Mantle Mining Corporation Limited

ABN 70 107 180 441

Annual Report

2017

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Corporate Governance:

The Company's updated Corporate Governance was released to the ASX and is available at www.mantlemining.com

Directors

Dr Richard Valenta	Non-Executive Director
Mr Ian King	Non-Executive Director
Mr Matthew Gill	Non-Executive Director

Company Secretary

Mr David Kinsman

Principal Place of Business and Registered Office

Level 6
15 Astor Terrace
Spring Hill QLD 4000

Contact Details

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Spring Hill QLD 4004

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Email: admin@mantlemining.com
Tel: +61 7 3319 4120

Auditors

RSM Australia Partners
8 St George's Terrace
Perth WA 6000

Solicitors to the Company

GRT Lawyers
Level 2
400 Queen Street
Brisbane QLD 4000

Share Registry

Security Transfer Registrars
Alexandria House
Suite 1
770 Canning Highway
Applecross WA 6153

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

Stock Exchange

Australian Securities Exchange
Level 40, Central Park,
152-158 St Georges Terrace
Perth WA 6000

ASX Code: MNM
MNMOC

Your Directors present their report for the year ended 30 June 2017.

DIRECTORS

The names and details of the Directors in office at any time during or since the end of the financial year are as follows:

Mr Robert Barraket – Non-Executive Chairman (*Resigned 1 August 2017*)
Dr Richard Valenta – (*Appointed 26 July 2016)* Executive Director (26 July 2016 to 28 February 2017). Non- Executive Director (from 1 March 2017)
Mr Ian King – Non-Executive Director (*Appointed 23 June 2016*)
Mr Matthew Gill – Non-Executive Director (*Appointed 22 August 2016)*
Mr Ian Kraemer – Managing Director *(Resigned 22 August 2016)*
Mr Stephen de Belle – Non-Executive Director (*Resigned 22 July 2016*)

All Directors have been in office since the start of the financial period to the date of this report unless otherwise stated.

Mr Robert Barraket – Non-Executive Chairman
Qualifications: LLB
Appointed: 23 June 2016
Resigned: 1 August 2017

Mr Barraket was the Chairman of Barraket Stanton Lawyers in Sydney and has more than 50 years' experience advising international and Australian companies including mining companies. Mr Barraket is also Chairman of Pacific Rim explorer, Axiom Mining Limited.

Over the past three years Mr Barraket has held directorships with the following ASX-listed companies:

Company	***Commenced***	***Ceased***
Axiom Mining Limited	19 February 2016	Current

Dr Richard Valenta – Non-Executive Director
Qualifications: BSc, PhD, PGeo, FAusimm, MAICD
Appointed: 26 July 2016

Dr Valenta is a former managing director of Chesser Resources Limited with over 30 years' experience in Australia and internationally, including the successful discovery, advancement and sale of the Kestanelik project in Turkey. Over the past 15 years, Dr Valenta has played a key role in the discovery and advancement toward production of a number of significant gold projects and has directed exploration expenditure in excess of US$100 million, resulting in the discovery and advancement of resources with a total in-ground value of US10 billion.

Over the past three years Mr Valenta has held directorships with the following ASX-listed companies:

Company	***Commenced***	***Ceased***
Chesser Resources Ltd	July 2007	February 2015

Mr Ian King – Non-Executive Director
Qualifications: BCom(Hons), LLB
Appointed: 23 June 2016

Mr King is a founding director of Sydney-based boutique corporate advisory business, BBB Capital Pty Ltd. He has more than 25 years' experience in investment banking and corporate advisory services across a broad range of sectors including mining and resources.

Over the past three years Mr King has not held other directorships with any other ASX-listed companies.

Mr Matthew Gill – Non-Executive Director
Qualifications: B.Eng (Hons, Mining), M.Eng.Sc.,FAusIMM, GAICD
Appointed: 22 August 2016

Mr Gill is a mining engineer and senior executive with over 30 years' experience in Australia and internationally, including the successful re-commissioning, development and operation of three underground gold mines (Ballarat, Beaconsfield and Porgera). He has a broad depth of technical, operational and corporate experience with large blue chip companies and smaller emerging miners.

Over the past three years Mr Gill has held directorships with the following ASX-listed companies:

Company	***Commenced***	***Ceased***
White Rock Minerals Limited	1 August 2016	Current

Mr Ian Kraemer – Managing Director
Qualifications: BSc, MSc, FAusIMM
Appointed: 4 February 2008
Resigned: 22 August 2016
Directorships with ASX Listed Companies (last 3 years): none

Mr Stephen de Belle – Non-Executive Director
Qualifications: MSc, MTCP, BA
Appointed: 3 July 2006
Resigned: 22 July 2016
Directorships with ASX Listed Companies (last 3 years): Finders Resources Limited, from 27 November 2004 to 20 August 2013

INTERESTS IN THE SHARES AND OPTIONS OF THE CONSOLIDATED ENTITY

As at the date of this report, the interests of the directors in the shares and options of Mantle Mining Corporation Ltd were:

	Ordinary Shares		**Options / Performance Rights**	
	Direct	**Indirect**	**Direct**	**Indirect**
Richard Valenta – Non-Executive Director	-	-	20,000,000	-
Ian King – Non-Executive Director	-	-	20,000,000	-
Matthew Gill – Non-Executive Director	-	-	20,000,000	-

The above options and performance rights were granted but not issued at reporting date. Issue was subsequently made on 9 September 2017.

COMPANY SECRETARY

Mr David Kinsman
Qualifications: BCom, BEcon, ACA

On 20 October 2016, the Company appointed David Kinsman as Company Secretary. Mr Kinsman has previously been Chief Financial Officer and Company Secretary for a number of resource focused ASX-listed companies including Southern Cross Goldfields Limited and Polymetals Mining Limited. In addition, he previously held both Chief Financial Officer and Chief Executive positions with Innamincka Petroleum Limited.

OPERATING RESULTS

The loss of the consolidated entity for the year ended 30 June 2017 after providing for income tax amounted to $7,636,986 (2016: $3,156,897).

FINANCIAL POSITION

The net assets of the consolidated entity are $4,701,198 as at 30 June 2017 (2016: $8,634,513).

PRINCIPAL ACTIVITIES AND SIGNIFICANT CHANGES IN AFFAIRS

Mantle Mining Corporation Ltd (ASX:MNM) (the "**Company**") is an ASX listed emerging gold miner with projects located in Queensland and Victoria. The Company has undergone an extensive transformation over the last 15 months to reposition as an advanced high grade gold exploration play, with significant infrastructure, regional tenement footprint and prospectivity, well positioned for near-term trial mining. With a small dedicated team of experienced in-house and consultant personnel, the Company is now singularly focused on high quality gold projects, having low-cost, short start-up production capability.

Following an internal review of its diverse project portfolio, the Company prioritised the high-grade Morning Star gold mine and adjoining tenements as its key development focus, and determined to repay outstanding legacy debt associated with the Morning Star mine via a series of capital raisings, assisted by a program of divestment of non-core assets.

During the period the following major milestones were achieved:

- The outstanding debt over the Morning Star assets was reduced from $3M to $1M (which has subsequently been fully repaid in August 2017);
- Extensive geological data review of Morning Star was undertaken with several prospective mining areas identified;
- Access into the Morning Star adit was achieved, with successful drilling of the Stacpoole zone;
- Commencement of discussions for the sale of the Company's non-core assets including the Norton Gold Project and other Queensland projects;
- Appointment of a new CEO, Tom DeVries, an experienced Mining Engineer in narrow vein mining, including in Central Victorian gold and old workings as well as extensive interstate, state of the art mechanised mining; and
- Divestment of the Bacchus Marsh and Latrobe coal projects was completed.

PROJECT OVERVIEW

As at the end of the financial year, the Company held interests in the following projects:

Morning Star Gold Project - the Company holds a 95% interest in Morning Star Gold NL, which in turn owns the Morning Star high-grade gold project. The Morning Star project has a number of positive characteristics which demonstrate its potential to create value for Mantle shareholders:

- For information on the existing resource, please refer to the report entitled "910,000 Ounces Gold JORC Resource" created on 30 July 2008, which is available to view at www.asx.com.au under ASX code MCO;
- An 80,000 tonne per annum processing plant on site requiring minimal upgrade to recommence processing;
- Mains power at the site (500 KVA line);
- A refurbished shaft (down to 300 metres below surface) with new winder;
- An existing paste plant attached to the mill for environmentally-friendly in-mine disposal of tailings;

- Mantle is the dominant landholder in the district with 667 km^2 under tenement in a large region of historically-mined high grade reefs; and
- A local and corporate team with significant experience in the development, construction and mining of high grade underground gold deposits.

Rose of Denmark Mine – under Joint Venture with Shandong Tianye, where Morning Star Gold NL owns 49% and is the controlling manager of the lease and mine. The Rose of Denmark mine is approximately 15 km by road from the Morning Star processing plant and is located north and on the same line of workings as the operating A1 mine (ASX:CTL).

Norton Gold Project – the Company holds a 90% interest in the Norton Gold Project which comprises one mining licence (ML 80035) located within the historic Norton gold field less than 100 km south of the port city of Gladstone, Queensland.

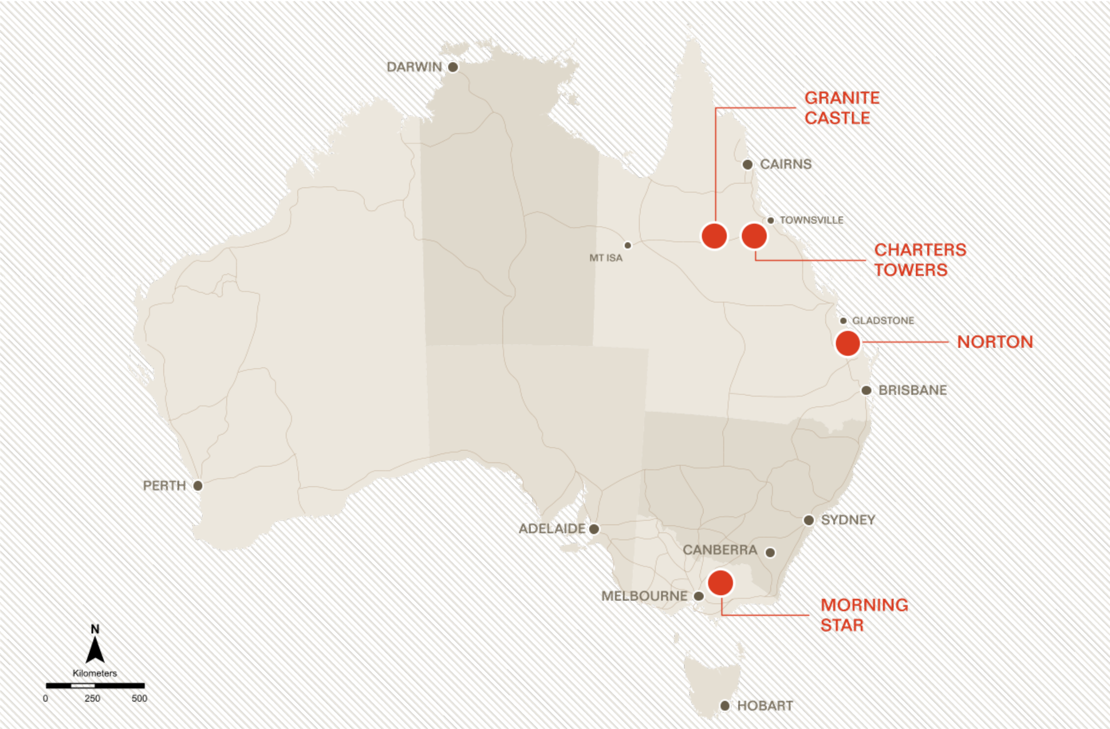
Granite Castle Project – the Company holds a 100% interest in the Granite Castle Gold Project which comprises two exploration licences (EPM 14179 & 15527) and an application for a mineral development licence (MDL 2005), located approximately 260km west of Townsville and 120km north of Hughenden in Queensland.

Charters Towers Project – the Company holds a 100% interest in one exploration licence (EPM 14388) located around the township of Charters Towers in north Queensland.

Lionsville Gold Project - Mantle holds a 100% interest in EL 6074. Lionsville is an historic gold province in Northern NSW that has seen little modern exploration.

Black Range Gold Project - as part of the Morning Star acquisition, Mantle has become a 13% holder in the Black Range Project (EL 5878) near Cobar in central west NSW, along with 87% holder Heron Resources. The project is centred around the historically high grade Overflow underground gold mine.

Figure 1: Mantle's Project Locations.



Morning Star Gold NL Overview:

Victoria is a globally significant gold producing region, having recorded production in excess of 2,400 tonnes of gold since 1850, which represents approximately 2% of world gold production[1]. The Morning Star gold mine is located near the town of Woods Point approximately 120 km northeast of Melbourne (Figures 2 and 3). It is located in geological terms within the Walhalla Synclinorium, a fault zone of gold mineralisation contained in a regionally extensive north-west/south-east dyke swarm extending from Jamieson to Walhalla in eastern Victoria. The Woods Point-Walhalla goldfield has produced in excess of 5 million ounces of gold [2] and is the third largest hard rock gold field in Eastern Australia.

Figure 2: Morning Star gold mine location.

Figure 3: MNM Tenements.

