ANNUAL REPORT 2017

TRUSCOTT MINING CORPORATION LIMITED ACN 116 420 378

TRUSCOTT
MINING CORPORATION LIMITED

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CHAIRMAN'S REPORT

I am pleased to present the Company's Annual Report for 2016/17 and a summary of the exploration activities and commercial initiatives for the year. During this period Truscott Mining Corporation Limited (Truscott) has maintained its operational focus within the Tennant Creek Mineral Field in the Northern Territory.

The first half the financial year saw another consolidation of gold prices resulting in further pressure on junior explorers seeking to raise capital in a deteriorated market place. Gold producers throughout Australia continued to generate reasonable profits but the overall level of commitment to exploration, other than brown fields drilling, was still constrained. Against this background Truscott continues to have 100 percent ownership of its assets, and a share register with relatively few shares on issue.

Funding for the completion of the drill-out for the Westminster Project and additional capital requirement for development, is under consideration. Interest in the Project continues to build up, as development risk decreases and potential outcome for all parties improves. The expected impact on the tightly held share register, following any settlement, is expected to be significant.

Truscott has continued its research and development activities studying the structural controls over mineralisation within the wider Tennant Creek area and is positioned to acquire more exploration tenure at the appropriate time. These findings combined with observations on the success and failure of other explorer's programs has built up knowledge that will better focus future exploration drilling objectives.

The company has recommenced drilling activities at Westminster and added some further structural findings for research purposes. The near term level of drilling activity will in part be determined by the status of the Westminster Project. With further improvement in gold market conditions, the Westminster Project Area is at a level of maturity at which it is can be advanced by either incorporation in a Joint Venture Arrangement or equity funding.

The dynamics of the market place and the quality of its Tennant Creek assets support the long term perspective maintained by the Company on development. With reduced green-fields exploration being undertaken during the long period of contraction, the supply of potential assets for acquisition or joint venture are limited. Confirmation of the change in market place seen in early 2016, along with the return to more buoyant market is awaited to drive opportunity.

Truscott continues to work with the tight trading conditions experienced by junior explorers by carefully allocating exploration expenditure, and reducing its corporate overheads by maintaining an operational office on its mining lease at Tennant Creek and moving the majority of its other business functions into the electronic domain.

By maintaining an ongoing emphasis on adding value by developing knowledge rather than the more capital intensive processes associated with drilling it has again been possible to complete the year with limited issuance of new shares. The consolidated holdings for the listed top twenty shareholders, currently equals 75.7% of the total shares on issue.

Directors continue to support the Company by constraining their time charges, advancing loan funds and, subject to annual general meeting approval, accepting full payment for Directors' fees by the issue of Performance Rights that convert to shares on reaching a set Milestone. It should be evident from these actions that the Directors have a long term perspective of the Company and the planned development of its assets.

The Company continues to demonstrate strong attributes, relative to many others in the gold exploration sector of; committed leadership in the field by directors and staff, increasingly rare high grade gold targets, good leverage as a consequence of the number of shares on issue, and large percentages of shareholdings by Directors and staff.

Peter N Smith
Executive Chairman

29 September 2017

REVIEW OF OPERATIONAL ACTIVITES

Strategic Considerations

During the year Truscott recommenced drilling activities at the Westminster Gold Project.

This drilling combined with local and regional scale research has provided the context for documenting that the Westminster Gold Project now has the potential to become a large company operation based on significant mineralisation.

The focus of the company's recent drilling activities has been the number one ore body within the more extensive Westminster Project area. It should be understood that initial emphasis on this area of work is the result of a legacy of historical drilling that concentrated on artisan workings, and it was not necessarily considered the most prospective part of the project area.

Drilling has confirmed that the plunge of the ironstones hosting the ore body is in accordance with Truscott's structural model. The four ironstone shoots delineated so far are not constrained at depth. It is noted that government reports indicate the prospective metasediments in the region are up to several kilometres in depth.

Later stage gold mineralisation is located in a number of shear elements that cross cut the ironstone bodies and effectively create slices of highly sheared and mineralised rock. The true width of these shears is typically five to seven metres wide. The consistency of the shearing indicates large scale structural activity with the potential to condition sites for extensive bodies of mineralisation.

The technical overview is that Orogenic scale dynamic shearing activity appears to have post-dated earlier structural folding of the sedimentary sequence. Pathways for mineralising fluid are, in part defined by the discordant later stage shearing and in part related to the earlier folding of the metasediments.

At Westminster the economic ore zones are characterised by a discrete higher grade population of assays with a lower cut-off grade of 0.6g/t Au and an estimated top cut in the 80-100g/t Au range. Wire framing or otherwise constraining the ore zones for resource estimation purposes is more dependent on metal zones than rock and alteration classifications due to the discordant nature of the shearing.

Exploration companies have incurred close to $100 million dollars of exploration expenditure in the Tennant Creek region over the last decade with no substantial near term return on capital being evident. Clearly, a resetting of exploration strategy was called for and Truscott has therefore focused on research supported by field observations to this end.

A number of key findings on operational procedures follow the research work programs and subsequent structural modelling. Included in those findings is the need to identify the difference between the system plunge of the discrete host ironstone units on the 103 degrees(R) direction, and the plunge of individual concentrations of mineralisation in the direction of 063 degrees (P). The failure to resolve the apparent tension between these two directions appears to provide an explanation for the ongoing difficulties encountered when operators have attempted to drill out Tennant Creek ore-systems.

With enhanced understanding and increased knowledge base, the company is now ready to push forward. It is also noted that The Northern Territory Minister for Primary Industries & Resources is looking to re-establish Tennant Creek as a mining centre.

Ore Body One – Westminster Project

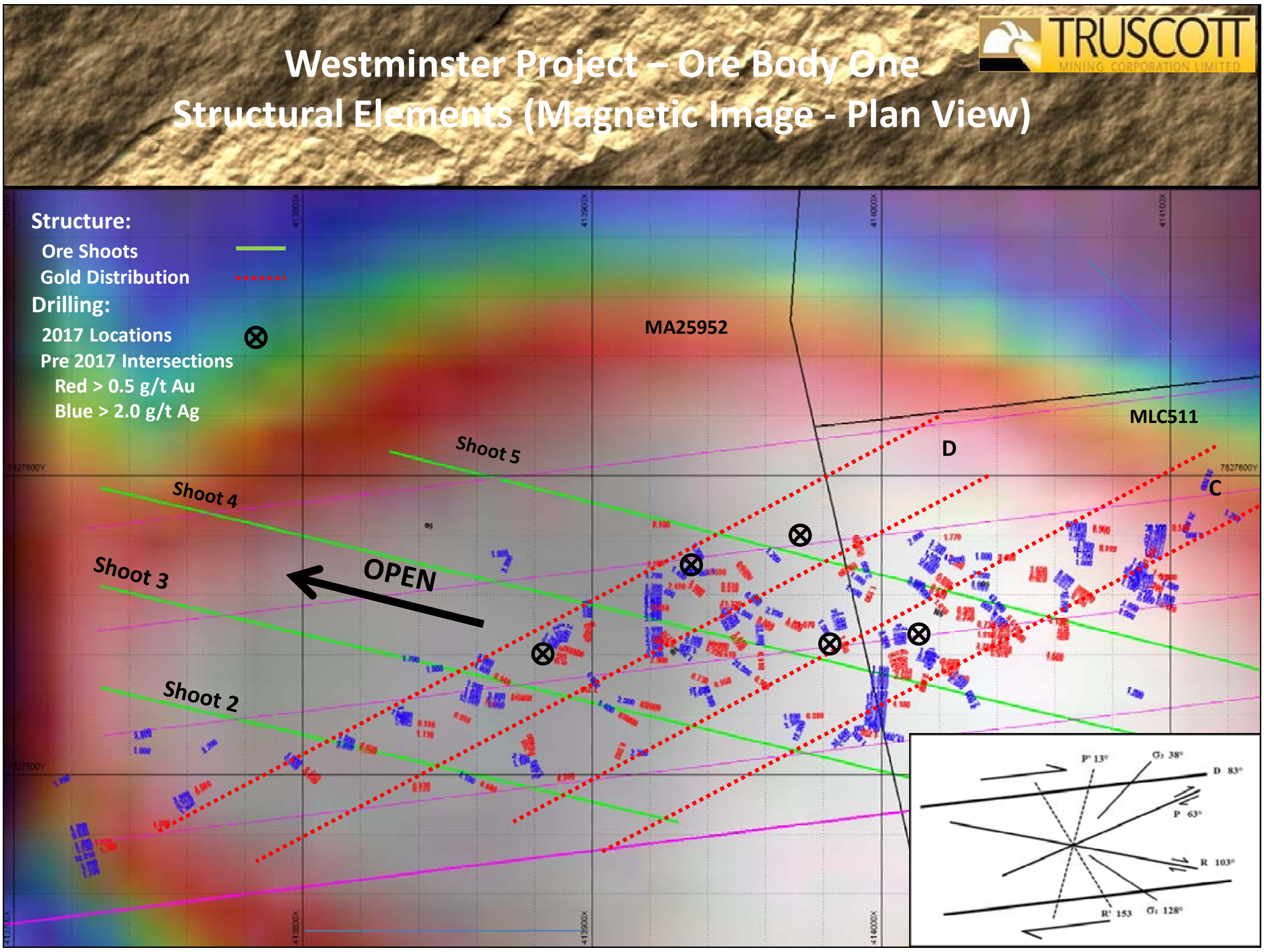

Figure One: Ore Body One – Ore Shoots

The complexity of the ore systems within the Tennant Creek Field have been a barrier to planning exploration strategies, ore body modelling, and design of mining systems. Ore body one is no exception to these challenges and is complex at first observation. Truscott now understands that while the system is complex it is well ordered due to the large scale events that have influenced its formation.

The result is an ordered generation of a stack of plunging ore shoots (Figure 1) that are cross cut by dilation elements (panels – red dots) that provide for the movement of gold on 063° (P). The interplay forms a matrix of sheared – mineralised rock within the ironstone host. Each sheared component within the matrix has lateral dimensions of approximately eighty metres and a true thickness of five metres. These observations are consistent with those reported at the White Devil Mine, where up to sixty mineralised pods were described with no structural explanation provided.

Ore Body One – Ore Shoot Five

Data from two previous drill holes is presented in table one to illustrate the true thickness of the targeted mineralisation and its intensity. Mineralisation intensity varies according to the placement of the drill hole within the component (pod). The dilation elements are thorough going, but the gold and then the bismuth levels rapidly drop off as the shear exits the ironstone. The less mineralized zones between ironstones have the potential to be left as natural pillars and facilitate the selective mining of the highly mineralized rock.

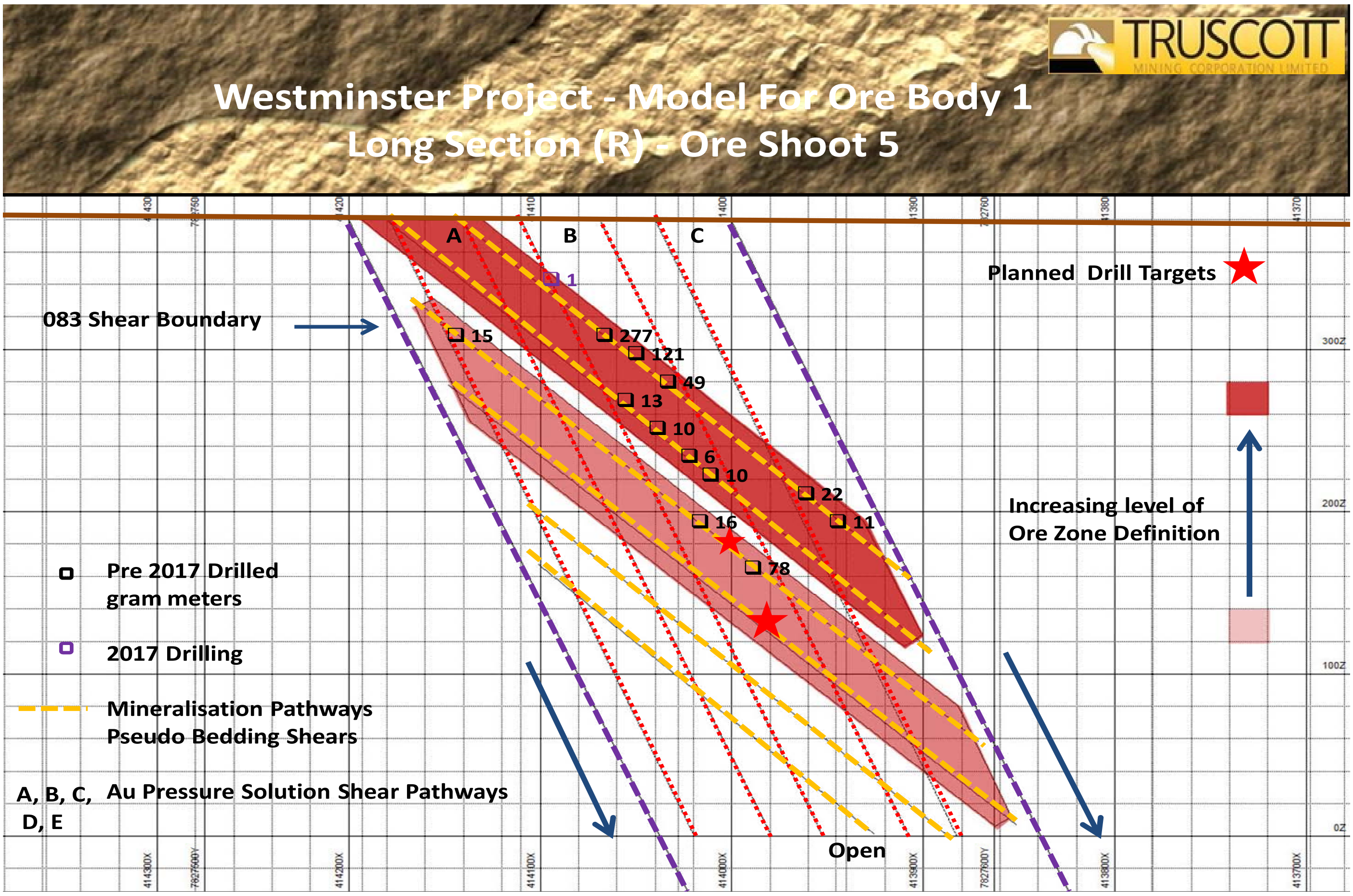

Figure Two: Ore Body One - Ore Shoot Five – Looking Towards SSW (193^0)

Ore Shoot Five: Mineralisation Intensity

9WMRC041: 413890E, 7827532N

From (m)	Au (ppm)	Ag (ppm)	Fe %	Bi (ppm)
79	1.34	1.2	13.35	63
80	1.44	1.2	19.70	101
81	1.20	0.9	11.00	168
82	1.05	1.1	15.40	243
83	11.10	2.0	24.50	520
84	82.05	8.8	15.30	5200
85	6.91	2.3	31.80	1110
86	4.97	1.2	28.90	881
87	10.60	0.9	31.00	524
88	0.67	0.3	32.00	37
89	0.11	0.8	33.60	21
90	0.18	<0.2	29.80	110
91	0.32	0.2	18.40	188
92	0.21	1.0	26.50	385
93	0.14	1.5	29.80	214

Est. True Width, Target Zone ~ 5 METRES
Full Intersection ~ 7 METRES

10WMRC054: 413869E, 7827541N

From (m)	Au (ppm)	Ag (ppm)	Fe %	Bi (ppm)
203	2.36	2.4	15.30	739
204	0.12	0.5	17.40	88
205	0.13	<0.2	13.80	46
206	1.44	0.2	9.14	20
207	0.13	<0.2	13.80	12
208	0.20	<0.2	10.25	22
209	46.05	2.4	13.70	42
210	26.55	3.1	9.77	72
211	1.48	0.2	11.80	20
212	1.96	0.7	11.15	126
213	0.50	<0.2	7.39	14
214	1.75	0.3	10.40	58
215	0.23	0.2	6.13	13
216	0.08	0.2	5.00	13
216	0.08	0.2	5.00	13

Est. True Width, Target Zone ~ 4.5 METRES
Full Intersection ~ 6 METRES

Table One: Ore Body One - Ore Shoot Five

Recent drill hole 17 WMRC112 acted to confirm the extent of the mineralisation in the upper level of Panel B of ore shoot five (Figure 2). The dilation continuing, with the residual silver and bismuth still in evidence at the upper boundary. The next drilling is targeted at further delineating mineralisation at lower levels in Panel B (red stars).

