the consultant is not entitled to claim any compensation or damages from the Company in respect of the termination.
- Annual directors' fees payable, including 9% superannuation are:

Mr P N Smith	\$38,150
Mr I D Cowden	\$27,250
Mr M J Povey	\$27,250
- Consultancy fees payable are:

Mr P N Smith	\$72,000
Mr I D Cowden	\$84,000
Mr M J Povey	\$12,000
- Each director is entitled to receive additional consultancy fees at the rate of \$1,000 per day once the following number of equivalent days have been worked each year:

Mr P N Smith	110 days
Mr I D Cowden	110 days
Mr M J Povey	44 days

The remuneration for each director of the company during the period 27 September, 2005 to 30 June 2006 was as follows:

Name	Short-Term Benefits		Post-Employment Benefits	Share based payment	Other	Totals
	Director's Fees \$	Salary \$	Superannuation \$	Non-Cash shares value \$	Consulting Fees \$	
P N Smith	0	0	0	25,000	2,500	27,500
D Sufredo	0	0	0	25,000	18,750	43,750
I D Cowden	0	0	0	25,000	3,000	28,000
M J Povey	0	0	0	25,000	0	25,000
Totals	0	0	0	100,000	24,250	124,250

The above share based payments and consulting fees were paid to entities associated with the respective directors. The consulting fees were paid for services rendered under normal commercial arrangements and at commercial rates. Of the \$18,750 in consulting fees shown for Mr Sufredo, \$9,889 comprised the value of shares issued and \$6,250 cash payments to C K Locke & Partners Pty Ltd of which Mr Sufredo was a 27.78% shareholder at 30 June 2007.

SHAREHOLDINGS OF THE DIRECTORS

Director	Balance 1-July-06	Acquired	Disposed	Balance 30-June-07
P N Smith	16,550,001	1,209,700	0	17,759,701
D Sufredo	1,500,001	823,907	0	2,323,908
I D Cowden	250,000	400,000	0	650,000
M J Povey	250,000	268,000	0	518,000
Totals	18,550,002	2,701,607	0	21,251,609

The above shareholdings include both direct and indirect holdings as at 30 June 2007. Shares acquired include shares granted as part of remuneration and shares purchased on market. Included in the indirect holdings of Mr Sufredo are 454,022 shares held by C K Locke & Partners Pty Ltd (CKL). These shares are held by CKL in trust for some of the employees and associates of CKL, but not including Mr Sufredo. Mr Sufredo held 27.78% of the issued shares in CKL at 30 June 2007.

Shares issued as part of remuneration for the year ended 30 June 2007.

SHARES

Director	Shares Granted as part of Remuneration \$	Total Remuneration Represented by Shares %	Total \$
P N Smith	25,000	27.01	25,000
D Sufredo	25,000	10.52	25,000
I D Cowden	25,000	22.55	25,000
M J Povey	25,000	46.23	25,000
Totals	100,000		100,000

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Options issued as part of remuneration for the year ended 30 June 2007.

OPTIONS Director	Vested No.	Issue No.	Issue Date	Value per Option at Grant Date	Exercise Price \$	First Exercise Date	Last Exercise Date
P N Smith	0	1,000,000	14.4.2007	0.027018	0.20	14.4.2008	31.3.2011
D Sufredo	0	500,000	14.4.2007	0.027018	0.20	14.4.2008	31.3.2011
I D Cowden	0	1,000,000	14.4.2007	0.027018	0.20	14.4.2008	31.3.2011
M J Povey	0	500,000	14.4.2007	0.027018	0.20	14.4.2008	31.3.2011
Totals	0	3,000,000					

OPTIONS Director	Options Granted as part of Remuneration \$	Total Remuneration Represented by Options %	Options Exercised \$	Options Lapsed (\$)	Total \$
P N Smith	27,018	29.19	-	-	27,018
D Sufredo	13,509	5.69	-	-	13,509
I D Cowden	27,018	24.37	-	-	27,018
M J Povey	13,509	24.98	-	-	13,509
Totals	81,054		-	-	81,054

The above option holdings are indirect holdings as at 30 June 2007. All options vest 12 months after the issue date and have an exercise price of 20 cents. The options expire on 31 March 2011. Where the options are exercised the shares are restricted from being traded before 14 April 2009.

Non-Audit Services

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

- all material non-audit services are reviewed and approved by the Board of Directors prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided do not compromise the general principles relating to auditor independence as set out in the Institute of Chartered Accountants in Australia and CPA Australia's Professional Statement F1: Professional Independence.

There were no fees for non-audit services paid or payable to the external auditors during the year ended 30 June 2007.

Auditors' Independence Declaration

The auditors' independence declaration for the year ended 30 June 2007 has been received and can be found on page 6 of the Directors' Report.

Proceedings on Behalf of the Company

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

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

10. Share Options

At the date of this report the following options to acquire ordinary shares in Truscott Mining Corporation Ltd had been issued. No options were exercised during the year ended 30 June 2007.

OPTIONS Option holder	Balance 1-July-06	Granted	Disposed	Balance 30-June-07
Directors	0	3,000,000	0	3,000,000
Brokers associated with the IPO	0	733,600	0	733,600
Totals	0	3,733,600	0	3,733,600

All broker options vest when granted and have an exercise price of 20 cents. The director options vest on 14 April 2008 and expire on 31 March 2011. Where the options are exercised the shares are restricted from being traded before 14 April 2009. The broker options expire on 31 March 2010.

11. Directors' Meetings

<u>Director</u>	<u>No. of Meetings Director Eligible to Attend</u>	<u>No. of Meetings Attended</u>
P N Smith	8	8
D Sufredo	8	8
I D Cowden	8	8
M J Povey	8	8

In accordance with the Constitution, Mr Cowden and Mr Sufredo retire as directors at the Annual General Meeting and being eligible, offer themselves for re-election.

12. Insurance and Indemnity of Officers or Auditor

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

13. Audit

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

14. Environmental Regulations and Native Title

Environmental

For exploration licenses EL23897, EL25497, EL25577, EL26221 and EL25374 the primary legislation in force is the Northern Territory Mining Management Act 2002, section 35 of which requires the application for authorisation of a Mine Management Plan on an annual basis.

For exploration License E46/598 the primary legislation in force is the Mining Act 1978 (WA) which allows the grant of tenure subject to standard conditions inclusive of environmental protection legislation.

Native Title

For exploration licenses EL23897, EL25497, EL25577, EL26221 and EL25374 an authority has been issued by the Aboriginal Areas Protection Authority for mining exploration and mining, including the construction of infrastructure.

