



TRUSCOTT
MINING CORPORATION LIMITED

ABN: 31 116 420 378

FINANCIAL REPORT
FOR THE YEAR ENDED
30 JUNE 2008

COMPANY PARTICULARS

DIRECTORS

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

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

REGISTERED OFFICE
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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

Security Transfer Registrars
770 Canning Highway
Applecross WA 6053
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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 2008.

Board Composition

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

The name of the independent director of the company is:

Derrick Sufredo

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

- less than 10% of company shares are held by the director and any entity or individual directly or indirectly associated with the director;
- no sales are made to or purchases made from any entity or individual directly or indirectly associated with the director; and
- none of the directors' income or the income of an individual or entity directly or indirectly associated with the director is derived from a contract with any member of the company other than income derived as a director of the company.

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

Truscott Mining Corporation Ltd has adopted comprehensive systems of control and accountability as the basis for the administration of corporate governance. The Board is committed to administering the policies and procedures with openness and integrity, pursuing the true spirit of corporate governance commensurate with the Company's needs. To the extent they are applicable, the Company has adopted the Eight 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.

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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.

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.

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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

Only one of the directors is 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 1, 2, 4 and 5 of Box 2.1 of the ASX Principles and Recommendations. The Board believes that Peter Smith is the most appropriate person for the position as chair because of his experience.

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

Notification of Departure:

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

Explanation for Departure:

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

Principle 8

Recommendation 8.1: The Board should establish a remuneration committee

Notification of Departure:

A separate remuneration committee has not been formed.

Explanation for Departure:

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

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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 2008.

Directors

Names, Qualifications and Experience

The names and details of the company's directors in office at any time during the year ended 30 June 2008 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 & Consulting 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 was 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) – retired 30 November 2007
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 was a director of the company from October 2005 to 30 November 2007.

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

Kevin R Alexander (Non-Executive Director) – appointed 3 December 2007
BSc (Biochemistry), BSc (Hons) (Geology), MSc (Exploration and Mining), MAusIMM, MAIG

A geologist with 26 years experience in the exploration and mining of gold, base metals and diamonds in Australia, Indonesia, Kazakhstan, Russia and Armenia. He has held a number of positions at the Chief Geologist and Exploration Managers level and in particular has considerable exposure to projects involving large drilling programmes and ranging from pre-feasibility stage through to advanced development and operating mines. Most recently he was Chief Geologist for Oriel Resources plc, an A.I.M listed company, and was responsible for the geological aspects of feasibility studies into large nickel and chrome projects in Kazakhstan.

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.

Principal Activities

The principal activities of the company are the exploration and development of gold and base metal projects in the Northern Territory. No significant changes in the nature of these activities occurred during the year ended 30th June 2008, other than ceasing to explore in Western Australia.

Operating Results

The loss of the company after providing for income tax amounted to \$401,815 (2007: \$244,301).

Dividends

No dividend has been declared or paid by the company during the year ended 30th June 2008 and the directors do not at present recommend a dividend.

Review of Operations

Exploration activities

The Company focused and expanded exploration activities on its Westminster and Ewan Edward projects in Tennant Creek. This included mapping, soil sampling, geophysical surveys, RC and diamond drilling programs as well as comprehensive reviews and re-interpretation of historical data.

Two additional tenements, collectively known as the Explorer Project, were acquired at Legune in the Northern Territory. As announced on 11 June 2008 the company has signed the agreement to acquire 2 exploration tenements from Resource Holdings (WA) Pty Ltd (a company associated with Mr

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Peter Smith, the company Chairman) for a consideration of 4,000,000 unlisted options with an exercise price of 85 cents, an escrow period of 2 years and an expiry of 18 May 2012. As at 30 June 2008 the settlement of the purchase had not been completed as the options cannot be issued without shareholder approval, which will be sought at the coming annual general meeting. These options had a valuation, using the Black-Scholes method, of \$49,520 on the date of signing the agreement. Accordingly this transaction has not been reflected in the accounts as at 30 June 2008.

Financial Position

The net assets of the company were \$3,492,509 at 30 June 2008 (2007 \$3,250,654).

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 2008 not otherwise disclosed in this report or the financial statements:

- (i) The company issued 400,000 ordinary shares at 20 cents each as part consideration for acquisition of exploration tenements;
- (ii) The company raised \$600,000 in December 2007 to January 2008 to assist with the costs of the company's exploration program on its Northern Territory tenements; and
- (iii) On 23 May 2008 3,000,000 unlisted director options were issued.

After Balance Date Events

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

Future Developments, Prospects and Business Strategies

The company commenced a further drilling program on its Westminster Project with assay results expected to be received from early October and into November.

The company will continue the systematic exploration and evaluation of its two major project areas in Tennant Creek and commence initial work on its new Explorer Project area at Legune.

Remuneration Report

This report details the nature and amount of remuneration for each director and executive of Truscott Mining Corporation Limited. As at the date of this report the company had one executive employee – Mr Ivan Henderson, the company's chief geologist who commenced 20 August 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

The remuneration for each key management person of the company during the year ended 30 June 2008 was as follows:

Name	Short-term benefits		Post-employment benefits	Share based payments		Totals
	Cash salary, fees & commissions \$	Consulting fees \$	Superannuation \$	Non-cash shares value \$	Non-cash options value \$	
<u>Executive directors</u>						
P N Smith	35,000	119,604	3,150	0	2,404	160,158
I D Cowden	10,417	63,249	937	0	(13,509)	61,094
M J Povey	25,000	29,450	2,250	0	2,404	59,104
<u>Non-executive directors</u>						
D Sufredo	25,000	0	2,250	0	1,202	28,452
K R Alexander	14,583	2,000	1,313	0	1,168	19,064
<u>Senior management</u>						
I Henderson	108,871	0	9,798	0	0	118,669
Totals	218,871	214,303	19,698	0	(6,331)	446,541

The above option based payments and consulting fees were paid either to the director or to entities associated with the respective directors. The consulting fees were paid for services rendered under normal commercial arrangements and at commercial rates to entities associated with the directors. The non-cash options value is the proportionate share of the total value based in the elapsed period to vesting.