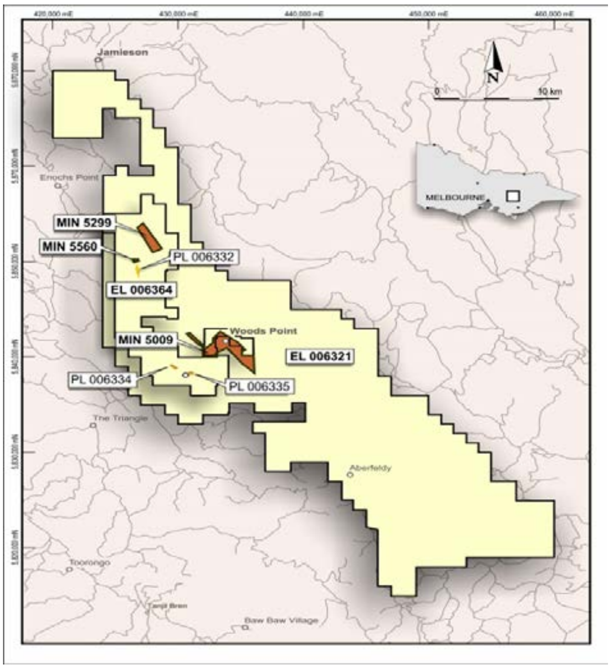
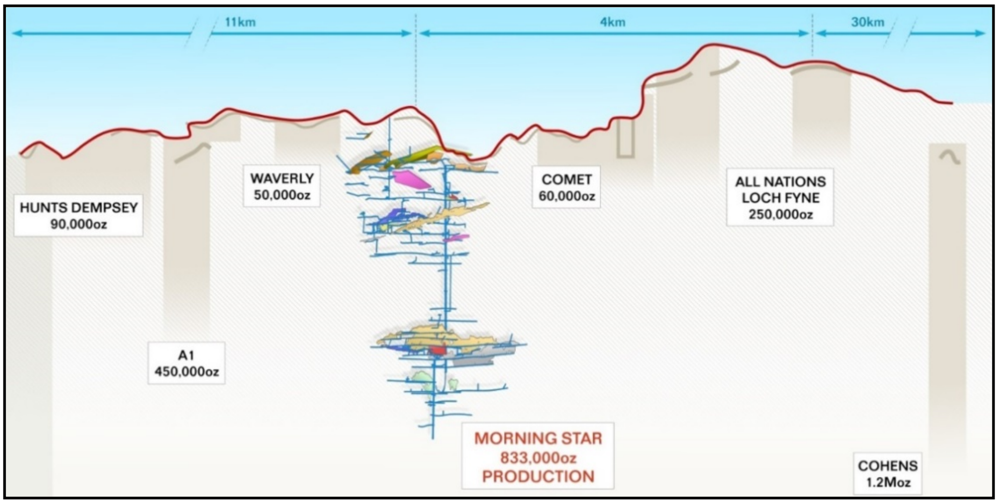


Figure 4: Regional gold mines with historic production (A1 and Cohens held by others).



[1] Source: Earth Resources, a portfolio of the Victorian Department of Economic Development, Jobs, Transport and Resources.
[2] Goodz et al (2008)

Historic mining occurred in the upper levels of the mine and Gold Mines of Australia (WMC Ltd) operated the mine between 1934 and 1959 (predominantly in the deeper levels). Morning Star is reported to have produced 883,000 ounces of gold at an average grade of 26.6 g/t Au over its lifetime, of which 200,000 ounces was from 2 level and above. It closed in 1960 when the gold price was fixed at $35/oz, and was allowed to flood (Figure 4).

The mine exploits narrow quartz veins deposits hosted in a diorite dyke that is 700m long by 120m wide. The quartz veins are stacked and range 50mm to 2m thick. Historic workings continue underground for 815m below the surface, to 25 Level, and the dyke remains open at depth (Figures 5 and 6).

Morning Star Gold NL acquired the assets in 1992 and a new headframe and winder have been installed. The mine was subsequently de-watered down to below 10 Level and development drives rehabilitated in the upper levels. Initially, production was targeted from remnant stopes above 10 Level short distances from the refurbished shaft (Figure 7).

Figure 5: Historical Morning Star dyke cross section.

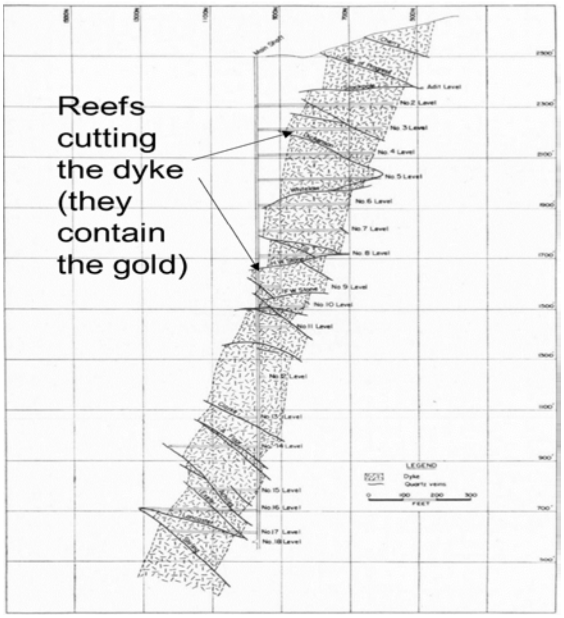


Figure 6: Morning Star dyke oblique 3D view.

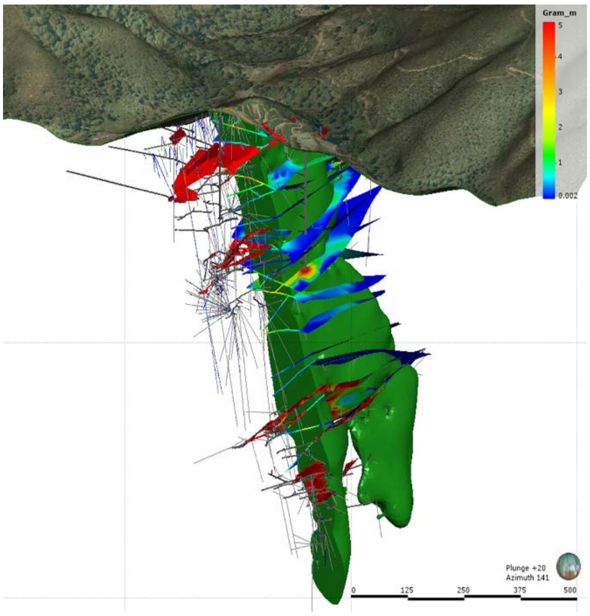
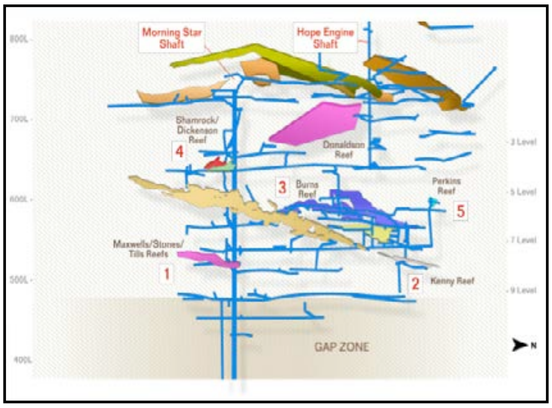


Figure 7: Production targets in upper areas of the mine.



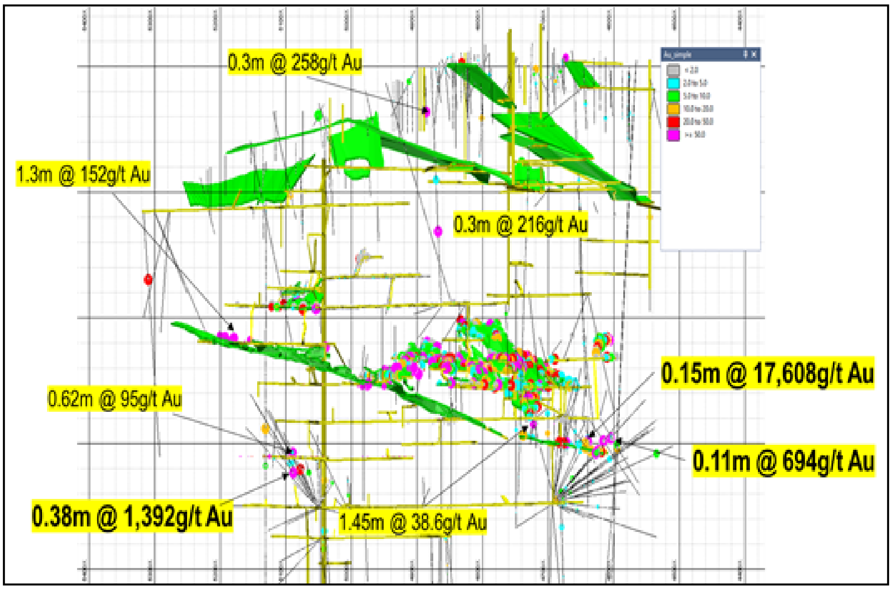
Picture 1: Morning Star process plant.

A new beneficiation plant was installed and a paste backfill plant built. Supporting infrastructure includes a water treatment plant, surface and underground power supplies and various site offices, workshops and a miner's camp (Picture 1). Numerous other dyke hosted mines exist on the Morning Star Gold NL tenements (Figure 3).

Gold at Morning Star is traditionally free milling, allowing for production of a high grade concentrate from a simple gravity processing facility. The plant is located centrally to other historically and currently operating gold mines that suffer from a lack of such infrastructure.

An extensive geological data reinterpretion of the large amount of sample and drill hole data was undertaken with an interactive 3D model developed to assist with the visualisation of the mined orebodies and areas that may still hold potential orbodies. This can be found on the Mining Mantle web site or directly on https://skfb.ly/X8SD (Figure 9). The data review revealed a great number of isolated high grade targets that require additional follow up as exampled below in Figure 8, some of which are quite distant from any development or stoping and have obviously not been tested in the past.

Figure 8: Isolated high grade intersection to be further tested.



As a result of the geological data review, the Kenny orebody was idenitifed as a high grade and economically viable orebody that could be mined as outlined in ASX release dated 15 May 2017.

Figure 9: Interactive 3D model.

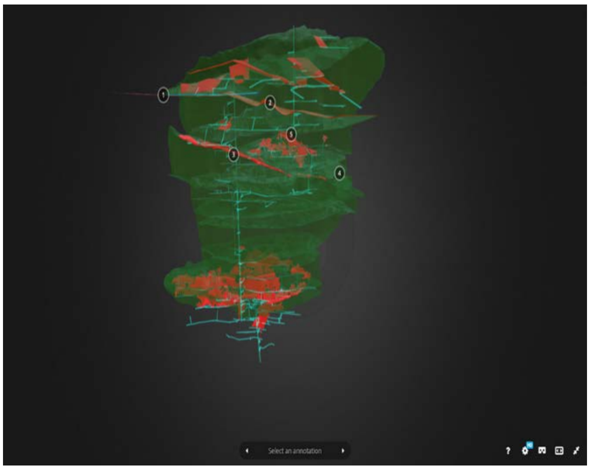
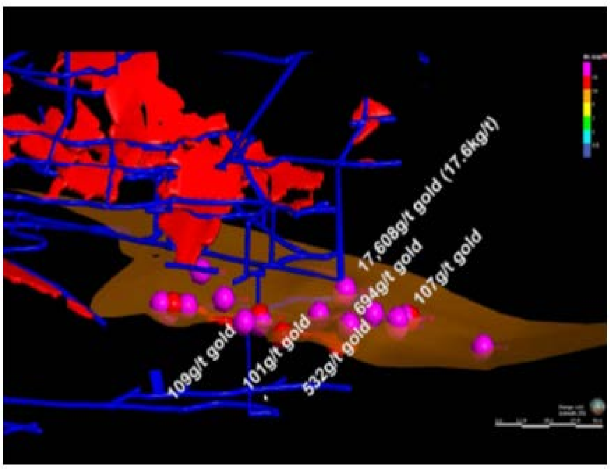


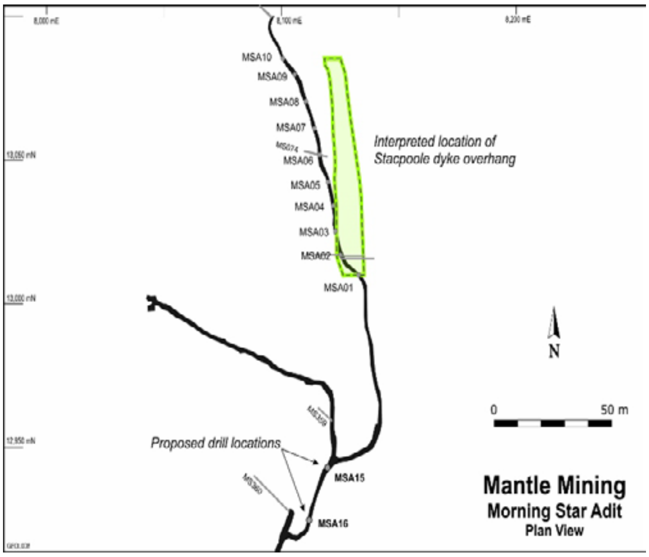
Figure 10: Kenny's reef with high grade drill holes.



Stacpoole Zone

The focus of activites in the last quarter was on the safe rehabilitation of the Morning Star adit and the subsequent diamond drilling program. Diamond drilling continued into the new financial year and has confirmed in the Stacpoole zone, the presence of a dyke over sendiment offset and gold bearing quartz environment which is favourable for gold mineralisation. The diamond drilling program also confirmed that the reef is closer to the adit entrance than first predicted.

Figure 11 (Below): Showing Drill locations offset position and interpreted position.
Figure 12 (Right): Showing holes drilled, offset of dyke over sediment and lower zone position.