Ore Shoot Five: Confirmation of Shear Zone

17WMRC112: 414076E, 7827554N

From (m)	Au (ppm)	Ag (ppm)	Fe %	Bi (ppm)
47	0.007	2.46	6.85	53
48	0.041	3.24	16.87	133
49	0.033	1.29	17.76	192
50	0.078	1.07	19.55	92
51	0.107	0.87	18.81	492
52	0.036	0.96	20.99	282
53	0.011	0.81	7.56	56
54	0.009	0.48	8.15	55
55	0.172	0.15	4.27	14
56	0.042	0.26	5.14	39
57	0.034	0.31	3.32	7
58	0.019	0.19	3.6	7
59	0.009	0.22	2.97	6
60	0.03	0.24	2.49	6
61	0.041	0.48	4.58	5

Est. True Width, Target Zone ~ 4.5 METRES
Full Intersection ~ 7 METRES

Ore Body One – Ore Shoot Four

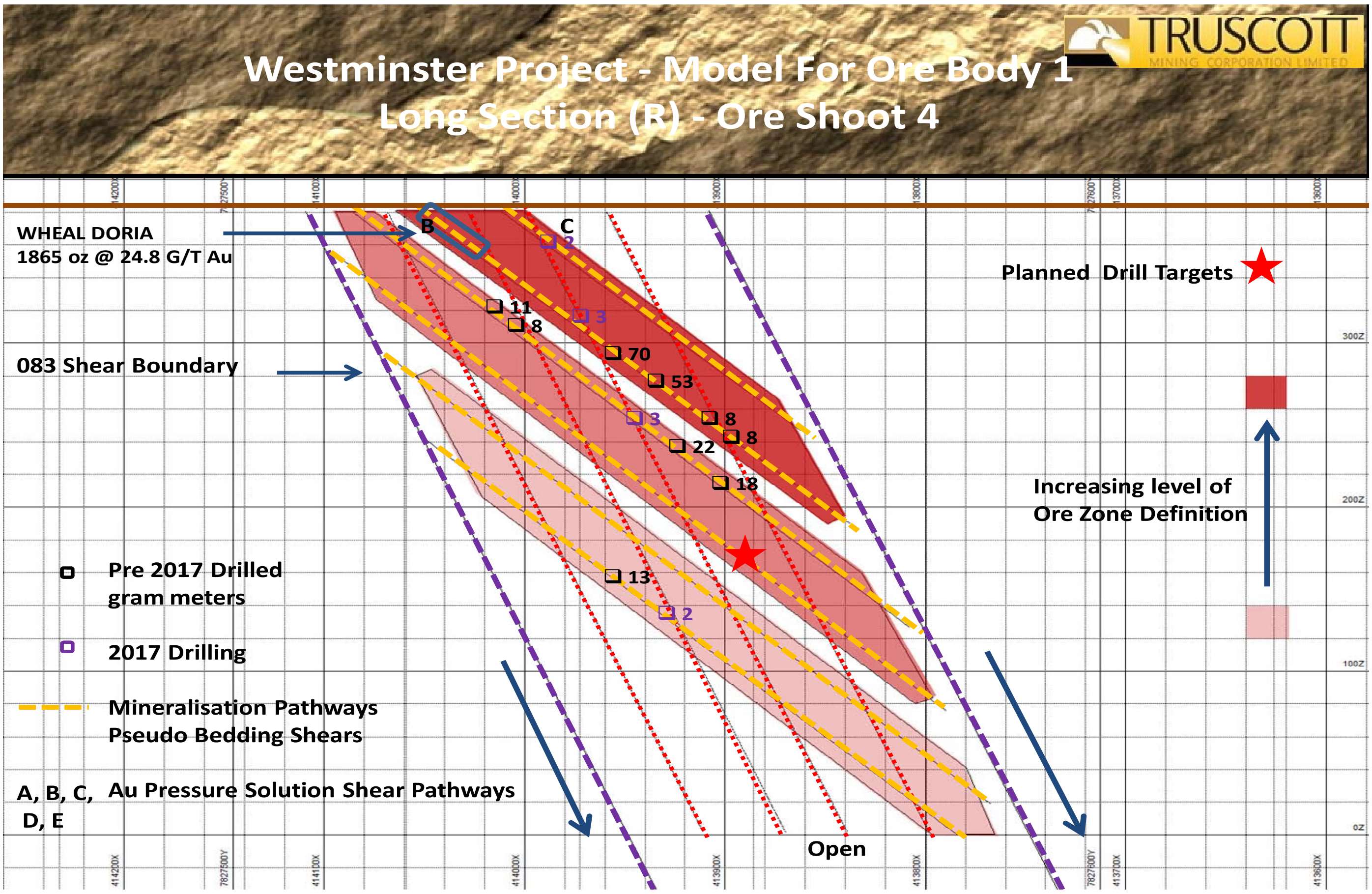

Figure Three: Ore Body One - Ore Shoot Four – Looking Towards SSW (193⁰)

Ore Shoot Four: Mineralisation Intensity

11WMRC047: 413930E, 7827543N

From (m)	Au (ppm)	Ag (ppm)	Fe %	Bi (ppm)
84	0.77	1.2	15.30	59
85	0.19	1.3	13.30	60
86	5.54	1	21.10	52
87	0.09	0.2	23.50	19
88	2.11	0.6	23.90	60
89	0.92	0.4	11.40	102
90	0.80	0.4	12.60	194
91	23.55	1.9	9.04	3680
92	0.07	<0.2	8.31	26
93	0.03	<0.2	11.00	19
94	0.13	<0.2	18.20	45
95	0.50	<0.2	16.70	93
96	0.05	0.2	12.30	38
97	6.62	0.2	12.15	95
98	0.16	0.6	28.90	46

Est. True Width, Target Zone ~ 3 METRES
Full Intersection ~ 7 METRES

11WMRC083: 413949E, 7827545N

From (m)	Au (ppm)	Ag (ppm)	Fe %	Bi (ppm)
83	0.1	0.2	13.8	64
84	0.16	0.8	32.5	179
85	0.22	0.2	14.5	24
86	0.03	<0.2	11.8	22
87	0.25	0.6	12.15	54
88	63.1	1.6	12.9	3400
89	3.94	0.6	13.8	93
90	0.09	0.3	11.85	32
91	0.48	0.2	9.75	65
92	0.47	0.3	5.34	60
93	2.35	0.2	12.7	49
94	0.1	0.3	24.8	11
95	0.08	<0.2	24.3	26
96	0.07	0.3	9.91	18
97	0.32	0.3	7.88	6

Est. True Width, Target Zone ~ 3 METRES
Full Intersection ~ 7 METRES

Table Two: Ore Body One - Ore Shoot Four

The continuous nature of the dilation zones is demonstrated by the robust intersections listed in table two.
Recent drill hole 17 WMRC113 acted to confirm the extent of the mineralisation in Panel C of ore shoot four (Figure 3). The dilation continuing, with the residual silver and bismuth still in evidence at the upper boundary. The next drilling is targeted at further delineating deeper mineralisation in Panel C (red star). The core of Panel C at this depth and below is considered to be a major target. The reason for the enhanced ranking is that the closest significant ore bodies to Westminster, Juno and Chariot exhibited their best mineralisation at depths of 250-300 metres. Notwithstanding that, Westminster is also expected to host deeper mineralisation.

Ore Shoot Four: Confirmation of Shear Zone

11WMRC113 413981E, 7827541N

From (m)	Au (ppm)	Ag (ppm)	Fe %	Bi (ppm)
93	0.08	0.32	10.01	83
94	0.064	10.8	9.9	80
95	0.08	23.9	11.47	100
96	0.096	15.8	9.97	80
97	0.09	7.1	6.24	41
98	0.071	9.5	9.58	98
99	0.046	9	9.57	138
100	0.381	7.2	13.44	515
101	2.37	4.5	17.45	524
102	0.113	0.3	22.45	33
103	0.012	0.1	17.96	17
104	0.033	0.1	14.53	29
105	0.024	0	8.99	16
106	0.041	0	9.04	11
107	0.046	0.1	13.14	39
108	0.034	0.2	12.7	78
109	0.025	0.1	11.2	97

Est. True Width, Target Zone ~ 3 METRES
Full Intersection ~ 7 METRES

Ore Body One – Ore Shoot Three

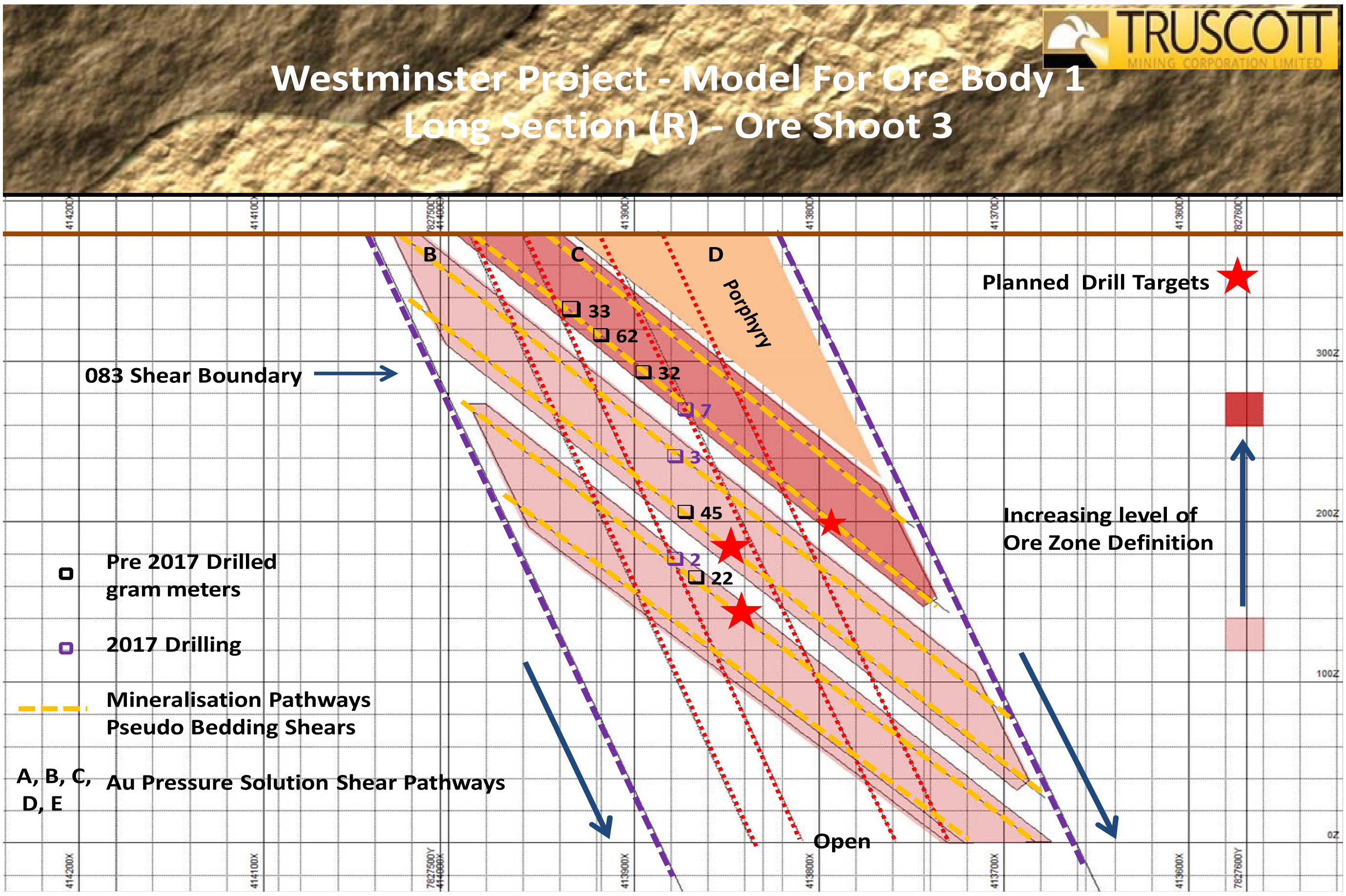

Figure Four: Ore Body One - Ore Shoot Three – Looking Towards SSW (193°)

Ore Shoot Three: Mineralisation Intensity

11WMRC093: 413890E, 7827532N

From (m)	Au (ppm)	Ag (ppm)	Fe %	Bi (ppm)
188	0.28	0.4	15.45	56
189	2.44	0.4	15.4	91
190	0.14	0.3	12.95	72
191	1.23	1.3	15.5	362
192	3.33	0.8	15.9	39
193	26.6	2.4	16.7	68
194	0.27	0.2	17.1	16
195	0.2	<0.2	18.5	19
196	3.69	2.8	17.3	37
197	0.08	0.2	13.35	15
198	5.22	1.7	14.6	42
199	0.12	0.4	14.05	10
200	0.55	1	19.7	99
201	0.02	<0.2	14.3	5
202	1.33	<0.2	15.3	70

Est. True Width, Target Zone ~ 7 METRES
Full Intersection ~ 7.5 METRES

11WMRC105: 413869E, 7827541N

From (m)	Au (ppm)	Ag (ppm)	Fe %	Bi (ppm)
211	0.04	0.6	19.4	41
212	0.22	0.3	18.3	23
213	0.5	0.6	20	40
214	1.78	1.2	18.8	144
215	2.72	0.4	20.6	57
216	1.73	0.4	21.7	62
217	2.51	0.8	21.6	142
218	3.47	1	21.9	106
219	1.61	<0.2	22.3	47
220	0.96	<0.2	19.9	22
221	1.88	<0.2	21.8	27
222	0.92	0.3	21.1	21
223	1.92	5	18.1	148
224	2.18	11.2	16.7	467
225	0.1	0.4	7.04	11

Est. True Width, Target Zone ~ 6 METRES
Full Intersection ~ 7 METRES

Table Three: Ore Body One - Ore Shoot Three

Recent drill hole 17 WMRC110 acted to constrain the extent of mineralisation at a number of levels in Panel C of ore shoot three, (Figure 4) by intersecting the pods at their limiting extents.
The grade values for the upper intersection are listed in the adjacent table.
As is typical, the dilation continues, with residual silver and bismuth again exhibited at the upper boundary.
The primary major target for the next round of drilling is delineated by the two red stars deeper down Panel C.
A secondary target is also delineated by the placement of a red star for the conceptual target within Panel D

Ore Shoot Three: Confirmation of Shear Zone

17WMRC110: 413884E, 7827542N

From (m)	Au (ppm)	Ag (ppm)	Fe %	Bi (ppm)
108	0.015	5.7	7.35	7
109	0.058	9.7	6.48	15
110	3.497	1.2	18.61	189
111	3.028	2.8	22.56	295
112	0.816	1	20.56	151
113	0.231	0.9	24.11	52
114	0.039	0.6	35.81	32
115	0.026	0.5	31.03	20
116	0.618	1.7	33.95	56
117	0.218	1.2	24.05	47
118	0.009	1	14.85	28
119	0.057	8.1	10.04	146
120	0.008	6	1.85	4
121	0.012	7.1	2.59	0
122	0.016	3.1	22.09	18

Est. True Width, Target Zone ~ 5.5 METRES
Full Intersection ~ 7.5 METRES

Project Scope

The application of the research findings, in practical terms, means that Truscott now have a working framework from which to systematically test the continuation of mineralisation for the Number One ore-body.