As Mr Henderson, the company's chief geologist, commenced on 20 August 2007 there are no 2007 comparative figures. His contract may be terminated by either party giving 3 months written notice. After 12 months of service Mr Henderson becomes entitled to 300,000 unlisted options with an exercise price of 25 cents and an expiry of 20 August 2011. After 2 years of service Mr Henderson will become entitled to 300,000 unlisted options with an exercise price of 30 cents and an expiry of 20 August 2012. After 3 years of service Mr Henderson will become entitled to 300,000 unlisted options with an exercise price of 25 cents and an expiry of 20 August 2013. The issue of the options is contingent on Mr Henderson being employed by the Company on each anniversary date. The issue of these options requires shareholder approval at this year's annual general meeting. No allowance has been made for these options in the financial statements.

Consultancy agreements

Remuneration and other terms of employment for Mr P N Smith, Mr I D Cowden (retired 30/11/07) 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 the agreements is as follows:

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- The term of each agreement was 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 – retired 30/11/07	\$27,250
Mr M J Povey	\$27,250
- Consultancy fees payable are:

Mr P N Smith	\$72,000
Mr I D Cowden – retired 30/11/07	\$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 – retired 30/11/07	110 days
Mr M J Povey	44 days

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

Name	Short-term benefits		Post-employment benefits	Share based payments		Totals
	Cash salary, fees & commissions \$	Consulting fees \$	Superannuation \$	Non-cash shares value \$	Non-cash options value \$	
Executive directors						
P N Smith	11,782	27,707	1,060	25,000	27,018	92,567
I D Cowden	9,726	48,267	875	25,000	27,018	110,886
M J Povey	9,726	4,967	875	25,000	13,509	54,077
Non-executive directors						
D Sufredo	9,726	188,484	875	25,000	13,509	237,594
Senior management						
I Henderson	0	0	0	0	0	0
Totals	40,960	269,425	3,685	100,000	81,054	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.

Number of shares held by key management personnel and related entities

Director	Balance 1-July-07	Acquired	Disposed	Balance 30-June-08
P N Smith	17,759,701	196,671	0	17,956,372
D Sufredo	2,323,908	47,681	454,022	1,917,567
K R Alexander	0	0	0	0
M J Povey	518,000	82,000	0	600,000
I Henderson	0	0	0	0
Totals	20,601,609	326,352	454,022	20,473,939

The above shareholdings include both direct and indirect holdings as at 30 June 2008. Shares acquired were purchased on market. Included in the indirect holdings of Mr Sufredo as at 1 July 2007 were 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 disposed of all of his shares in CKL during the year ended 30 June 2008, and CKL still holds the 454,022 shares.

Number of options held by key management personnel and related entities

Director	Balance 1-July-07	Acquired	Disposed	Balance 30-June-08
P N Smith	1,000,000	1,000,000	0	2,000,000
D Sufredo	500,000	500,000	0	1,000,000
K R Alexander	0	500,000	0	500,000
M J Povey	500,000	1,000,000	0	1,500,000
I Henderson	0	0	0	0
Totals	2,000,000	3,000,000	0	5,000,000

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Options issued as part of remuneration for the year ended 30 June 2008.

Unlisted options							
Key management person 2008	Vested No.	Granted No.	Grant date	Value per option at grant date	Exercise price \$	First exercise date	Last exercise date
P N Smith	0	1,000,000	23.5.2008	0.02250	0.25	23.5.2009	23.5.2012
D Sufredo	0	500,000	23.5.2008	0.02250	0.25	23.5.2009	23.5.2012
K R Alexander	0	500,000	23.5.2008	0.01168	0.20	3.12.2008	31.3.2011
M J Povey	0	1,000,000	23.5.2008	0.02250	0.25	23.5.2009	23.5.2012
I Henderson	0	0					
Totals	0	3,000,000					

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

Unlisted options					
Key management person 2008	Options granted as part of remuneration \$ (a)	Total remuneration represented by options %	Options exercised \$	Options cancelled (\$)	Total \$
P N Smith	2,404	1.63	0	0	2,404
D Sufredo	1,202	4.22	0	0	1,202
I D Cowden	0	-	0	(13,509)	(13,509)
K R Alexander	1,168	6.13	0	0	1,168
M J Povey	2,404	4.07	0	0	2,404
I Henderson	0	0	0	0	0
Totals	7,178		0	(13,509)	(6,331)

(a) The value shown is the proportionate share of the total value based in the elapsed period to vesting.

The above option holdings are indirect holdings for Mr Smith and Mr Sufredo as at 30 June 2008. Mr Povey elected to receive 50% as direct and 50% as indirect. Mr Alexander holds all of his directly. All options vest 12 months after the issue date. The options for Mr Alexander have an exercise price of 20 cents and expire on 31 March 2011. The options for Mssrs Smith, Sufredo and Povey have an exercise price of 25 cents and expire on 23 May 2012.

Unlisted Share Options

At the date of this report the following options to acquire ordinary shares in Truscott Mining Corporation Ltd had been issued. No options were exercised during the year ended 30 June 2008.

