

Mantle Mining Corporation Limited

ABN 70 107 180 441

Half-Year Financial Report

For the half-year ended

31 December 2014

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Corporate Directory

Directors

Mr Martin Blakeman Non-Executive
Chairman
Mr Ian Kraemer Managing Director
Mr Stephen de Belle Non-Executive Director

Company Secretaries

Mr Winton Willesee
Ms Erlyn Dale

Principal Place of Business and Registered Office

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Nedlands WA 6009

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Solicitors to the Company

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Cottesloe WA 6011

Share Registry

Security Transfer Registrars
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Applecross WA 6153

Tel: +61 8 9315 2333
Fax: +61 8 9315 2233

Auditors

RSM Bird Cameron Partners
8 St Georges Terrace
Perth WA 6000

Stock Exchange

Australian Securities Exchange
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Perth WA 6000

ASX Code: MNM and MNMO

Directors' Report

The directors of Mantle Mining Corporation Limited submit herewith the financial report of Mantle Mining Corporation Limited and its subsidiaries (the "Group") for the half-year ended 31 December 2014. In order to comply with the provisions of the *Corporations Act 2011*, the directors report as follows:

The names of the directors of the Company during or since the end of the half-year are:

Mr Martin Blakeman – *Non-Executive Chairman*
Mr Ian Kraemer – *Managing Director*
Mr Stephen de Belle – *Non-Executive Director*
Mr Peter R Anderton – *Non-Executive Director (resigned 29 January 2015)*

All directors were in office for the entire period.

Results

The loss of the Group for the half-year ended 31 December 2014 after providing for income tax amounted to \$2,417,145 (31 December 2013: \$925,984).

No dividends were declared or paid during the half-year ended 31 December 2014.

Review of Operations

Mantle Mining is an Australian based minerals exploration and mine development company. Mantle's principal activities are to acquire exploration tenements and locate economically developable deposits of coal and gold. It is Mantle's intention to progress mineral deposits through feasibility and into mining operations, to the benefit of all stakeholders.

Mantle is progressing three 100% owned gold projects located in Queensland with the most advanced being the recently acquired high grade Norton Gold Mine. The company is also well positioned in the emerging brown coal upgrade sector with substantial holdings and a technology joint venture in Victoria.

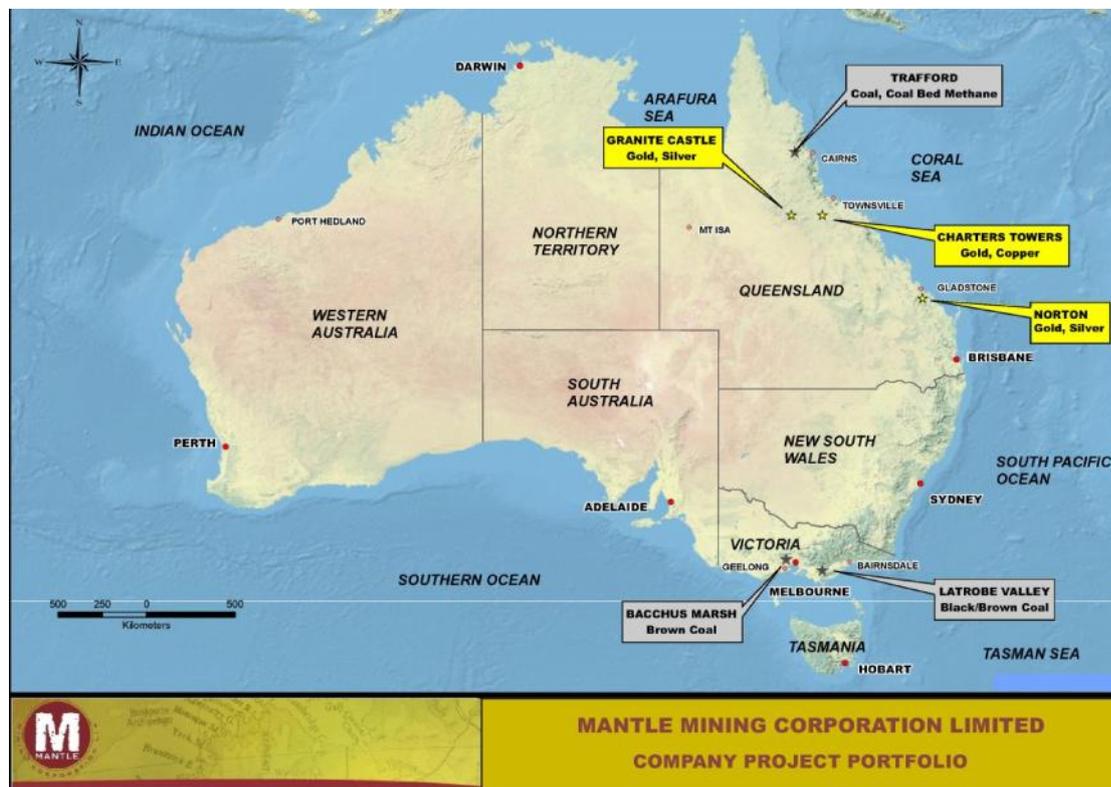


Figure 1: Mantle's project locations.

Directors' Report

No major exploration activity was undertaken at Mantle's projects during the half year except for that related to the ongoing development of the Norton gold mine geologic database. No mining activities were undertaken during the half year however a primary crusher was acquired and relocated to the Norton gold mine.

During the half year at the Norton Gold Mine:

Following the completion of successful Sorter machine trials in Germany on samples taken from the Frampton shear zone stockpiles, the various sorted products were returned to Mantle's Townsville offices and sent for laboratory analysis. A bulk sample of in-situ shear material was excavated and sent to Germany for more detailed Sorter design trials, which were being undertaken at the end of the period.

Extensive Gravity Table trials were also successfully undertaken on samples from the Frampton shear zone with very high grade gold concentrates of approximately 90g/t (3oz/t) regularly produced. Bulk samples of in-situ shear material were also provided for more detailed Gravity Table processing trials.

A primary crusher was acquired, overhauled and delivered to the mine site in good working order. The crusher provides an ability to prepare bulk high grade samples from selective crushing of visibly high grade material from the existing stockpiles as well as from fresh bulk samples of in-situ shear material for trucking to interested off-take parties' processing plants for bulk processing trials.

Discussions were advanced with potential gold concentrate off take parties in QLD, VIC and China and samples of the high grade gold concentrate produced from the gravity tabling trials were provided for initial gold recovery tests.

During the half year at the Bacchus Marsh Coal Project:

The Bacchus Marsh Project area contains an Inferred Resource of brown coal. Mantle is in Joint Venture with clean coal technology company Exergen Pty Ltd to develop the deposit utilising Exergen's patented Continuous Hydro-Thermal Dewatering (CHTD) technology.