For exploration License E46/598 an Assignment of Rights has been entered into with the Yamatji Marlpa Barna Baba Maaja Aboriginal Corporation regarding the Nyamal Heritage Agreement.

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



DIRECTOR



DIRECTOR

Signed at West Perth this 25th day of September, 2007

TRUSCOTT MINING CORPORATION LIMITED
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DIRECTORS' REPORT

AUDITORS' INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

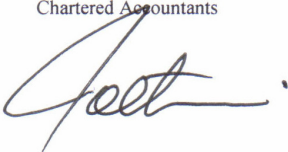
TO THE DIRECTORS OF TRUSCOTT MINING CORPORATION LIMITED

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2007 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.



MAXIM AUDIT
Chartered Accountants



M A Lester

Perth, WA

Dated this 25th day of September 2007

TRUSCOTT MINING CORPORATION LIMITED
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INCOME STATEMENT

FOR THE YEAR ENDED 30TH JUNE 2007

	NOTES	2007 \$	2006 \$
Revenue	2	52,598	7,212
Incorporation costs		0	(1,210)
Consultants		(6,587)	0
Depreciation		(730)	0
Directors' remuneration		(222,014)	(100,000)
Occupancy costs		(7,234)	0
Superannuation expenses		(3,686)	0
Administration expenses		<u>(56,648)</u>	<u>(3,859)</u>
Loss before income tax expense	3	(244,301)	(97,857)
Income tax expense	4	<u>0</u>	<u>0</u>
Loss from continuing operations		<u>(244,301)</u>	<u>(97,857)</u>
Basic earnings (loss) per share – cents per share	11	(0.70)	(0.57)
Diluted earnings (loss) per share – cents per share	11	(0.68)	(0.57)

The accompanying notes form part of these financial statements

TRUSCOTT MINING CORPORATION LIMITED
ABN: 31 116 420 378
BALANCE SHEET

AS AT 30TH JUNE 2007

	NOTES	2007 \$	2006 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		2,606,339	194,438
Trade and other receivables	5	<u>20,036</u>	<u>24,755</u>
TOTAL CURRENT ASSETS		<u>2,626,375</u>	<u>219,193</u>
NON-CURRENT ASSETS			
Property, plant and equipment	6	27,713	0
Deferred exploration, evaluation and development expenditure	7	<u>608,918</u>	<u>243,950</u>
TOTAL NON-CURRENT ASSETS		<u>636,631</u>	<u>243,950</u>
TOTAL ASSETS		<u>3,263,006</u>	<u>463,143</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	8	<u>12,352</u>	<u>3,352</u>
TOTAL CURRENT LIABILITIES		<u>12,352</u>	<u>3,352</u>
TOTAL LIABILITIES		<u>12,352</u>	<u>3,352</u>
NET ASSETS		<u>3,250,654</u>	<u>459,791</u>
EQUITY			
Issued capital	9	3,491,938	557,648
Reserves		100,874	0
Accumulated losses		<u>(342,158)</u>	<u>(97,857)</u>
TOTAL EQUITY		<u>3,250,654</u>	<u>459,791</u>
Commitments	15		
Contingent liabilities	16		

The accompanying notes form part of these financial statements

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

AS AT 30TH JUNE 2007

	Ordinary shares	Accumulated losses	Options reserve (1)	Total
	\$	\$	\$	\$
Balance at incorporation	0	0	0	0
Shares issued during the year	577,502	0	0	577,502
Transaction costs	(19,854)	0	0	(19,854)
Loss attributable to the members	0	(97,857)	0	(97,857)
Balance at 30 June 2006	<u>557,648</u>	<u>(97,857)</u>	<u>0</u>	<u>459,791</u>
Shares issued during the year	3,637,900	0	0	3,637,900
Transaction costs	(703,610)	0	0	(703,610)
Loss attributable to the members	0	(244,301)	0	(244,301)
Options reserve	0	0	100,874	100,874
Balance at 30 June 2007	<u>3,491,938</u>	<u>(342,158)</u>	<u>100,874</u>	<u>3,250,654</u>

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

- a. options are issued to directors as part of their remuneration; and
- b. options are issued to brokers who assist with capital raisings.

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

The accompanying notes form part of these financial statements

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

FOR THE YEAR ENDED 30TH JUNE 2007

	Note	2007 \$	2006 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest received		47,793	7,212
Payments to suppliers and employees		<u>(96,590)</u>	<u>11</u>
Net cash (used in) provided by operating activities	10	<u>(48,797)</u>	<u>7,223</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of plant and equipment		(28,443)	0
Payments for exploration, evaluation and development expenditure		(257,481)	(24,356)
Payment for security bond		0	(2,000)
Payments for interests in exploration/mining tenements		<u>(92,488)</u>	<u>(27,091)</u>
Net cash provided by (used in) investing activities		<u>(378,412)</u>	<u>(53,447)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		3,172,900	250,002
Capital raising costs		<u>(333,790)</u>	<u>(9,340)</u>
Net cash provided by financing activities		<u>2,839,110</u>	<u>240,662</u>
Net increase in cash held		2,411,901	194,438
Cash at beginning of financial year		<u>194,438</u>	<u>0</u>
Cash at end of financial year	10	<u><u>2,606,339</u></u>	<u><u>194,438</u></u>

The accompanying notes form part of these financial statements

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

FOR THE YEAR ENDED 30TH JUNE 2007

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES:

The principal accounting policies adopted in the preparation of the financial report are set out below. The comparative figures are from when the company was incorporated on 27th September 2005 to 30 June 2006.

(a) Basis of preparation

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

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

The financial report of Truscott Mining Corporation Limited complies with all International Financial Reporting Standards (IFRS) in their entirety.

The following is a summary of the material accounting policies adopted by the company in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

The accounting policies set out below have been consistently applied to all years presented.

Reporting Basis and Conventions

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

Critical accounting estimates

The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 20.

(b) Going concern

For the year ended 30 June 2007, the Company has incurred losses of \$244,301, as disclosed in the income statement. 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 Directors of the Company have determined that it has sufficient cash reserves to fund at least 18 months of operations and exploration from balance date.

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

(c) Segment reporting

A business segment of a Company is comprised of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment and is subject to risks and returns that are different from those of segments operating in other economic environments. The company operates in a single business segment, being the exploration for precious and base metals in one geographical segment, being Australia.