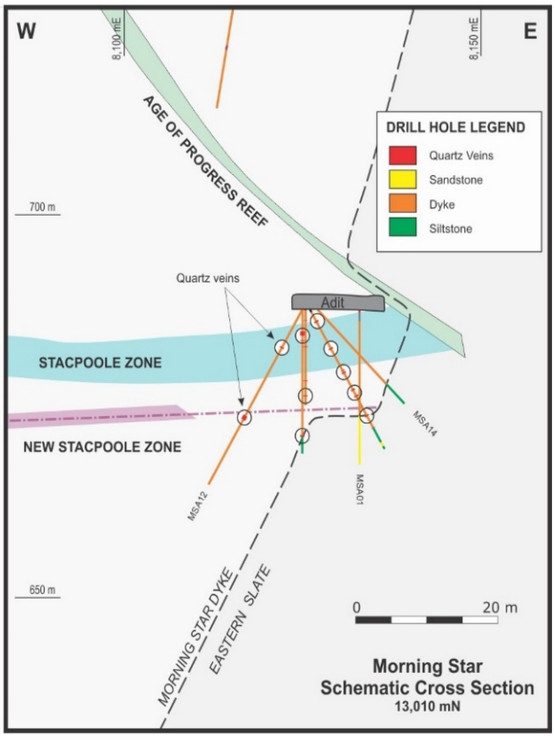
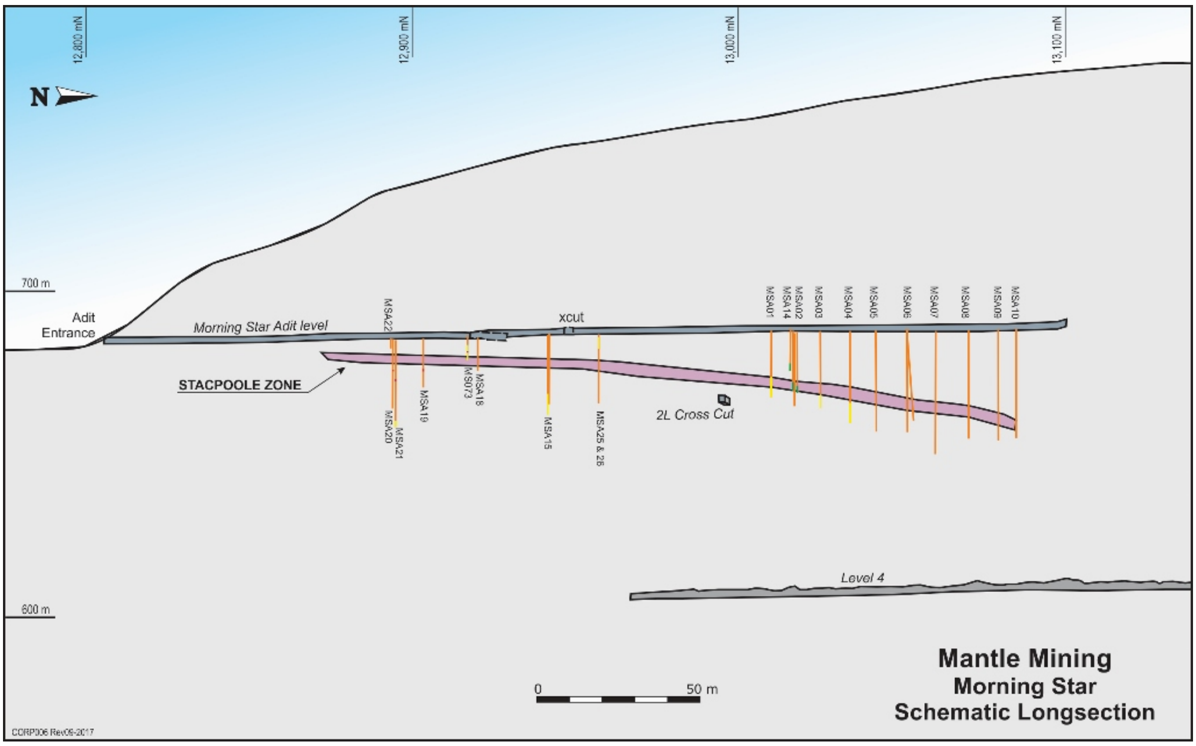


Figure 13: Stacpoole Long section showing drill holes drilled and proposed and likely reinterpreted position of the Stacpoole zone.



The Company is currently reviewing design plans for cost effective trial mining followed by efficient longer term mine development, involving access via the main shaft as well as via the decline. A small profile decline is the accepted and conventional mining access for shallow orebodies such as Stacpoole and offers further flexibility to allow access and drilling of other gold bearing structures, no matter their distance from the shaft. A mine planning variation is being prepared for submission to bring the project approvals in line with the trial mining strategy.

Concurrently the shaft and winder will be recommissioned to allow paste fill placement for processing as well as further strategic drilling on levels below the Stacpoole zone.

The beneficiation plant had successfully processed ore in the past, albeit with a large recirculating load of the harder Morning Star dyke material. One of the objectives of trial mining will be to optimize the crushing and sorting capability of the plant to provide through-put improvement over prior experience. However the present configuration of the plant is not expected to prevent processing and the production of high grade gold concentrate.

Rose of Denmark Mine

The Rose of Denmark (RoD) mine is held in joint venture with Shandong Tianye Group (51%) where Morning Star Gold NL (49%) is the controlling manager of the lease and mine. The Rose of Denmark is approximately 15 km by road from the Morning Star processing plant and is located north and on the same line of workings as the operating A1 mine (ASX:CTL).

Figure 14: RoD ML in relation to A1 Mine.

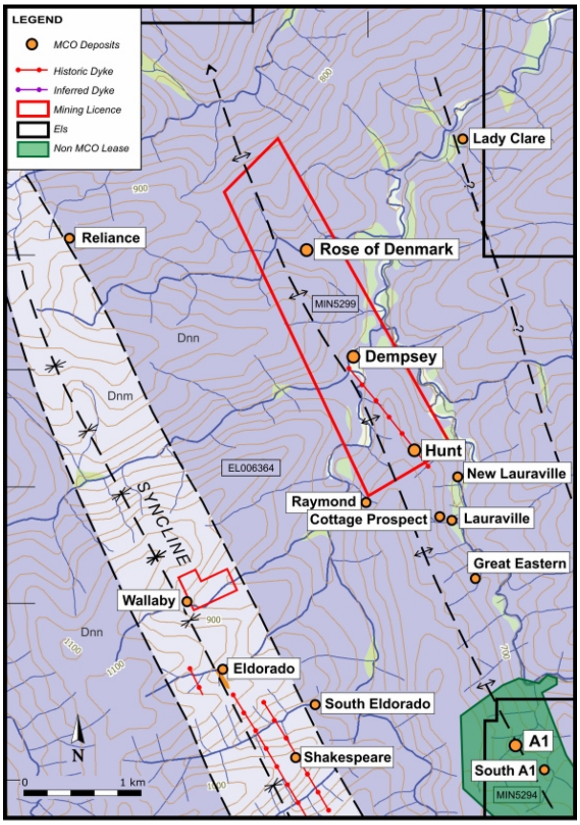
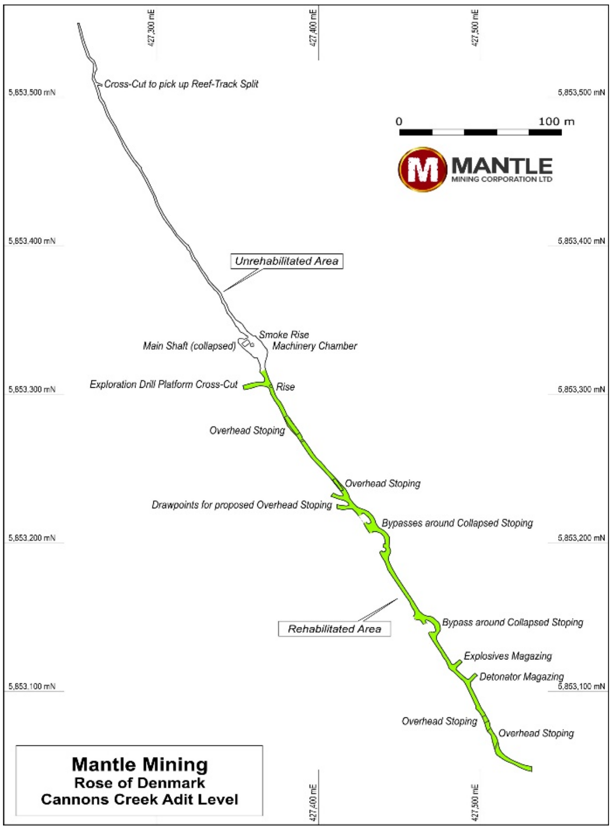


Figure 15: Plan showing rubber tyre access of RoD.



The Rose of Denmark mine has been opened and fully ground supported using rubber-tyred equipment with a 2.8 m wide opening. It is available to be diamond drill tested up and down dip in the ore shoots, following which detailed mine planning can occur. Preliminary channel sampling in the adit has been undertaken to further identify the most prospective zones, as well identify the principal characteristics of higher grade zones to guide future exploration.

Dialogue is underway with the Shandong Tianye Group to ascertain its interest in participating in a comprehensive diamond drill program at the Rose of Denmark .

Prior to closure, Morning Star Gold NL mined an 800 tonne bulk sample which was subsequently processed. Processing of the Rose of Denmark ore was reportedly at the plant's rated throughput and with less sulphide in the gold concentrate. The ore extracted was estimated to contain in the order of 8 g/t Au. It is of interest to note that this was exposed and accessible by the original miners who chose not to mine the ore.

Morning Star Strategy

Mantle's operating strategy in regard to Morning Star can be summarised as follows:

- Maximise Opportunity on a cost effective basis
- Minimise Risk
- Be In Control

The process of re-commissioning the Morning Star gold mine is very interactive, with new information being sourced and reviewed on a continual basis. This requires operational systems and processes that are sufficiently flexible to allow changes in the operations resulting from ongoing review of evolving information.

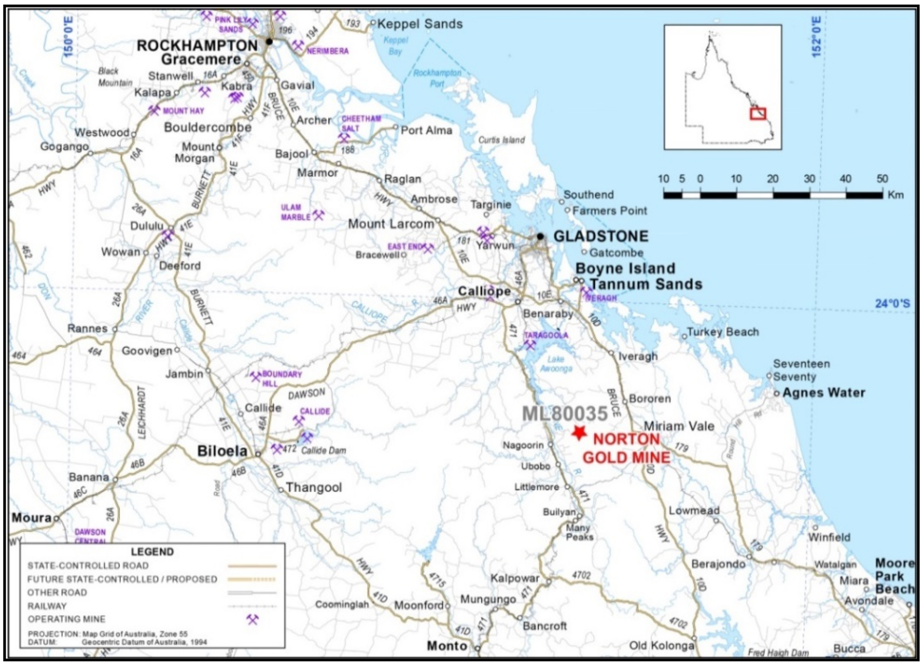
Mantle is cognisant of not repeating the mistakes of the past. To ensure this, the operational philosophy is based upon small steps forward with each decision an improvement in its own right, whilst maintaining the tenets of the Company's operating strategy.

Maximise Opportunity	• Flexibility – the ability to take advantage of opportunity • Allow a mining method that allows variance in plan as data is found • Minimise commitment in capital and lead times • Minimise permanent employees to allow variance in plan • Optimise variable cost and minimise fixed costs
Minimise Risk	• Maintain options– Prevents being forced into a decision • Multiple ore sources, in-mine and intra-mine • Optimise variable cost, minimise fixed cost • Minimal capital commitments • Maintain flexibility • Rolling plan, reviewed regularly • Regular communications
Be in Control	• Quality people who will make quality and timely decisions • Clear goals and objectives • Generate income • Organise data for recall

The Norton Gold Project Overview:

The Norton Project is located less than 100 km south of the port city of Gladstone, Queensland (Figure 16).

Figure 16: Norton Gold Project location.



At Norton, gold is contained in high grade, sub-vertical shears, which outcrop near surface.

In 2015, a gold Resource Base was calculated and an indicative mine design undertaken

During the current financial year, the Company determined that the Norton Project was a non-core asset and is progressing alternatives for its divestment.

The Charters Towers Gold Project Overview:

The Charters Towers Gold Project is located around the township of Charters Towers in north Queensland. Mantle's tenement (EPM 14388) contains two main project areas; Great Britain and Puzzler/Balfes Creek (Figures 18 and 19).

Figure 18: Charters Towers project location.

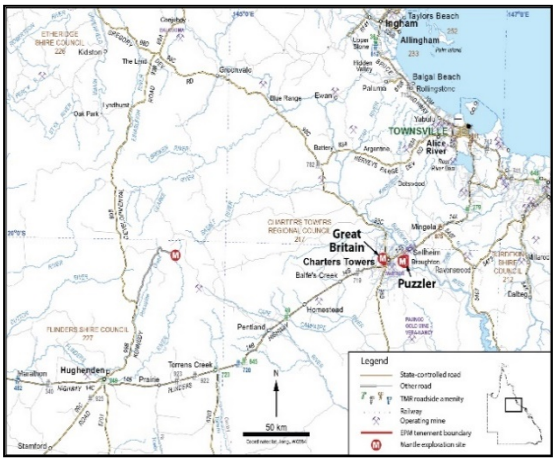
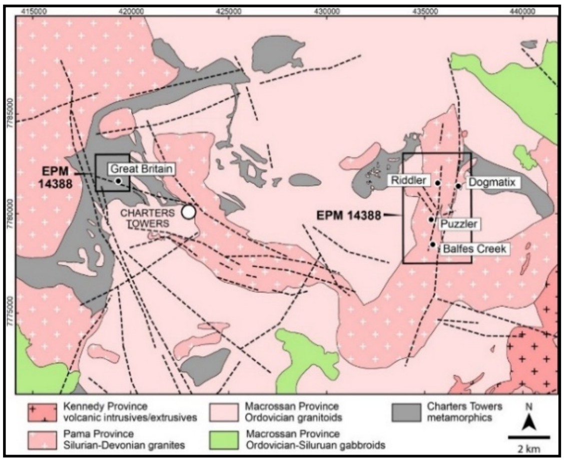


Figure 19: Charters Towers project areas.