A Performance Notice was issued to Exergen in relation to a demonstration plant construction milestone for the Bacchus Marsh Coal Joint Venture. Following detailed discussions with Exergen, Mantle determined that it was in the best interests of the JV to continue with the current 50/50% Joint Venture structure.

The Granite Castle Gold Project:

The Granite Castle Project area contains a Measured, Indicated and Inferred gold Resource. Mineralisation occurs in a 600m long portion of the single Granite Castle Shear. Over 14km of additional shears have been located, most with drill holes and/or rock chip samples at similar grades to the Granite Castle Shear. The Coronation Shear has also been recently drill tested with success and new structural controls to gold mineralisation recognised.

The Charters Towers Gold Project:

The Charters Towers Project area contains the Great Britain Inferred gold Resource as well as a number of historic mines, including Day Dawn West, immediately west along strike from the main historic underground mining area. The Gromac/Puzzler area is prospective for deposits of copper, gold, silver and molybdenum.

The Latrobe Valley Coal Project:

The Latrobe Valley coal project contains an Inferred Resource of brown coal. Mantle's tenements immediately abut the central Latrobe Valley coal basin where major coal mines produce approximately 65 million tonnes per annum of coal for local power station consumption. The tenements are also highly prospective for deposits of black coal.

Directors' Report

The Trafford (Mt Mulligan) Coal and Gas Project:

At the Trafford Project, Mantle previously executed an Indigenous Land Use Agreement (ILUA) with the Native Title Holders of the Mt Mulligan area, the Djungan People and is progressing preliminary activities ahead of initial low impact exploration for coal and gas.

Background on the Norton Gold Project

The Norton Gold Mine is located 100km by road south of the port city of Gladstone in Queensland.

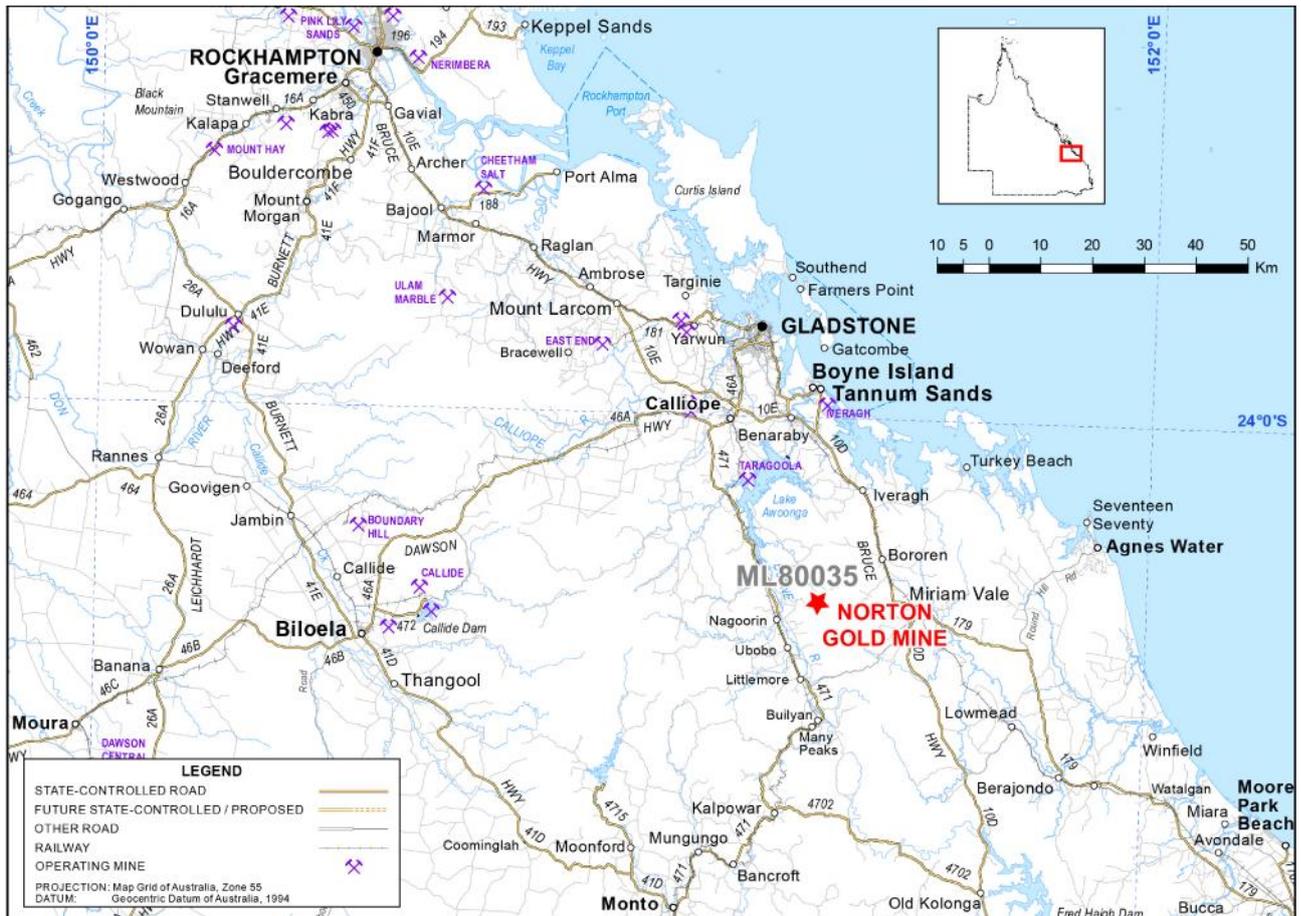


Figure 2: Norton Goldmine Project Location.

Mantle acquired the mine in early 2014 and aims to restart operations in 2015 pending sufficient financing. The strategy is to produce a high-grade gold concentrate for direct sales or toll processing. The mine benefits from an existing Plan of Operations based on drill and blast and an excavator loading trucks hauling to the ROM stockpile.



Pictures 1 and 2: Previous operations at Norton Gold Mine charging blast holes and mining with excavator and trucks.

Mining Licence (ML) 80035 contains the existing mine within which 8 main shears make up the currently defined deposit. Three shears have previously been mined or pre-stripped and remain open for future mining, pending final re-approvals, minor site preparation and earthworks. Mantle's geologic database includes all geologic, topographic, drilling and laboratory analysis data and results, existing roads and mining voids and planned future mining zones.