OPTIONS				
Grant date	Date of expiry	Exercise price	Number under option	
14 April 2007	31 March 2011	20 cents	2,500,000	
14 April 2007	31 March 2010	20 cents	753,600	
23 May 2008	31 March 2011	20 cents	500,000	
23 May 2008	23 May 2012	25 cents	2,500,000	
Totals			6,253,600	

As announced on 11 June 2008 the company has signed an agreement to acquire 2 exploration tenements from Resource Holdings (WA) Pty Ltd (a company associated with Mr Peter Smith, the company Chairman) for a consideration of 4,000,000 unlisted options with an exercise price of 85 cents, an escrow period of 2 years and an expiry period of 4 years from date of issue. The options cannot be issued without shareholder approval, which will be sought at the coming annual general meeting.

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 2008.

Auditors' Independence Declaration

The auditors' independence declaration for the year ended 30 June 2008 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.

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Directors' Meetings

During the financial year, 12 meetings of directors (including committees of directors) were held. Attendances by each director during the year were as follows:

	Directors' meetings		Audit committee meetings	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Director				
P N Smith	10	10		
D Sufredo	10	10	2	1
I D Cowden	4	4		
K R Alexander	5	4		
M J Povey	10	10	2	2

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

Insurance and Indemnity of Officers or Auditor

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

Audit

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

Environmental Regulations and Native Title

Environmental

For exploration licenses/applications EL23897, EL25497, EL25577, EL26221, A25952 and MLC511 the primary legislation in force is the Northern Territory Mining Management Act 2002, section 35 of which requires the application for authorisation of a Mine Management Plan on an annual basis.

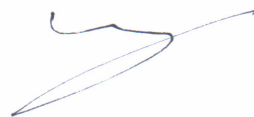
Native Title

For exploration licenses/applications EL23897, EL25497, EL25577, EL26221, EL25374, MLC511, A25952, A26500 and A26558 an authority has been issued by the Aboriginal Areas Protection Authority for mining exploration and mining, including the construction of infrastructure.

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



DIRECTOR



DIRECTOR

Signed at West Perth this 9th day of September, 2008


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

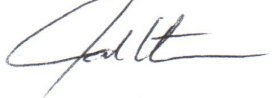
AUDITORS' INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

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 2008 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 9th day of September 2008

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

FOR THE YEAR ENDED 30TH JUNE 2008

	NOTES	2008 \$	2007 \$
Revenue	2	143,040	52,598
Consultants		(67,085)	(6,587)
Depreciation		(12,798)	(730)
Directors' remuneration		(63,044)	(222,014)
Occupancy costs		(41,173)	(7,234)
Exploration evaluation and development costs	7	(166,873)	0
Superannuation expenses		(6,356)	(3,686)
Administration expenses		<u>(187,526)</u>	<u>(56,648)</u>
Loss before income tax expense	3	(401,815)	(244,301)
Income tax expense	4	<u>0</u>	<u>0</u>
Loss from continuing operations		<u>(401,815)</u>	<u>(244,301)</u>
Basic earnings (loss) per share – cents per share	11	(0.80)	(0.70)
Diluted earnings (loss) per share – cents per share	11	(0.75)	(0.68)

The accompanying notes form part of these financial statements

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

AS AT 30TH JUNE 2008

	NOTES	2008 \$	2007 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		1,542,214	2,606,339
Trade and other receivables	5	<u>50,354</u>	<u>20,036</u>
TOTAL CURRENT ASSETS		<u>1,592,568</u>	<u>2,626,375</u>
NON-CURRENT ASSETS			
Property, plant and equipment	6	88,446	27,713
Deferred exploration, evaluation and development expenditure	7	<u>1,954,071</u>	<u>608,918</u>
TOTAL NON-CURRENT ASSETS		<u>2,042,517</u>	<u>636,631</u>
TOTAL ASSETS		<u>3,635,085</u>	<u>3,263,006</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	8	<u>142,576</u>	<u>12,352</u>
TOTAL CURRENT LIABILITIES		<u>142,576</u>	<u>12,352</u>
TOTAL LIABILITIES		<u>142,576</u>	<u>12,352</u>
NET ASSETS		<u>3,492,509</u>	<u>3,250,654</u>
EQUITY			
Issued capital	9	4,141,398	3,491,938
Reserves		95,084	100,874
Accumulated losses		<u>(743,973)</u>	<u>(342,158)</u>
TOTAL EQUITY		<u>3,492,509</u>	<u>3,250,654</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

FOR THE YEAR ENDED 30TH JUNE 2008

	Ordinary shares	Accumulated losses	Options reserve (1)	Total
	\$	\$	\$	\$
Balance at 30 June 2006	557,648	(97,857)	0	459,791
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	3,491,938	(342,158)	100,874	3,250,654
Shares issued during the year	680,000	0	0	680,000
Transaction costs	(30,540)	0	0	(30,540)
Loss attributable to the members	0	(401,815)	0	(401,815)
Options reserve	0	0	(5,790)	(5,790)
Balance at 30 June 2008	4,141,398	(743,973)	95,084	3,492,509