It is evident that drilling within the mineralisation at Ore Body One has substantively been limited to approximately 200 metres below surface, at which depth mineable grade gold intersections continue to be recorded.

All work completed to date continues to build a picture of substantial mineralisation, with the Westminster Project (Figure 5) having the potential to become a significant mineral resource. In the order of 50,000 metres of further drilling may be required, before even the scale of the system can be characterised.

Westminster Project - Footprint

The Westminster Project area occupies over two kilometres of a broad strike slip shear zone striking 083^0 (D) with a true dip of 82 – 85^0 to the North. Four discrete magnetic anomalies (Figure 5) provide a focus for targeting mineralisation, with the preferred location being the central zone associated with anomalies one (ore body one) and target two.

Host ironstone bodies have been interpreted as plunging within the strike slip shear at $65\text{-}67^0$ towards 103^0 (R). Approximately 400 metres north of the magnetic anomalies is a line of explosive breccia (Figure 6) containing fragments of mineralised ironstone aligned to 083^0 (D). Projecting the plunge of the ironstones below the breccia line yields a depth of 1.4 kilometres, though no definitive measure of the depth of mineralisation is available at this time.

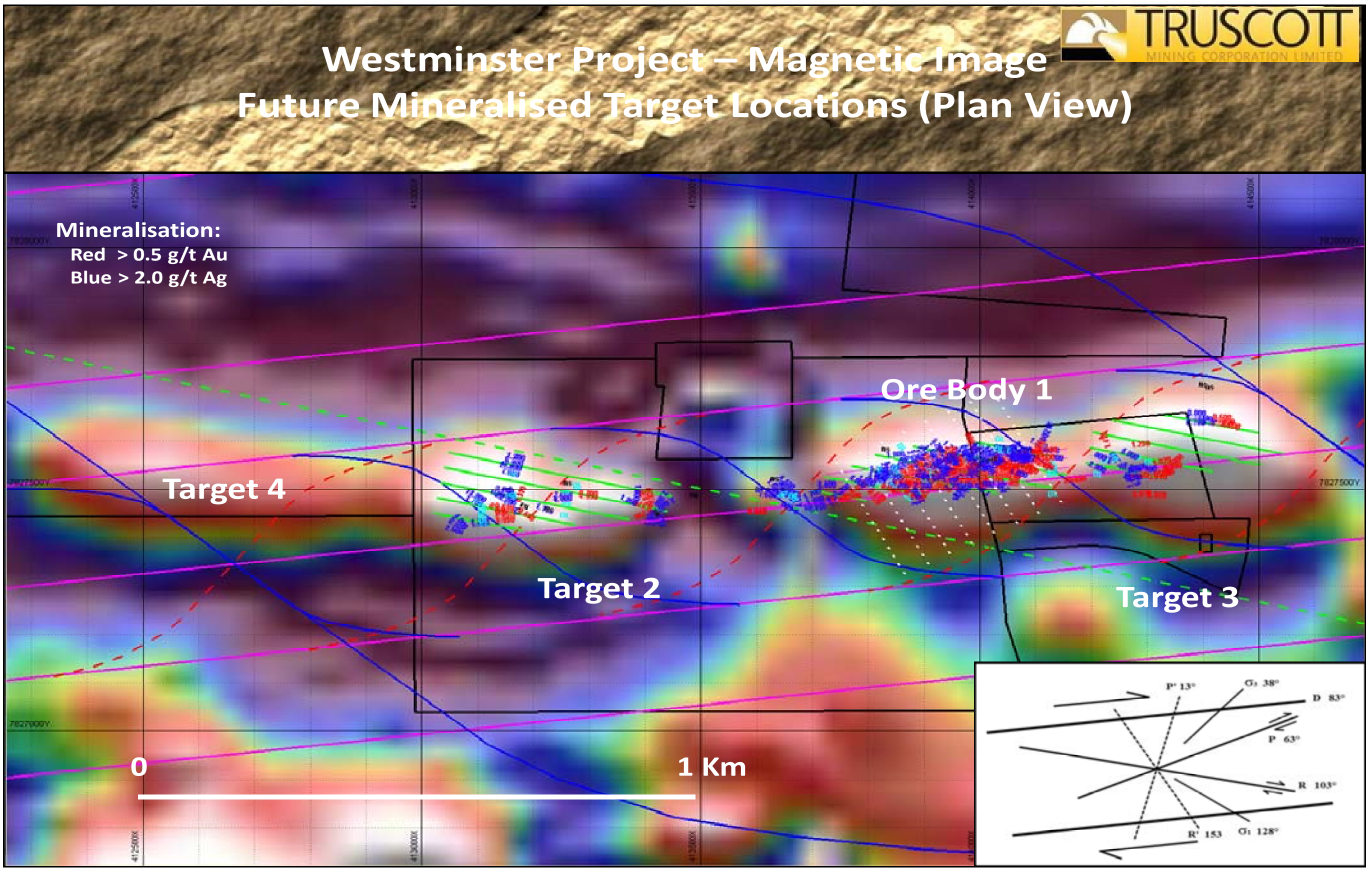

Figure Five: Westminster Project – Field of View Two Kilometres

Figure Six: Westminster Project – Explosive breccia

Westminster Project – Structural Setting – Field scale

The mineralization of the Central Tennant Creek Mineral Field (Figure 7) is shown as being included within an extensional envelope (boudin) described within a dextral strike slip zone.

The boudin, when measured along the central line of strike slip zone is eighty kilometres in width. Elements of tensional openings related to principal stresses on 128^0 and subsequent redial shearing have contributed to controlling the distribution of ironstones and gold mineralization.

At field scale the significant mineralization along the resultant 103^0 (R) shear direction is evident in figure seven. Less evident is that all historical major mines (Plus 500,000 ounces Au) also appear to be located on shear related to the driving 083^0 (D) strike slip direction.

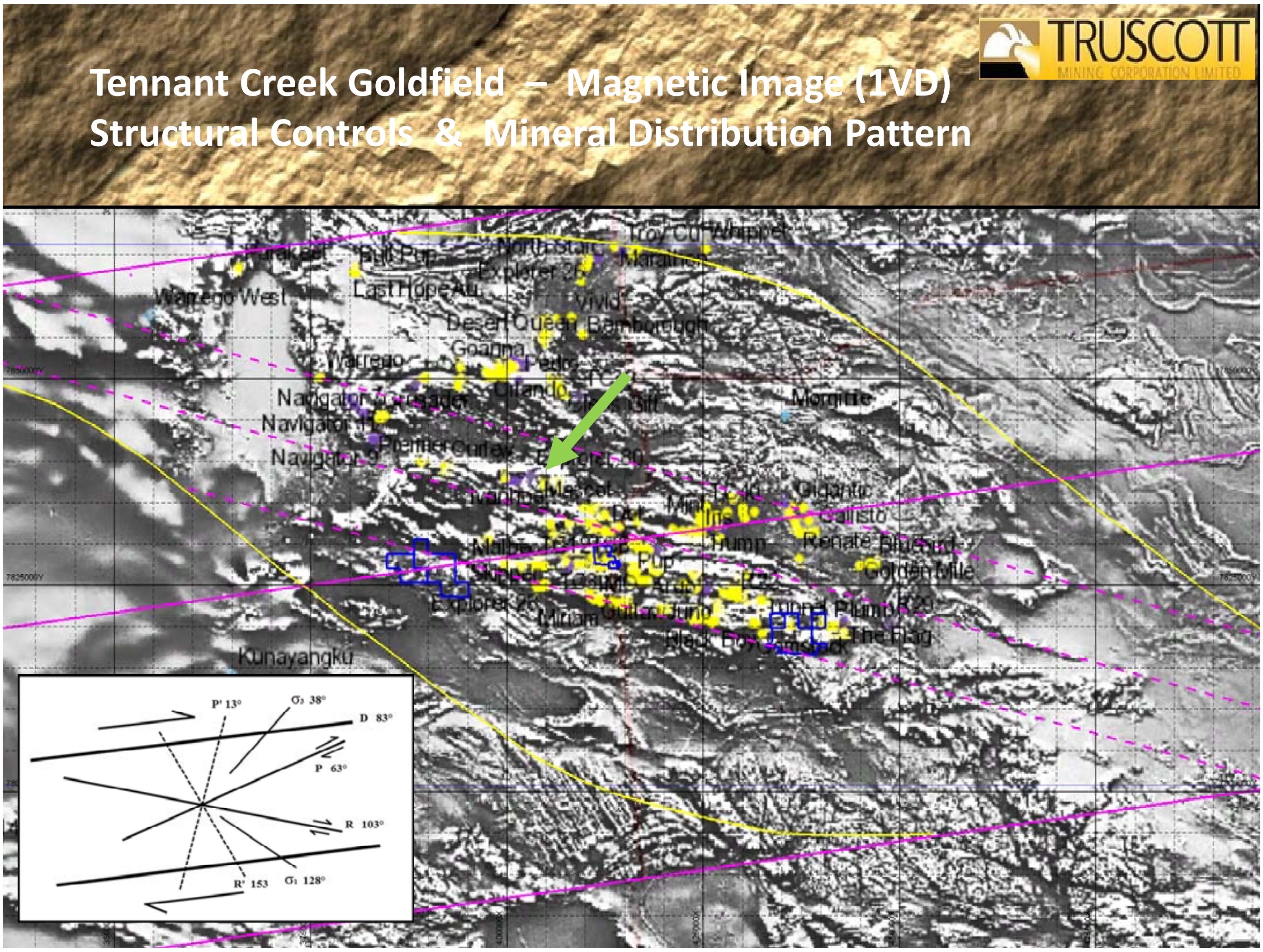

Figure Seven: Westminster Project Setting - Field of view – 125 kilometres

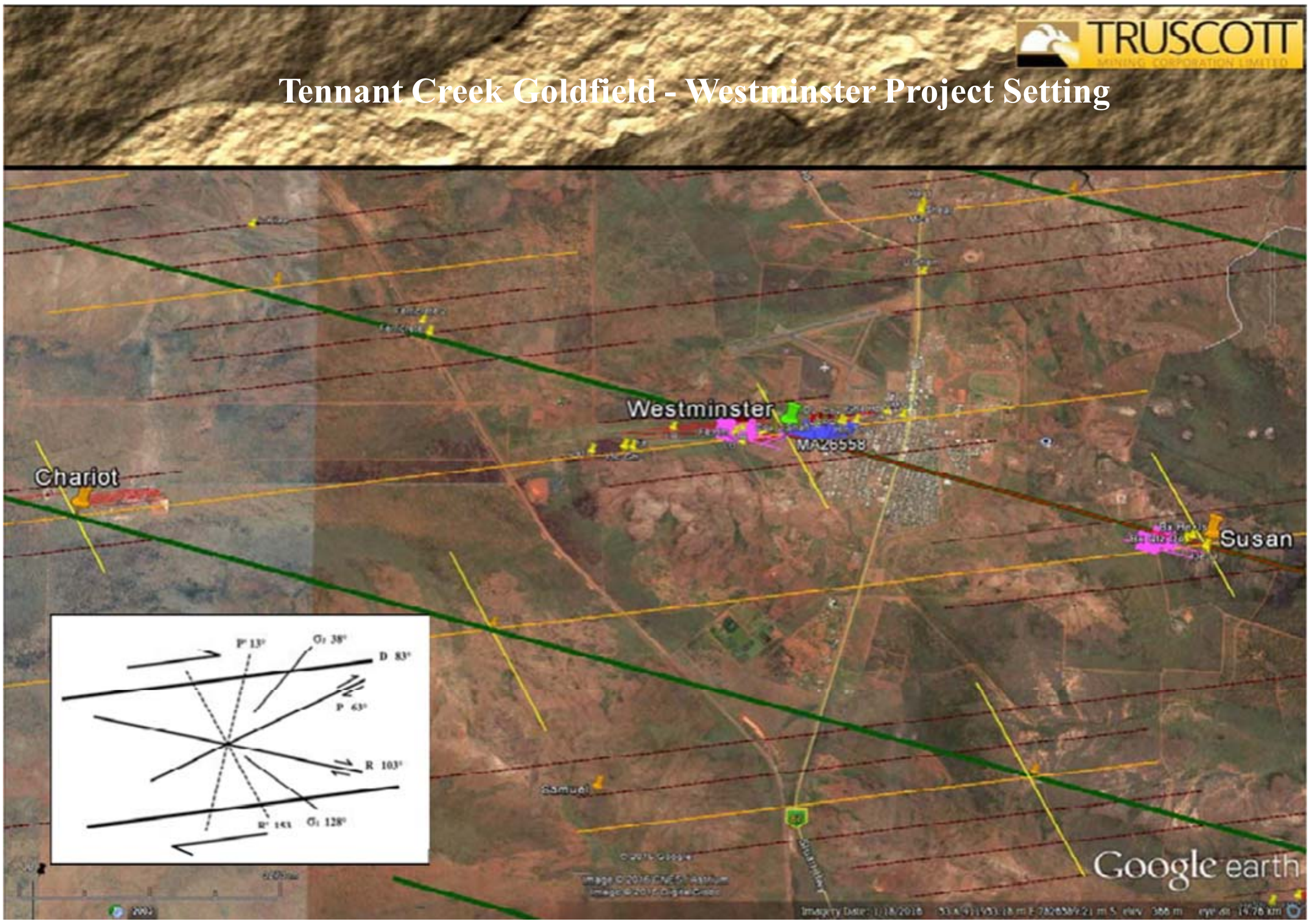

Figure Eight: Westminster Project – Structural Setting

Hera Project – Structural Setting

The Hera Project Area (Figure 9) contains two significant targets, located at intersections of structural elements, which are designated as Hera One and Hera Two.

Hera One is positioned along the 103^0 trend that incorporates the historical Juno and Nobles Nob Mines. The target is also within a new substantial 083^0 (D) shear zone corridor defined by surface mapping and geophysics.

Hera Two is positioned along the 103^0 trend that incorporates the Westminster Deposit and the Peko Mine. The target is also adjacent to the historical Nobles Nob Mine along the 083^0 (D) shear zone corridor.

Tennant Creek Gold field – Paragenesis Model Review

Having an understanding of the driving structural processes and the order in which events have occurred within the goldfield is important when developing an exploration strategy.

Early, and some contemporary explorers have primarily focused on local geological folding and other features within the sedimentary sequence when considering potential sites of mineralisation deposition.

Truscott considers the events which significantly influenced the distribution of mineralization, were largely discordant with earlier geological features. That is, subsequent large scale trans-current faulting driving both shearing and dilation have been the important influences controlling the sites for mineralization.