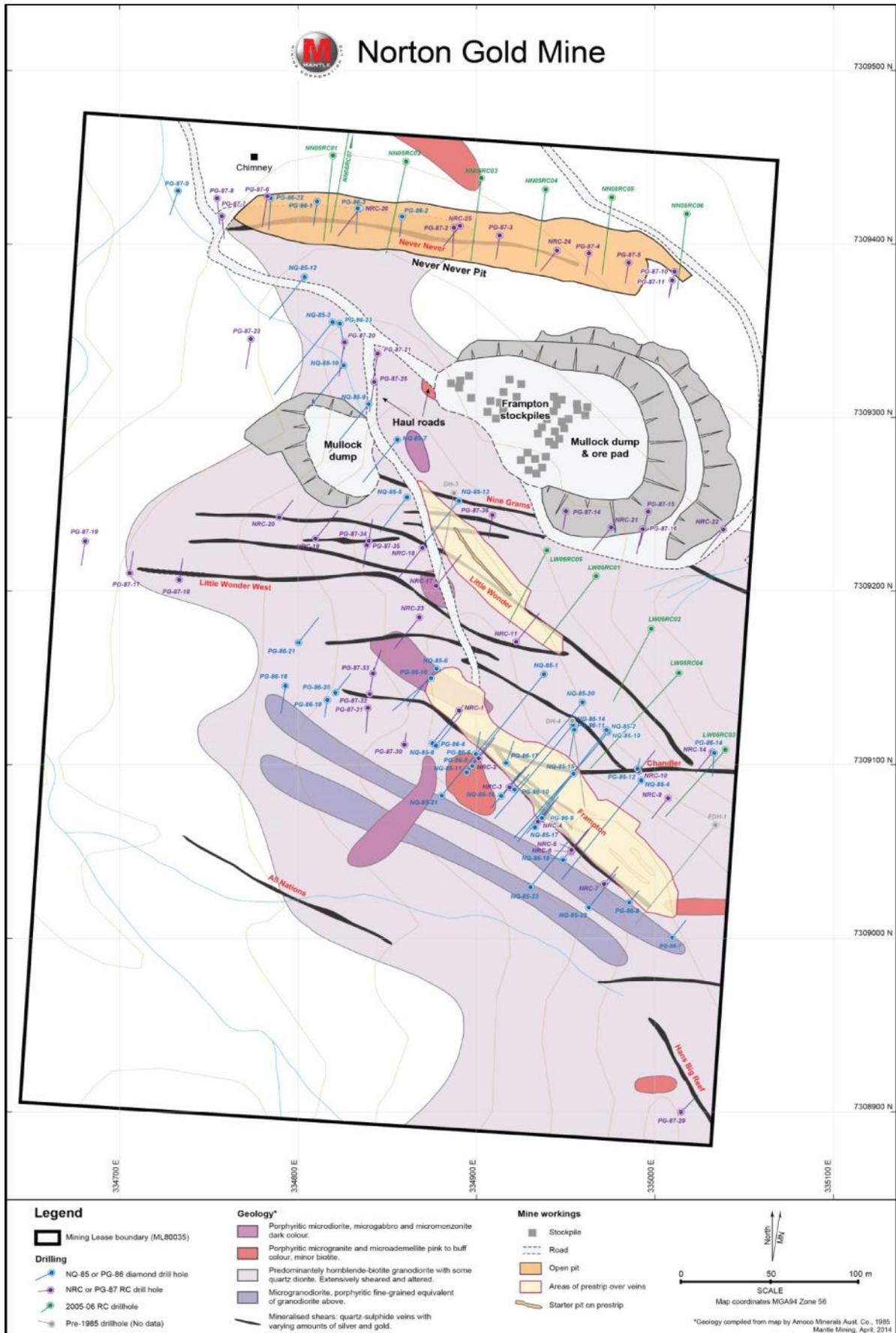


Figure 3: Norton ML 80035 with geology, shears, drill holes and existing mine layout.

Directors' Report

At Norton, gold and silver are contained in high-grade, sub vertical shears that occur from the surface. Interrogation of the database has yielded numerous drill hole intercepts greater than 10g/t gold at shallow depths.

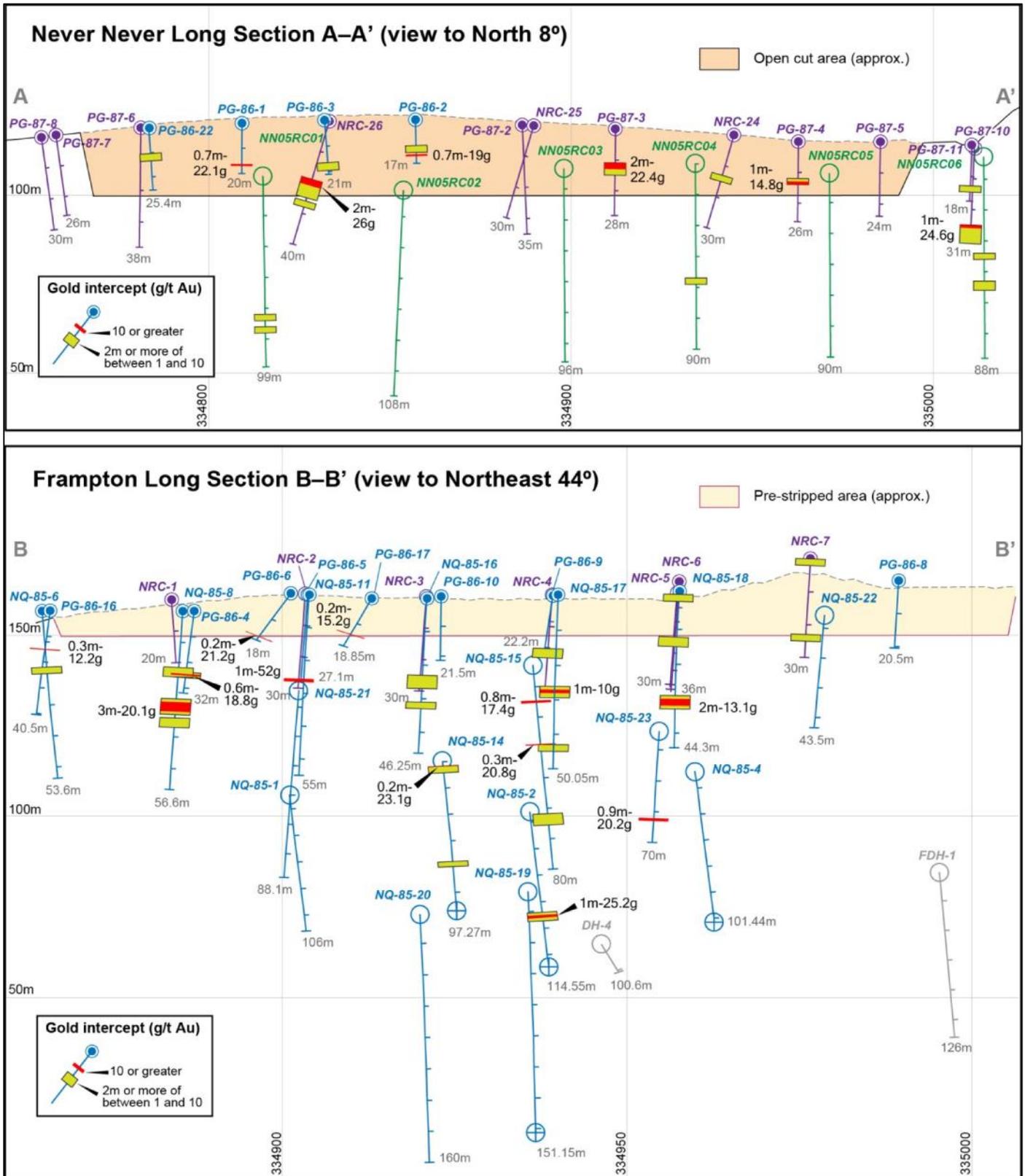


Figure 4: Long sections with drill hole intercepts with material grades and open cut and pre-strip areas.