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

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

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 2008

	Note	2008 \$	2007 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest received		146,879	47,793
Interest paid		(25)	0
Payments for exploration, evaluation and development expenditure		(40,634)	0
Payments to suppliers and employees		<u>(365,544)</u>	<u>(96,590)</u>
Net cash provided by (used in) operating activities	10	<u>(259,324)</u>	<u>(48,797)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of plant and equipment		(82,172)	(28,443)
Payments for exploration, evaluation and development expenditure		(1,254,161)	(257,481)
Payment for security bond		(7,100)	0
Payments for interests in exploration/mining tenements		<u>(31,368)</u>	<u>(92,488)</u>
Net cash provided by (used in) investing activities		<u>(1,374,801)</u>	<u>(378,412)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		600,000	3,172,900
Capital raising costs		<u>(30,000)</u>	<u>(333,790)</u>
Net cash provided by financing activities		<u>570,000</u>	<u>2,839,110</u>
Net increase (decrease) in cash held		(1,064,125)	2,411,901
Cash at beginning of financial year		<u>2,606,339</u>	<u>194,438</u>
Cash at end of financial year	10	<u><u>1,542,214</u></u>	<u><u>2,606,339</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 2008

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES:

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

(a) Basis of preparation

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

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

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

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 2008, the Company has incurred losses of \$401,815 and generated net cash outflows of \$259,324 from operating activities, as disclosed in the income statement and cash flow statement, respectively. As a result of the losses and cash outflows 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 and the available funds exceed estimated minimum and committed expenditure for the next 12 months.

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 2008

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 2008

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

(l) Trade and other payables

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

(m) Employee benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. Those cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

Share/option – based payments are provided to the directors 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

	2008	2007
	\$	\$
Revenue from continuing operations:		
Interest received from other persons	143,040	52,598
	<u>143,040</u>	<u>52,598</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 2008

3. EXPENSES AND LOSSES/(GAINS)

Loss before income tax includes the following specific expenses:

	2008	2007
	\$	\$
Auditors' remuneration for audit or review of the financial reports of the company	18,500	6,000
Remuneration for other services	0	0
Total remuneration	<u>18,500</u>	<u>6,000</u>
Minimum rental lease payments	109,258	14,468
Sublease payments	<u>(70,595)</u>	<u>(7,234)</u>
Rental expense on operating lease for head office	<u>38,663</u>	<u>7,234</u>

4. INCOME TAX EXPENSE

(a) Income tax expense

Current income tax credit	(541,516)	(175,913)
Deferred tax	431,500	(113,150)
Tax losses not brought to account	<u>110,016</u>	<u>289,063</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	(401,815)	(244,301)
Tax at the Australian tax rate of 30%	(120,545)	(73,290)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Unrecognised deferred tax asset relating to capital raising costs charged to equity	36,078	(172,440)
Tenement acquisition costs written off	20,722	0
Blackhole expenditure	(46,198)	(43,408)
Incorporation expenses	(145)	0
Sundry items	72	75
	<u>(110,016)</u>	<u>(289,063)</u>
Tax losses not brought to account	<u>110,016</u>	<u>289,063</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>2,510,821</u>	<u>705,768</u>
Potential Tax Benefit at 30%	<u>753,246</u>	<u>211,730</u>

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

	Balance Sheet		Income Statement	
	2008	2007	2008	2007
	\$	\$	\$	\$
(d) Deferred income tax				
Deferred income tax at 30 June relates to the following:				
<i>Deferred tax liabilities</i>				
Deferred exploration expenditure	476,843	66,675	410,168	60,272
Other	529	0	529	0
<i>Deferred tax assets</i>				
Accrued expenses	(12,286)	(1,800)	(10,486)	(982)
Capital raising costs	(226,202)	(217,039)	(9,162)	(217,039)
Other	(4,789)	0	(4,789)	0
Net deferred tax liabilities/(assets) not recognised	<u>234,095</u>	<u>(152,164)</u>		
Deferred tax expense			<u>386,260</u>	<u>157,749</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 2008

	2008	2007
	\$	\$
5. TRADE AND OTHER RECEIVABLES - CURRENT		
GST credit due	41,446	14,089
Interest receivable	965	4,805
Sundry debtor	0	1,142
Pre-paid insurance	7,943	0
	<u>50,354</u>	<u>20,036</u>
6. PROPERTY PLANT AND EQUIPMENT		
Building improvements – at cost	10,388	6,689
Less accumulated depreciation	<u>(1,579)</u>	<u>(50)</u>
	8,809	6,639
Office furniture and equipment – at cost	43,335	21,754
Less accumulated depreciation	<u>(12,511)</u>	<u>(680)</u>
	30,824	21,074
Motor vehicle – at cost	26,561	0
Less accumulated depreciation	<u>(4,191)</u>	<u>0</u>
	22,370	0
Field equipment – at cost	30,331	0
Less accumulated depreciation	<u>(3,888)</u>	<u>0</u>
	26,443	0
	<u>88,446</u>	<u>27,713</u>

Movements in carrying amounts

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

	Building improvements	Office furniture and equipment	Field equipment	Motor vehicle	Totals
Balance at 1 July 2006	0	0	0	0	0
Additions	6,689	21,754	0	0	28,443
Disposals	0	0	0	0	0
Revaluation increments/decrements	0	0	0	0	0
Depreciation expense	<u>(50)</u>	<u>(680)</u>	<u>0</u>	<u>0</u>	<u>(730)</u>
Balance at 1 July 2007	6,639	21,074	0	0	27,713
Additions	3,699	21,581	30,331	26,561	82,172
Disposals	0	0	0	0	0
Revaluation increments/decrements	0	0	0	0	0
Depreciation expense	<u>(1,529)</u>	<u>(11,831)</u>	<u>(3,888)</u>	<u>(4,191)</u>	<u>(21,439)</u>
Balance at 30 June 2008	<u>8,809</u>	<u>30,824</u>	<u>26,443</u>	<u>22,370</u>	<u>88,446</u>

	2008	2007
	\$	\$
7. DEFERRED EXPLORATION, EVALUATION AND DEVELOPMENT EXPENDITURE		
Tenement acquisition costs – at cost	364,592	386,044
Deferred exploration expenditure – at cost	<u>1,589,479</u>	<u>222,874</u>
	<u>1,954,071</u>	<u>608,918</u>
Carrying amount at beginning of year	608,918	243,950
Deferred exploration, evaluation and development expenditure incurred	1,393,558	272,480
Expenditure associated with acquisitions	118,468	92,488
Disposal of interest in mining tenements	0	0
Amounts written back/(off)during the year	(166,873)	0
Impairment adjustment	<u>0</u>	<u>0</u>
Carrying amount at end of year (at cost)	<u>1,954,071</u>	<u>608,918</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.