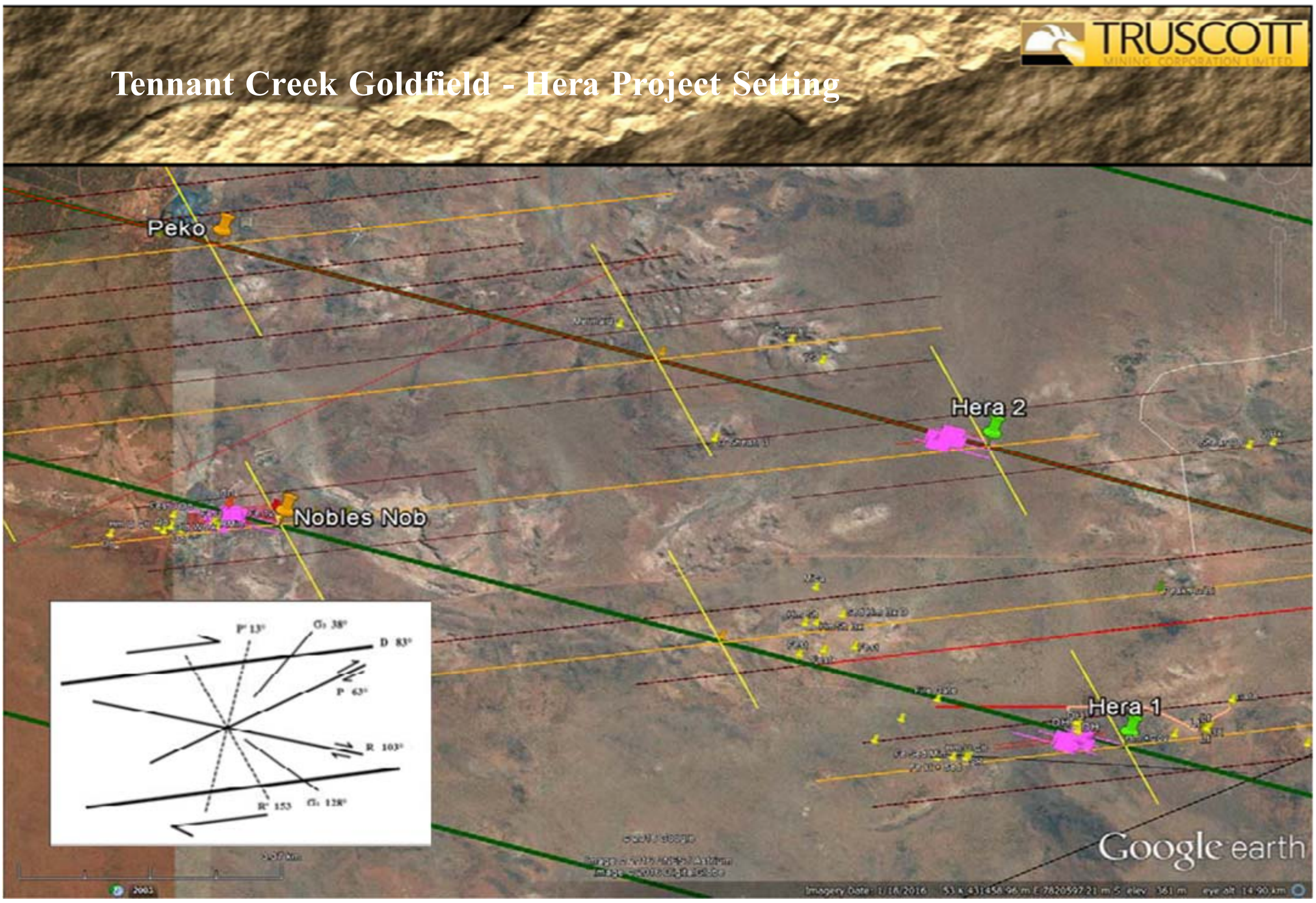

Figure Nine: Hera Project-Structural Setting

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

Project Status: *Drilling program recommenced in second quarter 2017.*

Proposed expenditure and earn-in schedule for the drill out and bankable feasibility study work set out.

Discussions with interested parties, on the commercial requirements to support project development, ongoing.

Work on metamorphic grades and identification of zones of multiple resultant-shearing to target peak mineralisation undertaken.

Planning completed to target the high grade gold zones within ore-body one, with additional drilling to be scheduled.

Hera Project Area (Truscott: EL27731, EL 30883) all 100%)

Project Status: *Clearance Certificates issued by AAPA for exploration and mining activities.*

Acquisition of geophysical information over the northern part of the project area planned.

Extensive field work program to support completion of the description for structural controls is ongoing.

Targeted scout drill planned and MMP submitted.

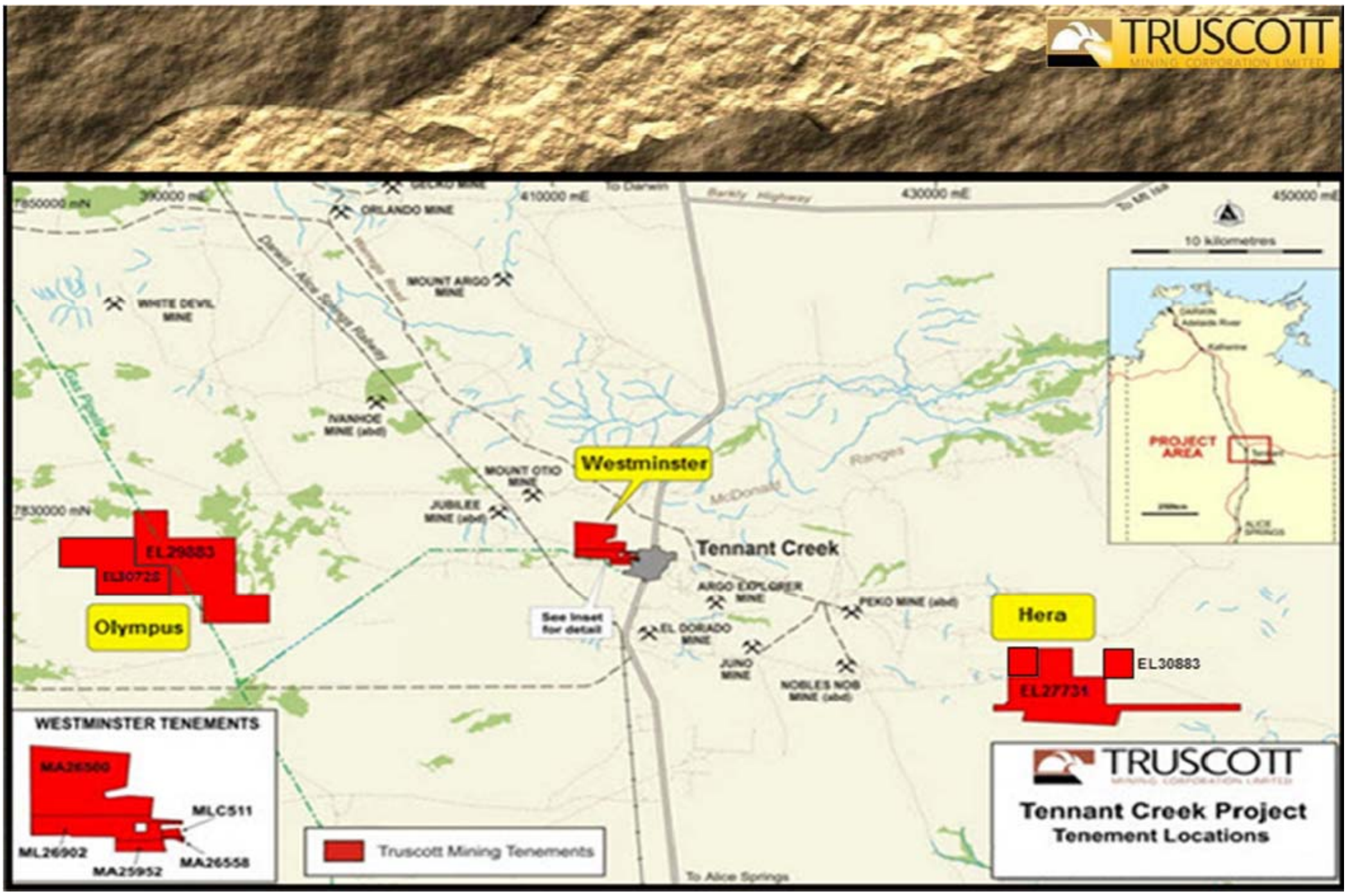

Figure Ten: Truscott Exploration Projects

Peter N Smith
Executive Chairman

Competent Person's Statement: *The contents of this report, that relate to geology and exploration results, are based on information reviewed by Dr Judith Hanson, who is a consultant engaged by Truscott Mining Corporation Limited and a Member of the Australasian Institute of Mining & Metallurgy. She has sufficient experience relevant to the style of mineralisation and types of deposit under consideration and to the activity being undertaken to qualify as a "Competent Person", as defined in the 2012 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Dr Hanson consents to the inclusion in this presentation of the matters compiled by therein in the form and context in which they appear.*

Truscott Mining Corporation Limited's Corporate Governance Arrangements

The Company's board of directors **(Board)** is responsible for the overall corporate governance of the Company, and it recognises the need for the highest standards of ethical behaviour and accountability. It is committed to administering its corporate governance structures to promote integrity and responsible decision making. Accordingly, the Company has, where appropriate, sought to adopt the "Corporate Governance Principles and Recommendations" (Third Edition) **(ASX Recommendations)** published by the ASX Corporate Governance Council.

The corporate governance principles and practices adopted by the Company may depart from those generally applicable to ASX-listed companies under ASX Recommendations where the Board considers compliance is not appropriate having regard to the nature and size of the Company's business.

The Company sets out below its report in relation to its compliance with the ASX Recommendations and those matters of corporate governance where the Company's practice departs from the ASX Recommendations to the extent that they are currently applicable to the Company. This statement is current as at 29 September 2017 and has been approved by the Board of the Company.

ASX Corporate Governance Principles and Recommendations

1. Principle 1: Lay a solid foundation for management and oversight – companies should establish and disclose the respective roles and responsibilities of board and management and how their performance is monitored and evaluated

1.1 **Recommendation**

A listed entity should disclose:

(a) the respective roles and responsibilities of its board and management; and
(b) those matters expressly reserved to the board and those delegated to management.

Compliance with ASX Recommendation: followed

The Company has adopted a Board Charter.

Under the Board Charter, the Board is responsible for the overall operation and stewardship of the Company and, in particular, is responsible for:

(a) setting the strategic direction of the Company, establishing goals to ensure that these strategic objectives are met and monitoring the performance of management against these goals and objectives;
(b) ensuring there are adequate resources available to meet the Company's objectives;
(c) appointing the Managing Director, evaluating the performance and determining the remuneration of senior executives, and ensuring that appropriate policies and procedures are in place for recruitment, training, remuneration and succession planning;
(d) approving and monitoring financial reporting and capital management;
(e) approving and monitoring the progress of business objectives;
(f) ensuring that any necessary statutory licences are held and compliance measures are maintained to ensure compliance with the law and licences;
(g) ensuring that adequate risk management procedures exist and are being used;
(h) ensuring that the Company has appropriate corporate governance structures in place, including standards of ethical behaviour and a culture of corporate and social responsibility;
(i) ensuring that the Board is and remains appropriately skilled to meet the changing needs of the Company; and
(j) ensuring procedures are in place for ensuring the Company's compliance with the law and financial and audit responsibilities, including the appointment of an external auditor and reviewing the financial statements, accounting policies and management processes.

In complying with Recommendation 1.1, the Company has adopted a Board Charter which discloses the respective roles and responsibilities of the Board and senior management and identifies those matters expressly reserved to the Board and those delegated to management.

1.2 **Recommendation 1.2**

A listed entity should:

(a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and
(b) provide security holders with all material information relevant to a decision on whether or not to elect or re-elect a director.

Compliance with ASX Recommendation: followed

In respect of any future Directors, the Company will conduct specific and appropriate checks of candidates prior to their appointment or nomination for election by shareholders. The Company does not propose to conduct specific checks prior to nominating an existing Director for re-election by shareholders at a general meeting on the basis that this is not considered necessary in the Company's circumstances.

The Chairman and Managing Director, Mr Peter N S Smith, and the Executive Director, Mr Michael J Povey, have both been directors since the Company's incorporation. The Chairman and the Executive Director assessed the other Director prior to her appointment, and they considered that she had the appropriate experience that was of value to the Company and had a strong professional reputation.

As a matter of practice, the Company includes in its notices of meeting a brief biography of each Director who stands for election or re-election. The biography sets out the relevant qualifications and professional experience of the nominated Director for consideration by shareholders.

1.3 **Recommendation 1.3**

A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.

Compliance with ASX Recommendation: followed

The Company seeks to engage or employ its Directors and other senior executives under written agreements setting out key terms and otherwise governing their engagement or employment by the Company.

The Company's Managing Director and its Executive Director are both employed pursuant to a written employment agreement with the Company and the non-executive Director is engaged under a letter of appointment.

1.4 **Recommendation 1.4**

The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.

Compliance with ASX Recommendation: followed

The Company Secretary is a Board member and reports directly, and is accountable, to the Board through the Chairman in relation to all governance matters.

The Company Secretary advises and supports the Board members on general governance matters, implements adopted governance procedures, and coordinates circulation of meeting agendas and papers.

1.5 **Recommendation 1.5**

A listed entity should:

(a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;

(b) disclose that policy or a summary of it; and

(c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them, and either:

  (i) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or

  (ii) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.

Compliance with ASX Recommendation: Recommendation 1.5(a), 1.5(b) and 1.5(c)(i) followed; recommendation 1.5(c) not followed

The Board has adopted a diversity policy and is committed to ensuring diversity within the Company, particularly the participation of women. Considering the size and scope of the Company, the Board has not set a measurable objective for achieving gender diversity, however it is the Company's practice that during the selection and appointment process, the professional search firm supporting the Company will provide at least one credible and suitably experienced female candidate.

As at 30 June 2017, women made up 50% of the total Company. The Board comprises of one women and two men, the only employee is a women and we have 2 casual contractors, one male and one female.

1.6 **Recommendation 1.6**

A listed entity should:

(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and

(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.

Compliance with ASX Recommendation: not followed

The Company does not have in place a formal process for evaluation of the Board, its committees and individual Directors.

The small size of the Board and the nature of the Company's activities make the establishment of a formal performance evaluation strategy unnecessary. Performance evaluation is a discretionary matter for consideration by the entire Board and in the normal course of events the Board will review performance of senior management, Directors and the Board as a whole.

1.7 **Recommendation 1.7**

A listed entity should:

(a) have and disclose a process for periodically evaluating the performance of its senior executives; and

(b) disclose in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.

Compliance with ASX Recommendation: not followed

The Company does not have in place a formal process for evaluation of its key executives.

The Company's small size and the nature of its activities make the establishment of a formal performance evaluation strategy unnecessary. As with evaluation of Directors, performance evaluation for key executives is a discretionary matter for consideration by the entire Board and in the normal course of events the Board will review performance of the executives and management as a whole.

2. Principle 2: Structure of the Board to add value – a listed entity should have a board of an appropriate size, composition, skills and commitment to enable it to discharge its duties effectively

2.1 **Recommendation 2.1**

The board of a listed entity should:

(a) have a nomination committee which:
   (i) has at least three members, a majority of whom are independent directors; and
   (ii) is chaired by an independent director, and disclose:

   (iii) the charter of the committee;
   (iv) the members of the committee; and
   (v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or

(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.

Compliance with ASX Recommendation: 2.1(a) not followed. 2.1(b) followed

The Company does not have a nomination committee.

The full Board, which comprises 1 Non-Executive Director and 2 Executive Directors, considers the matters and issues that would otherwise be addressed by a nomination committee.

Under the Board Charter, candidacy for the Board is based on merit against objective criteria with a view to maintaining an appropriate balance of skills and experience. As a matter of practice, candidates for the office of Director are individually assessed by the Chairman before appointment or nomination to ensure that they possess the relevant skills, experience, personal attributes and capability to devote the necessary time and commitment to the role.

The Board considers that, given the current size and scope of the Company's operations, no efficiencies or other benefits would be achieved by establishing a separate nomination committee.

The Board intends to reconsider the requirement for, and benefits of, a separate nomination committee as the Company's operations grow and evolve.

2.2 **Recommendation 2.2**

A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.