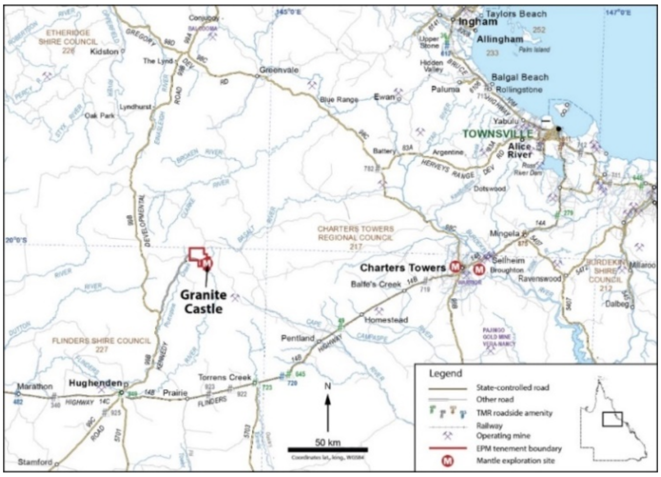


As noted previously, this Project has been designated as non-core and is in the process of divestment.

The Granite Castle Gold Exploration Project Overview:

Granite Castle is located 260km west of Townsville and 120km north of Hughenden (Figure 20) and held under EPM 14179.

Figure 20: Granite Castle project location.



As noted previously, this Project has been designated as non-core and is in the process of divestment.

Lionsville Gold Project:

Mantle acquired 100% of Lionsville Gold Pty Ltd in 2016: Lionsville is an historic gold province in northern NSW that has seen little modern exploration. This project is also designated as non-core and is in the process of divestment.

Black Range Gold Project:

As part of the Morning Star acquisition, Mantle became a 13% holder in the Black Range Project near Cobar in central west NSW, along with 87% holder Heron Resources. The project is centred around the historically high grade Overflow underground gold mine.

Table 2: Mantle's Tenement Schedule.

Tenement	Project	Name	Grant Date	Expiry Date	Area	Interest (%)
MIN 5009 [3]	Morning Star	Morning Star	21/09/1990	Renewal	657 Ha	95
EL 4320 [3]	Morning Star	Morning Star	16/11/2008	Renewal	101 km^2	95
MIN 5299 [3]	Morning Star	Rose of Denmark	10/11/1981	Renewal	211 Ha	47
MIN 5560 [3]	Morning Star	Wallaby	17/12/2013	16/12/2018	10 Ha	95
EL 6321	Morning Star	Morning Star	Application		547 km^2	95
ML 80035 [1]	Norton	Norton	04/04/1996	30/04/2017	22 Ha	90
EPM14388	Charters Towers	Charters Towers	24/02/2005	23/02/2020	7 sub blocks	100
EPM14179	Granite Castle	Range Creek	25/11/2004	24/11/2017	6 sub blocks	100
EPM15527	Granite Castle	Oaky Creek	30/11/2007	29/11/2019	25 sub blocks	100
MDL 2005	Granite Castle	Range Creek	Application		1,935 Ha	100
EL 6074	Lionsville	Lionsville	06/05/2003	Renewal	4 units	100
EL 5878 [2]	Black Range	Overflow	24/07/2001	Renewal	3 units	13

1. Norton is 90% held by Mantle Mining Corporation Limited.
2. Morning Star is 100% owned by Morning Star Gold NL, in turn owned 95% by Mantle. MIN 5299 is a Joint Venture wherein Morning Star Gold NL holds 49%.

Mantle's Mineral Resources:

The following information is current at 30 June 2017.

For information on the existing Morning Star resource, refer to the report entitled "910,000 Ounces Gold JORC Resource" created on 30 July 2008, which is available to view at www.asx.com.au under ASX code MCO.

Table 3: Norton Mineral Resource (90% owned by Mantle).

Class	Tonnes	Au (g/t)	Au (oz)	Ag (g/t)	Ag (oz)
Indicated	107,000	6.2	21,100	15	50,300
Inferred	141,000	3.9	17,700	12	52,600
Total	**248,000**	**4.9**	**38,800**	**13**	**102,900**

The information in Table 3 is extracted from the report entitled "Norton Gold Mine Resource Estimate" created on 15 May 2015 and is available to view at www.mantlemining.com.

Table 4: Granite Castle Mineral Resource.

Class	Tonnes	Au (g/t)	Au (oz)	Ag (g/t)	Ag (oz)
Measured	111,000	4.3	15,500	58	205,800
Indicated	250,000	3.6	28,800	71	567,900
Inferred	403,000	2.5	32,900	56	727,200
Total	**764,000**	**3.1**	**77,200**	**61**	**1,500,900**

The information in Table 4 is extracted from the report entitled "Improved Confidence Levels for Granite Castle Resource" created on 28 May 2008 and is available to view at www.mantlemining.com.

Table 5: Charters Towers Mineral Resource.

Class	Tonnes	Au (g/t)	Au (oz)		
Inferred	1,535,000	2.2	109,000		
Total	**1,535,000**	**2.2**	**109,000**		

The information in Table 5 is extracted from the report entitled "Disclosure Document" created on 2 October 2006 and is available to view at www.mantlemining.com.

In relation to Tables 3 through 5, the Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements and, in the case of estimates of Mineral Resources or Ore Reserves, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcements continue to apply and have not materially changed.

The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcements.

CORPORATE ACTIVITIES

During the financial year, the Company undertook the following key corporate activities:

- *Placement to Sophisticated Investor*

On 7 July 2016 the Company completed placement to a sophisticated investor under which it issued 20,000,000 fully paid ordinary shares ('Shares') to raise $200,000. The Company also issued 22,215 Shares upon the exercise of 22,215 MNMOB options which were exercised at 0.018 cents each.

- *Placement to Sophisticated Investors*

On 2 August 2016, a total of 90 million Shares were issued and $1.35 million received in respect of the July Placement, with the remaining 10 million Shares to be issued following shareholder approval and receipt of the corresponding subscription monies.

- *Conversion of convertible note*

On 26 August 2016, securities were issued upon the conversion of a convertible note with a face value of $185,000 and a conversion price equal to 1 cent per Share together with 1 free attaching Listed MNMOC Option for every Share issued upon conversion.

- *Morning Star Acquisition and Development Placement*

On 31 March 2017, the Company announced that it had secured commitments from sophisticated and professional investors (including long term supporters of the Company) for a placement of 135 million Shares at $0.01 per Share together with 33,750,000 listed options and 33,750,000 unlisted options to raise $1.35 million before costs. The listed options issued are exercisable at $0.015 each on or before 30 November 2017 and the unlisted options issued are exercisable at $0.03 each on or before 30 November 2018.

- *Placement to Sophisticated Investors*

On 30 June 2017, the Company completed a further placement to sophisticated investors under which it issued 30,000,000 Shares at an issue price of $0.01 per Share to raise $300,000 with 7,500,000 listed options and 7,500,000 unlisted options before costs. The listed options issued are exercisable at $0.015 each on or before 30 November 2017 and the unlisted options issued are exercisable at $0.03 each on or before 30 November 2018.

- *Board and Executive changes*

A number of Board and executive changes were made throughout the year as part of an overall refresh of the Company.

This culminated in the appointment of Tom de Vries as Chief Executive Officer of the Company in April 2017. Tom is an experienced mining engineer and executive, with a track record in underground gold mining and in the commencement and operation of small, medium and large scale mines, and supplements the operational focus of the Company as reflected in the appointment of experienced mining engineer and executive Mr Matthew Gill to the Board as a non-executive director in August 2016.

SHARE CAPITAL

During the financial year, the Company issued 316,669,588 (2016: 516,571,631) ordinary shares via placements, on exercise of options, conversion of convertible shares and as payment for services.

DIRECTOR AND EMPLOYEE FEE PLAN

At the Annual General Meeting held on 13 November 2014, Shareholders approved the Company's Directors and Employees Fee Plan ("Plan") under which any full or part-time employee, director of the Company and certain contractors (or their nominee) could elect to be paid some or all of the cash remuneration payable to them by the issue of shares.

During the year the Company issued a total of 13,147,373 fully paid ordinary shares under the Plan, in lieu of cash remuneration/fees totalling $130,750 to contractors.

EXPENDITURE

New funds raised with the support of existing and new shareholders were applied to acquisitions, exploration and mine development programs. Corporate overheads continued to be held at low levels by the maintenance of a very flat management structure.

The directors continue to focus the Company's resources on its high grade Morning Star gold mine and related assets.

DIVIDENDS PAID OR RECOMMENDED

The directors do not recommend the payment of a dividend and no amount has been paid or declared by way of a dividend to the date of this report.

ENVIRONMENTAL ISSUES

Since taking over the management of the Morning Star Mining Lease, the company has identified the key environmental risks at the site. It was apparent that the previous operators had not completed all steps to bring the operation into full compliance with current environmental guidelines, and that some monitoring and control functions had not been adequately maintained over the period prior to the acquisition of the project by Mantle. The issue was identified as being primarily related to operation of the water treatment plant for mine dewatering. During the course of the financial year, the Company has been working with relevant state government authorities; plant manufacturer and other industry experts to rectify the issue inherited from those entities previously responsible for the project, and anticipates this process to be completed in the 2018 financial year.

Community feedback has been positive and supportive, with no community complaints recorded. There are no other environmental issues related to either the Morning Star mine, Rose of Denmark mine or surrounding exploration leases.

FORWARD LOOKING STATEMENTS

This Report may include statements deemed "forward-looking statements". Although the Company believes the expectations expressed in such statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results may differ materially.

CONTINGENT ASSETS AND LIABILITIES

The Company did not have any material contingent assets or liabilities as at 30 June 2017.

EVENTS SUBSEQUENT TO BALANCE DATE

Subsequent to the period, the consolidated entity announced the following to the ASX:

- On 1 August 2017, Mr Robert Barraket resigned as the Non- Executive Chairman;
- On 30 August 2017, the Company secured $2.5 million worth of funding. $1 million was raised through a convertible loan facility from sophisticated investors. Another $1.5 million was raised via a loan note and convertible note facility of which $0.5m has been drawn down to date. The remaining two traches ($0.5 million each) are available at the election of the Company in November 2017 and January 2018;
- On 30 August 2017, the Company made the final $1 million payment to complete the acquisition of Morningstar Gold NL. Finalisation of the security release administration is in progress;
- On 7 September 2017, the Company raised a further $0.5 million from a strategic investor; and
- The Company has provided regular updates on the progress of its drilling and operational programs at the Morning Star Gold Mine.
- The Company has received offers from a number of parties for the purchase of its Queensland assets and continues to work with these parties to finalise a transaction.

Other than disclosed above, the directors are not aware of any matters or circumstances not otherwise dealt with in this report or consolidated financial statements that have significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity in subsequent financial periods.

REMUNERATION REPORT (Audited)

This report details the nature and amount of remuneration for each director of Mantle Mining Corporation Limited, and other key management personnel, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Remuneration policy

In determining competitive remuneration rates, the Board considers local and international trends among comparative companies and industry generally. It examines terms and conditions for employee incentive schemes benefit plans and share plans. Independent advice may also be obtained to confirm that executive remuneration is in line with market practice and is reasonable in the context of Australian executive reward practices.

Performance-based remuneration

The Board recognises that the Company operates in a global environment. To prosper in this environment the consolidated entity must attract, motivate and retain key executive staff.

The principles supporting the consolidated entity's remuneration policy are that:

- Reward reflects the competitive global market in which we operate;
- Rewards to executives are linked to creating value for shareholders. Where possible, reward in the form of options are set with exercise prices materially above the share price at the time of grant;

- Remuneration arrangements are equitable and facilitate the development of senior management across the consolidated entity; and
- Where appropriate senior managers may receive a component of their remuneration in equity to align their interests with those of the shareholders.

Market comparisons

Consistent with attracting and retaining talented executives, the Board endorses the use of incentive and bonus payments. The Board may seek external advice to ensure reasonableness in remuneration scale and structure, and to compare the consolidated entity's position with the external market. The impact and high cost of replacing senior employees and the competition for talented executives requires the consolidated entity to reward key employees when they deliver consistently high performance.

Board remuneration

Shareholders approve the maximum aggregate remuneration for non-executive directors. The Board determines actual payments to directors and reviews their remuneration annually having regard to market practice, relativities, and the duties and accountabilities of directors.

Consolidated entity performance and link to remuneration

The performance linked incentives include the awarding of performance rights and share options payments. During the financial year, members of the Board were granted a total of 30 million options and 30 million performance rights, with vesting based on long term gold production targets. Options and performance rights were approved at the Annual General Meeting on 28 November 2016 and issued on 9 September 2017. The details are listed below.

The performance rights were granted at no consideration, do not have an exercise price and will lapse if the vesting conditions are not met. The 2 vesting conditions are:

i) 15 million rights will vest when the sale of the first 1,000 ounces of Gold production occur prior to 31 December 2018

ii) 15 million rights will vest when the sale of the 10,000 ounces of Gold production occur prior to 31 December 2019

The options with the expiry date on or before the fourth anniversary of the date of issue were granted at no consideration. They have an exercise price of 1.8 cents and will lapse if the vesting conditions are not met. The 2 vesting conditions are:

i) 15 million options will vest when the sale of the first 1,000 ounces of Gold production occur prior to 31 December 2018

ii) 15 million options will vest when the sale of 10,000 ounces of Gold production occur prior to 31 December 2019.