(d) Foreign currency translation

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

(e) Revenue

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets

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

(f) Income tax

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

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

FOR THE YEAR ENDED 30TH JUNE 2007

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

(f) Income tax (cont'd)

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the company will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

(g) Financial instruments

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

(h) Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

(i) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

(j) Property, Plant and Equipment

Plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

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

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

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

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

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

Costs incurred in the exploration, evaluation and development stages of specific areas of interest are accumulated. Such costs are written off unless the Directors consider that the costs are expected to be fully recouped through the successful development and exploitation of the areas, or where activities to date have not reached a stage to allow reasonable assessment regarding existence of economically recoverable reserves. Costs are written off as soon as an area has been abandoned or is considered to be non commercial. Expenditure is not carried forward in respect of any area of interest/mineral resource unless the company's rights of tenure to that area of interest are current.

Each year the Directors consider the recoverable value of the area being carried forward and where they believe those values to be lower than the costs, write down the costs accordingly. In determining recoverable amount, the expected net cash flows have not been discounted to their present value. Once production commences, expenditure accumulated in respect of areas of interest is amortised on a unit of production basis against the total proven and probable economically recoverable reserves.

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

FOR THE YEAR ENDED 30TH JUNE 2007

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

(l) Trade and other payables

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

(m) Employee benefits

As at the reporting date the company had no employees and no liability to make provisions for future employees.

Share-based Payments

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

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

(n) Issued capital

Ordinary shares are classified as equity.

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

(o) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except:

- Where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Balance Sheet.

Cash flows are included in the Cash Flow Statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(p) Leases

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

(q) Joint venture

Interests in joint venture operations are brought to account by including in the respective classifications, the company's share of individual assets employed, liabilities and expenses incurred. Details of the joint ventures are set out in Note 17. The company's interests in joint ventures are brought to account using the cost method.

(r) Restoration, rehabilitation and environmental expenditure

Restoration, rehabilitation and environmental costs necessitated by exploration and evaluation activities are accrued at the time of those activities and treated as exploration and evaluation expenditure. Costs are estimated on the basis of current undiscounted costs, current legal requirements and current technology.

2. REVENUE

	2007	2006
	\$	\$
Revenue from continuing operations:		
Interest received from other persons	52,598	7,212
	<u>52,598</u>	<u>7,212</u>

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

FOR THE YEAR ENDED 30TH JUNE 2007

3. EXPENSES AND LOSSES/(GAINS)

Loss before income tax includes the following specific expenses:

	2007	2006
	\$	\$
Auditors' remuneration for audit or review of the financial reports of the company	6,000	2,727
Remuneration for other services	0	0
Total remuneration	<u>6,000</u>	<u>2,727</u>
Minimum rental lease payments	14,468	0
Sublease payments	(7,234)	0
Rental expense on operating lease for head office	<u>7,234</u>	<u>0</u>
Insurance	<u>16,987</u>	<u>0</u>

4. INCOME TAX EXPENSE

(a) Income tax expense

Current income tax credit	(175,913)	(35,817)
Deferred tax	59,290	5,585
Tax losses not brought to account	<u>116,623</u>	<u>30,232</u>
	<u>0</u>	<u>0</u>

(b) Numerical reconciliation of income tax expense to prima facie tax payable

Loss from continuing operations before income tax expense	(244,301)	(97,857)
Tax at the Australian tax rate of 30%	(73,290)	(29,357)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Blackhole expenditure	(43,408)	(1,191)
Incorporation expenses	0	290
Sundry items	75	26
	<u>(116,623)</u>	<u>(30,232)</u>
Tax losses not brought to account	<u>116,623</u>	<u>30,232</u>
Income tax expense reported in the income statement	<u>0</u>	<u>0</u>

(c) Tax losses

Unused tax losses for which no deferred tax asset has been recognised	<u>705,768</u>	<u>119,390</u>
Potential Tax Benefit at 30%	<u>211,730</u>	<u>35,817</u>

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

	Balance Sheet		Income Statement	
	2007	2006	2007	2006
	\$	\$	\$	\$
(d) Deferred income tax				
Deferred income tax at 30 June relates to the following:				
<i>Deferred tax liabilities</i>				
Deferred exploration expenditure	66,675	6,403	60,272	6,403
<i>Deferred tax assets</i>				
Accrued expenses	(1,800)	(818)	(982)	(818)
Net deferred tax liabilities not recognised	<u>64,875</u>	<u>5,585</u>		
Deferred tax expense			<u>59,290</u>	<u>5,585</u>

(e) In respect of payment of dividends (if any) by Truscott Mining Corporation Ltd, no franking credits are currently available, or likely to become available in the next 12 months.

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

FOR THE YEAR ENDED 30TH JUNE 2007

5. TRADE AND OTHER RECEIVABLES - CURRENT	2007 \$	2006 \$
GST credit due	14,089	24,755
Interest receivable	4,805	0
Sundry debtor	1,142	0
	<u>20,036</u>	<u>24,755</u>

6. PROPERTY PLANT AND EQUIPMENT		
Building improvements – at cost	6,689	0
Less accumulated depreciation	(50)	0
	<u>6,639</u>	<u>0</u>
Office furniture and equipment – at cost	21,754	0
Less accumulated depreciation	(680)	0
	<u>21,074</u>	<u>0</u>
	<u>27,713</u>	<u>0</u>

Movements in carrying amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and end of the current financial year

	Building Improvements	Office Furniture and equipment	Totals
Balance at 1 July 2006	0	0	0
Additions	6,689	21,754	28,443
Disposals	0	0	0
Revaluation increments/decrements	0	0	0
Depreciation expense	(50)	(680)	(730)
Balance at 30 June 2007	<u>6,639</u>	<u>21,074</u>	<u>27,713</u>

7. DEFERRED EXPLORATION, EVALUATION AND DEVELOPMENT EXPENDITURE	2007 \$	2006 \$
Tenement acquisition costs (at cost)	386,044	221,982
Deferred exploration expenditure (at cost)	222,874	21,968
	<u>608,918</u>	<u>243,950</u>
Carrying amount at beginning of year	243,950	0
Deferred exploration, evaluation and development expenditure incurred	272,480	21,968
Expenditure associated with acquisitions	92,488	221,982
Disposal of interest in mining tenements	0	0
Amounts written back/(off)during the year	0	0
Impairment adjustment	0	0
Carrying amount at end of year (at cost)	<u>608,918</u>	<u>243,950</u>

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

8. TRADE AND OTHER PAYABLES - CURRENT		
Sundry payables and accrued expenses	12,352	3,352
	<u>12,352</u>	<u>3,352</u>

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

FOR THE YEAR ENDED 30TH JUNE 2007

9. ISSUED CAPITAL

a) Ordinary Shares

- (i) Issued and paid-up capital
48,164,502 (2006: 27,750,002) fully paid ordinary shares