Compliance with ASX Recommendation: not followed

The Company does not currently have a skills or diversity matrix in relation to the Board members.

The Board considers that such a matrix is not necessary given the current size and scope of the Company's operations. The Board may adopt such a matrix at a later time as the Company's operations grow and evolve.

2.3 **Recommendation** 2.3

A listed entity should disclose:

(a) the names of the directors considered by the board to be independent directors;
(b) if a director has an interest, position, association or relationship of the type described in Box 2.3 of ASX Recommendations but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and
(c) the length of service of each director.

Compliance with ASX Recommendation: followed

The Company has one Director who satisfies the criteria for independence as outlined in Box 2.3 of the ASX Recommendations, being Ms Rebecca Moore.

The Board currently comprises the following members:

(a) **Mr Peter N Smith - Executive Chairman and Managing Director**

Mr Smith has held this office since the Company's incorporation on 27 September 2005.
Mr Smith is a substantial shareholder such that the Board does not consider Mr Smith to be independent.

(b) **Mr Michael J Povey - Executive Director, Chief Financial Officer and Company Secretary**

Mr Povey has held this office since the Company's incorporation on 27 September 2005.
Mr Povey is an executive director and is a substantial shareholder such that the Board does not consider Mr Povey to be independent.

(c) **Ms Rebecca T Moore -Non-Executive Director**

Ms Rebecca Moore was appointed as a Director on 21 February 2012.
The Board considers Ms Moore to be independent as she is not involved in the day-to-day management of the Company.

2.4 **Recommendation 2.4**
A majority of the board of a listed entity should be independent directors.

Compliance with ASX Recommendation: not followed
The Board does not comprise a majority of "independent directors" at present.

There is currently one Director who satisfies the criteria for independence for the purposes of ASX Recommendation 2.3, being Ms Rebecca Moore (see paragraph 2.3(c) above).

The Board considers, however, that given the size and scope of the Company's operations at present, it has the relevant experience in the exploration and mining industry and 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 operational perspective.

2.5 **Recommendation 2.5**
The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.

Compliance with ASX Recommendation: not followed
The roles of Chairman and Managing Director are exercised by the same person.

The Chairman of the Company, Mr Peter Smith, is not an independent director in accordance with the criteria for independence as outlined in Box 2.3 of the ASX Recommendations.

However, given the size and scope of the Company's operations, the Board believes that Mr Smith is an appropriate person for the position as Chairman because of his experience in the resources sector and as a public company director.

2.6 **Recommendation 2.6**
A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.

Compliance with ASX Recommendation: not followed
The Company does not currently have a formal induction program for new Directors nor does it have a formal professional development program for existing Directors. The Board does not consider that a formal induction program is necessary given the current size and scope of the Company's operations.

All Directors are generally experienced in exploration and mining company operations, albeit in different aspects (e.g. operations, finance, corporate governance etc.). The Chairman has also been a director of another listed company. The Board seeks to ensure that all of its members understand the Company's operations. Directors also attend, on behalf of the Company and otherwise, technical and commercial seminars and industry conferences which enable them to maintain their understanding of industry matters and technical advances.

Noting the above, the Board considers that a formal induction program is not necessary given the current size and scope of the Company's operations, though the Board may adopt such a program in the future as the Company's operations grow and evolve.

3. Principle 3: Act ethically and responsibly – a listed entity should act ethically and responsibly

3.1 **Recommendation 3.1**
A listed entity should:

(a) have a code of conduct for its directors, senior executives and employees; and
(b) disclose that code or a summary of it.

Compliance with ASX Recommendation: followed
The Board believes that the success of the Company has been and will continue to be enhanced by a strong ethical culture within the organisation.

Accordingly, the Company has established a Code of Conduct which sets out the standards with which the directors, officers, managers, employees and consultants of the Company are expected to comply in relation to the affairs of the Company's business and when dealing with each other, shareholders and the broader community.

The Code sets out the Company's policies on various matters, including the following:

(a) compliance with all applicable laws, rules and regulations;
(b) conflicts of interest;
(c) fair dealing;
(d) dealings with the Company's assets and property;
(e) use and confidentiality of information;
(f) continuous disclosure and securities trading (also covered by discrete policies);
(g) health, safety and environment;
(h) employment practices; and
(i) gifts and entertainment.

The Code also outlines the procedure for reporting any breaches of the Code of Conduct and the possible disciplinary action the Company may take in respect of any breaches.

In addition to their obligations under the Corporations Act in relation to inside information, all Directors, employees and consultants have a duty of confidentiality to the Company in relation to confidential information they possess.

In fulfilling their duties, each Director dealing with corporate governance matters may obtain independent professional advice at the Company's expense, subject to prior approval of the Chairman, whose approval will not be unreasonably withheld.

4. Principle 4: Safeguard integrity in corporate reporting – a **listed entity should have formal and rigorous processes that independently verify and safeguard the integrity of its corporate reporting**

4.1 **Recommendation 4.1**
The board of a listed entity should:

(a) have an audit committee which:

(i) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and
(ii) is chaired by an independent director, who is not the chair of the board, and disclose:
(iii) the charter of the committee;
(iv) the relevant qualifications and experience of the members of the committee; and
(v) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or

(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.

Compliance with ASX Recommendation: 4.1(a) partly followed, 4.1(b) followed
The Company’s Audit Committee comprises just 2 Board Members, only one of which is an independent Director.

The Board has charged the Company Secretary with preparing the annual and half yearly reports. These reports are subsequently audited by the Company's auditors, Hall Chadwick WA Audit Pty Ltd. The Company Secretary also compiles the information and prepares the Company's quarterly financial and operational reports.

All Company reports are reviewed by the Board before they are finalised and the Directors are given the opportunity to question and consider the veracity of the information in the reports.

The Board considers that, given the current size and scope of the Company's operations and that only one Director holds a non-executive position in the Company, efficiencies or other benefits would not be gained by increasing the size of the Board so as to enlarge the audit committee.

As the Company's operations grow and evolve, the Board will reconsider the appropriateness of enlarging the audit committee.

4.2 **Recommendation 4.2**
The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

Compliance with ASX Recommendation: followed
As a matter of practice, the Company obtains declarations from its Managing Director and Company Secretary before its financial statements are approved substantially in the form referred to in ASX Recommendation 4.2.

4.3 **Recommendation 4.3**
A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.

Compliance with ASX Recommendation: followed
In accordance with the Company's Shareholder Communications Policy, the Company requests its external auditor to attend each annual general meeting of the Company and be available to answer questions from shareholders in relation to the conduct of the audit and the preparation and content of the auditor's report.

5. Principle 5: Make timely and balanced disclosure – a listed entity should make timely and balanced disclosure of all matters concerning it that a reasonable person would expect to have a material effect on the price or value of its securities

5.1 **Recommendation 5.1**
A listed entity should:

(a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and
(b) disclose that policy or a summary of it.

Compliance with ASX Recommendation: followed
The Company is a "disclosing entity" pursuant to section 111AR of the Corporations Act and, as such, is required to comply with the continuous disclosure requirements of Chapter 3 of the ASX Listing Rules and section 674 of the Corporations Act. Subject to the exceptions contained in the ASX Listing Rules, the Company is required to disclose to ASX any information concerning the Company which is not generally available and which a reasonable person would expect to have a material effect on the price or value of the Company's securities.

The Company is committed to observing its disclosure obligations under the Corporations Act and its obligations under the ASX Listing Rules. All relevant information provided to ASX is posted on the Company's website.

The Company has adopted a Continuous Disclosure Policy, the purpose of which is to:

(a) ensure that the Company, as a minimum, complies with its continuous disclosure obligations under the Corporations Act and the ASX Listing Rules and, as much as possible, seeks to achieve best practice in its disclosure activities;
(b) provide shareholders and the market with timely, direct and equal access to information issued by the Company; and
(c) promote investor confidence in the integrity of the Company and its securities.

6. Principle 6: Respect the rights of security holders – A listed entity should respect the rights of its security holders by providing them with appropriate information and facilities to allow them to exercise those rights effectively

6.1 **Recommendation 6.1**
A listed entity should provide information about itself and its governance to investors via its website.

Compliance with ASX Recommendation: not followed
Information on the Company's corporate governance, including copies of its various corporate governance policies and charters, is included in the Company's annual report.

6.2 **Recommendation 6.2**
A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.

Compliance with ASX Recommendation: followed
The Company has adopted a Shareholder Communications Policy, the purpose of which is to facilitate the effective exercise of shareholders' rights by communicating effectively with shareholders, giving shareholders ready access to balanced and understandable information about the Company and its corporate strategies and making it easy for shareholders to participate in general meetings of the Company.

The Company communicates with shareholders:

(a) through releases to the market via the ASX;
(b) through the Company's website;
(c) through information provided directly to shareholders;
(d) at general meetings of the Company; and
(e) by providing a facility whereby third parties (including shareholders) can request email subscription to publicly available information via the Company's website.

6.3 **Recommendation 6.3**
A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.

Compliance with ASX Recommendation: followed
In accordance with the Company's Shareholder Communications Policy, the Company supports shareholder participation in general meetings and seeks to provide appropriate mechanisms for such participation.

In preparing for general meetings of the Company, the Company will draft the notice of meeting and related explanatory information so that they provide all of the information that is relevant to shareholders in making decisions on matters to be voted on by them at the meeting. This information will be presented clearly and concisely so that it is easy to understand and not ambiguous.

The Company will use general meetings as a tool to effectively communicate with shareholders and allow shareholders a reasonable opportunity to ask questions of the Board of Directors and to otherwise participate in the meeting.

Mechanisms for encouraging and facilitating shareholder participation will be reviewed regularly to encourage the highest level of shareholder participation.

6.4 **Recommendation 6.4**

A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.

Compliance with ASX Recommendation: followed

The Company considers that communicating with shareholders by electronic means is an efficient way to distribute information in a timely and convenient manner.

In accordance with the Shareholder Communication Policy, the Company has, as a matter of practice, provided new shareholders with the option to receive communications from the Company electronically and the Company encourages them to do so. Existing shareholders are also encouraged to request communications electronically.

All shareholders that have opted to receive communications electronically are provided with notifications by the Company when an announcement or other communication (including annual reports, notices of meeting etc.) is uploaded to the ASX announcements platform.

7. Principle 7: Recognise and manage risk – a listed entity should establish a sound risk management framework and periodically review the effectiveness of that framework

7.1 **Recommendation 7.1**

The board of a listed entity should:

(a) have a committee or committees to oversee risk each of which:

- (i) has at least three members, a majority of whom are independent directors; and
- (ii) is chaired by an independent director, and disclose;
- (iii) the charter of the committee;
- (iv) the members of the committee; and
- (v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or

(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.

Compliance with ASX Recommendation: 7.1(a} not followed, 7.1(b} followed

The Company does not have a separate risk management committee.

The role of the risk management committee is undertaken by the full Board, which comprises one Non-Executive Director and two Executive Directors.

The Board considers that, given the current size and scope of the Company's operations, efficiencies or other benefits would not be gained by establishing a separate risk management committee at present.

As the Company's operations grow and evolve, the Board will reconsider the appropriateness of forming a separate risk management committee.

However, the Board has adopted a Risk Management Policy that sets out a framework for a system of risk management and internal compliance and control, whereby the Board delegates day-to-day management of risk to the Managing Director. The Board is responsible for supervising management's framework of control and accountability systems to enable risk to be assessed and managed.

In addition, Company is committed to ensuring that sound environmental management and safety practices are maintained for its exploration activities.

7.2 **Recommendation 7.2**

The board or a committee of the board should:

(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and
(b) disclose, in relation to each reporting period, whether such a review has taken place.

Compliance with ASX Recommendation: not followed

As the Board has responsibility for the monitoring of risk management it has not required a formal report regarding the material risks and whether those risks are managed effectively. The Board believes that the Company is currently effectively communicating its significant and material risks to the Board and its affairs are not of sufficient complexity to justify the implementation of a more formal system for identifying, assessing, monitoring and managing risk in the Company.

7.3 **Recommendation 7.3**

A listed entity should disclose:

(a) if it has an internal audit function, how the function is structured and what role it performs; or
(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.

Compliance with ASX Recommendation: 7.3(a) not followed, 7.3(b) followed

The Company does not currently have an internal audit function. This function is undertaken by the full Board.

The Company has adopted internal control procedures which are set out in its Risk Management Policy. The Company's internal controls include the following:

(a) identification of key risks;
(b) managing activities within budgets and operational and strategic plans;
(c) regular financial reporting against budget;
(d) regular visits the Company's exploration project areas to review the geological practices including the environmental and safety aspects of the Company's operations;
(e) appraisal procedures and due diligence requirements for potential acquisitions or divestments; and
(f) reliance on auditor reviews and senior management declarations.

The Managing Director is charged with evaluating and considering improvements to the Company's risk management and internal control processes on an ongoing basis.

The Board considers that an internal audit function is not currently necessary given the current size and scope of the Company's operations.

As the Company's operations grow and evolve, the Board will reconsider the appropriateness of adopting an internal audit function.

7.4 **Recommendation 7.4**

A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.

Compliance with ASX Recommendation: followed

The Company's primary operation of mineral exploration and development is speculative in nature and has inherent risks. It is subject to various economic, environmental and social sustainability risks, which may materially impact the Company's ability to operate and to generate value for shareholders. T hese include:

(a) **Exploration:** The success of the Company depends on the delineation of economically mineable reserves and resources, access to required development capital, movement in the price of commodities, securing and maintaining title to the Company's exploration and mining tenements and obtaining all consents and approvals necessary for the conduct of its exploration activities. The actual costs of exploration may materially differ from those estimated by the Company.
(b) **Title risks:** All exploration leases held by the Company may be subject to overlapping applications. The Company has in place both internal and external land management and land monitoring to ensure appropriate objections are lodged and protection of the leases is maintained.
(c) **Future capital requirements:** The Company will need to raise funding for working capital from time to time. However, there is no guarantee that appropriate or adequate funding will be available.
(d) **Commodity price fluctuations:** The Company's future revenue will depend upon demand and commodity prices for its products.
(e) **Exchange rate fluctuations:** The revenue and/or the expenditure of the Company will be taken into account in Australian and US currencies, exposing the Company to the fluctuations and volatility of the rates of exchange between the US dollar and the Australian dollar as determined in international markets.
(f) **Environmental risks:** The operations and activities of the Company are subject to environmental laws and regulations. As with most exploration projects and mining operations, the Company's operations and activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds. The Company attempts to conduct its operations and activities to the highest standard of environmental obligation, including compliance with all environmental laws.
(g) **Securities market conditions:** As with all securities markets, the price of the Company's shares and other securities is subject to fluctuations in the market.

The Company has adopted the Risk Management Policy and other procedures to identify, mitigate and manage these risks. These policies are updated from time to time as the Board considers appropriate in the circumstances for the management of the Company's risk profile.

8. **Principle 8: Remunerate fairly and responsibly – A listed entity should pay director remuneration sufficient to attract and retain high quality directors and design its executive remuneration to attract, retain and motivate high quality senior executives and to align their interests with the creation of value for security holders.**

8.1 **Recommendation 8.1**

The board of a listed entity should:

(a) have a remuneration committee which:

- (i) has at least three members, a majority of whom are independent directors; and
- (ii) is chaired by an independent director, and disclose:
- (iii) the charter of the committee;
- (iv) the members of the committee; and
- (v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or

(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.

Compliance with **ASX** ***Recommendation: 8.1(a) not followed, 8.1(b) followed***
The Company has not established a separate remuneration committee and does not have a formal remuneration policy in place.

The role of the remuneration committee is undertaken by the full Board. The Board considers that, given its current size, efficiencies or other benefits would not be gained by establishing a separate remuneration committee.