Voting and comments made at the Company's 2016 Annual General Meeting ("AGM")

At the 2016 AGM, 99% of the votes cast were in favour of the adoption of the remuneration report for the year ended 30 June 2016. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

Details of remuneration for years ended 30 June 2017 and 30 June 2016

The remuneration for each director and other key management personnel of the consolidated entity during the year was as follows:

2017	Short-term Benefits	Post Employment Benefits	Equity based payment	Total	Performance Related
	$	$	$	$	%
Directors					
Robert Barraket (Resigned 01/08/2017)	48,000	-	-	48,000	-
Richard Valenta (Appointed 26/07/16)*	123,500	-	34,350	157,850	22
Ian King (Appointed 23/06/16)	42,000	-	34,350	76,350	45
Matthew Gill (Appointed 22/08/16)	38,500	-	34,350	72,850	47
Ian Kraemer (Resigned 22/08/2016)	105,344	4,579	-	109,923	-
Stephen de Belle (Resigned 22/07/2016)	3,500	-	-	3,500	-
	360,844	4,579	103,050	468,473	-
Key Management Personnel					
Tom DeVries	57,500	-	-	57,500	-
Stuart Moore (Resigned 22/08/2016)	60,990	1,330	-	62,320	-
Mark Maxwell (Resigned 22/08/2016)	30,756	1,330	-	32,086	-
Ron Cuneen (Resigned 20/7/17)	134,424	9,444	-	143,868	-
	283,670	12,104	-	295,774	-

Note: Equity based payments were made pursuant to the Company's Directors and Employees Fee Plan.

*Richard Valenta was an Executive director from July 2016 to February 2017 and is currently a non-executive director.

2016	Short-term Benefits	Post Employment Benefits	Equity based payment	Total	Performance Related
	$	$	$	$	%
Directors					
Robert Barraket (Resigned 01/08/2017)	921	-	-	921	
Ian King (Appointed 23/06/16)	805	-	-	805	-
Martin Blakeman (Resigned 23/06/16)	20,000	-	27,000	47,000	-
Ian Kraemer (Resigned 22/08/2016)	234,594	27,498	46,936	309,028	-
Stephen de Belle (Resigned 22/07/2016)	18,375	-	23,625	42,000	-
	274,695	27,498	97,561	399,754	-
Key Management Personnel					
Stuart Moore	140,000	13,300	-	153,300	-
Mark Maxwell	140,000	11,590	-	151,590	-
Ron Cunneen	93,917	8,091	-	102,008	-
	373,917	32,981	-	406,898	-

Note: Equity based payments were made pursuant to the Company's Directors and Employees Fee Plan.

Equity instrument disclosures relating to key management personnel

(i) Option holdings (includes Performance Rights)

The number of options and performance rights over ordinary shares in the consolidated entity held during the financial year by each director and other key management personnel of the consolidated entity, including their personally related parties, is set out below.

2017 **Directors/ Executive**	Balance at start of year Number	Granted during year Number		Exercised during year Number	Other changes during year Number	Balance at end of year Number	Options vested and exercisable at end of year Number
Robert Barraket (i)	-	-		-	-	-	-
Richard Valenta	-	20,000,000	*	-	-	20,000,000	-
Ian King	-	20,000,000	*			20,000,000	-
Matthew Gill	-	20,000,000	*	-	-	20,000,000	-
Ian Kraemer (ii)	161,577	-		-	-	161,577	161,577
Stephen de Belle (iii)	1,981,237	-		-	(1,981,237)	-	-
	2,142,814	60,000,000		-	(1,981,237)	60,161,577	161,577
Stuart Moore (ii)	-	-		-	-	-	-
Mark Maxwell (ii)	-	-		-	-	-	-
	-	-		-	-	-	-

* The above options and performance rights were granted but not issued at reporting date. Issue was subsequently made on 9 September 2017

(i) Resigned 01 August 2017
(ii) Resigned 22 August 2016
(iii) Resigned 22 July 2016

2016 **Directors/ Executive**	Balance at start of year Number	Granted during year Number	Exercised during year Number	Other changes during year Number	Balance at end of year Number	Options vested and exercisable at end of year Number
Robert Barraket	-	-	-	-	-	-
Ian King	-	-	-	-	-	-
Martin Blakeman (i)	1,818,182	-	-	2,439,678	4,257,860	4,257,860
Ian Kraemer (ii)	634,052	-	-	(472,475)	161,577	161,577
Stephen de Belle (iii)	1,981,237	-	-	-	1,981,237	1,981,237
	4,433,471	-	-	1,967,203	6,400,674	6,400,674
Stuart Moore (ii)	-	-	-	-	-	-
Mark Maxwell (ii)	129,008	-	-	(129,008)	-	-
	4,562,479	-	-	1,838,195	6,400,674	6,400,674

(i) Resigned 23 June 2016
(ii) Resigned 22 August 2016
(iii) Resigned 22 July 2016

Changes in number of options and performance rights

2017	Expiry	Exercise price	Grant date	Number acquired	Number exercised	Number lapsed
Richard Valenta	8 Sep 2021	$0.018	28 Nov 2016	10,000,000	-	-
Ian King	8 Sep 2021	$0.018	28 Nov 2016	10,000,000	-	-
Matthew Gill	8 Sep 2021	$0.018	28 Nov 2016	10,000,000	-	-
Stephen de Belle	30 Jun 2016	$0.018	Prior period	-	-	1,981,237
Richard Valenta	31 Dec 2018	Nil	28 Nov 2016	5,000,000	-	-
Ian King	31 Dec 2018	Nil	28 Nov 2016	5,000,000	-	-
Matthew Gill	31 Dec 2018	Nil	28 Nov 2016	5,000,000	-	-
Richard Valenta	31 Dec 2019	Nil	28 Nov 2016	5,000,000	-	-
Ian King	31 Dec 2019	Nil	28 Nov 2016	5,000,000	-	-
Matthew Gill	31 Dec 2019	Nil	28 Nov 2016	5,000,000	-	-

2016	Expiry	Exercise price	Grant date	Number acquired	Number exercised	Number lapsed
Martin Blakeman	30 Jun 2016	$0.018	30 Oct 2015	3,125,000	-	3,125,000
Ian Kraemer	30 Jun 2016	$0.018	30 Oct 2015	6,250,000	-	6,250,000
Martin Blakeman	30 Nov 2017	$0.015	30 Oct 2015	4,257,860	-	-
Ian Kramer	30 Nov 2017	$0.015	30 Oct 2015	161,577	-	-
Ian Kraemer	30 Jun 2016	$0.018	Prior period	-	-	634,052
Martin Blakeman	30 Jun 2016	$0.018	Prior period	-	-	3,759,052

(ii) *Share holdings*

The number of shares in the consolidated entity beneficially held during the financial year by each director and other key management personnel of the consolidated entity is set out below.

Name **2017**	Balance at start of year Number	Received during year on exercise Number	Other changes during year Number	Balance at end of year Number
Directors/ Executive				
Robert Barraket (i)	2,500,000	-	-	2,500,000
Richard Valenta	-	-	-	-
Ian King	-	-	-	-
Matthew Gill	-	-	-	-
Ian Kraemer (ii)	17,571,763	-	(5,790,803)	11,780,960
Stephen de Belle (iii)	19,214,269	-	(95,032)	19,119,237
	39,286,032	-	(5,885,835)	33,400,197
Tom deVries	-	-	-	-
Ron Cunneen	-	-	-	-
Stuart Moore (ii)	1,150,574	-	-	1,150,574
Mark Maxwell (ii)	1,032,060	-	(870,992)	161,068
	2,182,634	-	(870,992)	1,311,642

(i) *Resigned 01 August 2017*
(ii) *Resigned 22 August 2016*
(iii) *Resigned 22 July 2016*

Name	Balance at start of year Number	Received during year on exercise Number	Other changes during year Number	Balance at end of year Number
2016				
Directors/ Executive				
Robert Barraket	-	-	2,500,000	2,500,000
Ian King	-	-	-	-
Martin Blakeman (i)	44,002,270	-	7,645,924	51,648,194
Ian Kraemer (ii)	5,072,405	-	12,499,358	17,571,763
Stephen de Belle (iii)	16,169,920	-	3,044,349	19,214,269
	65,244,595	-	25,689,631	90,934,226
Stuart Moore	834,896	-	315,678	1,150,574
Mark Maxwell	1,032,060	-	-	1,032,060
	67,111,551	-	26,005,309	93,116,860

(i) *Resigned 23 June 2016*
(ii) *Resigned 22 August 2016*
(iii) *Resigned 22 July 2016*

Employment contracts of directors and senior executives

The employment conditions of the former Managing Director, Mr Kraemer, and the former Exploration Managers, Mr Moore, Mr Maxwell and Mr Cunneen, were formalised in contracts of employment. The employment contracts stipulated that in the event employment was terminated without reason the Company was required to make payment in lieu of one month of service based on the individual's annual salary component for Mr Kraemer, Mr Moore and Mr Maxwell and three months for Mr Cunneen. At the beginning of the financial year, the contracts of Mr Kraemer, Maxwell and Moore were terminated in accordance with the terms of their respective contracts.

The employment conditions of the Chief Executive Officer, Mr De Vries are formalised in a consultancy agreement. The agreement stipulates that in the event engagement is terminated without reason, the Company is required to make payment in lieu of three months of service based on the individual's remuneration.

The terms and conditions of the appointments of all non-executive directors who held office during or subsequent to the 2017 financial year are set out in formal letters of appointment which do not include any entitlement to termination payments.

ADDITIONAL INFORMATION

The earnings of the consolidated entity for the five years to 30 June 2017 are summarised below:

	2017 $'000	**2016 $'000**	**2015 $'000**	**2014 $'000**	**2013 $'000**
Revenue	105	5	8	18	34
EBITDA	(7,349)	(3,080)	(3,214)	(2,423)	(5,884)
EBIT	(7,437)	(3,131)	(3,270)	(2,482)	(5,953)
Loss after income tax	(7,637)	(3,157)	(3,273)	(2,482)	(5,953)

The factors that are considered to affect total shareholders return ('TSR') are summarised below:

	2017	**2016**	**2015**	**2014**	**2013**
Share price at financial year end ($)	0.007	0.013	0.013	0.017	0.025
Total dividends declared (cents per share)	-	-	-	-	-
Basic and diluted loss per share (cents per share)	(0.65)	(0.52)	(0.79)	(0.76)	(2.28)

** END OF REMUNERATION REPORT **

MEETINGS OF DIRECTORS

During the financial year, 5 meetings of directors were held. Attendances by each director during the year were as follows:

	Number eligible to attend	Number attended
Robert Barraket	5	5
Richard Valenta	5	5
Matthew Gill	3	3
Ian King	5	5
Ian Kraemer	2	2
Stephen de Belle	1	1

The full Board fulfils the roles of remuneration, nomination and audit committees.

OPTIONS

Unissued shares

At the date of this report, the unissued ordinary shares of Mantle Mining Corporation Ltd under option are as follows:

Grant date	***Date of expiry***	***Exercise price***	***Number under options***
Various dates	8 September 2021	$0.018	30,000,000 *
Various dates	30 November 2017	$0.015	160,148,425
Various dates	30 November 2018	$0.030	166,250,000

* Options granted on 28 November 2016 were issued subsequent to reporting date on 9 September 2017.

Shares issued as a result of the exercise of options

During the financial year, 22,215 (2016: 316,628) options were exercised.

No person entitled to exercise options had or has any right by virtue of the option to participate in any share issue of any other body corporate.

INDEMNIFYING OFFICERS OR AUDITOR

In accordance with the constitution, except as may be prohibited by the Corporations Act 2001, every officer of the Company shall be indemnified out of the property of the Company against any liability incurred by him in his capacity as officer, auditor or agent of the Company or any related corporation in respect of any act or omission whatsoever and howsoever occurring or in defending any proceedings, whether civil or criminal. During the period the Company paid or agreed to pay premiums for directors' and officers' insurance.

PROCEEDINGS ON BEHALF OF 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 these proceedings.

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

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 auditor's independence as the nature of the services provided do not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

The following fees were paid or are payable to the external auditors in respect of non-audit services provided during the year:

	2017	**2016**
	$	**$**
R&D Tax	21,371	25,093
Tax compliance services	15,762	13,250
Total	37,133	38,343

OFFICERS OF THE COMPANY WHO ARE FORMER PARTNERS OF RSM AUSTRALIA PARTNERS

There are no officers of the Company who are former partners of RSM Australia Partners.

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration as required by section 307C of the Corporations Act 2001, for the year ended 30 June 2017 has been received and can be found within this annual report.

Signed in accordance with a resolution of the Board of Directors, pursuant to sections 290(2)(a) of the Corporations Act 2001.

Director
Dated at Brisbane this 27th day of September 2017

	Note	2017 $	2016 $
Revenue			
Interest income	7	3,521	5,000
Other Income		101,221	-
Expenses			
Administrative expenses		(232,146)	(267,180)
Consultancy and legal expenses		(589,115)	(834,659)
Compliance and regulatory expenses		(73,114)	(65,721)
Depreciation expense		(87,956)	(50,766)
Director and employee related expenses	8	(713,602)	(506,673)
Promotion and communication costs		(59,855)	(34,071)
Other expenses		(27,195)	(310,482)
Interest expense		(199,679)	(25,739)
Impairment of exploration expenditure	13	(5,759,066)	(1,066,606)
Loss before income tax expense		(7,636,986)	(3,156,897)
Income tax expense	5	-	-
Loss after income tax expense		(7,636,986)	(3,156,897)
Other comprehensive income		-	-
Total comprehensive loss for the period		(7,636,986)	(3,156,897)
Total comprehensive loss for the period attributable to:			
Non-controlling interest		734	(135)
Owners of Mantle Mining Corporation Limited		(7,637,720)	(3,156,762)
		(7,636,986)	(3,156,897)
Basic and diluted loss per share (cents)	6	(0.65)	(0.52)

The accompanying notes form part of these financial statements.