	2007		2006	
	No. of Shares	\$	No. of Shares	\$
(ii) Movements in shares on issue				
Opening balance	27,750,002	577,648	0	0
Issue on 27/09/05 at \$1 each	0	0	2	2
Issue on 7/11/05 at 1 cent each for the acquisition of 90% of Northern Territory EL23897 and 90% of Western Australia E46/598	0	0	19,200,000	192,000
Placement on 21/11/05 at 5 cents each	0	0	5,000,000	250,000
Issue on 21/11/05 at 5 cents each for capital raising costs	0	0	250,000	12,500
Issue on 22/11/05 at 10 cents each on behalf of the directors for directors fees	0	0	1,000,000	100,000
Issue on 9/2/06 at 1 cent each to complete consideration payable for the acquisition of 90% of EL23897	0	0	2,300,000	23,000
Issue on 19/9/06 at 10 cents to consultant in lieu of fees	150,000	15,000	0	0
Placement on 25/10/06 at 10 cents	3,000,000	300,000	0	0
Issue on 25/10/06 at 10 cents each for capital raising costs	300,000	30,000	0	0
Issue on 5/11/06 at 10 cents each on behalf of the directors for directors fees	1,000,000	100,000	0	0
Initial public offering at 20 cents	14,364,500	2,872,900	0	0
Issue on 14/4/07 at 20 cents each for capital raising costs	1,600,000	320,000	0	0
	<u>48,164,502</u>	<u>4,195,548</u>	<u>27,750,002</u>	<u>577,502</u>
Less Costs of Issues	0	703,610	0	19,854
Closing balance	<u>48,164,502</u>	<u>3,491,938</u>	<u>27,750,002</u>	<u>557,648</u>

- (iii) Holders of ordinary shares have the right to receive dividends as declared and in the event of winding up the company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of shares held and the amount paid up. Shareholders are entitled to one vote per share held either in person or by proxy at a meeting of the company.

b) Options Over Ordinary Shares

As at the start of the year the company had no options on issue.

As at the year end the Company had on issue a total of 3,733,600 unlisted options as follows:

Broker options 733,600 Options exercisable at 20 cents by 31/3/2010. These options were valued at \$19,820 as at the date of issue.
Director options 3,000,000 Options exercisable at 20 cents by 31/3/2011. These options were valued at \$81,054 as at the date of issue.

No options were forfeited, none were exercised and none expired during the year.

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

Exercise price	\$0.20
Share price on date of valuation	\$0.20
Dividend yield	-
Volatility	70%
Risk-free interest rate	6.25%
Valuation date	1 January 2007
Expiry dates	31 March 2011
Expected life of options	12 months after issue
Fair value at grant date	\$0.027018

The dividend yield reflects the assumption that the current dividend payout will remain unchanged. The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

The total option based payment expense for both employees and consultants was \$100,874.

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

FOR THE YEAR ENDED 30TH JUNE 2007

9. ISSUED CAPITAL (cont'd)

c) Terms and conditions of Options

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

- Each Option entitles the holder to subscribe for one Share upon exercise of each Incentive Option.
- The Options have exercise prices and expiry dates as follows:
 - \$0.20 Broker Options expire 31 March 2010.
 - \$0.20 Director Options expire 31 March 2011.
- The Director Options are exercisable 12 months after the issue date of 14 April 2007 and prior to the Expiry Date.
- The Broker Options are exercisable at any time after the issue date and prior to the Expiry Date.
- Shares issued on exercise of the Options rank equally with the then shares of the Company but are restricted from trading for 2 years from 14 April 2007.
- Application will be made by the Company to ASX for official quotation of the Shares issued upon the exercise of the Options and after their release from restriction on trading
- If there is any reconstruction of the issued share capital of the Company, the rights of the Option holders may be varied to comply with the ASX Listing Rules which apply to the reconstruction at the time of the reconstruction.

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

The outstanding balance as at 30 June 2007 is represented by 3,733,600 Options over ordinary shares with an exercise price of \$0.20 each that expire on 31 March 2010 and 31 March 2011.

The weighted average remaining contractual life for the share options outstanding as at 30 June 2007 is 3.5 years.

The exercise price for options outstanding at the end of the year was \$0.20.

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

	2007	2006
	\$	\$
10. CASH FLOW INFORMATION		
(a) Reconciliation of the loss from continuing operations after income tax to the net cash flows used in operating activities		
Loss from continuing operations	(244,301)	(97,857)
Directors' fees satisfied by the issue of shares	100,000	100,000
Directors' fees satisfied by the issue of options	81,054	0
GST refundable on acquisition of interests in mining tenements	0	26,483
Depreciation	730	0
Changes in assets and liabilities:		
(Increase)/Decrease in receivables	4,720	(24,755)
Increase/(Decrease) in payables	9,000	3,352
Net cash flows used in operating activities	<u>(48,797)</u>	<u>7,223</u>
(b) Reconciliation of cash and cash equivalents:		
Cash and cash equivalents	<u>2,606,339</u>	<u>194,438</u>
Closing Balance per Cash Flow Statement	<u>2,606,339</u>	<u>194,438</u>
(c) Non-cash Financing and Investing Activities		
There were no non-cash financing and investing activities during the financial year.		

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

FOR THE YEAR ENDED 30TH JUNE 2007

11. EARNINGS PER SHARE

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

	2007	2006
	\$	\$
Loss used in calculating basic and diluted earnings per share	<u>(244,301)</u>	<u>(97,857)</u>
	No.	No.
Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	35,126,075	17,031,645
Weighted average number of options outstanding	<u>787,636</u>	<u>0</u>
Weighted average number of ordinary outstanding during the year used in calculating the dilutive EPS	<u>35,913,711</u>	<u>17,031,645</u>

12. FINANCIAL REPORTING BY SEGMENTS

(a) Primary Reporting - Geographical Segments

The whole of the Company's operations were in the single geographical segment of Australia.

(b) Secondary Reporting - Business Segments

The company was involved in a single business segment, being the exploration for precious and base metals.

13. RELATED PARTY DISCLOSURES

(a) Transactions with related parties

Peter N Smith is a director of Resource Investments & Consulting Pty Ltd which provided mining engineering services totalling \$27,707.

Ian D Cowden is a director and shareholder of Lana Pty Ltd which provided geological and geophysical services totalling \$48,267, of which \$15,000 was satisfied by the issue of 150,000 shares at 10 cents.