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

FOR THE YEAR ENDED 30TH JUNE 2008

7. DEFERRED EXPLORATION, EVALUATION AND DEVELOPMENT EXPENDITURE (Cont'd)	2008 \$	2007 \$
As announced on 11 June 2008 the company has signed an agreement to acquire 2 exploration tenements from Resource Holdings (WA) Pty Ltd (a company associated with Mr Peter Smith, the company Chairman) for a consideration of 4,000,000 unlisted options with an exercise price of 85 cents, an escrow period of 2 years and an expiry of 18 May 2012. As at 30 June 2008 the settlement of the purchase had not been completed as the options cannot be issued without shareholder approval, which will be sought at the coming annual general meeting. These options had a valuation, using the Black-Scholes method, of \$49,520 on the date of signing the agreement. Accordingly this transaction has not been reflected in the accounts as at 30 June 2008.		
8. TRADE AND OTHER PAYABLES - CURRENT		
Sundry payables and accrued expenses	111,471	12,352
Employee entitlements	31,105	0
	142,576	12,352

9. ISSUED CAPITAL

a) Ordinary Shares

- (i) Issued and paid-up capital
52,564,502 (2007: 48,164,502) fully paid ordinary shares

	2008		2007	
	No. of Shares	\$	No. of Shares	\$
(ii) Movements in shares on issue				
Opening balance	48,164,502	3,491,938	27,750,002	557,648
Issue on 19/9/06 at 10 cents to consultant in lieu of fees			150,000	15,000
Placement on 25/10/06 at 10 cents			3,000,000	300,000
Issue on 25/10/06 at 10 cents for capital raising costs			300,000	30,000
Issue on 5/11/06 at 10 cents on behalf of the directors for directors fees			1,000,000	100,000
Initial public offering at 20 cents			14,364,500	2,872,900
Issue on 14/4/07 at 20 cents for capital raising costs			1,600,000	320,000
Issue on 30/7/07 at 20 cents as part consideration for the acquisition of exploration tenements	400,000	80,000		
Placement on 16/02/08 at 15 cents	3,566,666	535,000		
Placement on 21/02/08 at 15 cents	433,334	65,000		
	52,564,502	4,171,938	48,164,502	4,195,548
Less costs of issues	0	30,540	0	703,610
Closing balance	52,564,502	4,141,398	48,164,502	3,491,938

- (iii) Holders of ordinary shares have the right to receive dividends as declared and in the event of winding up the company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of shares held and the amount paid up. At shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

Share issues:

On 30 July 2007, 400,000 shares were issued at \$0.20.
On 16 February 2008, 3,566,666 shares were issued at \$0.15
On 21 February 2008, 433,334 shares were issued at \$0.15.

b) Options Over Ordinary Shares

Options:

As at the year end the Company had 6,253,600 unlisted options as follows:
753,600 Options exercisable at \$0.20 by 31 March 2010.
2,500,000 Options exercisable at \$0.20 by 31 March 2011.
500,000 Options exercisable at \$0.20 by 31 March 2011.
2,500,000 Options exercisable at \$0.25 by 23 May 2012.

Option issues:

3,000,000 Options were issued by the Company during the year as follows:
500,000 Options exercisable at \$0.20 by 31 March 2011.
2,500,000 Options exercisable at \$0.25 by 23 May 2012.

TRUSCOTT MINING CORPORATION LIMITED
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FOR THE YEAR ENDED 30TH JUNE 2008

9. ISSUED CAPITAL (cont'd)

As announced on 11 June 2008 the company has signed an agreement to acquire 2 exploration tenements from Resource Holdings (WA) Pty Ltd (a company associated with Mr Peter Smith, the company Chairman) for a consideration of 4,000,000 unlisted options with an exercise price of 85 cents, an escrow period of 2 years and an expiry 18 May 2012. The options cannot be issued without shareholder approval, which will be sought at the coming annual general meeting. These vendor options were valued at \$49,520 as at the date of signing the agreement.

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

	31/3/11 expiry	23/5/12 expiry
Exercise price	\$0.20	\$0.25
Share price on date of valuation	\$0.105	\$0.105
Dividend yield	-	-
Volatility	70%	70%
Risk-free interest rate	7.25%	7.25%
Valuation date	8 April 2008	8 April 2008
Expiry dates	31 March 2011	23 May 2012
Expected life of options	12 months after issue	12 months after issue
Fair value at grant date	\$0.01168	\$0.0225

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.

c) **Terms and conditions of Options**

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

Options issued in prior years

- Each Option entitles the holder to subscribe for one Share upon exercise of each Option.
- The Options have exercise prices and expiry dates as follows:
 - \$0.20 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

Options issued in the current year

- Each Option entitles the holder to subscribe for one Share upon exercise of each Option.
- The Options have exercise prices and expiry dates as follows:
 - \$0.20 Director Options expire 31 March 2011.
 - \$0.25 Director Options expire 23 May 2012.
- The 20 cent Director Options are exercisable 12 months after the issue date of 3 December 2007 and prior to the Expiry Date.
- The 25 cent Director Options are exercisable 12 months after the issue date of 23 May 2008 and prior to the Expiry Date.
- Application will be made by the Company to ASX for official quotation of the Shares issued upon the exercise of the Options.
- 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 2008 is represented by 6,253,600 Options over ordinary shares with exercise prices of \$0.20 and \$0.25 each that expire on 31 March 2010, 31 March 2011 and 23 May 2012.