Directors' Report

Approximately 900 tonnes of Frampton shear material remains stockpiled onsite from the prior mining operation. The stockpiles essentially contain two types of material; grade carrying veins and barren wall rock. The grade carrying material is made up predominately of high and medium grade boulders, representing mineralised vein and breccia material from the core of the fault lode.

Low-grade boulders are also present, representing poorly mineralised granitic rock contained within, or peripheral to, the primary mineralised fault zones.



Pictures 3, 4 and 5: Frampton stockpiles, typical grade carrying shear material and typical barren wall rock.

A study of processing options for Norton Gold Mine is nearing completion. The company seeks to define the lowest cost, highest gold recovery method for application at Norton and to that end is currently focussed on two options:

1. A simplified method of crushing followed by feeding the crushed material onto a sorter machine, which separates barren waste from the grade carrying material, or
2. Conventional Hydrometallurgical processing, which consists of crushing and grinding followed by gravity table recovery of high and medium grade carrying material.

Preliminary sorter machine trials were undertaken on Run of Mine (ROM) samples taken from the Frampton stockpiles by Steinert in Germany. Close to 100% of the high grade and in excess of 90% of the medium grade material was successfully separated from the waste rock following a relatively coarse crush to 70mm top size.



Pictures 6 and 7: The shear material sized for sorting and a typical Steinert X-ray Sorting System (XSS) machine.

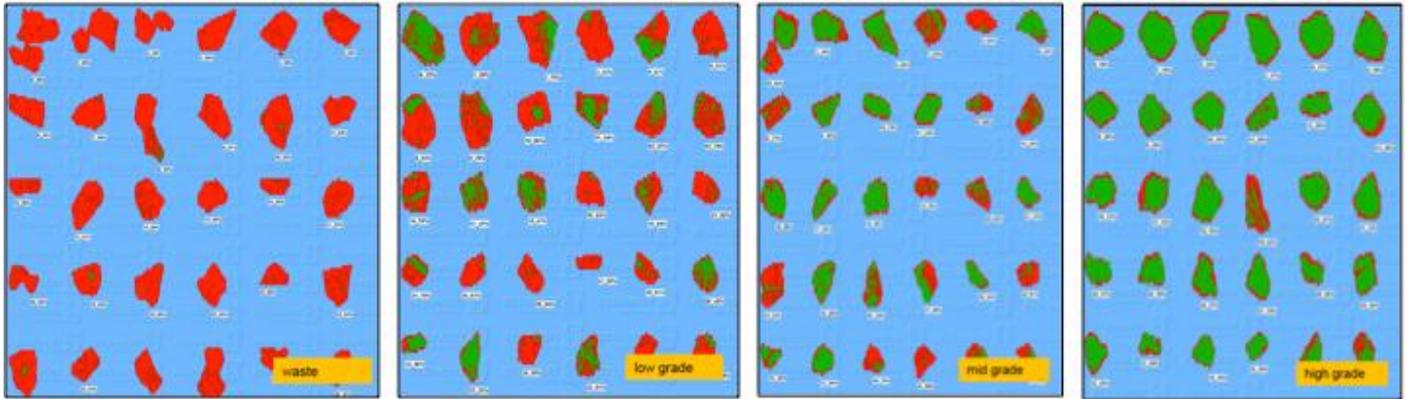


Figure 5: The Sorter separated shear material into products containing either red (waste) or green (grade carrying).

Successful trials were also undertaken using a simple gravimetric concentration table to produce a high-grade gold concentrate from the stockpile samples. Gravity tables are essentially low cost capital equipment capable of producing high-grade concentrates from material with differential density characteristics.

As such, shipping volumes, transportation costs and per tonne processing costs for final gold recovery are all minimized.



Pictures 8, 9 and 10: Gravity table trial with distinct separation of high and medium grade concentrates and waste.

Laboratory analyses of the concentrates produced from the gravity table were as follows:

- Stockpiled ROM material fed onto the gravity table: 8.6 g/t gold
- Medium grade concentrate produced from the table: 83.0 g/t gold = 2.67 oz/t
- High grade concentrate produced from the table: 95.6 g/t gold = 3.07 oz/t

Based on the successes of the initial sorter machine and gravity table trials, Mantle proceeded to excavate a bulk sample of fresher material from the mine. Approximately 1.2 tonnes of Frampton zone material was extracted, prepared and sent for more detailed process design trials with both methods.



Pictures 11, 12 and 13: Excavation of bulk sample, size reduction and separation into various mineralisation types.

The product samples from stockpile sample Sorter trials that were run by Steinert in Germany were returned and sent for laboratory analysis. A fresh bulk sample of approximately 350kg of in-situ shear material was shipped to Steinert in Germany where detailed Sorter trials were being undertaken.

Approximately 370kg of the same fresh bulk sample of in-situ shear material was also provided for detailed gravity table processing trials. The trials were undertaken and the various products were returned and sent for laboratory analysis.

A primary crusher was acquired, overhauled and delivered to the Norton Gold Mine site in good working order. The crusher provides an ability to prepare bulk high grade samples from selective crushing of visibly high grade material from the existing stockpiles as well as from fresh bulk samples of in-situ shear material for trucking to interested off-take parties' processing plants for bulk processing trials.



Picture 14: Primary crusher being transported to site. **Picture 15:** Primary crusher ready for final assembly.

A number of discussions were advanced with potential high grade gold concentrate off take parties located in QLD, VIC and in China. 5kg samples of the approximate 95g/t gold concentrate derived from the gravity table trial were sent to a number of these parties for preliminary leach gold recovery trials.

Background of the Bacchus Marsh Coal Project:

Mantle and Exergen are partners in a 50/50% Joint Venture to upgrade and commercialise the Bacchus Marsh brown coal deposit. The JV covers Exploration Licences (ELs) 5294 and 5323, located to the west of Melbourne. The ELs contain a 1.6 billion tonne Inferred Resource of brown coal.

Exergen has successfully developed Continuous Hydro-Thermal Dewatering (CHTD), a technology that transforms low grade, high moisture brown coal into cleaner utilisation products with lower carbon dioxide emissions. CHTD has been proven at pilot scale and Exergen's current focus is to prove CHTD at commercial scale by developing a \$50 million Pre-Commercial Demonstration Project (PCDP).