Ian D Cowden is a director and shareholder in GTI Resources Ltd, an ASX listed company that has taken a sub-lease of 50% of the company's head office at 13 Colin Street West Perth. The sub-lease is in identical terms as the head lease and requires GTI Resources Ltd to pay 50% of the costs of the lease commitments.

Derrick Sufredo had a 27.78% shareholding at 30 June 2007 in C K Locke & Partners Pty Ltd which provided share advisory and capital raising services totalling \$156,544, of which \$25,625 was satisfied by the issue of 256,247 shares at 10 cents.

Derrick Sufredo is a director and shareholder of Reseda Holdings Pty Ltd which provided share advisory and capital raising services totalling \$31,940, which was satisfied by the issue of 43,753 shares at 10 cents and 137,826 shares at 20 cents.

Michael J Povey is the principal of a Chartered Accounting practice which provided accounting and company secretarial services totalling \$4,967.

(b) Remuneration Report

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

Remuneration Policy

The policy of the company is to attract the right team members by paying market based remuneration that is commensurate with the skills and experience of the directors and future executives.

(i) Directors

The names of the company's directors in office at any time during the year ended to 30 June 2007 are as follows. Directors were in office for the entire period unless otherwise stated.

Peter N Smith
Ian D Cowden
Derrick Sufredo
Michael J Povey

TRUSCOTT MINING CORPORATION LIMITED
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FOR THE YEAR ENDED 30TH JUNE 2007

13. RELATED PARTY DISCLOSURES (cont'd)

(ii) Details of Remuneration

The remuneration for each director of the company during the year ended 30 June 2007 was as follows:

Name	Short Term employees benefit		Post-employment benefit	Share and option based payments		Other	Total
	Director's Fees \$	Salary \$	Superannuation \$	Non-Cash shares value \$	Non-Cash options value \$	Consulting Fees \$	
P N Smith	11,782	0	1,060	25,000	27,018	27,707	92,567
D Sufredo	9,726	0	875	25,000	13,509	188,484	237,594
I D Cowden	9,726	0	875	25,000	27,018	48,267	110,886
M J Povey	9,726	0	875	25,000	13,509	4,967	54,077
Totals	40,960	0	3,685	100,000	81,054	269,425	495,124

The above share/option based payments and consulting fees were paid to entities associated with the respective directors. The consulting fees were paid for services rendered under normal commercial arrangements and at commercial rates to entities associated with the directors. Of the \$188,484 in consulting fees shown for Mr Sufredo, \$25,625 comprised the value of shares issued and \$130,919 cash payments to C K Locke & Partners Pty Ltd of which Mr Sufredo had a 27.78% shareholder at 30 June 2007.

(iii) Consultancy agreements

Remuneration and other terms of employment for Mr P N Smith, Mr I D Cowden and Mr M J Povey are formalised in consultancy agreements. Each of these agreements provide for directors' fees, superannuation and the provision of professional services. A summary of agreements is as follows:

- The term of each agreement is for 2 years commencing from 14 April 2007
- Amounts payable are fixed for the 2 years
- The agreements may be terminated by giving 3 months notice or the company paying 3 months consultancy fee in lieu of notice.
- Upon termination of the agreement the consultant is not entitled to claim any compensation or damages from the Company in respect of the termination.
- Annual directors' fees payable, including 9% superannuation are:

Mr P N Smith	\$38,150
Mr I D Cowden	\$27,250
Mr M J Povey	\$27,250
- Consultancy fees payable are:

Mr P N Smith	\$72,000
Mr I D Cowden	\$84,000
Mr M J Povey	\$12,000
- Each director is entitled to receive additional consultancy fees at the rate of \$1,000 per day once the following number of equivalent days have been worked each year:

Mr P N Smith	110 days
Mr I D Cowden	110 days
Mr M J Povey	44 days

The remuneration for each director of the company during the period 27 September 2005 to 30 June 2006 was as follows:

Name	Short Term employees benefit		Post-employment benefit	Termination benefit	Share based payment	Other	Total
	Director's Fees \$	Salary \$	Superannuation \$	Termination Benefits \$	Shares \$	Consulting Fees \$	
P N Smith	0	0	0	0	25,000	2,500	27,500
D Sufredo	0	0	0	0	25,000	18,750	43,750
I D Cowden	0	0	0	0	25,000	3,000	28,000
M J Povey	0	0	0	0	25,000	0	25,000
Totals	0	0	0	0	100,000	24,250	124,250

The above share based payments and consulting fees were paid to entities associated with the respective directors. The consulting fees were paid for services rendered under normal commercial arrangements and at commercial rates. Of the \$18,750 in consulting fees shown for Mr Sufredo, \$9,889 comprised the value of shares issued and \$6,250 cash payments to C K Locke & Partners Pty Ltd of which Mr Sufredo was a 27.78% shareholder.

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FOR THE YEAR ENDED 30TH JUNE 2007

13. RELATED PARTY DISCLOSURES (cont'd)

SHARES				
Director	Balance 1-July-06	Acquired	Disposed	Balance 30-June-07
P N Smith	16,550,001	1,209,700	0	17,759,701
D Sufredo	1,500,001	823,907	0	2,323,908
I D Cowden	250,000	400,000	0	650,000
M J Povey	250,000	268,000	0	518,000
Totals	18,550,002	2,701,607	0	21,251,609

The above shareholdings include both direct and indirect holdings as at 30 June 2007. Shares acquired include shares granted as part of remuneration and shares purchased on market. Included in the indirect holdings of Mr Sufredo are 454,022 shares held by C K Locke & Partners Pty Ltd (CKL). These shares are held by CKL in trust for some of the employees and associates of CKL, but not including Mr Sufredo. Mr Sufredo held 27.78% of the issued shares in CKL at 30 June 2007.

OPTIONS				
Director	Balance 1-July-06	Acquired	Disposed	Balance 30-June-07
P N Smith	0	1,000,000	0	1,000,000
D Sufredo	0	500,000	0	500,000
I D Cowden	0	1,000,000	0	1,000,000
M J Povey	0	500,000	0	500,000
Totals	0	3,000,000	0	3,000,000

The above option holdings are indirect holdings as at 30 June 2007.

Details for the period from incorporation to 30 June, 2006

SHARES				
Director	Balance 1-July-06	Acquired	Disposed	Balance 30-June-07
P N Smith	0	16,550,001	0	16,550,001
D Sufredo	0	1,500,001	0	1,500,001
I D Cowden	0	250,000	0	250,000
M J Povey	0	250,000	0	250,000
Totals	0	18,550,002	0	18,550,002

The above shareholdings include both direct and indirect holdings as at 30 June 2006.