	Note	2017 $	2016 $
Current assets			
Cash and cash equivalents	3	374,035	1,292,414
Trade and other receivables	9	522,408	959,483
Other current assets	10	50,018	123,600
Total current assets		946,461	2,375,497
Non-current assets			
Receivables	11	17,914	37,018
Plant and equipment	12	643,873	701,150
Exploration expenditure	13	4,748,394	9,516,136
Total non-current assets		5,410,181	10,254,304
Total assets		6,356,642	12,629,801
Current liabilities			
Trade and other payables	14	1,546,754	3,640,353
Provisions	15	18,537	29,878
Borrowings	16	90,153	268,275
Total current liabilities		1,655,444	3,938,506
Non-current liabilities			
Provisions	15	-	56,782
Total non-current liabilities		-	56,782
Total liabilities		1,655,444	3,995,288
Net assets		4,701,198	8,634,513
Equity			
Contributed equity	17(a)	31,402,555	27,801,935
Reserves	18	1,712,031	1,608,980
Accumulated losses	19	(28,611,355)	(20,973,635)
Equity attributable to the members of the consolidated entity		4,503,231	8,437,280
Non-controlling interest		197,967	197,233
Total equity		4,701,198	8,634,513

The accompanying notes form part of these financial statements.

	Note	2017 $	2016 $
Cash flows from operating activities			
Cash payments in the course of operations		(635,037)	(1,613,367)
Cash payments for exploration expenditure		(1,450,203)	(1,494,531)
Interest received		3,521	5,000
Interest paid		(199,679)	(739)
Research and development tax refund		458,879	281,272
Net cash used in operating activities	20(b)	(1,822,519)	(2,822,365)
Cash flows from investing activities			
Payment for Investment		(2,100,000)	-
Payments for plant and equipment		(32,571)	(776,501)
Receipts for plant and equipment		10,363	-
Net cash used in investing activities		(2,122,208)	(776,501)
Cash flows from financing activities			
Proceeds from issue of shares		3,085,000	4,014,033
Proceeds from issue of options			169,547
Share issue costs		(65,530)	(264,448)
Borrowings		6,878	430,775
Net cash provided by financing activities		3,026,348	4,349,907
Net increase in cash and cash equivalents held		(918,379)	751,041
Cash and cash equivalents at the beginning of the financial year		1,292,414	541,373
Cash and cash equivalents at the end of the financial year	20(a)	374,035	1,292,414

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity
for the year ended 30 June 2017

	Contributed equity	Reserves	Accumulated losses	Non-Controlling interest	Total
	$	$	$	$	$
Balance at 1 July 2015	22,770,676	1,439,433	(17,816,873)	-	6,393,236
Loss for the year	-	-	(3,156,762)	(135)	(3,156,897)
Total comprehensive loss for the year	-	-	(3,156,762)	(135)	(3,156,897)
Transactions with non-controlling interests	-	-	-	197,368	197,368
Shares issued	5,391,307	-	-	-	5,391,307
Share issue costs	(360,048)	-	-	-	(360,048)
Share options issued	-	169,547	-	-	169,547
Balance at 30 June 2016	27,801,935	1,608,980	(20,973,635)	197,233	8,634,513
Balance at 1 July 2016	27,801,935	1,608,980	(20,973,635)	197,233	8,634,513
Loss for the year	-	-	(7,637,720)	734	(7,636,986)
Total comprehensive loss for the year	-	-	(7,637,720)	734	(7,636,986)
Transactions with non-controlling interests	-	-	-	-	-
Shares issued	3,666,150	-	-	-	3,666,150
Share issue costs	(65,530)	-	-	-	(65,530)
Share options issued	-	103,051	-	-	103,051
Balance at 30 June 2017	31,402,555	1,712,031	(28,611,355)	197,967	4,701,198

The accompanying notes form part of these financial statements.

1. Statement of significant accounting policies

These consolidated financial statements and notes represent those of Mantle Mining Corporation Limited and its controlled entities ("the consolidated entity"). The separate financial statements of the parent entity, Mantle Mining Corporation Limited, have not been presented within this financial report as permitted by the *Corporations Act 2001*.

The financial statements were authorised for issue on 27 September 2017 by the Board of Directors.

(a) Basis of preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board ("AASB") and the *Corporations Act 2001*.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

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

The financial statements have been prepared on an accrual 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.

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.

(b) 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 $7,636,986, had net cash outflows from operating activities of $1,822,519 and investing activities of $2,122,208, for the year ended 30 June 2017. As at that date, the consolidated entity had net current liabilities of $708,983.

These factors indicate material uncertainty which may cast significant doubt 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 are of the view that there are reasonable grounds to believe that the consolidated entity will continue as a going concern, after consideration of the following factors:

- As disclosed in Note 28, on 30 August 2017 the Company announced it had secured funding amounting to $2,500,000, comprising:
    - $1,000,000 from a convertible loan facility with sophisticated investors. The consolidated entity has used these funds to complete the final payment of the Morning Star acquisition via a $1,000,000 payment to Chillee Limited. The facility has a maturity date of 30 November 2017. The directors plan to obtain approval from shareholders at a general meeting of shareholders, so that the Company has capacity under ASX Listing Rules to enable the convertible loan facility to be converted to shares at the maturity date; and

1. Statement of significant accounting policies (cont.)

(b) Going concern (cont.)

- $1,500,000 from a loan note and convertible facility with MEF I, L.P. (Magna). The funds are available in $500,000 instalments (August 2017, November 2017 and January 2018) and will be used for working capital and ongoing development purposes. The facility terms enable the Company to repay the initial tranche of the loan notes through the issue of convertible notes. The directors plan to obtain all approvals from shareholders at a general meeting of shareholders, so that the Company has capacity under ASX Listing Rules to enable the issue of convertible notes at the maturity date;

- On the 7 September 2017, the Company announced to the market that a further $0.5 million had been secured and received in the form of a convertible note, from a strategic investor (InCoR);
- The Company may reasonably expect to maintain continued support from shareholders and other financiers that have supported the Company's previous capital raising to assist with meeting future funding needs; and
- The Company continues to work towards divestment of its non-core projects and is currently considering proposals that may deliver additional working capital and support the ongoing development activities of the consolidated entity.

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.

However, the directors recognise that if further funding is required and is not subsequently secured, the outcome of which is uncertain until such funding is secured, there is a material uncertainty as to whether the going concern basis of accounting is appropriate. As a result, the Company may be required to consider curtailing further expenditure, and may have to consider the sale or joint venture of its assets and extinguish its liabilities other than in the ordinary course of business and at amounts different from those stated in 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.

(c) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Mantle Mining Corporation Limited as at 30 June 2017 and the results of all subsidiaries for the year then ended. Mantle Mining Corporation Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

1. Statement of significant accounting policies (cont.)

(c) Principles of consolidation (cont.)

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the consolidated entity. Losses incurred by the consolidated entity are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

(d) Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is current when:

(i) it is expected to be realised or intended to be sold or consumed in normal operating cycle;

(ii) it is held primarily for the purpose of trading;

(iii) it is expected to be realised within twelve months after the reporting period; or

(iv) the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

(i) it is expected to be settled in normal operating cycle;

(ii) it is held primarily for the purpose of trading;

(iii) it is due to be settled within twelve months after the reporting period; or

(iv) there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as noncurrent.

Deferred tax assets and liabilities are always classified as non-current.

(e) Income tax

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

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore 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 (benefit) is charged or credited outside profit or loss when the tax related to items that are recognised outside 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. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

1. Statement of significant accounting policies (cont.)

(e) Income tax (cont.)

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.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a largely 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 legally enforceable right of set-off exists, the deferred tax assets and liabilities related 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.

(f) Plant and equipment

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

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

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 assets 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 consolidated entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

(g) Depreciation

The depreciable amount of all fixed assets are depreciated on a diminishing value basis over their useful lives to the consolidated entity commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	*Depreciation Rate*
Plant and equipment	12.5 - 40.0%
Motor vehicles	25.0%

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 comprehensive income.

1. Statement of significant accounting policies (cont.)

(h) Exploration and development expenditure

Exploration 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 in the year in which the decision to abandon the area is made.

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

(i) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, is transferred to entities in the consolidated entity are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

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

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

(j) Impairment of assets

At each reporting date, the consolidated entity reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

(k) Trade and other payables

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

1. Statement of significant accounting policies (cont.)

(l) Provisions

Provisions are recognised when the consolidated entity 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.

(m) Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled within 12 months of the reporting date are recognised in current liabilities in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are recognised in non-current liabilities, provided there is an unconditional right to defer settlement of the liability. The liability is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Defined contribution superannuation expense

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

(n) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of 12 months or less, and bank overdrafts.

(o) Revenue

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

(p) Borrowing costs

All borrowing costs to date are recognised in expenses in the period in which they are incurred.

(q) 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 Tax Office (“ATO”). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

1. Statement of significant accounting policies (cont.)

(q) Goods and services tax ("GST") (cont.)

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from or payable to the ATO.

(r) Issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(s) Dividends

Dividends are recognised when declared during the financial year and no longer at the discretion of the Company.

(t) Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of the consolidated entity, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(u) Share-based payment transactions

The consolidated entity provides benefits to employees (including senior executives) in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity settled transactions). The consolidated entity does not provide cash settled share-based payments.

The cost of equity settled transactions with employees are measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by reference to the market price of the consolidated entity's shares on the Australian Securities Exchange.

The cost of equity settled transactions are recognised, together with a corresponding increase in equity, over the period in which the service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting period).

The cumulative expense recognised for equity settled transactions at each reporting date until vesting date reflects the extent to which the vesting period has expired, and the consolidated entity's best estimate of the number of equity instruments that will ultimately vest. The profit or loss charge or credit for a period represents the movement in cumulative expense recognised for the period. No cumulative expense is recognised for awards that ultimately do not vest (in respect of non-market vesting conditions).

1. Statement of significant accounting policies (cont.)

(v) Comparative figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

The consolidated entity has elected not to early adopt any of the new and amended pronouncements. These are not expected to have significant impact on the financial performance or position of the consolidated entity upon adoption.

(w) Operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

(x) New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2017. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

- AASB 9 Financial Instruments

  This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. AASB 9 introduces new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost, if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, which arise on specified dates and solely principal and interest. All other financial instrument assets are to be classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income ('OCI'). For financial liabilities, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements will use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment will be measured under a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. The standard introduces additional new disclosures. The consolidated entity has made an assessment and determined that this standard will have little to no impact on the entity as it does not have any financial instruments.

- AASB 15 Revenue from Contracts with Customers

  This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard will require: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or

1. Statement of significant accounting policies (cont.)

(x) New Accounting Standards and Interpretations not yet mandatory or early adopted (cont.)

estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied. Credit risk will be presented separately as an expense rather than adjusted to revenue. For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied. Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Sufficient quantitative and qualitative disclosure is required to enable users to understand the contracts with customers; the significant judgments made in applying the guidance to those contracts; and any assets recognised from the costs to obtain or fulfil a contract with a customer. The consolidated entity has made an assessment and determined that this standard will have little to no impact on the entity as it currently does not earn revenue (with the exception of interest).

- AASB 16 Leases

  This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured at the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under AASB 16. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard does not substantially change how a lessor accounts for leases. The consolidated entity has made an assessment and determined that this standard will have little to no impact on the entity as it does not have any material leases.

2. 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 consolidated entity.

There have been no judgements, apart from those involving estimation, in applying accounting policies that have a significant effect on the amounts recognised in these financial statements.

Following is a summary of the key assumptions concerning the future and other key sources of estimation at reporting date that have not been disclosed elsewhere in these financial statements.

2. Critical accounting estimates and judgments (cont.)

Deferred exploration and evaluation expenditure

Exploration and evaluation costs are carried forward where right of tenure of the area of interest is current. These costs are carried forward in respect of an area that has not at reporting date reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Share-based payment transactions

The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted.

3. Financial risk management objectives and policies

The consolidated entity's principal financial instruments comprise cash and short-term deposits.

The consolidated entity manages its exposure to key financial risks, including interest rate and liquidity risk in accordance with its financial risk management policy. The objective of the policy is to support the delivery of its financial targets whilst protecting future financial security.

The main risks arising from the financial instruments are interest rate risk and liquidity risk. The consolidated entity uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rate risk and assessments of market forecasts for interest rates. Liquidity risk is monitored through the development of future rolling cash flow forecasts.

Primary responsibility for identification and control of financial risks rests with the Board. The Board reviews and agrees policies for managing each of the risks identified below.

Risk exposures and responses

Interest rate risk

The consolidated entity's exposure to market interest rates relates primarily to cash and short-term deposits.

At reporting date, the consolidated entity had the following financial assets exposed to interest rate risk:

	2017 $	2016 $
Cash at bank	258,735	1,177,114
Short term deposits	115,300	115,300
Net exposure	374,035	1,292,414

The following sensitivity analysis is based on the interest rate risk exposures in existence at the reporting date.

At reporting date, if interest rates had moved, as illustrated in the table below, with all other variables held constant, net loss and equity would have been affected as follows:

	Consolidated			
	Net loss Higher / (lower)		Equity Higher / (lower)	
	2017 $	2016 $	2017 $	2016 $
+1% (100 basis points)	(3,740)	(12,924)	3,740	12,924
-1% (100 basis points)	3,740	12,924	(3,740)	(12,924)

The movements are due to higher / lower interest revenue from cash balances.

3. Financial risk management objectives and policies (cont.)

Credit risk

Credit risk arises from the financial assets of the consolidated entity, which comprise cash and cash equivalents. The consolidated entity's exposure to credit risk arises from potential default of the counter party, with a maximum exposure equal to the carrying amount of these instruments.

The consolidated entity does not hold any credit derivatives to offset its credit exposure.

Liquidity risk

The consolidated entity's objective is to maintain adequate funding to meet its needs, currently represented by cash and short-term deposits sufficient to meet the consolidated entity's current cash requirements.

The remaining contractual maturities of the consolidated entity's financial liabilities are:

	Consolidated	
	2017	**2016**
	$	**$**
6 months or less (trade creditors)	1,546,754	2,640,353
More than 6 months and less than 12 months	-	1,000,000
	1,546,754	3,640,353

Capital management

The primary objective of the consolidated entity's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The consolidated entity manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the consolidated entity may return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 30 June 2017 and 30 June 2016.

The consolidated entity monitors capital with reference to the net debt position.