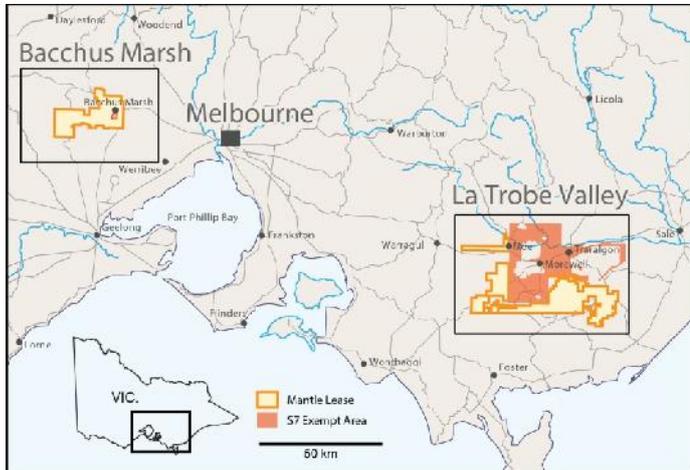


Figure 6: Mantle's Victorian coal project locations.

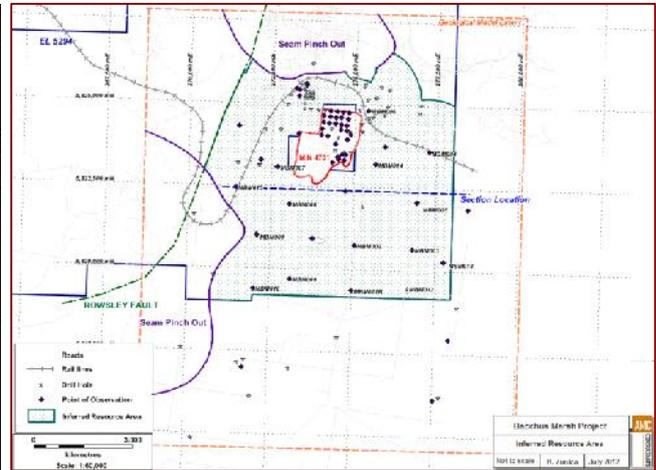


Figure 7: Inferred coal Resource area.

CHTD slurry will be pumped through pipelines to processing facilities at port locations, where it will be dewatered and processed into valuable commercial products including thermal coal products, char, fertilisers, pyrolysis oils and liquid fuels. Liquid fuels can be used to feed Direct Injection Coal Engines.

Preferred pipeline routes from Latrobe Valley to the Port of Hastings and from Bacchus Marsh to the Port of Geelong have been defined.

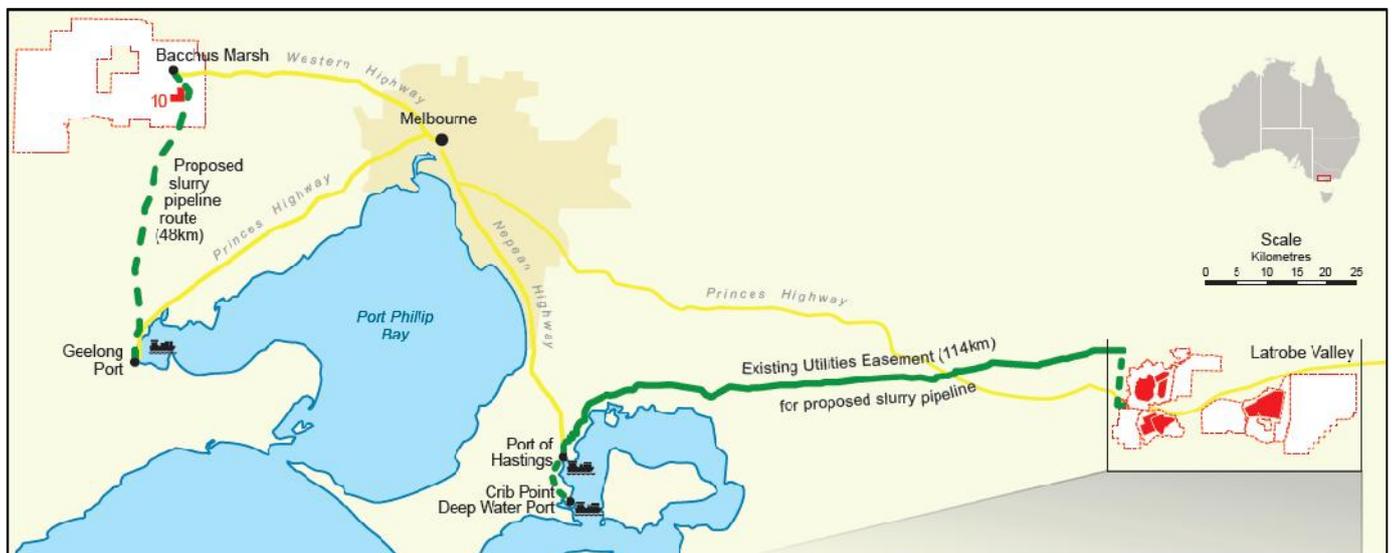


Figure 8: Exergen's proposed export infrastructure map (Bacchus Marsh tenement has since been reduced in size).

While Exergen can bring value to a number of downstream uses for upgraded brown coal, collaborations with other proponents in the brown coal upgrading sector are being sought to reduce process risk and development costs and expand product market potential for all parties. Exergen is generating a high level of interest in this strategy due to its unique position as a low cost solution to front-end dewatering, coal upgrading and overland transportation.

Directors' Report

The Bacchus Marsh Joint Venture Agreement was executed on 30 June 2012. The JVA includes two key milestones; that within 24 months Exergen must commence construction of the large-scale demonstration plant and that within 48 months the demonstration plant must be constructed and have commenced operation. Exergen is responsible for 100% of the PCDP funding.

The terms of the JVA further allow that should either milestone not be met that Mantle may give Exergen a Notice to Perform that obligation and that in the event that the obligations were subsequently still not met that Mantle could either acquire Exergen's JV interest at a 50% discount to Exergen's share of JV expenditure to date, or that Mantle could dilute Exergen's JV equity interest by 50%.

Mantle issued a Performance Notice to Exergen in relation to the missed commencement of demonstration plant construction milestone for the Bacchus Marsh Coal Joint Venture. Following detailed discussions with Exergen, Mantle determined that it was in the best interests of the JV to continue with the current 50/50% Joint Venture structure.