14. FINANCIAL INSTRUMENTS

(a) Credit Risk Exposure

The credit risk on financial assets of the company which have been recognised on the Balance Sheet is generally the carrying amount.

(b) Interest Rate Risk Exposures

The company's exposure to interest rate risk and the effective weighted average interest rate for each class of financial assets and financial liabilities is set out in the following table:

	Notes	Floating Interest Rate		Fixed interest Maturing in 1 year or less		Non-Interest Bearing		Total	
		\$ 2007	2006	\$ 2007	2006	\$ 2007	2006	\$ 2007	2006
Financial Assets:									
Cash at bank and on hand	10(b)	0	0	0	0	50,215	17,226	50,215	17,226
Cash at call	10(b)	535,606	177,212	0	0	0	0	535,606	177,212
Cash on deposit	10(b)	0	0	2,020,518	0	0	0	2,020,518	0
Trade and other receivables - Current		0	0	0	0	20,036	24,755	20,036	24,755
		<u>535,606</u>	<u>177,212</u>	<u>2,020,518</u>	<u>0</u>	<u>70,251</u>	<u>41,981</u>	<u>2,626,375</u>	<u>219,193</u>
Weighted average interest rate		6.1%	5.27%	6.2%					
Financial Liabilities:									
Payables	8	0	0	0	0	12,352	3,352	12,352	3,352
Weighted average interest rate									
Net financial assets (liabilities)		<u>535,606</u>	<u>177,212</u>	<u>2,020,518</u>	<u>0</u>	<u>57,899</u>	<u>38,629</u>	<u>2,614,023</u>	<u>215,841</u>

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FOR THE YEAR ENDED 30TH JUNE 2007

14. FINANCIAL INSTRUMENTS (cont'd)

Reconciliation of Net Financial Assets to Net Assets

	Total	
	2007	2006
	\$	
Net financial assets as above	2,614,023	215,841
Non financial assets and liabilities		
Property, plant and equipment	27,713	0
Deferred exploration expenditure	608,918	243,950
Net Assets	3,250,654	459,791

c) Net Fair Value of Financial Assets and Liabilities

On Balance Sheet

The net fair value of financial assets and financial liabilities of the company approximates their carrying values.

15. CAPITAL AND LEASING COMMITMENTS

	2007	2006
	\$	\$
a. Operating lease commitments		
Non-cancellable operating leases contracted for, but not capitalised in the financial statements		
Payable – minimum lease payments		
– not later than 12 months	92,950	0
– between 12 months and 5 years	174,281	0
– greater than 5 years	0	0
	267,231	0

The property lease is a non-cancellable lease with a 3 year term, with rent payable monthly in advance. Contingent rental provisions within the lease agreement require the minimum lease payments shall be increased by the CPI on the first anniversary and increased to market value on the second anniversary. The company has an option to renew the lease for a further 3 years at the expiry of the first 3 years. 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 \$133,616.

b. Capital expenditure commitments

The company entered into an agreement to acquire 2 mining tenements with the balance of the consideration being \$20,000 cash and 400,000 fully paid ordinary shares. The contract was settled in August 2007 and the remainder of the consideration paid. The company did not have any capital expenditure commitments at 30 June 2006.

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 \$417,500 on its properties.

16. CONTINGENT LIABILITIES

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

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FOR THE YEAR ENDED 30TH JUNE 2007

17. INTERESTS IN JOINT VENTURE OPERATIONS

The company has entered into the following joint venture operations:

Joint Venture Operation	Percentage Interest	Principal Activities	Exploration Expenditure	
			2007 \$	2006 \$
EL23897	90%	Gold exploration	203,500	5,289
E46/598	90%	Gold exploration	40,487	16,678
			243,987	21,967

The joint venture operations are not separate legal entities but are contractual arrangements between the participants for sharing costs and output and do not in themselves generate revenue or profit. Exploration expenditure is the only asset of the joint venture operations and there are no liabilities. This exploration expenditure has been included under Note 7.

18. EVENTS OCCURRING AFTER BALANCE DATE

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

19. FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks; market risk (including currency risk), price and commodity price risk, and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Company.

Risk management is carried out by the Board of Directors.

(a) Market risk

(i) Foreign exchange risk

Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the entity's functional currency.

The Company only operates in Australia and as yet is not exposed to foreign exchange risk arising from any specific foreign currency exposures.

(ii) Price risk

The Company is not exposed to equity securities price risk as it does not hold any investments.

(iii) Commodity Price Risk

The Company is exposed to Commodity Price risk. This risk arises from its activities directed at exploration, development and ultimately mining of mineral commodities. If commodity prices fall, the market for companies exploring for these commodities is affected. The Company does not hedge its exposures.

(b) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities.

20. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

Critical accounting estimates and assumptions

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

Estimated impairment of deferred exploration expenditure

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

21. STATEMENT OF COMPLIANCE

The following Australian Accounting Standards have been issued or amended and are applicable to the Company but are not yet effective. They have not been adopted in preparation of the financial statements at reporting date

The financial report complies with Australian Accounting Standards, which include AIFRS. The financial report also complies with International Financial Reporting Standards (IFRS).

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21. STATEMENT OF COMPLIANCE (cont'd)

The Company has elected to apply the following pronouncement to the annual reporting period beginning 1 July 2006:

- Revised AASB 101 *Presentation of Financial Statements* (issued October 2006).

This includes applying the pronouncement to the comparatives in accordance with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*. No adjustments to the financial statements were required for the above pronouncement but certain disclosures are no longer required and have therefore been omitted.

Except for the amendments to AASB 101 *Presentation of Financial Statements*, which the Company has early adopted, Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Company for the annual reporting period ended 30 June 2007. These are outlined in the table below:

Reference	Title	Summary	Application date of standard	Impact on Company financial report	Application date for Company
AASB 7	<i>Financial Instruments: Disclosures</i>	New standard replacing disclosure requirements of AASB 132	1 January 2007	AASB 7 is a disclosure standard so will have no direct impact on the amounts included in the Company's financial statements. However, the amendments may result in changes to the financial instrument disclosures included in the Company's financial report.	1 July 2007
AASB 2005-10	Amendments to Australian Accounting Standards [AASB 132, AASB 101, AASB 114, AASB 117, AASB 133, AASB 139, AASB 1, AASB 4, AASB 1023, & AASB 1038]	Amendments arise from the release in August 2005 of AASB 7 <i>Financial Instruments: Disclosures</i>	1 January 2007	As above.	1 July 2007
AASB 8	<i>Operating Segments</i>	Replaces the presentation requirements of segment reporting in AASB 114 <i>Segment Reporting</i> .	1 January 2009	AASB 8 is a disclosure standard so will have no direct impact on the amounts included in the Company's financial statements.	1 July 2009
AASB 2007-3	Amendments to Australian Accounting Standards [AASB 5, AASB 6, AASB 102, AASB 107, AASB 119, AASB 127, AASB 134, AASB 136, AASB 1023, & AASB 1038]	Amendments arise from the release of AASB 8 <i>Operating Segments</i>	1 January 2009	As above.	1 July 2009
AASB I-10	Interim Financial Reporting and Impairment	Clarifies that an entity shall not reverse an impairment loss recognised in a previous interim period in respect of goodwill or an investment in either an equity instrument or a financial asset carried at cost.	1 November 2006	As the Company has not recognised an impairment loss on any such assets at an interim period and subsequently reversed the impairment loss in the annual report, this amendment is not expected to have any impact on the Company's financial report.	1 July 2007