The Company sets out the remuneration paid or provided to Directors and senior executives annually in the remuneration report contained within the Company's annual report to shareholders. The full Board determines all compensation arrangements for Directors. It is also responsible for setting performance criteria, performance monitors, share option schemes, incentive performance schemes, superannuation entitlements, retirement and termination entitlements and professional indemnity and liability insurance cover.

The maximum aggregate remuneration payable to Non-Executive Directors is $80,000; the Non-Executive Directors have been paid below this threshold to preserve the Company's cash reserves and in recent years have been paid their directors' fees in the form of shares and performance rights in the Company.

As the Company's operations grow and evolve, the Board will reconsider the appropriateness of forming a separate remuneration committee.

8.2 **Recommendation 8.2**
A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.

Compliance with ASX Recommendation: followed
The Company's policies and practices regarding the remuneration of Executive and Non-Executive Directors and other senior executives is set out in the Remuneration Report contained in the Company's Annual Report for each financial year.

8.3 **Recommendation 8.3**
A listed entity which has an equity-based remuneration scheme should:

(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and
(b) disclose that policy or a summary of it.

Compliance with ASX Recommendation:
The Company does not currently have an equity-based remuneration scheme.

As the Company's operations grow and evolve, the Board will reconsider the appropriateness of an equity-based remuneration scheme.

The Board of Directors has pleasure in presenting its report on the company for the financial year ended 30 June 2017.

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 2017 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 and Managing Director)
BSc (Min), PG Dip (M Tech), M Min Tech, FAusIMM, CP,

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

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

Rebecca Moore (Non-Executive Director)
B Com, GAICD

Ms Moore has a background in project management, governance and marketing, having worked in state and local government, private enterprise, banking and mining. Ms Moore is a member of the audit committee.

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

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

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

Principal Activities
The principal activities of the company are the exploration and development of gold and base metal projects in the Northern Territory. No significant changes in the nature of these activities occurred during the year ended 30 June 2017.

Operating Results
The loss of the company after providing for income tax amounted to $31,884 (2016: loss $44,020).

Dividends
No dividend has been declared or paid by the company during the year ended 30 June 2017 and the directors do not at present recommend a dividend.

Review of Operations
Exploration activities
Truscott has expanded the reach of its research and development activities to study the structural controls over mineralisation of the wider Tennant Creek area. These findings combined with observations on other explorers' exploration programs has built up the knowledge to better focus future exploration drilling, and also to provide a basis for acquiring additional exploration tenure.

The company has recommenced drilling activities at the Westminster Project areas. The near term level of drilling activity will in part be determined by the status of the Westminster Project. With further improvement in gold market conditions, the Westminster Project Area is at a level of maturity at which it is can be advanced by either incorporation in a Joint Venture Arrangement or equity funding.

Financial Position
The net assets of the company were $7,332,784 at 30 June 2017 (2016: $7,122,058).

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 2017. As approved at the AGM on 28 October 2016 the Company issued 3,700,000 Class C performance rights to the Directors in lieu of directors' fees for the year ended 30 June 2016 and also issued 2,600,000 Class D performance rights to the executive directors for various sacrifices that had been made on behalf of the Company. On 23 March 2017 the company issued 8,000,000 fully paid ordinary shares at 2.5 cents to sophisticated and professional investors who were clients of Martin Place Securities. Full details of the share issue are included in Note 11 to the Financial Statements.

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
With reduced green-fields exploration having being undertaken throughout the country during the long period of market contraction, the supply of potential assets for acquisition or joint venture are limited. It is evident that a confirmation of more buoyant market conditions and gold prices will provide the opportunity for both Truscott and any potential incoming parties to achieve good outcomes

Conditional on being able to conclude an initial joint venture arrangement, or the raising of additional equity funding, the directors expect to undertake a number of drilling programs to advance the company's exploration projects. The Westminster Project has the highest priority for work schedules and development under a potential joint venture arrangement. Should market conditions continue to improve, further capital raisings may be appropriate to accelerate other exploration programs and for working capital.

Remuneration Report – audited

This report details the nature and amount of remuneration for each director and executive of Truscott Mining Corporation Limited. As at the date of this report the company had 2 executive directors, but did not have any executive employees.

Remuneration Policy

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

Details of remuneration

The remuneration for each key management person of the company was as follows:

Name	Short-term benefits		Share based payments	
	Directors' fees $	**Consulting fees $**	**Non-cash rights value $**	**Totals $**
Executive directors				
P N Smith				
2017	57,600	171,600	3,900	233,100
2016	0	168,000	23,813	191,813
M J Povey				
2017	43,200	43,200	2,860	89,260
2016	0	52,000	17,462	69,462
Non-executive director				
R T Moore				
2017	43,200	0	0	43,200
2016	0	0	14,300	14,300
Totals				
2017	**144,000**	**214,800**	**6,760**	**365,560**
2016	**0**	**220,000**	**55,575**	**275,575**

In the above table the 2016 figures have been adjusted to reflect that at the 2016 AGM, the shareholders voted to approve the issue of performance rights in lieu of Directors' fees that were then payable. The above consulting fees shown have been paid to the directors, or entities associated with the directors and are disclosed in Note 16 – Related Party Disclosures and the above consulting fees are not additional to those related party transactions.

For both the year ended 30 June 2016 and 30 June 2017 Mr Smith's Company has elected to invoice less than the minimum amount payable as per his contract.

As approved at the 2016 AGM, the directors' fees and superannuation payable for the year ended 30 June, 2016 were replaced with Class C performance rights. As the rights have a performance milestone attached to them, their value (as independently calculated) at issue date was considerably less than the cash value of the fees that they replaced. The cash values for Directors' fees as reported in the 2016 annual report and the value of the Class C Rights that replaced them were:

	Value if paid in Cash $	Class C Rights value $	Number of rights
Mr P N Smith	57,600	19,500	1,500,000
Mr M J Povey	43,200	14,300	1,100,000
Ms R T Moore	43,200	14,300	1,100,000
Total	**144,000**	**48,100**	**3,700,000**

At the AGM held on 28 October 2016 the shareholders approved the issue of Class D Performance Rights to the Executive Directors as follows:

	Class D Rights value $	Number of rights
Mr P N Smith	3,900	1,500,000
Mr M J Povey	2,860	1,100,000
Total	**6,760**	**2,600,000**

These rights values were independently calculated and were issued in recognition of sacrifices made to the company for the year ended 30 June 2016.

Of the above consulting fees (net of GST) for the years ended 30 June 2017, 2016 and 2015, the directors have agreed to defer payment, free of interest, the following amounts until 31 December 2018, or until the Company has the necessary funding to move onwards with exploration of the Company's projects:

	2017 $	2016 $	2015 $	Totals $
Mr P N Smith	102,960	95,640	128,764	327,364
Mr M J Povey	21,600	27,240	22,900	71,740
Total	**124,560**	**122,880**	**151,664**	**399,104**

None of the above amounts had been paid at 30 June 2017 and are included in non-current trade and other payables.

In order to conserve cash for research, exploration and working capital purposes the directors have agreed to receive performance rights, subject to shareholder approval, for the director fees that are payable for the year ended 30 June 2017. These Class E performance rights will only be issued if approved by the shareholders and will only subsequently convert to fully-paid ordinary shares if a milestone is reached.

Under the proposed milestone for the Class E rights, each right will automatically convert into one Fully Paid Ordinary Share, as long as the Fully Paid Ordinary shares have a closing price on ASX of 6 cents on 20 consecutive days where the shares have traded in the four years prior to expiry. The rights will expire 4 years from the date of issue. Even if the milestone is reached, the rights will not vest before 1 July 2018.

In the event that the Class E rights issue is approved at the 2017 AGM, then the remuneration would be as per the below table:

	Short-term benefits		Share based payments		
Name	**Directors' fees $**	**Consulting fees $**	**Rights value $**	**Deemed rights value $**	**Totals $**
Executive directors					
P N Smith					
2017	0	171,600	3,900	57,600	233,100
2016	0	168,000	23,813	0	191,813
M J Povey					
2017	0	43,200	2,860	43,200	89,260
2016	0	52,000	17,462	0	69,462
Non-executive director					
R T Moore					
2017	0	0	0	43,200	43,200
2016	0	0	14,300	0	14,300
Totals					
2017	**0**	**214,800**	**6,760**	**144,000**	**365,560**
2016	**0**	**220,000**	**55,575**	**0**	**275,575**

The above table assumes that the deemed value of the proposed Class E rights to be issued in lieu of the directors' fees is equal to the cash value of the fees.
Note: If approved by the Members at the 2017 AGM, the actual value of the rights will be independently determined as at the date of their issue.

The number of Class E Performance Rights in lieu of director fees proposed to be issued for 2017, and the Class C Performance Rights issued in 2016 were:

	2017 Class E Proposed	2016 Class C Issued
Mr P N Smith	2,200,000	1,500,000
Mr M J Povey	1,650,000	1,100,000
Ms R T Moore	1,650,000	1,100,000
Total	**5,500,000**	**3,700,000**

In the event that the performance rights issue in lieu of the Directors' fees is not approved by the shareholders at the 2017 AGM, the directors have agreed to defer payment of the Directors' fees until after 31 December 2018, or until the Company has the necessary funding to move onwards with exploration of the Company's projects.

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

30 June 2017	**Balance at Beginning of Year**	**Other transfer to/from related parties**	**Shares purchased on the market during the Year**	**Balance at End of Year**
Peter N Smith	31,604,771	(500,000)	79,334	31,184,105
Michael J Povey	5,395,544	(250,000)	0	5,145,544
Rebecca T Moore	6,135,961	0	0	6,135,961
	43,136,276	**(750,000)**	**79,334**	**42,465,610**

The above shareholdings include both direct and indirect holdings as at 30 June 2017.

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

30 June 2016	Balance at Beginning of Year	Other transfer to/from related parties	Issued on taking up of rights during the Year	Shares purchased on the market during the Year	Balance at End of Year
Peter N Smith	29,345,701	(5,550,000)	7,689,070	120,000	31,604,771
Michael J Povey	4,849,533	50,000	496,011	0	5,395,544
Rebecca T Moore	2,535,961	0	3,600,000	0	6,135,961
	36,731,195	**(5,500,000)**	**11,785,081**	**120,000**	**43,136,276**

The above shareholdings include both direct and indirect holdings as at 30 June 2016.

KMP Performance Rights Holdings – year ended 30 June 2017

The number of performance rights held by each KMP of the Company during the financial year is as follows:

30 June 2017	Balance at beginning of year	Granted as remuner-ation during the year	Expired during the year	Balance at end of year	Vested during the year	Vested and exerciseable	Vested and unexer-cisable
Peter N Smith							
Class A rights	1,500,000	0	0	1,500,000	0	0	1,500,000
Class B rights	1,500,000	0	0	1,500,000	0	0	1,500,000
Class C rights	0	1,500,000	0	1,500,000	1,500,000	0	1,500,000
Class D rights	0	1,500,000	0	1,500,000	1,500,000	0	1,500,000
Michael J Povey							
Class A rights	1,100,000	0	0	1,100,000	0	0	1,100,000
Class B rights	1,100,000	0	0	1,100,000	0	0	1,100,000
Class C rights	0	1,100,000	0	1,100,000	1,100,000	0	1,100,000
Class D rights	0	1,100,000	0	1,100,000	1,100,000	0	1,100,000
Rebecca T Moore							
Class A rights	1,100,000	0	0	1,100,000	0	0	1,100,000
Class C rights	0	1,100,000	0	1,100,000	1,100,000	0	1,100,000
Totals:							
Class A rights	3,700,000		0	3,700,000	0	0	3,700,000
Class B rights	2,600,000		0	2,600,000	0	0	2,600,000
Class C rights	0	3,700,000	0	3,700,000	3,700,000	0	3,700,000
Class D rights	0	2,600,000	0	2,600,000	2,600,000	0	2,600,000

The above rights are all held directly.

KMP Performance Rights Holdings - year ended 30 June 2016

	Balance at beginning of year	Granted as remuner-ation during the year	Exercised during the year	Expired during the year	Balance at end of year	Vested during the year	Vested and exerciseable	Vested and unexer-cisable
Peter N Smith								
Class A rights	0	1,500,000	0	0	1,500,000	1,500,000	0	1,500,000
Class B rights	0	1,500,000	0	0	1,500,000	1,500,000	0	1,500,000
Michael J Povey								
Class A rights	0	1,100,000	0	0	1,100,000	1,100,000	0	1,100,000
Class B rights	0	1,100,000	0	0	1,100,000	1,100,000	0	1,100,000
Rebecca T Moore				0			0	
Class A rights	0	1,100,000	0	0	1,100,000	1,100,000	0	1,100,000
Totals:								
Class A rights	0	3,700,000	0	0	3,700,000	3,700,000	0	3,700,000
Class B rights	0	2,600,000	0	0	2,600,000	2,600,000	0	2,600,000

The above rights holdings were all held directly.

Other KMP Transactions

There have been no other transactions involving equity instruments other than those described in the tables above.

Consultancy agreements
Remuneration and other terms of employment for Mr P N Smith and Mr M J Povey are formalised in consultancy agreements. Ms R T Moore's director's fees are covered in her letter of appointment. Each of the above agreements provide for directors' fees, superannuation and the provision of professional services. A summary of the agreements is as follows:

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

Mr P N Smith	$57,600
Mr M J Povey	$43,200
Ms R T Moore	$43,200

- Minimum annual consultancy fees payable are:

Mr P N Smith	$230,400
Mr M J Povey	$43,200
Ms R T Moore	$nil

- Each director is entitled to receive additional consultancy/directors' fees as specified below once the following number of equivalent days have been worked each year:

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

Mr Smith elected to receive less than his contracted amount so as to conserve funds for the company. Mr Smith will not be making a claim against the company for the shortfall in the contracted consultancy fees amount.

End of Remuneration Report

Unlisted Share Options
There were no options on issue at any time during the year ended 30 June 2017.

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

- all material non-audit services are reviewed and approved by the Board of Directors prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided do not compromise the general principles relating to auditor independence as set out in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

There were no fees for non-audit services paid or payable to the external auditors during the year ended 30 June 2017.

Auditors' Independence Declaration
On the 3rd February 2017 Hall Chadwick WA Audit Pty Ltd changed its name to Walker Wayland WA Audit Pty Ltd.
The auditors' independence declaration for the year ended 30 June 2017 has been received and can be found on page 30 of the Financial Report.

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

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

Directors' Meetings
During the financial year, 4X 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	4	4	0	0
R Moore	4	4	0	0
M J Povey	4	4	0	0

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

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

Environmental Regulations and Native Title

Environmental
For exploration and mining licenses; MLC511, MA25952, MA26500, MA26558, EL29883, EL27731 and EL31352 and the primary legislation in force is the Northern Territory Mining Management Act 2002, section 35 of which requires the application for authorisation of a Mine Management Plan on an annual basis.

Native Title
For activity zones within exploration and mining licenses; MLC511, MA25952, MA26500, MA26558, EL29883, EL27731 and EL31352 an authority has been issued by the Aboriginal Areas Protection Authority for exploration and mining, including the construction of infrastructure.