Mantle's Schedule of Tenement Holdings

TENEMENT SCHEDULE							
Number	Project	Name	Grant Date	Period (yrs)	Expiry Date	Area	Interest (%)
Queensland							
						sub-blocks	
ML 80035	Norton	Norton	4/04/96	21	30/04/17	22.23Ha	100
EPM 14388	Charters Towers	Charters Towers	24/02/05	15	23/02/20	10	100
EPM 14179	Granite Castle	Range Creek	25/11/04	13	24/11/17	6	100
EPM 15527	Granite Castle	Oaky Creek	30/11/07	7	29/11/15	27	100
MDL 493	Granite Castle	Range Creek	Applic			1168Ha	100
EPC 772	Trafford	Mount Mulligan	5/12/02	13	4/12/15	41	100
ATP 718 ¹	Trafford	Mount Mulligan	Applic			150	100
Victoria							
						grat-sects	
EL 5294 ²	Bacchus Marsh	Bacchus Marsh	23/03/11	5	22/03/16	291	50
EL 5323 ²	Bacchus Marsh	Bacchus Marsh	10/08/11	4	9/08/15	1	50
EL 5210	Latrobe Valley	Yalungah	3/06/09	5	Renewal	46	100
EL 5336	Latrobe Valley	Jeeralang	Applic			368	100
EL 5337	Latrobe Valley	Thorpdale	20/04/11	5	19/04/16	148	100
EL 5338	Latrobe Valley	Baromi	Applic			3	100
EL 5428	Latrobe Valley	Mirboo	Applic			25	100
EL 5429	Latrobe Valley	Callignee	Applic			29	100
<p>1. Held by Calcifer Industrial Minerals Pty Ltd pending transfer to Mantle which holds 100% beneficial interest via its 100% owned subsidiaries: Trafford Coal Pty Ltd (87.5% beneficial interest) and Mt. Mulligan Coal Pty Ltd (12.5% beneficial interest).</p> <p>2. Held 50/50% in Joint Venture with Exergen Pty Ltd.</p>							

Mantle's Mineral Resource Base:

The **Granite Castle Gold Project** area contains a Measured, Indicated & Inferred gold and silver Resource.

Granite Castle Shear Gold and Silver Resource Estimate (@ 0.2 g/t Au low grade & 30 g/t Au high grade cut-offs)					
Class	Tonnes	Au (g/t)	Au (oz)	Ag (g/t)	Ag (oz)
Measured	122,614	3.99	15,727	53.3	209,941
Indicated	264,021	3.44	29,198	67.6	574,182
Inferred	460,443	2.32	34,375	50.4	746,680
Total	847,078	2.91	79,301	56.2	1,530,803

Directors' Report

Statements in this report relating to the Granite Castle Gold and Silver Resource Estimate are based on a report provided to the Company by Hellman and Schofield Pty Ltd, dated 16th May 2008 and first released to the ASX by Mantle on 28th May 2008. "The information in this report that relates to Mineral Resources is based on information compiled by Dr William Yeo, a full time employee of Hellman and Schofield Pty Ltd. Dr Yeo is a Member of the Australasian Institute of Mining and Metallurgy and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration, and to the activity he is undertaking, to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Dr Yeo consents to the inclusion of the matters based on his information in the form and context in which it appears in this report."

The **Charters Towers Gold Project** area contains an Inferred gold Resource.

Great Britain Gold Resource Estimate (@ 0.5 g/t Au low grade & 30 g/t Au high grade cut-offs)				
Class	Tonnes	Au (g/t)	Au (oz)	
<i>Inferred</i>	2,128,000	1.8	125,000	
Total	2,128,000	1.8	125,000	

Statements in this report relating to the Great Britain Gold Resource Estimate are based on a report provided to Glengarry Resources Ltd by Resource Evaluations Pty Ltd dated August 2004 and independently confirmed by Ravensgate Minerals Industry Consultants and included in Mantle's 2006 Prospectus as released to the ASX by Mantle on 2nd October 2006. The Resource Evaluations Pty Ltd report was compiled by Mr Mark Drabble, a Member of the Australasian Institute of Mining and Metallurgy and Mr Gerry Fahey, also a Member of the Australasian Institute of Mining and Metallurgy: "This report was completed under the overall supervision and direction of Gerry Fahey and the 3D modelling and Mineral Resource estimation was carried out by Mark Drabble both of whom are Competent Persons as defined by the Australasian Code for the Reporting of Mineral Resources and Ore reserves (JORC Code) 1999 edition and who consent to the inclusion in this report of the matters based on his information in the form and context in which it appears."

The **Bacchus Marsh Coal Project** area contains an Inferred coal Resource.

Bacchus Marsh (Maddingley Seam) Brown Coal Resource Estimate (@ 30% Ash upper cut-off)							
Class	Tonnes (Bt)	TM (%)	Ash (% db)	VM (% db)	FC (%db)	TS (% db)	GDSE (Mj/Kg)
<i>Inferred</i>	1.6	52.9	10.4	47.2	42.4	3.4	24.5
Total	1.6	52.9	10.4	47.2	42.4	3.4	24.5

Statements in this report relating to the Bacchus Marsh Brown Coal Resource estimates are based on a report provided to the Company by AMC Consultants Pty Ltd, and first released to the ASX by Mantle on 18th August 2012: "Information in this report that relates to Coal Resource estimates prepared by AMC Consultants Pty Ltd is based on information compiled by Ms K Zunica, who is a Member of the Australasian Institute of Mining and Metallurgy and is a full time employee of AMC Consultants Pty Ltd. The estimates are based on exploration data provided by Mantle Mining Corporation Ltd. Ms Zunica has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which she is undertaking, to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Ms Zunica has provided written consent to the inclusion in the report of the matters based on her information in the form and context in which it appears."

The **Latrobe Valley Coal Project** area contains an Inferred coal Resource.

Yarragon Brown Coal Inferred Resource Estimate					
Region	Grid Mean Thickness (m)	Area (km2)	Density (g/cc)	Tonnage (Mt)	
<i>Yarragon A seam</i>	7.73	5.51	1.25	53	
<i>Yarragon B seam north</i>	11.33	3.39	1.25	48	
<i>Yarragon B seam south</i>	17.06	8.84	1.25	188	
Total				289	

Directors' Report

Statements in this report relating to the Yarragon Brown Coal Resource estimate are based on a report provided to the Company by Resolve Geo Pty Ltd, and first released to the ASX by Mantle on 23rd August 2013. "The information compiled in this report relating to Resources is based on information compiled by Mr Gordon Saul, who is a member of the Australian Institute of Geoscientists and who is employed by Resolve Geo Pty Ltd. Mr Saul has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Saul consents to the inclusion in the report of the matters based on his information in the form and context in which it appears."

No material changes to existing Mineral Resources have been made. As such, Mineral Resources discussed in this report are those previously reported in compliance with the 1999 and 2004 Editions of the JORC Code.

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Mark Maxwell and Mr Stuart Moore, both Employees of Mantle Mining Corporation Ltd. Mr Maxwell and Mr Moore are both Members of the Australasian Institute of Mining and Metallurgy and both have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking 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". Mr Maxwell (for Coal) and Mr Moore (for Minerals other than Coal) consent to the inclusion in the report of the matters based on their information in the form and context in which it appears.