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21. STATEMENT OF COMPLIANCE (cont'd)

AASB I-11	AASB 2 - Company and Treasury Share Transactions	Addresses the classification of a share-based payment transaction (as equity or cash settled), in which equity instruments of the parent or another Company entity are transferred, in the financial statements of the entity receiving the services.	1 March 2007	As the Company does not have subsidiary or associated companies, this interpretation is not expected to have any impact on the Company's financial report.	1 July 2007
AASB 2007-1	Amendments to Australian Accounting Standard AASB 2	Amendments arise from the release of AASB Interpretation 11.	1 March 2007	As above.	1 July 2007
AASB I-12	Service Concession Arrangements	This Interpretation gives guidance on the accounting by operators for public-to-private service concession arrangements.	1 January 2008	Unless the Company enters into such concession arrangements, this interpretation is not expected to have any impact on the Company's financial report.	1 July 2008
AASB 2007-2	Amendments to Australian Accounting Standards [AASB 1, AASB 117, AASB 118, AASB 120, AASB 121, AASB 127, AASB 131, & AASB 139.]	Amendments arise from the release of AASB Interpretation 11.	1 January 2008	As above.	1 July 2008
AASB 2007-4	Amendments to Australian Accounting Standards arising from ED 151 and Other Amendments	The standard is a result of the AASB decision that, in principle, all accounting policy options currently existing in IFRS should be included in the Australian equivalents to IFRS and the additional Australian disclosures should be eliminated, other than those considered particularly relevant in the Australian reporting environment.	1 July 2007	As the Company does not anticipate changing any of its accounting policy choices as a result of the issue of AASB 2007-4 this standard will have no impact on the amounts included in the Company's financial statements. Changes to disclosure requirements will have no direct impact on the amounts included in the Company's financial statements. However the new standard may have an impact on the disclosures included in the Company's financial report.	1 July 2007
AASB 2007-6	Amendments to Australian Accounting Standards arising from AASB 123 [AASB 1, AASB 101, AASB 107, AASB 111, AASB 116 & AASB 138 and Interpretations 1 & 12]	Amending standard issued as a consequence of AASB 123 (revised) Borrowing Costs.	1 January 2009	As the Company does not currently construct or produce any qualifying assets which are financed by borrowings the revised standard will have no impact.	1 July 2009

TRUSCOTT MINING CORPORATION LIMITED
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21. STATEMENT OF COMPLIANCE (cont'd)

Reference	Title	Summary	Application date of standard	Impact on Company financial report	Application date for Company
AASB-2007-7	Amendments to Australian Accounting Standards [AASB 1, AASB 2, AASB 4, AASB 5, AASB 107 & AASB 128]	Amending standard issued as a consequence of AASB 2007-4.	1 July 2007	Refer to AASB 2007-4 above.	1 July 2007
AASB 7	Financial Instruments: Disclosures.	New standard replacing disclosure requirements of AASB 132.	1 January 2007	Refer to AASB 2005-10 above.	1 July 2007
AASB 101 (revised October 2006)	Presentation of Financial Statements	Many of the disclosures from previous GAAP are not carried forward in the October 2006 version of AASB 101. The revised standard includes some text from IAS 1 that is not in the existing AASB 101 and has fewer additional Australian disclosure requirements than the existing AASB 101.	1 January 2007	AASB 101 is a disclosure standard so will have no direct impact on the amounts included in the Company's financial statements. However the revised standard may result in changes to the disclosures included in the Company's financial report.	1 July 2007
AASB 123 (revised June 2007)	Borrowing Costs	AASB 123 previously permitted entities to choose between expensing all borrowing costs and capitalising those that were attributable to the acquisition, construction or production of a qualifying asset. The revised version of AASB 23 requires borrowing costs to be capitalised if they are directly attributable to the acquisition, construction or production of a qualifying asset.	1 January 2009	Refer to AASB 2007-6 above.	1 July 2009
AASB Interpretation 129 (revised June 2007)	Service Concession Arrangements: Disclosures	The revised interpretation was issued as a result of Interpretation 12 and requires specific disclosures about service concession arrangements entered into by an entity, whether as a concession provider or a concession operator.	1 January 2008	Refer to AASB 2007-2 above.	1 July 2008

DIRECTORS' DECLARATION

The directors of the Company declare that the financial statements and notes of the company as set out on pages 7 to 25 are in accordance with the Corporations Act 2001 and:

- a) comply with Accounting Standards and Corporations Regulations 2001; and
- b) give a true and fair view of the company's financial position as at 30 June 2007 and of its performance for the year ended 30 June 2007.

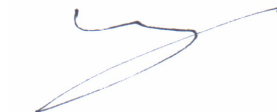
In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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



DIRECTOR

West Perth, WA



DIRECTOR

Dated this 25th day of September 2007



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

Report on the Financial Report

We have audited the accompanying financial report of Truscott Mining Corporation Limited (the company), which comprises the balance sheet as at 30 June 2007, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration of the company.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101: Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards (IFRS) ensures that the financial report, comprising the financial statements and notes, complies with IFRS.

The directors also are responsible for preparation and presentation of the remuneration disclosures contained in the directors' report in accordance with the Corporations Regulations 2001.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement and that the remuneration disclosures in the directors' report comply with Accounting Standard AASB 124.

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

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

Independence

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

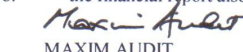
Matters Relating to the Electronic Presentation of the Audited Financial Report

The audit report relates to the financial report of Truscott Mining Corporation Limited for the financial year ended 30 June 2007 included on the web site. The company's directors are responsible for the integrity of the Truscott Mining Corporation Limited web site. We have not been engaged to report on the integrity of this web site. The audit report refers only to the financial report identified above. It does not provide an opinion on any other information which may have been hyperlinked to/from the financial report. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on this web site.