The weighted average remaining contractual life for the share options outstanding as at 30 June 2008 is 3.06 years.

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

TRUSCOTT MINING CORPORATION LIMITED
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FOR THE YEAR ENDED 30TH JUNE 2008

	2008	2007
	\$	\$
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	(401,815)	(244,301)
Directors' fees satisfied by the issue of shares	0	100,000
Directors' fees satisfied by the issue (cancellation) of options	(6,331)	81,054
Write-off of exploration expenditure	126,238	0
Depreciation	12,798	730
Changes in assets and liabilities:		
(Increase)/Decrease in receivables	(4,593)	4,720
Increase/(Decrease) in payables and accruals	25,845	9,000
Increase/(Decrease) in income in advance	(3,523)	0
(Increase)/Decrease in prepayments	(7,943)	0
Net cash flows used in operating activities	<u>(259,324)</u>	<u>(48,797)</u>
(b) Reconciliation of cash and cash equivalents:		
Cash and cash equivalents	<u>1,542,214</u>	<u>2,606,339</u>
Closing Balance per Cash Flow Statement	<u>1,542,214</u>	<u>2,606,339</u>

(c) Non-cash Financing and Investing Activities

The acquisition of two exploration tenements was partly funded by the issue of 400,000 ordinary shares with an issue price of 20 cents for total non-cash consideration of \$80,000 during the financial year.

11. EARNINGS PER SHARE

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

	2008	2007
	\$	\$
Loss used in calculating basic and diluted earnings per share	<u>(401,815)</u>	<u>(244,301)</u>
	No.	No.
Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	50,006,237	35,126,075
Weighted average number of options outstanding	<u>3,867,299</u>	<u>787,636</u>
Weighted average number of ordinary outstanding during the year used in calculating the dilutive EPS	<u>53,873,536</u>	<u>35,913,711</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

Transactions with related parties

Peter N Smith is a director of Resource Investments & Consulting Pty Ltd which provided mining engineering services totalling \$119,604 (2007 \$27,707).

Ian D Cowden (retired 30/11/07) is a director and shareholder of Iana Pty Ltd which provided geological and geophysical services totalling \$63,249 (2007 \$48,267).

Ian D Cowden (retired 30/11/07) 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, which amounted to \$66,753 including 50% contribution to other office outgoings (2007 \$3,234).

TRUSCOTT MINING CORPORATION LIMITED
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FOR THE YEAR ENDED 30TH JUNE 2008

13. RELATED PARTY DISCLOSURES (Cont'd)

Michael J Povey is the principal of a Chartered Accounting practice which provided accounting and company secretarial services totalling \$29,450 (2007 \$4,967).

Kevin R Alexander provided geological consultancy services totalling \$2,000 (2007 \$0).

As announced on 11 June 2008 the company has signed an agreement to acquire 2 exploration tenements from Resource Holdings (WA) Pty Ltd (a company associated with Mr Peter Smith, the company Chairman) for a consideration of 4,000,000 unlisted options with an exercise price of 85 cents, an escrow period of 2 years and an expiry 18 May 2012. The options cannot be issued without shareholder approval, which will be sought at the coming annual general meeting. These vendor options were valued at \$49,520 as at the date of signing the agreement.

14. FINANCIAL RISK MANAGEMENT

(a) Financial risk management policies

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

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

Liquidity risk

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

Credit risk

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

Interest Rate Risk

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

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

	Notes	Floating Interest Rate		Fixed interest rate		Non-Interest Bearing		Total	
		\$	\$	\$	\$	\$	\$	\$	\$
		2008	2007	2008	2007	2008	2007	2008	2007
Financial Assets:									
Cash at bank and on hand	10(b)	0	0	0	0	236,468	50,215	236,468	50,215
Cash at call	10(b)	85,746	535,606	0	0	0	0	85,746	535,606
Cash on deposit	10(b)	0	0	1,220,000	2,020,518	0	0	1,220,000	2,020,518
Trade and other receivables - Current		0	0		0	50,354	20,036	50,354	20,036
Total financial assets		85,746	535,606	1,220,000	2,020,518	286,822	70,251	1,592,568	2,626,375
Weighted average interest rate		7.1%	6.1%	7.35%	6.2%	-	-		
Financial Liabilities:									
Payables	8	0	0	0	0	142,576	12,352	142,576	12,352
Total financial liabilities		0	0	0	0	142,576	12,352	142,576	12,352
Weighted average interest rate		-	-	-	-	-	-		
Net financial assets (liabilities)		85,746	535,606	1,220,000	2,020,518	144,246	57,899	1,449,992	2,614,023

(b) Financial instruments

Net Fair Value

For other assets and other liabilities the net fair value approximates their carrying value, as disclosed in the Balance Sheet.