Auditor's independence declaration

The auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is included within this half-year financial report.

Signed in accordance with a resolution of directors made pursuant to s306(3) of the *Corporations Act 2001*.

On behalf of the Directors



MARTIN BLAKEMAN
Chairman

Dated at Perth this 18th day of February 2015

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Mantle Mining Corporation Limited for the half year ended 31 December 2014, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

RSM BIRD CAMERON PARTNERS.
RSM BIRD CAMERON PARTNERS

Perth, WA
Dated: 18 February 2015

A Whyte
ALASDAIR WHYTE
Partner

Consolidated Statement of Comprehensive Income
for the half-year ended 31 December 2014

	31 December 2014 \$	31 December 2013 \$
Interest income	4,698	14,104
Administrative expenses	(76,857)	(84,545)
Consultancy and legal expenses	(89,726)	(83,430)
Compliance and regulatory expenses	(33,448)	(37,835)
Depreciation expense	(24,300)	(30,282)
Director and employee related expenses	(183,300)	(215,421)
Other exploration expenses	(34,197)	(25,931)
Write-down of exploration expenditure	(1,038,391)	(462,644)
Write-down of investment	(941,624)	-
Loss before income tax expense	(2,417,145)	(925,984)
Income tax benefit	-	-
Other comprehensive income	-	-
Total comprehensive loss for the period	(2,417,145)	(925,984)
Total comprehensive loss attributable to members of the Company	(2,417,145)	(925,984)
Basic loss per share (cents)	(0.68)	(0.35)
Diluted loss per share (cents)	(0.68)	(0.35)

The accompanying notes form part of these financial statements.

Consolidated Statement of Financial Position

as at 31 December 2014

	Note	31 December 2014 \$	30 June 2014 \$
Current assets			
Cash and cash equivalents	2	187,929	250,150
Trade and other receivables		35,502	38,851
Other current assets		39,192	11,547
Total current assets		<u>262,623</u>	<u>300,548</u>
Non-current assets			
Receivables		62,598	51,331
Plant and equipment		179,232	160,080
Exploration and evaluation expenditure	3	5,961,397	7,525,155
Total non-current assets		<u>6,203,227</u>	<u>7,736,566</u>
Total assets		<u>6,465,850</u>	<u>8,037,114</u>
Current liabilities			
Trade and other payables		218,310	242,839
Provisions		66,419	105,255
Borrowings		25,000	-
Total current liabilities		<u>309,729</u>	<u>348,094</u>
Total liabilities		<u>309,729</u>	<u>348,094</u>
Net assets		<u>6,156,121</u>	<u>7,689,020</u>
Equity			
Contributed equity	5	21,677,928	20,793,682
Reserves		1,439,433	1,439,433
Accumulated losses		(16,961,240)	(14,544,095)
Total equity		<u>6,156,121</u>	<u>7,689,020</u>

The accompanying notes form part of these financial statements.

Consolidated Statement of Cash Flows
for the half-year ended 31 December 2014

	31 December 2014 \$	31 December 2013 \$
Cash flows from operating activities		
Cash payments in the course of operations	(349,198)	(494,117)
Cash payments for exploration expenditure	(453,670)	(602,289)
Interest received	6,088	16,135
Net cash (used in) operating activities	<u>(796,780)</u>	<u>(1,080,271)</u>
Cash flows from investing activities		
Payments for plant and equipment	(43,452)	(7,750)
Net cash (used in) investing activities	<u>(43,452)</u>	<u>(7,750)</u>
Cash flows from financing activities		
Proceeds from issue of shares	860,001	1,125
Share issue costs	(106,990)	(82,175)
Borrowings	25,000	-
Net cash provided by/ (used in) financing activities	<u>778,011</u>	<u>(81,050)</u>
Net change in cash and cash equivalents	(62,221)	(1,169,071)
Cash and cash equivalents at the beginning of the period	<u>250,150</u>	<u>1,789,618</u>
Cash and cash equivalents at the end of the period	<u>187,929</u>	<u>620,547</u>

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity
for the half-year ended 31 December 2014

	Contributed equity	Reserves	Accumulated losses	Total
	\$	\$	\$	\$
Balance at 1 July 2013	20,308,335	1,364,432	(12,062,516)	9,610,251
Total comprehensive loss for the period	-	-	(925,984)	(925,984)
Shares issued	61,272	-	-	61,271
Share issue costs	(5,228)	-	-	(5,227)
Share options issued	-	10,000	-	10,000
Balance at 31 December 2013	<u>20,364,379</u>	<u>1,374,432</u>	<u>(12,988,500)</u>	<u>8,750,311</u>
Balance at 1 July 2014	20,793,682	1,439,433	(14,544,095)	7,689,020
Total comprehensive loss for the period	-	-	(2,417,145)	(2,417,145)
Shares issued	991,236	-	-	991,236
Share issue costs	(106,990)	-	-	(106,990)
Balance at 31 December 2014	<u>21,677,928</u>	<u>1,439,433</u>	<u>(16,961,240)</u>	<u>6,156,121</u>

The accompanying notes form part of these financial statements.

Notes to the Consolidated Financial Statements

for the half-year ended 31 December 2014

1. Significant accounting policies

Statement of compliance

The half-year financial report is a general purpose financial report prepared in accordance with the *Corporations Act 2001* and AASB 134 "Interim Financial Reporting". Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 "Interim Financial Reporting". The half-year report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report.

Basis of preparation

The consolidated financial statements have been prepared on the basis of historical costs. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Company's annual financial report for the year ended 30 June 2014, except in relation to the matters disclosed below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

New and revised Accounting Standards and Interpretations

The consolidated entity has adopted all of the new and revised Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are mandatory for the current reporting period. The adoption of these new and revised Accounting Standards and Interpretations has not resulted in a significant or material change to the consolidated entity's accounting policies.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted by the consolidated entity.

Going concern

These financial statements have been prepared on the going concern basis, which contemplates the continuity of normal business activities and the realisation of assets and settlement of liabilities in the normal course of business.

As disclosed in the financial statements, the consolidated entity incurred a net loss of \$2,417,145 and had net cash outflows from operating activities of \$796,780 and investing activities of \$43,452 for the half year ended 31 December 2014. As at that date, the consolidated entity had net current liabilities of \$47,106. The consolidated entity's ability to continue as a going concern is dependent on raising further capital and / or reducing costs.

These factors indicate significant uncertainty as to whether the consolidated entity will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

The Directors believe that it is reasonably foreseeable that the consolidated entity will continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report after consideration of the following factors:

- The company plans to issue additional shares under the *Corporations Act 2001* to raise further working capital. The company has been successful in doing this previously, as evidenced by the successful share issues during the half year ended 31 December 2014 and subsequent to the half year balance date as disclosed in Note 9;

Notes to the Consolidated Financial Statements

for the half-year ended 31 December 2014

- In the past, directors and other key management personnel have agreed to accept equity in lieu of cash fees and there is no reason to believe this will not continue; and
- The consolidated entity has the ability to scale down its operations in order to curtail expenditure, in the event capital raisings are delayed or insufficient cash is available to meet projected expenditure.