Auditor's Opinion

In our opinion:

- a. the financial report of Truscott Mining Corporation Limited is in accordance with the *Corporations Act 2001*, including:
 - i. giving a true and fair view of the company's financial position as at 30 June 2007 and of its performance for the year ended on that date; and
 - ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001;
- b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.


MAXIM AUDIT
Chartered Accountants

M A Lester
Perth, WA

Dated this 27th day of September 2007



Chartered
Accountants

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ADDITIONAL SHAREHOLDER INFORMATION

As at 10 September 2007

1. DISTRIBUTION OF SHAREHOLDERS

	Number of Shareholders	Number of Unlisted Option Holders
1	2	0
1,001	21	0
5,001	165	1
10,001	273	2
100,001 and over	<u>50</u>	<u>7</u>
	<u>511</u>	<u>10</u>
Percentage holding of 20 largest holders	67.97%	

2. TWENTY LARGEST SHAREHOLDERS

The names of the twenty largest shareholders are as follows:

Shareholder	Number of Shares	% of Issued Capital
1 Resource Holdings (WA) Pty Ltd	9,800,000	20.18
2 Resource Investments & Consulting Pty Ltd	6,500,000	13.38
3 Comprehensive Drainage (WA) Pty Ltd	5,200,000	10.71
4 Hillway Pty Ltd A/c Super Fund	1,525,000	3.14
5 Mr Yew Kwang Ng	1,500,000	3.09
6 Reseda Holdings Pty Ltd A/c Family Trust	1,302,225	2.68
7 Monticone Investments Pty Ltd A/c Family	1,300,000	2.68
8 Mr Jean-Claude Desille	800,000	1.65
9 Good Hotels Pty Ltd	685,000	1.41
10 Iana Pty Ltd A/c Super Fund	650,000	1.34
11 MJ & EV Povey A/c Super Fund	518,000	1.07
12 J Taylor Nominees Pty Ltd	500,000	1.03
13 C K Locke & Partners Pty Ltd A/c Staff	454,022	0.93
14 Reseda Holdings Pty Ltd A/c Super Fund	431,579	0.89
15 Davos Resources Pty Ltd	400,000	0.82
16 Citicorp Nominees Pty Ltd	340,000	0.70
17 Tuxedo Investments Pty Ltd	325,000	0.67
18 Mr Cong Pham	280,000	0.58
19 Alcardo Investment Pty Ltd	250,000	0.51
20 E C Dawson Investments Pty Ltd	<u>250,000</u>	<u>0.51</u>
Total of Top 20	<u>33,010,826</u>	<u>67.97</u>
Total Shares	<u>48,564,502</u>	<u>100.00</u>

3. OPTION HOLDERS

The names of the option holders are as follows:

Shareholder	Number of Options	% of Options
1 Hillway Pty Ltd A/c Super Fund	1,000,000	26.78
2 Iana Pty Ltd A/c Super Fund	1,000,000	26.78
3 MJ & EV Povey A/c Super Fund	500,000	13.39
4 Reseda Holdings Pty Ltd A/c Super Fund	500,000	13.39
5 Martin Place Securities Pty Ltd	430,000	11.52
6 Pareto Nominees Pty Ltd A/c Damelle	105,200	2.82
7 Ms Emma Radford	100,000	2.68
8 E C Dawson Investments Pty Ltd	50,000	1.34
9 Mr Derren Gardiner	42,000	1.13
10 Mr Angelo Tinelli	<u>6,400</u>	<u>0.17</u>
Total Options	<u>3,733,600</u>	<u>100.00</u>

None of the options for the above 10 option holders are listed for quotation on the Australian Securities Exchange.

4. SUBSTANTIAL SHAREHOLDERS

As at 10 September 2007 the substantial shareholders registered with the company were:

Shareholder	Number of Shares	% of Issued Capital
1 Peter Neil Smith	17,825,001	36.70
2 Comprehensive Drainage (WA) Pty Ltd	5,200,000	10.71

5. VOTING RIGHTS

Ordinary shares

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

Unlisted Options

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

6. UNQUOTED SECURITIES

Options

All of the 3,733,600 issued options held by the 10 option holders are unlisted. 3,000,000 are on issue to parties related to the directors. All options are subject to restrictions and will not be eligible for listing until 14 April 2009. All broker options have vested and the director options will vest on 14 April 2008.

<u>Expiry date</u>	<u>Exercise price</u>	<u>No. of options</u>	<u>No. of holders</u>
31/3/2010	\$0.20	733,600	6 – brokers
31/3/2011	\$0.20	3,000,000	4 – directors

Ordinary shares

A total of 48,564,502 ordinary shares are on issue of which 20,514,502 are listed. There are 28,050,000 unlisted ordinary shares with 47 holders. 19,887,826 unlisted shares are held by 8 entities associated with the directors. The remaining 8,162,174 unlisted shares are held by 39 other holders. All of the unlisted shares are subject to restrictions and will be eligible for listing as follows:

1,500,000 shares on 14 April 2008
400,000 shares on 30 August 2008
26,550,000 shares on 14 April 2009

7. OTHER DISCLOSURES

All cash and assets in a form readily convertible to cash at the time of the company's admission to listing on the Australian Securities Exchange have been used in a manner consistent with its business activities.

8. COMPANY DETAILS

The registered office of the company is:

13 Colin Street
West Perth WA 6005

9. TENEMENT SCHEDULE

Tenements held as at 25 September 2007 are:

Project	Type & Number	Date Granted or Renewed	Held by	Area
<u>Northern Territory</u>				
Westminster	MLC511	31/01/2007	TRM	9 Hectares
Westminster	A25952	Application	TRM	1 Block
Ewan Edward	EL23897	10/02/2004	TRM 90%	8 Blocks
Ewan Edward	EL25497	17/07/2007	TRM	4 Blocks
Ewan Edward	EL25577	17/07/2007	TRM	3 Blocks
Ewan Edward	EL26221	Application	TRM	2 Blocks
Gosse River	EL25374	13/12/2006	TRM	57 Blocks
Arcadia	MLC621	05/08/1981	TRM	8 Hectares
Arcadia	MLC622	30/08/1981	TRM	8 Hectares
<u>Western Australia</u>				
Nullagine	E46/598	05/11/2004	TRM 90%	16 Blocks

Notes:

- a. TRM = Truscott Mining Corporation Ltd
- b. MLC = Mineral Lease (Central)
- c. A = Authority to explore
- d. EL = Exploration Licence
- e. E = Exploration Licence