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

DIRECTOR　　　　　　　　DIRECTOR

Signed at Nedlands this 29th day of September 2017

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 June 2017

	NOTES	2017	2016
		$	$
Revenue	2	244,412	229,579
Consultants		(2,315)	(18,552)
Depreciation		(673)	(892)
Compliance and regulatory expenses		(90,439)	(93,590)
Directors' remuneration		(150,760)	(151,475)
Exploration evaluation and development costs written off	8	0	(15,801)
Superannuation expenses		(1,657)	(1,726)
Employee benefits expense		(17,435)	(18,170)
Administration expenses		(17,920)	(14,853)
Loss before income tax	3	(36,787)	(85,480)
Income tax benefit	4	(4,903)	(41,460)
Loss for the year		(31,884)	(44,020)
Other comprehensive income			
Other comprehensive income for the year, net of tax			0
Total comprehensive loss for the year		(31,884)	(44,020)
Earnings per share			
Basic and diluted earnings per share – cents	14	(0.029)	(0.044)

The accompanying notes form part of these financial statements

STATEMENT OF FINANCIAL POSITION

AS AT 30 June 2017

	NOTES	2017	2016
		$	**$**
ASSETS			
CURRENT ASSETS			
Cash & cash equivalents	13	116,712	46,861
Trade and other receivables	5	129,973	171,957
Other current assets	6	3,679	4,615
TOTAL CURRENT ASSETS		250,364	223,433
NON-CURRENT ASSETS			
Plant and equipment	7	8,230	10,652
Deferred exploration, evaluation and development expenditure	8	7,884,927	7,583,685
TOTAL NON-CURRENT ASSETS		7,893,157	7,594,337
TOTAL ASSETS		8,143,521	7,817,770
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	9	52,994	70,082
TOTAL CURRENT LIABILITIES		52,994	70,082
NON-CURRENT LIABILITIES			
Trade and other payables	10	583,014	445,998
Deferred tax liabilities	4	174,729	179,632
TOTAL NON-CURRENT LIABILITIES		757,743	625,630
TOTAL LIABILITIES		810,737	695,712
NET ASSETS		7,332,784	7,122,058
EQUITY			
Issued capital	11	8,655,378	8,467,628
Reserves	12	85,830	30,970
Accumulated losses		(1,408,424)	(1,376,540)
TOTAL EQUITY		7,332,784	7,122,058
Commitments	18		
Contingent liabilities	19		

The accompanying notes form part of these financial statements

FOR THE YEAR ENDED 30 June 2017

	Ordinary shares	Accumulated losses	Reserves	Total
	$	$	$	$
Balance at 30 June 2015	8,130,895	(1,332,520)	0	6,798,375
Shares issued during the year	361,760	0	0	361,760
Rights issued during the year	0	0	30,970	30,970
Transaction costs	(25,027)	0	0	(25,027)
Loss attributable to the members	0	(44,020)	0	(44,020)
Balance at 30 June 2016	8,467,628	(1,376,540)	30,970	7,122,058
Shares issued during the year	200,000			200,000
Rights issued during the year			54,860	54,860
Transaction costs	(12,250)			(12,250)
Loss attributable to the members		(31,884)		(31,884)
Balance at 30 June 2017	8,655,378	(1,408,424)	85,830	7,332,784

The accompanying notes form part of these financial statements

FOR THE YEAR ENDED 30 June 2017

	NOTES	2017	2016
		$	$
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest received		887	1,510
Payments to suppliers and employees		(136,487)	(115,066)
Research & development tax concession		195,153	78,699
Net cash provided (used) in operating activities	13(a)	59,553	(34,857)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for exploration, evaluation and development expenditure		(177,452)	(100,770)
Refund for security bond		0	1,495
Net cash used in investing activities		(177,452)	(99,275)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		200,000	110,891
Capital raising costs		(12,250)	(18,828)
Loan from director		20,000	0
Repayment of director loan		(20,000)	0
Net cash provided by financing activities		187,750	92,063
Net increase (decrease) in cash held		69,851	(42,069)
Cash and cash equivalents at beginning of financial year		46,861	88,930
Cash and equivalents at end of financial year	13(b)	116,712	46,861

The accompanying notes form part of these financial statements

FOR THE YEAR ENDED 30 June 2017

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES:

The principal accounting policies adopted in the preparation of the financial report are set out below.
The financial statements were authorised for issue on 28 September 2017 by the Directors of the company.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, interpretations of the Australian Accounting Standards Board (AASB), International Financial Reporting Standards as issued by the International Accounting Standards Board and the *Corporations Act 2001*. The Company is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

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

Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

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

(b) Going concern

For the year ended 30 June 2017, the Company incurred a loss of $31,884 and had net cash outflows of $177,452 from investing activities as disclosed in the Statement of Profit or Loss and Other Comprehensive Income and Statement of Cash flows, respectively. As a result of the need for continued cash outflows for investment activities the Directors have assessed the Company's ability to continue as a going concern and to pay its debts as and when they fall due.

The Company's ability to fund exploration commitments and for use as working capital is dependent upon raising additional capital in future years or deriving revenue from existing operations.

The Directors of the company advise that the following initiatives have been put in place subsequent to year end to restrict cash out flows and to raise additional funding:

- Directors have agreed to accept Performance Rights (subject to shareholder approval) in lieu of directors' fees for the year ended 30 June 2017 and have represented to the company that if the shareholder approval is not received, no directors' fees existing at 30 June 2017 will be payable prior to 31 December 2018 and that no consulting fees that are unpaid at 30 July 2017 will be repaid until 31 December 2018, or until the Company has the necessary funding to move onwards with exploration of the Company's projects;
- The company expects to receive a refund from the ATO of $111,376 resulting from an R&D concession claim for the 2016/17 financial year;
- Planning for a placement to a number of sophisticated and/or institutional investors to raise $150,000; and
- Negotiating a joint venture arrangement over some of the tenements of the Company which would result in an injection of funds into the Company.

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

(c) Revenue

Interest revenue is recognised using the effective interest rate method.
The research and development tax concession has been taken up as revenue. The estimated research and development tax concession amount for the year ended 30 June 2017 has been brought to account based on the expected amount of expenditure that can be classified as research and development.

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

(d) Income tax

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

FOR THE YEAR ENDED 30 June 2017

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

(d) Income tax (cont'd)

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (a) a legally enforceable right of set-off exists; and (b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

(e) Financial instruments

Recognition and initial measurement

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

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

Loans and receivables

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

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

Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.
Gains and losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

(f) Impairment of assets

At the end of each reporting period, the Company assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (e.g. in accordance with the revaluation model in AASB 116: *Property, Plant and Equipment*). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment testing is performed annually for goodwill, intangible assets with indefinite lives and intangible assets not yet available for use.

<u>Exploration, evaluation and development expenditure</u>
For capitalised exploration, evaluation and development expenditure the Company assesses whether there is an indication that it may be impaired based on one or more of the following facts or circumstances:

(a) the period for which the entity has the right to explore in the specific area has expired or will expire in the near future, and is not expected to be renewed;
(b) substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;
(c) exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area;
(d) sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

Where the Company assesses that there has been an impairment the amount is immediately recognised in profit or loss in accordance with AASB 6.

(g) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits available on demand with banks, other short-term highly liquid investments with original maturities of 3 months or less, and bank overdrafts. Bank overdrafts are reported within short-term borrowings in current liabilities in the statement of financial position.

FOR THE YEAR ENDED 30 June 2017

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

(h) Plant and Equipment

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

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

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

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

Depreciation

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

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

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

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

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

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

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

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

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

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

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

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

Any changes in the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site. For policy on impairment testing see 1(f).

(j) 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.

FOR THE YEAR ENDED 30 June 2017

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

(k) Employee benefits

Short-term and other long-term 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.

Equity settled compensation
The Company does not have a formal employee share plan. Share-based payments to employees are measured at the fair value of the instruments issued and amortised over the vesting periods. Where share-based payments are for past services by employees they fully vest and are measured at the fair value of the instruments issued on the grant date and are brought to account with the corresponding amount recorded to a reserve. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to a reserve. The fair value of rights is independently determined. Where share-based payments are for future services the number of shares expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognised for services received as consideration for the equity instruments granted is based on the number of equity instruments that eventually vest.

(l) 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.

(m) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

(n) Provisions

Provisions are recognised when the Company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

(o) Research & Development Tax Incentive

The R&D tax incentive is recognised as income by recording it as a receivable in the year in which the R&D expenditure was incurred and when the requirements under AASB 120 have been met.

(p) Critical Accounting Estimates and Judgments

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

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

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

Estimated value of Research and Development tax incentive
The Company makes an estimate of the amount of expenditure that qualifies for the R&D tax incentive based reasonable assumptions and prior claims and applies the current rate to that expenditure. The Company has also made a judgement that there is reasonable assurance that the requirements for recognition under AASB 120 have been met.

FOR THE YEAR ENDED 30 June 2017

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

(p) Critical Accounting Estimates and Judgments (cont'd)

Share based payments
Where equity instruments have not yet been issued, share based payments have been provided for at the agreed value of the services/fees that have been supplied. Subsequently, when the equity instruments are issued, the fair value is the market value of the equity instruments at the grant date. Where this market value differs from the amount provided for it gives rise to either a gain or a loss on the settlement of the payment.

(q) New and amended accounting policies adopted by the company

Accounting Standards issued by the AASB that are not yet mandatorily applicable to the Company, together with an assessment of the potential impact of such pronouncements on the Company when adopted in future periods, are discussed below:

- AASB 9 : Financial Instruments and associated Amending Standards (applicable to annual reporting periods beginning on or after 1 January 2018).

  The Standard will be applicable retrospectively (subject to the provisions on hedge accounting outlined below) and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments and simplified requirements for hedge accounting.

  As the Company does not have any hedge or derivative instruments the change in this accounting standard will have no impact on the Company.

- AASB 15 : Revenue from Contracts with Customers (applicable to annual reporting periods beginning on or after 1 January 2018, as deferred by AASB 2015-8 : Amendments to Australian Accounting Standards – Effective Date of AASB 15).

  When effective, this Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Apart from a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers.

  As the Company does not have any contracts with customers the change in this accounting standard will have no impact on the Company.

- AASB 16 : Leases (applicable to annual reporting periods beginning on or after 1 January 2019).

  When effective, this Standard will replace the current accounting requirements applicable to leases in AASB 117 : Leases and related Interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases.

  As the Company does not have any leases the change in this accounting standard will have no impact on the Company.

- AASB 2014-10 : Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (applicable to annual reporting periods beginning on or after 1 January 2018, as deferred by AASB 2015-10 : Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128).

  This Standard amends AASB 10 : Consolidated Financial Statements with regards to a parent losing control over a subsidiary that is not a "business" as defined in AASB 3.

  As the Company does not have any Associate or Joint Venture the change in this accounting standard will have no impact on the Company.

2. REVENUE

	2017 $	2016 $
Revenue from continuing operations:		
Interest received from other persons	516	1,881
Gain on share based payments	95,900	120,872
Research & development concession	147,996	106,826
Total revenue	244,412	229,579

3. LOSS BEFORE TAX

Loss before income tax includes the following specific expenses:

Auditor's remuneration for audit or review of the financial reports of the company	26,000	26,000
Remuneration for other services	0	0
Total remuneration	26,000	26,000

FOR THE YEAR ENDED 30 June 2017

4. INCOME TAX EXPENSE

(a) Income tax (benefit)/expense

	2017	2016
Current income tax credit	(108,444)	(66,515)
Deferred tax		
Current year	87,337	57,175
Adjustment in respect of prior year	22,508	(21,066)
Adjustment – change in tax rate to 27.5% (2016 28.5%)	(6,304)	(11,054)
	(4,903)	(41,460)

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

	2017	2016
Loss from continuing operations before income tax expense	(36,787)	(85,480)
Tax at the Australian tax rate of 27.5% (2016 28.5%)	(10,116)	(24,362)
Blackhole expenditure	(2,901)	(3,551)
R&D tax concession	16,860	4,388
Other expenses	(24,482)	10,634
Temporary differences	(87,805)	(53,624)
Tax losses	108,444	66,515
Net movement in deferred tax balances	(4,903)	(41,460)
Income tax attributable to the Company	(4,903)	(41,460)

(c) Deferred tax liabilities/assets

	Opening balance	Charged to income	Charged directly to equity	Change in tax rate	Prior year adjustment	Closing Balance
Deferred tax liabilities						
Deferred exploration expenditure	2,106,149	58,654	0	(105,307)	1,270	2,060,766
Other	1,585	(85)	0	(79)	0	1,421
Deferred tax assets						
Accrued expenses & non-current creditors	(52,200)	(4,945)	0	2,610	0	(54,535)
Capital raising costs	0	0	3,551	0	(11,182)	(7,631)
Tax losses carried forward	(1,834,442)	(66,515)	0	91,722	(11,154)	(1,820,389)
Net deferred tax liabilities as at 30 June 2016	221,092	(12,891)	3,551	(11,054)	(21,066)	179,632
Deferred tax liabilities						
Deferred exploration expenditure	2,060,766	82,842	0	(72,308)	0	2,071,300
Other	1,421	(359)	0	(50)	0	1,012
Deferred tax assets						
Accrued expenses & non-current creditors	(54,535)	5,321	0	1,914	0	(47,300)
Capital raising costs	(7,631)	0	(468)	268	0	(7,831)
Tax losses carried forward	(1,820,389)	(108,444)	0	63,873	22,508	(1,842,452)
Net deferred tax liabilities as at 30 June 2017	179,632	(20,640)	(468)	(6,303)	22,508	174,729

5. TRADE AND OTHER RECEIVABLES - CURRENT

	2017 $	2016 $
GST credit due	18,597	13,053
Income receivable	0	370
R&D tax concession amount	111,376	158,534
	129,973	171,957

6. OTHER CURRENT ASSETS

	2017	2016
Prepayments	3,679	4,615
	3,679	4,615

FOR THE YEAR ENDED 30 June 2017

7. PROPERTY PLANT AND EQUIPMENT

Leasehold improvements – at cost	3,746	3,746
Less accumulated depreciation	(3,007)	(2,877)
	739	869
Office furniture and equipment – at cost	15,398	15,398
Less accumulated depreciation	(14,803)	(14,130)
	595	1,268
Motor vehicle – at cost	26,561	26,561
Less accumulated depreciation	(23,109)	(22,312)
	3,452	4,249
Field equipment – at cost	35,018	35,018
Less accumulated depreciation	(31,574)	(30,752)
	3,444	4,266
	8,230	10,652

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 2015	1,022	2,160	5,422	5,229	13,833
Additions	0	0	0	0	0
Disposals	0	0	0	0	0
Revaluation increments/decrements	0	0	0	0	0
Depreciation expense	(153)	(892)	(1,156)	(980)	(3,181)
Balance at 1 July 2016	869	1,268	4,266	4,249	10,652
Additions	0	0	0	0	0
Disposals/write-offs	0	0	0	0	0
Revaluation increments/decrements	0	0	0	0	0
Depreciation expense	(130)	(673)	(822)	(797)	(2,422)
Balance at 30 June 2017	739	595	3,444	3,452	8,230

8. DEFERRED EXPLORATION, EVALUATION AND DEVELOPMENT EXPENDITURE

	2017 $	2016 $
Tenement acquisition costs – at cost	289,478	285,773
Security deposits – at cost	59,709	59,709
Deferred exploration expenditure – at cost	7,535,740	7,238,203
	7,884,927	7,583,685
Carrying amount at beginning of year	7,583,685	7,382,883
Deferred exploration, evaluation and development expenditure incurred	297,537	215,265
Expenditure associated with acquisitions	3,705	1,338
Prior year costs written-off	0	(15,801)
Current year costs written-off	0	0
Payment (refund) of security deposits	0	0
Carrying amount at end of year (at cost)	7,884,927	7,583,685

The ultimate recoupment of the above deferred exploration expenditure is depend development and commercial exploitation or, alternatively, sale of the respective above expenditure relates to exploration phase.

9. TRADE AND OTHER PAYABLES – CURRENT

Sundry payables and accrued expenses	52,994	70,082
	52,994	70,082

10. TRADE AND OTHER PAYABLES – NON-CURRENT

Amounts due to related parties:		
Consulting fees	439,014	301,998
Directors' fees	144,000	144,000
	583,014	445,998

FOR THE YEAR ENDED 30 June 2017

10. TRADE AND OTHER PAYABLES – NON-CURRENT (cont'd)

The directors have agreed to defer receipt of some consulting fees until after 31 December 2018 or until the Company has the necessary funding to move onwards with exploration of the Company's projects.