	Consolidated	
	2017	**2016**
	$	**$**
Trade and other payables	(1,546,754)	(3,640,353)
Borrowings	(90,153)	(268,275)
Less cash and short term deposits	374,035	1,292,414
Net (debt) / surplus	(1,262,872)	(2,616,214)

Refer to Note 1(b) for details of the Consolidated Entity's future plans in order to manage the net debt position as at 30 June 2017.

4. Auditor's remuneration

	Consolidated	
	2017	**2016**
	$	**$**
Remuneration of auditor of the Company		
RSM Australia Partners		
- Auditing or reviewing the financial report	37,250	36,750
- R&D Tax	21,371	25,093
- Taxation compliance services	15,762	13,250
	74,383	75,093

5. Income tax

The prima facie tax payable on loss before income tax is reconciled to the income tax expense as follows:

	Consolidated 2017 $	2016 $
Prima facie tax (benefit) on operating loss at 27.5% (2016: 28.5%)	(2,100,171)	(899,715)
Tax effect of:		
- Non-deductible amount	1,261,330	(88,846)
Deferred tax asset not brought to account	838,841	988,561
Income tax benefit attributable to operating loss	-	-

A potential deferred tax asset, attributable to tax losses carried forward, amounts to approximately $7,462,521 (2016: $6,623,680) and has not been brought to account at 30 June 2017 because the directors do not believe it is appropriate to regard realisation of the deferred tax asset as probable at this point in time. This benefit will only be obtained if:

- the consolidated entity derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the loss and exploration expenditure to be realised;
- the consolidated entity continues to comply with the conditions for deductibility imposed by law; and
- no changes in tax legislation adversely affect the consolidated entity in realising the benefit from the deductions for the loss and exploration expenditure.

6. Loss per share

Classification of securities as ordinary shares

The Company has only one category of ordinary shares included in basic loss per share.

Classification of securities as potential ordinary shares

There are currently no securities to be classified as dilutive potential ordinary shares on issue.

	2017 Number	2016 Number
Weighted average number of ordinary shares used in the calculation of basic loss per share	1,170,210,698	607,280,082
	$	$
Net loss	(7,636,986)	(3,156,897)

The loss per share calculation as disclosed on the statement of comprehensive income does not include instruments that could potentially dilute basic earnings per share in the future as these instruments were anti-dilutive in the periods presented. A summary of such instruments at 30 June 2017 is as follows:

Equity securities	2017 Number of securities	2016 Number of securities
Options over ordinary shares	326,398,425	225,398,425
Options granted not issued at reporting date	30,000,000	-

7. Revenue

	2017 $	2016 $
Interest revenue	3,521	5,000
Other Income	101,221	-
	104,742	5,000

8. Expenses

Director and employee related expenses		
Wages and salaries	596,021	220,445
Defined contribution superannuation expense	19,466	33,335
Share-based payments expense	103,050	97,561
Other employee expense	(4,935)	155,332
	713,602	506,673

The above amounts represent remuneration paid directly to directors and employees. Key management personnel remuneration inclusive of amounts paid to related parties is presented in Note 23(b) with further detail in the remuneration report contained within the directors' report.

9. Trade and other receivables

Current		
Other debtors	464,723	854,909
GST receivables	57,685	104,574
	522,408	959,483

Other debtors include outstanding subscription monies owing from investors who participated in the placements announced to the market on 30 March 2017.

10. Other assets

	2017 $	2016 $
Current		
Prepayments	50,018	123,600

11. Non-Current Receivables

Advances and deposits	17,914	37,018

12. Property, plant and equipment

(a) Carrying amounts

Freehold land and buildings	240,000	240,000
Accumulated depreciation	-	-
	240,000	240,000
Plant and equipment – at cost	825,129	792,556
Accumulated depreciation	(447,505)	(368,928)
	377,624	423,628
Motor vehicles – at cost	137,850	175,547
Accumulated depreciation	(111,601)	(138,025)
	26,249	37,522
Total property, plant and equipment	643,873	701,150

12. Property, plant and equipment (cont.)

(b) Movements in carrying amounts

Movements in the carrying amounts of each class of plant and equipment between the beginning and the end of the year:

	Plant and equipment	Land and buildings	Motor vehicles	Total
	$	$	$	$
2016				
Balance at 1 July 2015	127,972	-	50,075	178,047
Additions	333,869	240,000	-	573,869
Depreciation charge for the year	(38,213)	-	(12,553)	(50,766)
Balance at 30 June 2016	423,628	240,000	37,522	701,150
2017				
Balance at 1 July 2016	423,628	240,000	37,522	701,150
Additions	32,571	-	-	32,571
Disposal	-	-	(1,892)	(1,892)
Depreciation charge for the year	(78,575)	-	(9,381)	(87,956)
Balance at 30 June 2017	377,624	240,000	26,249	643,873

13. Exploration expenditure

	2017	2016
	$	$
Exploration expenditure	4,748,394	9,516,136
Opening balance	9,516,136	5,969,483
Acquisition Morning Star Gold NL	-	3,400,000
Exploration incurred during the year	1,450,203	1,494,531
Impairment of exploration expenditure	(5,759,066)	(1,066,606)
Research and development tax offset	(458,879)	(281,272)
Exploration expenditure	4,748,394	9,516,136

The value of the consolidated entity's interest in exploration expenditure is dependent upon:

- the continuance of the consolidated entity's rights to tenure of the areas of interest;
- the results of future exploration; and
- the recoupment of costs through successful development and exploitation of the areas of interest, or alternatively, by their sale.

A reprioritisation of Mantle's projects toward its more advanced gold projects has relegated the Charter Towers, Granite Castle and Norton Projects to a lower priority for development. Accordingly, an impairment charge of $5,759,066 has been raised against the value of these exploration expenditures.

14. Trade and other payables

Current		
Trade payables	546,754	640,353
Other payables	1,000,000	3,000,000
	1,546,754	3,640,353

Trade and other creditor amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Due to the short term nature of these payables, their carrying value is assumed to approximate their fair value.

Other payables $1,000,000 are consideration payable for acquisition of Morning Star Gold NL. The amount was paid on 30 August 2017 (Note 28).

15. Provisions

	2017 $	2016 $
Current		
Annual leave	18,537	29,878
Non Current		
Long service leave	-	56,782

16. Borrowings

Current		
Borrowings	90,153	268,275

17. Contributed equity

(a) Issued capital

	2017 $	2016 $
Ordinary shares, fully paid	31,402,555	27,801,935

(b) Movements in share capital

	2017 Number	2016 Number	2017 $	2016 $
Balance at beginning of year	1,008,305,022	491,787,391	27,801,935	22,770,676
Issued during the year:				
Share placements	285,000,000	480,833,333	3,350,000	4,850,000
Share purchase plan	-	-	-	-
Rights issue	-	-	-	-
Share-based payments	13,147,373	22,867,670	130,750	298,108
Satisfaction of loans	18,500,000	12,500,000	185,000	237,500
Exercise of options	22,215	316,628	400	5,699
Share issue costs	-	-	(65,530)	(360,048)
Balance at end of year	1,324,974,610	1,008,305,022	31,402,555	27,801,935

17. Contributed equity (cont.)

(c) Share options

	Exercise price	Expiry date	Balance at beginning of year Number	Granted during the year Number	Exercised during the year Number	Expired or forfeited during the year Number	Balance at end of year Number	Options exercisable at end of year Number
2017 year								
Listed options	0.018	08/09/21	-	30,000,000 *	-	-	30,000,000	30,000,000
Listed options	0.015	30/11/17	100,398,425	59,750,000	-	-	160,148,425	160,148,425
Unlisted options	0.030	30/11/18	125,000,000	41,250,000 **	-	-	166,250,000	166,250,000
			225,398,425	101,000,000	-	-	326,398,425	326,398,425

* Options granted on 28 November 2016 but not issued at reporting date.
**The unlisted options were free and attaching and linked to share placements of 285,000,000 shares.

	Exercise price	Expiry date	Balance at beginning of year Number	Granted during the year Number	Exercised during the year Number	Expired or forfeited during the year Number	Balance at end of year Number	Options exercisable at end of year Number
2016 year								
Listed options	0.018	30/06/16	52,884,471	9,375,000	(316,628)	(61,942,843)	-	-
Listed options	0.015	30/11/17	-	100,398,425	-	-	100,398,425	100,398,425
Unlisted options	0.030	30/11/18	-	125,000,000	-	-	125,000,000	125,000,000
			52,884,471	234,773,425	(316,628)	(61,942,843)	225,398,425	225,398,425

The fair value of listed options is valued with reference to the closing price of options traded on the ASX grant date. Where no options in a class are traded the fair value is determined using the Black-Scholes option pricing model.

(d) Terms and conditions of contributed equity

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings.

In the event of winding up of the consolidated entity, ordinary shareholders rank after all other shareholders and creditors and are fully entitled to any proceeds of liquidation.

18. Reserve

Option reserve

	Consolidated 2017 $	Consolidated 2016 $
Balance at beginning of year	1,608,980	1,439,433
Issue of options	103,051	169,547
Balance at end of year	1,712,031	1,608,980

19. Accumulated losses

	2017	2016
Balance at beginning of year	(20,973,635)	(17,816,873)
Net loss for the year	(7,637,720)	(3,156,762)
Balance at end of year	(28,611,355)	(20,973,635)

20. Notes to the statement of cash flows

a) Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents include cash on hand and in banks and deposits at call, net of outstanding bank overdrafts.

Cash and cash equivalents at the end of the year as shown in the statement of cash flows are reconciled to the related item in the statement of financial position as follows:

	Consolidated	
	2017	**2016**
	$	**$**
Cash at bank and in hand	258,735	1,177,114
Cash on deposit	115,300	115,300
	374,035	1,292,414

Cash at bank attracts floating interest at current market rates. Short term deposits are made for periods of up to 12 months and earn interest at the respective short term deposit rates.

b) Reconciliation of operating loss after income tax to net cash used in operating activities

	Consolidated	
	2017	**2016**
	$	**$**
Operating loss after income tax	(7,636,986)	(3,156,897)
Adjustments for:		
Depreciation	87,956	50,766
Exploration expenditures written off	5,759,066	1,066,606
Gain on disposal of plant and equipment	(8,471)	-
Research and development tax refund	458,879	281,272
Share-based payments expense	233,800	145,560
Changes in assets and liabilities:		
Trade and other receivables	906,180	(80,929)
Other current assets	73,581	(90,118)
Exploration expenditures	(1,450,203)	(1,494,531)
Trade and other payables	(178,198)	420,524
Provisions	(68,123)	35,382
Net cash used in operating activities	(1,822,519)	(2,822,365)

21. Parent entity disclosures

	2017	**2016**
	$	**$**
Financial position		
Assets		
Current assets	936,384	2,368,380
Non-current assets	5,414,547	10,251,553
Total assets	6,350,931	12,619,933
Liabilities		
Current liabilities	1,649,733	3,938,505
Non-current liabilities	-	56,782
Total liabilities	1,649,733	3,995,287

21. Parent entity disclosures (cont.)

Equity		
Issued capital	31,402,555	27,801,935
Reserves	1,712,031	1,608,980
Accumulated losses	(28,413,388)	(20,786,270)
Total equity	4,701,198	8,624,645

Financial performance

Loss for the year	(7,627,118)	(2,886,558)
Other comprehensive income	-	-
Total comprehensive income	(7,627,118)	(2,886,558)

(a) Contingent liabilities

As at 30 June 2017 and 2016, the Company had no contingent liabilities.

(b) Commitments

As at 30 June 2017 and 2016, the Company had no contractual commitments.

(c) Guarantees entered into by parent entity in relation to the debts of its subsidiaries

As at 30 June 2017 and 2016, the Company had not entered into any guarantees.

(d) Significant accounting policies

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 1, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity;
- Investments in joint ventures are accounted for at cost, less any impairment, in the parent entity; and
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

22. Related party disclosures

(a) Subsidiaries

The consolidated financial statements include the financial statements of Mantle Mining Corporation Limited and the subsidiaries listed in the following table:

Name	Country of incorporation	Equity interest 2017 %	Equity interest 2016 %
Trafford Coal Pty Ltd	Australia	100	100
Mt Mulligan Coal Pty Ltd	Australia	100	100
Zulu Gold Pty Ltd	Australia	100	100
Morning Star Gold NL	Australia	95	95
Lionsville Gold Pty Ltd	Australia	100	100

(b) Key management personnel

Disclosures relating to key management personnel are set out in note 23 and the remuneration report in the directors' report.

23. Key management personnel

(a) Directors and other key management personnel

The directors of Mantle Mining Corporation Limited during the financial year were:

Mr Ian King – Non-Executive Director (*Appointed 23 June 2016*)
Mr Richard Valenta- Non-Executive Director (*Appointed* 26 *July* 2016)
Mr Matthew Gill – Non-Executive Director (*Appointed 22 August 2016*)
Mr Robert Barraket – Non-Executive Chairman (*Resigned 31 July 2017*)
Mr Ian Kraemer – Managing Director (*Resigned 22 August 2016*)
Mr Stephen de Belle – Non-Executive Director (*Resigned 22 July 2016*)

Other key management personnel consisted of:

- Mr Tom DeVries – Chief Executive Officer
- Mr Stuart Moore – Exploration Manager – Minerals *(Resigned 22 August 2016)*
- Mr Mark Maxwell – Exploration Manager – Coal *(Resigned 22 August 2016)*
- Mr Ron Cunneen - General Manager – MCO *(Resigned 20 July 2017)*

(b) Compensation of key management personnel

	2017	**2016**
	$	**$**
Short-term employment benefit	644,514	648,612
Post-employment benefits	16,683	60,479
Equity-based payments	103,050	97,561
	764,247	806,652

Amounts are included in the remuneration report.