TRUSCOTT MINING CORPORATION LIMITED
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FOR THE YEAR ENDED 30TH JUNE 2008

15. CAPITAL AND LEASING COMMITMENTS

	2008	2007
	\$	\$
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	99,191	92,950
– between 12 months and 5 years	86,792	174,281
– greater than 5 years	<u>0</u>	<u>0</u>
	<u>185,983</u>	<u>267,231</u>

The property lease commenced in May 2007 and 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 to 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 \$92,991 (2007 \$133,616)

b. Capital expenditure commitments

As announced on 11 June 2008 the company has signed the agreement to acquire 2 exploration tenements from Resource Holdings (WA) Pty Ltd (a company associated with Mr Peter Smith, the company Chairman) for a consideration of 4,000,000 unlisted options with an exercise price of 85 cents, an escrow period of 2 years and an expiry of 18 May 2012. As at 30 June 2008 the settlement of the purchase had not been completed as the options cannot be issued without shareholder approval, which will be sought at the coming annual general meeting. These options had a valuation, using the Black-Scholes method, of \$49,520 on the date of signing the agreement. Accordingly this transaction has not been reflected in the accounts as at 30 June 2008.

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 \$506,500 on its properties.

16. CONTINGENT LIABILITIES

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

17. INTERESTS IN JOINT VENTURE OPERATION

The company has entered into the following joint venture operations:

Joint Venture Operation	Percentage Interest	Principal Activities	Exploration Expenditure	
			2008 \$	2007 \$
EL23897	90%	Gold exploration	213,663	203,500
E46/598	90%	Gold exploration	40,663	40,487
			<u>254,326</u>	<u>243,987</u>

The joint venture operation is not a separate legal entity but is a contractual arrangement 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 operation and there are no liabilities. This exploration expenditure has been included under Note 7. All acquisition costs and exploration costs for E46/598 were written-off as at 30 June, 2008 and the tenement has been surrendered.

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18. SHARE BASED PAYMENTS

The following share-based payment arrangements existed at 30 June 2008:

On 23 May 2008, 2,500,000 share options were granted to 3 directors to accept ordinary shares at an exercise price of \$0.25. The options are exercisable after 23 May 2009 but before 23 May 2012. On 23 May 2008 a further 500,000 share options were granted to 1 director to accept ordinary shares at an exercise price of \$0.20. These options are exercisable after 3 December 2008 but before 31 March 2011. The options hold no voting or dividend rights and are not transferable. When a director ceases employment the options are deemed to have lapsed. Since balance date, no director has ceased their employment. At balance date, no share option has been exercised.

	2008		2007	
	Number of Options	Weighted Average Exercise Price \$	Number of Options	Weighted Average Exercise Price \$
Outstanding at the beginning of the year	3,000,000	\$0.20	0	0
Granted	3,000,000	\$0.24	3,000,000	\$0.20
Forfeited/cancelled	(500,000)	\$0.20	0	0
Exercised	0	0	0	0
Expired	0	0	0	0
Outstanding at year-end	5,500,000	\$0.22	3,000,000	\$0.20
Exercisable at year-end	2,500,000		0	

There were no options exercised during the year ended 30 June 2008.

The options outstanding at 30 June 2008 had a weighted average exercise price of \$0.22 and a weighted average remaining contractual life of 3.33 years. Exercise prices range from \$0.20 to \$0.25 in respect of options outstanding at 30 June 2008.

The weighted average fair value of the options granted during the year was \$0.0207.

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

Weighted average exercise price	\$0.24	
Weighted average life of the option	3.80	years
Underlying share price	\$0.105	
Expected share price volatility	70%	
Risk free interest rate	7.25%	

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

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

The total option based payment for both employees and consultants is a credit of \$6,331 (2007: debit \$100,874).

19. 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.

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.

TRUSCOTT MINING CORPORATION LIMITED
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FOR THE YEAR ENDED 30TH JUNE 2008

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.

AASB Amendment	Standards Affected	Outline of Amendment	Application Date of Standard	Application Date for the Company
AASB 2007-3 Amendments to Australian Accounting Standards	AASB 5	Non-current Assets Held for Sale and Discontinued Operations	1.1.2009	1.7.2009
	AASB 6	Exploration for and Evaluation of Mineral		
	AASB 102	Inventories		
	AASB 107	Cash Flow Statements		
	AASB 119	Employee Benefits		
	AASB 127	Consolidated and Separate Financial Statements		
	AASB 134	Interim Financial Reporting		
	AASB 136	Impairment of Assets		
	AASB 1023	General Insurance Contracts		
	AASB 1038	Life Insurance Contracts		
AASB 8 Operating Segments	AASB 114	Segment Reporting	1.1.2009	1.7.2009
AASB 2007-6 Amendments to Australian Accounting Standards	AASB 1	First time adoption of AIFRS	1.1.2009	1.7.2009
	AASB 101	Presentation of Financial Statements		
	AASB 107	Cash Flow Statements		
	AASB 111	Construction Contracts		
	AASB 116	Property, Plant and Equipment		
AASB 138	Intangible Assets			
AASB 123 Borrowing Costs	AASB 123	Borrowing Costs	1.1.2009	1.7.2009
AASB 2007-8 Amendments to Australian Accounting Standards	AASB 101	Presentation of Financial Statements	1.1.2009	1.7.2009
AASB 101	AASB 101	Presentation of Financial Statements	1.1.2009	1.7.2009

DIRECTORS' DECLARATION

The directors of the Company declare that:

1. the financial statements and notes, as set out on pages 7 to 22, 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 financial position as at 30 June 2008 and of the performance for the year ended on that date of the company;
2. the Executive Chairman and Chief Finance Officer have each declared that:
 - a) the financial records of the company for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001;
 - b) the financial statements and notes for the financial year comply with the Accounting Standards; and
 - c) the financial statements and notes for the financial year give a true and fair view;
3. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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



DIRECTOR

West Perth, WA



DIRECTOR

Dated this 9th day of September 2008

Maximise your potential



MAXIM
Hall Chadwick
Chartered Accountants & Business Advisers

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 2008, 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.