In order to conserve cash for research, exploration and working capital purposes the directors have agreed to receive Class E performance rights, subject to shareholder approval, for the above director fees that are payable for the year ended 30 June 2017. These performance rights will only be issued if approved by the shareholders and will only subsequently convert to fully-paid ordinary shares if the milestone is reached. Under the proposed milestone for the rights, each right will automatically convert into one Fully Paid Ordinary Share, as long as the Fully Paid Ordinary shares have a closing price on ASX of 6 cents on 20 consecutive days where the shares have traded in the four years prior to expiry. Even if the milestone is reached the rights will not vest before 1 July 2018. At the 2016 AGM shareholder approval was given for performance rights to be issued in lieu of the directors' fees payable for the year ended 30 June 2016. Please refer to the remuneration report within the Directors' report for full details.

11. ISSUED CAPITAL

a) Ordinary Shares

(i) Issued and paid-up capital
107,845,544 (2015:93,375,134) fully paid ordinary shares

	2017		2016	
	No. of Shares	$	No. of Shares	$
(ii) Movements in shares on issue				
Opening balance	107,845,544	8,467,628	93,375,134	8,130,895
Shares issued on 5/02/16 as per rights issue at 2.5 cents	0	0	14,365,410	359,135
Shares issued on 5/02/16 to contractor at 2.5 cents	0	0	105,000	2,625
Shares issued on 23/03/17 at 2.5 cents to sophisticated investors	8,000,000	200,000	0	0
			107,845,544	8,492,655
Less costs of issues	0	(12,250)	0	(25,027)
Closing balance	115,845,544	8,655,378	107,845,544	8,467,628

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

Share issues:

The following shares were issued during the year:
23 March 2017 – 8,000,000 shares at 2.5 cents to sophisticated investors

The following shares were issued last financial year:
5 February 2016 – 105,000 shares at 2.5 cents to a contractor.
5 February 2016 – 14,365,410 shares at 2.5 cents as per rights issue.

b) Options over Ordinary Shares

Options:
At no time during the year did the Company have any options on issue.

12. RESERVES

	2017	2016
	$	$
Opening balance	30,970	0
Gain on grant of Class A Performance Rights	0	23,495
Gain on grant of Class B Performance Rights	0	7,475
Gain on grant of Class C Performance Rights	48,100	0
Gain on grant of Class D Performance Rights	6,760	0
Closing balance	85,830	30,970

FOR THE YEAR ENDED 30 June 2017

12. RESERVES (cont'd)

The reserve records items recognised as costs when:

a. options are issued to directors as part of their remuneration;

b. options are issued to brokers who assist with capital raisings;

c. options are issued to employees as part of their remuneration;

d. options are issued to consultants as consideration for services rendered; and

e. rights are issued to directors as part of their remuneration;

Performance Rights:

Class A Rights – 3,700,000 granted on 23 October 2015, have vested and have an expiry of 23 October 2019. These rights are subject to the Company's closing share price being at least 8 cents per share for 20 consecutive days on which the shares trade in the 4 years from date of issue. If this milestone is not achieved the rights will lapse.

Class B Rights – 2,600,000 granted on 23 October 2015, have vested and have an expiry of 23 October 2019. These rights are subject to the Company's closing share price being at least 15 cents per share for 20 consecutive days on which the shares trade in the 4 years from date of issue. If this milestone is not achieved the rights will lapse.

Class C Rights – 3,700,000 granted on 28 October 2016, have vested and have an expiry of 28 October 2020. These rights are subject to the Company's closing share price being at least 6 cents per share for 20 consecutive days on which the shares trade in the 4 years from date of issue. If this milestone is not achieved the rights will lapse.

Class D Rights – 2,600,000 granted on 28 October 2016, have vested and have an expiry of 28 October 2020. These rights are subject to the Company's closing share price being at least 15 cents per share for 20 consecutive days on which the shares trade in the 4 years from date of issue. If this milestone is not achieved the rights will lapse.

13. CASH FLOW INFORMATION

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

Loss after income tax	(31,884)	(44,020)
Gain on remuneration liability settled by share based payments	(95,900)	(120,872)
Directors' fees to be satisfied by the issue of rights	144,000	144,000
Rights issue as per AGM to executive directors	6,760	7,475
Write-off of exploration expenditure	0	15,801
Depreciation	673	892
Changes in assets and liabilities:		
Decrease/(Increase) in receivables	41,614	(28,788)
Decrease/(Increase) in income receivable	371	(371)
(Decrease)/Increase in payables and accruals	(1,011)	32,729
(Increase)/Decrease in prepayments	(167)	(243)
(Decrease)/Increase in deferred taxes payable	(4,903)	(41,460)
Net cash flows from/(used in) operating activities	59,553	(34,857)

(b) Reconciliation of cash and cash equivalents:

Cash and cash equivalents	116,712	46,861
Closing Balance per Statement of Cash Flows	116,712	46,861

(c) Non-cash Financing and Investing Activities

The Company will issue, subject to shareholder approval, 5,500,000 Class E Performance Rights in lieu of directors' fees of $144,000 for the year ended 30 June 2017. These rights are subject to the Company's closing share price being at least 6 cents per share for 20 consecutive days on which the shares trade in the 4 years from date of issue. If this milestone is not achieved the rights will lapse. In the event that the shareholders do not agree to the issue of the rights the directors are entitled to receive their director's fees paid in cash. To assist the Company, in the event that the issue is not approved, the Directors have agreed to not request payment of the directors fees until the Company has the funds for payment. The full amount of $144,000 for the Directors fees was expensed in the Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2017.

The above amount of $144,000 of directors' fees is included in Note 10 – Trade & other payables – non-current.

The Company received shareholder approval at the 2016 AGM to issue 2,600,000 Class D Performance Rights for sacrifices made by the Executive Directors during the year ended 30 June 2017. The value of those rights of $6,760 has been expensed in the Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2017.

FOR THE YEAR ENDED 30 June 2017

13. CASH FLOW INFORMATION (cont'd)

The Company received shareholder approval at the 2016 AGM to issue 3,700,000 Class C Performance Rights in lieu of directors' fees that were payable for the year ended 30 June 2016. The full amount of $144,000 for the Directors fees was expensed in the Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2016.

14. LOSS PER SHARE

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

	2017	2016
	$	$
Loss used in calculating basic and diluted earnings per share	(31,884)	(44,020)
	No.	No.
Weighted average number of ordinary shares outstanding during the year used in calculating basic and diluted EPS	110,015,407	99,044,363

15. SEGMENT INFORMATION

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

16. RELATED PARTY DISCLOSURES

Transactions with related parties.

Peter N Smith is a director of Resource Investments & Consulting Pty Ltd (RIC) which provided mining engineering and geological services totalling $171,600 (2016 $168,000). RIC agreed to defer receipt of $102,960 (2016 $95,640) until 31 December 2018, or until the company has sufficient funds to make payment.

Michael J Povey is the principal of an Accounting practice which provided accounting and company secretarial services totalling $43,200 (2016 $52,000). Mr Povey agreed to defer receipt of $21,600 (2016 $27,240) until 31 December 2018, until or the company has sufficient funds to make payment.

The above amounts agreed to be deferred are included in Note 10 – Trade & other payables.

17. FINANCIAL RISK MANAGEMENT

(a) Financial risk management policies

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

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

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

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

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17. FINANCIAL RISK MANAGEMENT (cont'd)

The table below reflects an undiscounted contractual maturity analysis for financial liabilities.

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates.

	Within one year		1 to 5 years		Over 5 years		Total	
	2017 $	2016 $	2017 $	2016 $	2017 $	2016 $	2017 $	2016 $
Financial liabilities due for payment								
Trade & other payables	52,994	70,082	583,014	445,998	0	0	636,008	516,080
Borrowings	0	0	0	0	0	0	0	0
Total contractual outflows	52,994	70,082	583,014	445,998	0	0	636,008	516,080

Interest Rate Risk

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

	Notes	Floating Interest Rate $		Fixed interest rate $		Non-Interest Bearing $		Total $	
		2017	2016	2017	2016	2017	2016	2017	2016
Financial Assets:									
Cash at bank and on hand	13(b)	0	0	0	0	2,653	2,822	2,653	2,822
Cash at call	13(b)	114,059	44,039	0	0	0	0	114,059	44,039
Trade and other receivables – Current	5	0	0	0	0	129,972	171,957	129,972	171,957
		0	0	0	0				
Total financial assets		114,059	44,039	0	0	132,625	174,779	246,684	218,818
Weighted average interest rate		1.00%	0.95%	-	-				
Financial Liabilities:									
Payables – Current	9	0	0	0	0	52,994	70,082	52,994	70,082
Non-current	10	0	0	0	0	583,014	445,998	583,014	445,998
Borrowings – Non-current	20	0	0	0	0	0	0	0	0
Total financial liabilities		0	0	0	0	636,008	516,080	636,008	516,080
Weighted average interest rate		-	-	-	-				
Net financial assets (liabilities)		114,059	44,039	0	0	(503,383)	(341,301)	(389,324)	(297,262)

(b) Financial instruments

Net Fair Value

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

18. CAPITAL AND LEASING COMMITMENTS

Capital expenditure commitments

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

<u>Exploration Expenditure Commitments</u>
The company has certain obligations to perform minimum annual exploration work totalling $142,000 on its tenements.

FOR THE YEAR ENDED 30 June 2017

19. CONTINGENT LIABILITIES

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

20. SHARE BASED PAYMENTS

The following share-based payment arrangements were made during the reporting periods::

Director and contractor shares

At the 2015 AGM, 3,700,000 Class A Performance Rights and 2,600,000 Class B Performance Rights were issued to the directors as follows:

	Number	$	Valuation on issue
Directors in lieu of directors' fees:			
Class A Performance Rights	3,700,000	144,000	23,495
Directors for sacrifices made:			
Class B Performance Rights	2,600,000	0	7,475
Totals	6,300,000	144,000	30,970

The rights were independently valued using the Hoadley Valuation Model. The directors had agreed to receive the Class A Rights in lieu of the unpaid directors' fees. Details of the input data for the valuations are:

Class A Performance Rights: Probability weighting – 25.4%; underlying share value – 2.5 cents, Volatility – 100%

Class B Performance Rights: Probability weighting – 11.5%; underlying share value – 2.5 cents, Volatility – 100%

In conjunction with the issue of shares from the Company's Rights Issue on 8 February 2016 the company issued shares to an independent contractor in lieu of payment:

	Number	$
Contractor shares	105,000	2,625

At the 2016 AGM, 3,700,000 Class C Performance Rights and 2,600,000 Class D Performance Rights were issued to the directors as follows:

	Number	$	Valuation on issue
Directors in lieu of directors' fees:			
Class A Performance Rights	3,700,000	144,000	48,100
Directors for sacrifices made:			
Class B Performance Rights	2,600,000	0	6,760
Totals	6,300,000	144,000	54,860

The rights were independently valued. The directors had agreed to receive the Class C Rights in lieu of the unpaid directors' fees. Details of the input data for the valuations are:

Class C Performance Rights: Discount weighting – 50.0%; underlying share value – 2.6 cents, Volatility – 68.33%

Class D Performance Rights: Discount weighting – 90.0%; underlying share value – 2.6 cents, Volatility – 68.33%

There were no options issued to directors during the years ended 30 June 2017 and 2016.

21. 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.

DIRECTORS' DECLARATION

The directors of the Company declare that:

1. the financial statements and notes, as set out on pages 31 to 46, are in accordance with the Corporations Act 2001 and:

a) comply with Australian Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS); and

b) give a true and fair view of the financial position as at 30 June 2017 and of the performance for the year ended on that date of the company;

2. the Directors have been given the declarations required by s 295A of the *Corporations Act 2001* from the Chief Executive Officer and Chief Financial Officer; and

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

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

DIRECTOR	DIRECTOR

Perth, WA

Dated this 29th day of September 2017

ADDITIONAL SHAREHOLDER INFORMATION

Shareholder information as registered at close of business on 28 September 2017

1. DISTRIBUTION OF SHAREHOLDERS

		Number of Shareholders
1	1,000	13
1,001	5,000	27
5,001	10,000	85
10,001	100,000	171
100,001 and over		84
		380

Percentage holding of 20 largest holders 75.75%

2. TWENTY LARGEST SHAREHOLDERS

The names of the twenty largest shareholders are as follows:

	Shareholder	Number of Shares	% of Issued Capital
1	Hillway Pty Ltd	14,724,053	12.71
2	Resource Holdings (WA) Pty Ltd	9,800,000	8.46
3	Resource Investments & Consulting Pty Ltd	6,360,697	5.49
4	Alcardo Investments Ltd	6,290,167	5.43
5	Ms RT Moore	6,135,961	5.30
6	Mr E E Smith	6,000,000	5.18
7	MJ & EV Povey	5,111,536	4.41
8	Mr GC & Mrs DS Campbell	4,017,102	3.47
9	Ms CF Raston	3,630,719	3.13
10	Mr A & Mrs M Brien	3,335,255	2.88
11	Reneagle Pty Ltd	3,066,449	2.65
12	Norvest Projects Pty Ltd	3,000,000	2.59
13	Reseda Holdings Pty Ltd	2,653,287	2.29
14	Mr K Yu	2,500,000	2.16
15	Mr DM Barrett	2,434,436	2.10
16	Martin Place Securities Noms Pty Ltd	1,945,271	1.68
17	Dr JA Hanson	1,943,848	1.68
18	Prof YK Ng	1,630,719	1.41
19	Mr A Dimou	1,600,000	1.38
20	Mr G C Campbell	1,578,796	1.36
	Total of Top 20	87,758,296	75.75
	Total listed Shares	115,845,544	100.00

3. SUBSTANTIAL SHAREHOLDERS

As at 28 September 2017 the substantial shareholders were:

	Shareholder	Number of Shares	% of Issued Capital
1	Peter Neil Smith	31,635,999	27.31
2	Alcardo Investments Ltd	6,290,167	5.43
3	Rebecca T Moore	6,135,961	5.30
4	Ewen E Smith	6,000,000	5.18

Substantial shareholders are required to notify the ASX once they hold 5% or more of the Company's issued shares and to update that notice whenever there is a change of 100 basis points or more from the previous notice.

4. SHAREHOLDERS HOLDING LESS THAN THE MARKETABLE PARCEL

Shareholder information as registered at close of business on 28 September 2017. The number of shareholders holding less than the marketable parcel is 191 shareholders holding 1,954,809 ordinary shares representing 1.69% of total issued capital.

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.

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

6. COMPANY DETAILS

Registered office:
Unit 1, 1 Ewen Street, Scarborough WA 6019
All correspondence to be addressed to the PO Box
PO Box 2805, West Perth WA 6872

Telephone numbers
Telephone 0419 956 232

Email
admin@truscottmining.com.au

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

Company secretary:
Michael J Povey

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

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

7. TENEMENT SCHEDULE

Tenements held as at 28 September 2017 are:

Project	Type & Number	Date Renewed	Held by	Area
Northern Territory				
Westminster	MLC511	1/01/2017	TRM 100%	9 Hectares
Westminster	MA25952	26/10/2016	TRM 100%	1 Block
Westminster	MA26500	09/07/2017	TRM 100%	5 Blocks
Westminster	MA26558	09/07/2017	TRM 100%	2 Blocks
Olympus	EL29883	05/12/2016	TRM 100%	8 Blocks
Ewan Edward	EL31352	17/07/2017	TRM 100%	11 Blocks

Notes:

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

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TRUSCOTT
MINING CORPORATION LIMITED