Accordingly, the Directors believe that the consolidated entity will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report.

The financial report does not include any adjustments relating to the amounts or classification of recorded assets or liabilities that might be necessary if the consolidated entity does not continue as a going concern.

2. Cash and cash equivalents

For the purposes of the half-year statement of cash flows, cash and cash equivalents are comprised of the following:

	Consolidated	
	31 December 2014	30 June 2014
	\$	\$
Cash at bank and in hand	72,629	170,150
Cash on deposit	115,300	80,000
	<u>187,929</u>	<u>250,150</u>

3. Exploration and evaluation expenditure

	Consolidated	
	31 December 2014	30 June 2014
	\$	\$
Opening balance	7,525,155	7,897,094
Exploration and evaluation expenditure	416,257	973,910
Acquisition Norton Gold Mine	-	300,000
Writedown of investment in Mt Mulligan and Trafford	(941,624)	-
Impairment of exploration expenditure	(1,038,391)	(1,645,849)
	<u>5,961,397</u>	<u>7,525,155</u>

4. Dividends

No dividend has been declared or paid during the half-year or the previous corresponding period.

The Company does not have any franking credits available for current or future years as it is not in a tax paying position.

Notes to the Consolidated Financial Statements

for the half-year ended 31 December 2014

5. Contributed equity

	Consolidated	
	31 December 2014	30 June 2014
	\$	\$
Fully paid ordinary shares	21,677,928	20,793,682
Movement in ordinary shares on issue	Number	\$
Balance at beginning of period	335,753,362	20,793,682
Shares issued under SPP	48,986,095	860,000
Shares issued in lieu of services performed	1,022,763	24,000
Shares issued in lieu of directors' fees	4,420,354	73,486
Shares issued in lieu of salaries to employees	2,030,155	33,750
Share issue costs	-	(106,990)
Balance at end of period	392,212,729	21,677,928

6. Segment reporting

The Company has considered the operating segments standard but does not currently have operating segments at this time. As the Company operates wholly in one business segment, being mineral exploration and in one geographical segment, being Australia, the Company has not identified and therefore, not disclosed, any segment information on the basis of the internal reports being provided to the chief decision maker, which is the Board of Directors as a whole.

7. Contingent assets and liabilities

In 2007 and 2008 Mantle, via its 100% owned subsidiaries Trafford Coal Pty Ltd and Mt Mulligan Coal Pty Ltd, acquired the Mt Mulligan project tenements, EPC 772 (for coal) and ATP 718 (for gas) however a dispute arose with the vendor, Calcifer Industrial Minerals Pty Ltd over the assignment of the tenements to Mantle's subsidiaries. Mantle, via its subsidiaries, subsequently launched a Supreme Court action against Calcifer to resolve the dispute.

In 2012, a pre-trial settlement was reached with Calcifer whereby the parties agreed to the Supreme Court making a number of orders in resolution of the dispute. The orders reflected complete success for Mantle including that Calcifer would take all steps required to perfect assignment of the tenements (EPC 772 and ATP 718) to Mantle's subsidiaries. Mantle was also awarded costs of \$292,000.

EPC 772 has since been assigned in compliance with the Supreme Court orders, however the Company is still awaiting the assignment of ATP 718. Following this, Mantle will look to pursue Calcifer for settlement of the outstanding costs awarded in favour of Mantle.

During the period, the Company negotiated a landowner access agreement with respect to the Norton Gold Mine. The Company has agreed to pay a total of \$20,000 (\$8,000 from Norton Goldfields and \$12,000 from Mantle Mining) plus a once off additional \$10,000 payment when production commences and then \$10,000 per annum during production.

Other than as detailed above, the Company does not have any material contingent assets or liabilities.

Notes to the Consolidated Financial Statements

for the half-year ended 31 December 2014

8. Commitments

Exploration expenditure commitments

Within one year	827,000	764,000
After one year but not more than five years	1,790,000	191,000
	<u>2,617,000</u>	<u>955,000</u>

The above exploration expenditure commitments assume no relinquishments or reductions during the period.

Leasing commitments

The Company has entered into an operating lease on office space expiring 6 March 2015. Future minimum rentals payable under this operating lease are as follows:

Within one year	4,680	26,322
After one year but not more than five years	-	-
	<u>4,680</u>	<u>26,322</u>

9. Events subsequent to balance date

On 8 January 2015, the Company announced a capital raising of \$200,000 under a placement to an existing shareholder who is both a sophisticated investor and a long term supporter of the Company. In addition, the Company has accepted \$75,000 in subscriptions on identical terms (other than that these subscriptions are subject to shareholder approval in accordance with the ASX Listing Rules), from related parties of the Company (Directors Ian Kraemer and Martin Blakeman). The funds are currently held as unsecured interest free loan funds pending shareholder approval which the Company intends to seek as soon as practicable.

On 29 January 2015, the Company announced the retirement as a director of Mr Peter Anderton.

On 4 February 2015, the Company announced a pro-rata non-renounceable rights issue of 137,006,186 new shares on the basis of 1 new share for every 3 shares held at an issue price of 1.1 cents to raise approximately \$1,507,068 and 1 free option exercisable at 1.8 cents expiring on or before 30 June 2016 for every 2 new shares subscribed for.

Other than as detailed above, There are no significant events subsequent to reporting date which may affect the financial position for the Group.

Directors' Declaration

The directors of the company declare that:

1. The financial statements and notes, as set out in this half-year financial report, are in accordance with the *Corporations Act 2001*, including:
 - a. complying with Accounting Standard AASB 134: Interim Financial Reporting; and
 - b. giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date.
2. In the director's 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 signed in accordance with a resolution of the Board of Directors.



MARTIN BLAKEMAN
Chairman

Dated at Perth this 18th day of February 2015

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

We have reviewed the accompanying half-year financial report of Mantle Mining Corporation Limited which comprises the statement of financial position as at 31 December 2014, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Mantle Mining Corporation Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Mantle Mining Corporation Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Conclusion

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Emphasis of Matter

Without qualifying our conclusion, we draw attention to Note 1 in the financial report, which indicates that the consolidated entity incurred net losses of \$2,417,145 and had net cash outflows from operating activities of \$796,780 and investing activities of \$43,452 during the period ended 31 December 2014. As of that date, the consolidated entity's current liabilities exceeded current assets by \$47,106. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty which may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

RSM BIRD CAMERON PARTNERS.
RSM BIRD CAMERON PARTNERS

AWHYTE
ALASDAIR WHYTE
Partner

Perth, WA
Dated: 18 February 2015