(c) Other transactions with key management personnel

Transactions are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated:

	2017	**2016**
	$	**$**
(i) Consultant fees paid to BBB Capital – an entity associated with Mr Ian King	67,500	-

(d) Key management personnel balances

Amount owing to Rob Barraket	48,921	921
Amount owing to Ian King	42,805	805
Amount owing to Richard Valenta	17,500	-
Amount owing to Matthew Gill	38,500	-
Amount owing to BBB Capital	17,045	-

24. Commitments

Exploration expenditure commitments

	2017	2016
	$	$
Within one year	824,000	650,000
After one year but not more than five years	1,278,000	1,440,000
	2,102,000	2,090,000

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

Leasing commitments

The Company's office space lease can be terminated requiring 3 months' notice for termination. Future minimum rentals payable under this operating lease are as follows:

Within one year	10,861	-
After one year but not more than five years	-	-
	10,861	-

25. Share-based payments

During the year, the Board and its executive were granted 30 million options and 30 million performance rights.

The performance rights were granted at no consideration, do not have an exercise price and will lapse if the vesting conditions are not met. The 2 vesting conditions are:

i) 15 million rights will vest when the sale of the first 1,000 ounces of Gold production occur prior to 31 December 2018 (Class A) (Probablity-100%)

ii) 15 million rights will vest when the sale of the 10,000 ounces of Gold production occur prior to 31 December 2019 (Class B) (Probablity-100%)

The options with the expiry date on or before the fourth anniversary of the date of issue were granted at no consideration. They have an exercise price of 1.8 cents and will lapse if the vesting conditions are not met. The 2 vesting conditions are:

i) 15 million options will vest when the sale of the first 1,000 ounces of Gold production occur prior to 31 December 2018) (Probablity-100%)

ii) 15 million options will vest when the sale of 10,000 ounces of Gold production occur prior to 31 December 2019) (Probablity-100%)

The performance rights and options are valued at their fair value.

The consolidated entity used judgement in estimating the probability of the performance criteria being met at grant date.

Share-based payments expense

	2017	2016
	$	$
Options (i)	39,575	-
Performance rights (ii)	63,475	-
Payment to key management personnel	103,050	97,561
Shares issued in-lieu of services	130,750	48,000
	233,800	145,561

25. Share-based payments (cont.)

(i) Set out below are summaries of options granted

Options	Grant Date	Expiry Date	Balance at the start of the period	Granted	Exercised	Expired	Balance at the end of the period
Director	28/11/2016	08/09/2021	-	30,000,000	-	-	30,000,000
			-	30,000,000	-	-	30,000,000

Assumptions:	
Stock Price	$0.009
Exercise Price	$0.018
Expiry Period	4 Years
Expected future volatility	109%
Risk free rate	2.1%
Dividend yield	0%
Amount of Options	30,000,000
Total fair value of Options	$167,204
Expensed at the reporting date, proportionately in accordance with the vesting period	$39,575

(ii) Set out below are performance rights granted

	Performance rights Class A	*Performance rights Class B*
Number	15,000,000	15,000,000
Grant Date	28/11/2016	28/11/2016
Expiry Date	31/12/2018	31/12/2019
Share price at grant date	$0.009	$0.009
Share based payment expense for the period	$37,737	$25,739

If the Class A and Class B performance rights ultimately vest upon the satisfaction of both of both performance conditions, the consolidated entity will recognise a total expense of $270,000 (expensed proportionately over the vesting period).

26. Operating segment

The consolidated entity has identified its operating segments based on the internal reports that are reviewed and used by the board of directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

The consolidated entity operates as a single segment which is mineral exploration within Australia. The consolidated entity is domiciled in Australia. All revenue from external parties is generated from Australia only. Segment revenues are allocated based on the country in which the party is located.

Operating revenues of approximately Nil (2016: Nil) are derived from a single external party.

All the assets are located in Australia only. Segment assets are allocated to countries based on where the assets are located.

27. Contingent assets and liabilities

The Company did not have any material contingent assets or liabilities as at 30 June 2017.

28. Events subsequent to balance date

Subsequent to the period, the consolidated entity announced the following to the ASX:

- On 1 August 2017, Mr Robert Barraket resigned as the Non- Executive Chairman;
- On 30 August 2017, the Company secured $2.5 million worth of funding. $1 million was raised through a convertible loan facility from sophisticated investors. Another $1.5 million was raised via a loan note and convertible note facility of which $0.5m has been drawn down to date. The remaining two traches ($0.5 million each) are available at the election of the Company in November 2017 and January 2018;
- On 30 August 2017, the Company made the final $1 million payment to complete the acquisition of Morningstar Gold NL. Finalisation of the security release administration is in progress;
- On 7 September 2017, the Company raised a further $0.5 million from a strategic investor;
- The Company has provided regular updates on the progress of its drilling and operational programs at the Morning Star Gold Mine; and
- The Company has received offers from a number of parties for the purchase of its Queensland assets and continues to work with these parties to finalise a transaction.

Other than disclosed above, the directors are not aware of any matters or circumstances not otherwise dealt with in this report or consolidated financial statements that have significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity in subsequent financial periods.

The directors of the Company declare that:

(a) the financial statements and notes thereto are in accordance with the Corporations Act 2001 and associated regulations and;

  (i) comply with Accounting Standards, which, as stated in accounting policy note 1(a) to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards; and

  (ii) 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 consolidated entity;

(b) In the directors' opinion there are reasonable grounds to believe that the consolidated entity will be able to pay its debts as and when they become due and payable;

(c) The directors have been given the declarations required by s 295A of the *Corporations Act 2001;* and

(d) As at the date of this declaration, in the directors' opinion there are reasonable grounds to believe that the consolidated entity 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 pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors:

Director

Dated at Brisbane this 27th day of September 2017

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

Opinion

We have audited the financial report of Mantle Mining Corporation Limited, (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion the accompanying financial report of the Group is in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2017 and of its financial performance for the year then ended; and

(ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Material Uncertainty Related to Going Concern

Without modifying our opinion, we draw attention to Note 1 in the financial report, which indicates that the Group incurred a net loss of $7,636,986 and had net cash outflows from operating activities of $1,822,519 and investing activities of $2,122,208 for the year ended 30 June 2017. As at that date, the Group's current liabilities exceeded its current assets by $708,983. These conditions, along with the other matters as set forth in Note 1, indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern and therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<table>
<tr><th>Key Audit Matter</th><th>How our audit addressed this matter</th></tr>
<tr><td colspan="2">Carrying Value of Capitalised Exploration Expenditure
Refer to Note 13 in the financial statements</td></tr>
<tr><td>The Group has capitalised a significant amount of exploration and evaluation expenditure, with a carrying value of $4,748,394 as at 30 June 2017.

During the year, the Group recognised an impairment of $5,759,066 against its capitalised exploration expenditure, in respect of its Charter Towers, Granite Castle and Norton areas of interest, resulting from these areas being marketed for sale at the reporting date.

We determined this to be a key audit matter due to the significant management judgment involved in assessing the carrying value in accordance with AASB 6 Exploration for and Evaluation of Mineral Resources, including:

• Determination of whether expenditure can be associated with finding specific mineral resources and the basis on which that expenditure is allocated to an area of interest;
• Determination of whether exploration activities have progressed to the stage at which the existence of an economically recoverable mineral reserve may be assessed; and
• Assessing whether any indicators of impairment are present, and if so, judgments applied to determine and quantify any impairment loss.</td><td>Our audit procedures in relation to the carrying value of exploration and evaluation expenditure included:

• Obtaining evidence that the Group has valid rights to explore in each specific area for which capitalised exploration expenditure is held;
• Agreeing a sample of additions to capitalised exploration and evaluation expenditure during the year to supporting documentation and ensuring that the amounts were capital in nature and relate to the area of interest;
• Assessing and evaluating management's assessment that no impairment indicators existed for the Morning Star Gold project, including;
– Enquiring with management and reviewing budgets and plans to test that the Group will incur substantive expenditure on further exploration for and evaluation of mineral resources the project ;
– Reviewing whether management has received sufficient data to conclude that the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale; and
– Reviewing minutes of director meetings and ASX announcements to ensure that the Group has not resolved to discontinue activities in the project; and
• Assessing the reasonableness of management's determination of the impairment loss for the Charter Towers, Granite Castle and Norton projects on which the remaining balance is expected to be recovered by sale.</td></tr>
</table>

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2017, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar2.pdf
This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report
We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of Mantle Mining Corporation Limited., for the year ended 30 June 2017, complies with section 300A of the Corporations Act 2001.

Responsibilities
The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

RSM

RSM AUSTRALIA PARTNERS

A Whyte

Perth, WA
Dated: 27 September 2017

ALASDAIR WHYTE
Partner

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Mantle Mining Corporation Limited for the year ended 30 June 2017, 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 audit; and

(ii) any applicable code of professional conduct in relation to the audit.

RSM

RSM AUSTRALIA PARTNERS

A Whyte

Perth, WA
Dated: 27 September 2017

ALASDAIR WHYTE
Partner

Additional information included in accordance with the Listing Rules of the Australian Securities Exchange Limited. The information is current as at 19 September 2017.

1. Quotation

Listed securities in Mantle Mining Corporation Ltd are quoted on the Australian Securities Exchange under ASX codes MNM (Fully Paid Ordinary Shares) and MNMOC (Listed Options).

2. Voting rights

The voting rights attached to the Fully Paid Ordinary shares of the Company are:

(a) at a meeting of members or classes of members each member entitled to vote may vote in person or by proxy or by attorney; and

(b) on a show of hands every person present who is a member has one vote, and on a poll every person present in person or by proxy or attorney has one vote for each ordinary share held.

There are no voting rights attached to any Listed Options on issue.

3. Distribution of Share and Option holders

The voting rights attached to the Fully Paid Ordinary Shares of the Company are:

i) Fully Paid Ordinary Shares

Shares Range	Holders	Units	%
1 – 1,000	136	15,644	0.01%
1,001 – 5,000	121	407,112	0.03%
5,001 – 10,000	182	1,554,097	0.12%
10,001 – 100,000	831	40,299,550	3.00%
100,001 and above	688	1,300,980,192	96.84%
Total	**1,958**	**1,343,256,595**	**100.00%**

On 19 September 2017, there were 870 holders of unmarketable parcels comprising a total of 12,936,842 ordinary shares (based on the closing share price of $0.012). There is no on-market buy back currently in place and there are currently no restricted securities.

ii) Listed Options exercisable at $0.015 on or before 30 June 2017

Option Range	Holders	Units	%
1 – 1,000	7	2,080	0.00%
1,001 – 5,000	8	25,498	0.02%
5,001 – 10,000	4	30,891	0.02%
10,001 – 100,000	32	1,748,998	1.09%
100,001 and above	64	158,340,958	98.87%
Total	**115**	**160,148,425**	**100.00%**

4. Substantial shareholders

The names of the substantial shareholders listed on the Company's register as at 19 September 2017.

	Name	Number of Shares	%
1	MCNALLY CLAN INVESTMENTS PTY LTD	160,985,631	11.98%
2	GLENEAGLE SEC NOM PL	120,000,000	8.93%

5. Twenty largest shareholders

The twenty largest shareholders at 19 September 2017.

	Name	Number of Shares	%
1	MCNALLY CLAN INVESTMENTS PTY LTD	160,985,631	11.98%
2	GLENEAGLE SEC NOM PL	120,000,000	8.93%
3	CHESBREEZE PL <AFM S/F ACCOUNT.	49,878,204	3.71%
4	TONKA TRADING PL	46,684,449	3.48%
5	CHANCERY ASSET MGNT PTE LTD	40,000,000	2.98%
6	AZAR DAVID JAMES	31,594,011	2.35%
7	JHS & D PL <LEWIS FAMILY SUPER FUND A/C>	30,425,500	2.27%
8	KWONG KEVIN	26,666,667	1.99%
9	FROST ALAN MAXWELL	23,333,333	1.74%
10	BANKS-SMITH KEVIN	20,449,996	1.52%
11	G LEWIS SMSF PL <LEWIS FAMILY SUPER FUND A/C>	20,000,000	1.49%
12	MOUNT NEIL NORMAN	19,166,667	1.43%
13	BANTRY HLDGS PL <BANTRY FAMILY A/C>	16,666,667	1.24%
14	WRIGHT INV GRP PL <ALAN WRIGHT FAMILY A/C>	15,000,000	1.12%
15	SEBODU PL	14,250,000	1.06%
16	BOZ BROTHERS PL <BOZ BROTHERS SUPER FUND A/C>	13,913,047	1.04%
17	SUPER PIPELINE PL	12,750,000	0.95%
18	NUSKE ANDREW SCOTT	12,500,000	0.93%
19	SEMERDZIEV IANAKI	11,571,000	0.86%
20	NESMEIS INV PL	10,925,000	0.81%
		696,760,172	**51.88%**

6. Twenty largest listed option holders – MNMOC (1.5c, 30 November 2017)

The twenty largest option holders at 19 September 2017.

	Name	Number of Options	%
1	MCNALLY CLAN INV PL	27,220,090	17.00%
2	SMITH MERLE + KATHRYN <MINI PENSION FUND>	11,150,000	6.96%
3	CHANCERY ASSET MGNT PTE LTD	10,000,000	6.24%
4	CHINCHERINCHEE NOM PL	9,425,000	5.89%
5	SEBODU PL	8,140,000	5.08%
6	MOUNT RYAN	7,500,000	4.68%
7	CHESBREEZE PTY LTD <AFM S/F ACCOUNT>	7,500,000	4.68%
8	MOHAMAD GEDIRE	5,545,093	3.46%
9	YATES ROGAN RICHARD	5,500,000	3.43%
10	NUSKE KATE ALEXANDRA	4,700,000	2.93%
11	BLAKEMAN MARTIN A <BLACKWOOD A/C>	4,257,860	2.66%
12	JONES BRADFORD ROSS	3,520,000	2.20%
13	BANKS-SMITH KEVIN	3,078,971	1.92%
14	SPENCE DAVID	3,061,628	1.91%
15	MCNALLY PAUL JOHN + V <MCNALLY CLAN S/F A/C>	3,060,000	1.91%
16	NUSKE ANDREW SCOTT	3,000,000	1.87%
17	HICKMAN DAVID + LUCINDA	2,673,825	1.67%
18	FRANKLIN GIDEON B C + M	2,500,000	1.56%
19	MCNALLY CLAN INV PL	2,500,000	1.56%
20	AZAR DAVID	2,500,000	1.56%
		126,832,467	**79.17%**