As permitted by the Corporations Regulations 2001, the company has disclosed information about the remuneration of directors and executives (remuneration disclosures), required by Accounting Standard AASB 124: Related Party Disclosures, under the heading 'Remuneration Report' in pages 2 to 4 of the directors' report and not in the financial report.

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 on 9 September 2008, would be in the same terms if provided to the directors as at the date of this auditor's report.

Auditor's Opinion

In our opinion:

- a. the financial report of Truscott Mining Corporation Limited is in accordance with the *Corporations Act 2001*, including:
 - i. giving a true and fair view of the company's financial position as at 30 June 2008 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; and
- c. the remuneration disclosures that are contained in pages 2 to 4 of the directors' report comply with Accounting Standard AASB 124.


MAXIM AUDIT
Chartered Accountants

Mark Lester
Perth W.A.

Dated this 9th day of September 2008
"Liability limited by a scheme approved under Professional Standards Legislation"



Chartered
Accountants



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

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ADDITIONAL SHAREHOLDER INFORMATION

As at 11 September 2008

1. DISTRIBUTION OF SHAREHOLDERS

		Number of Shareholders	Number of Unlisted Option Holders
1	1,000	3	0
1,001	5,000	19	0
5,001	10,000	151	1
10,001	100,000	229	3
100,001 and over		<u>57</u>	<u>8</u>
		<u>459</u>	<u>12</u>
Percentage holding of 20 largest holders		70.99%	

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	18.64
2 Resource Investments & Consulting Pty Ltd	6,614,372	12.58
3 Comprehensive Drainage (WA) Pty Ltd	5,200,000	9.89
4 Alcardo Investment Pty Ltd	2,161,667	4.11
5 Reseda Holdings Pty Ltd	2,047,567	3.90
6 Hillway Pty Ltd	1,761,000	3.35
7 Dr Yew Kwang Ng	1,500,000	2.85
8 Martin Place Securities	1,366,666	2.60
9 Monticone Investments Pty Ltd	1,176,592	2.24
10 WHI Securities Pty Ltd	981,667	1.87
11 Leet Investments Pty Ltd	688,500	1.31
12 Iana Pty Ltd	650,000	1.24
13 MJ & EV Povey	620,000	1.18
14 J Taylor Nominees Pty Ltd	500,000	0.95
15 C K Locke & Partners Pty Ltd	454,022	0.86
16 Tuxedo Investments Pty Ltd	425,000	0.81
17 Norseman Gold plc	400,000	0.76
18 Mr Cong Pham	398,000	0.76
19 Good Hotels Pty Ltd	307,830	0.59
20 E C Dawson Investments Pty Ltd	<u>260,577</u>	<u>0.50</u>
Total of Top 20	<u>37,313,460</u>	<u>70.99</u>
Total Shares	<u>52,564,502</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	2,000,000	31.98
2 MJ & EV Povey	1,000,000	15.99
3 Reseda Holdings Pty Ltd	1,000,000	15.99
4 Mr Kevin Alexander	500,000	8.00
5 Iana Pty Ltd	500,000	8.00
6 Mr Michael J Povey	500,000	8.00
7 Martin Place Securities Pty Ltd	450,000	7.20
8 Pareto Nominees Pty Ltd	105,200	1.68
9 Ms Emma Radford	100,000	1.60
10 E C Dawson Investments Pty Ltd	50,000	0.80
11 Mr Derren Gardiner	42,000	0.67
12 Mr Angelo Tinelli	<u>6,400</u>	<u>0.10</u>
Total Options	<u>6,253,600</u>	<u>100.00</u>

None of the options for the above 12 option holders are listed for quotation on the Australian Securities Exchange.

4. SUBSTANTIAL SHAREHOLDERS

As at 11 September 2008 the substantial shareholders registered with the company were:

Shareholder	Number of Shares	% of Issued Capital
1 Peter Neil Smith	18,175,373	34.58
2 Comprehensive Drainage (WA) Pty Ltd	5,200,000	9.89

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 6,253,600 issued options held by the 13 option holders are unlisted. 5,000,000 are on issue to directors or parties related to the directors.

Expiry date	Vesting date	Exercise price	Escrow date	No. of options	No. of holders
31/3/2010		\$0.20	14/4/2009	753,600	6
31/3/2011		\$0.20	14/4/2009	2,500,000	4
31/3/2011	2/12/2008	\$0.20		500,000	1
23/5/2012	23/5/2009	\$0.25		2,500,000	4

Ordinary shares

A total of 52,564,502 ordinary shares are on issue of which 26,014,502 are listed. There are 26,550,000 unlisted ordinary shares with 29 holders. 19,887,826 unlisted shares are held by 6 entities associated with the directors. The remaining 6,662,174 unlisted shares are held by 21 other holders. All of the unlisted shares are subject to restrictions and will be eligible for listing as follows:

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 11 September 2008 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	26/10/2007	TRM	1 Block
Westminster	A26500	9/7/2008	TRM	5 Blocks
Westminster	A26558	9/7/2008	TRM	2 Blocks
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	14/2/2008	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
Explorer	EL25881	12/10/2007	TRM	64 Blocks
Explorer	EL26145	25/01/2008	TRM	12 Blocks

Notes:

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