
CORPORATE AND OPERATIONAL UPDATE

Mantle Mining Corporation Limited (ASX: MNM) ('Mantle' or 'the Company') provides the following update:

Highlights

- **Trial Mining at Morning Star gold mine:**
 - Preliminary mining designs completed for the Stacpoole zone
 - Key underground operational managers, supervisors, miners and labour engaged or being recruited
 - Winder and shaft recommissioning in progress
 - Permitting of a conventional decline underway
- **Rose of Denmark gold mine:**
 - Completion of data review, mapping and sampling
 - Diamond drilling program planned for commencement in November 2017
- **The Company's joint venture partner in the Rose of Denmark gold mine Minjar/Shandong, has confirmed its interest in maintaining a presence in one of Australia's premier gold districts, namely the Walhalla to Woods Point gold field**
- **New corporate identity to reflect new focus: the Company is to be renamed AuStar Gold Limited, symbolising its renewed vision and promising future outlook**

Mantle CEO, Tom de Vries says "We have made an enormous amount of progress in the last few months at the Morning Star gold mine and our other projects in the eastern Victorian gold fields. Our recent drilling and analysis has provided a near term production target that can be initially accessed most efficiently in terms of cost and time via the existing shaft. Concurrently, work on a conventional decline to achieve longer term production efficiency is also underway.

"This work is part of a detailed staged plan which the Company is now progressing with the aim of developing future production. This strategy is being executed in an efficient manner, being capital conservative with justification for each step toward production.

"Our first stage involves the concurrent recommissioning of the shaft and winder to prepare for trial mining at Morning Star, preparing designs and permitting for a conventional decline, and commencing a diamond drill program at the Rose of Denmark mine under the technical leadership of Dr Rick Valenta. We will then commence trial mining of a component of the Stacpoole zone, using that ore to commission and process the plant prior to committing to a conventional production decline."

Preparation for Trial Mining at Morning Star Gold Mine

Access to the Stacpoole Zone via the existing Morning Star Shaft

Previous ASX releases by the Company have highlighted the new geological model on the Stacpoole zone that has been developed by Dr Rick Valenta and his geological team. Overlooked by prior operators of the mine, the location of this new zone and its subsequent confirmation by recent diamond drilling by Mantle is a major advancement towards identifying a production target that is shallow, easily accessible and can lead to more timely production.

Following this success, the Company is implementing a staged access plan to this newly interpreted Stacpoole ore zone and has committed to a number of activities that are consistent with the Company's approach of a step by step program toward achieving production, with prudent capital management and risk mitigation.

It has been determined that the most cost and time effective means to a bulk sample with trial mining is via 2 level of the existing Morning Star shaft. This bulk sample will allow Mantle to obtain a more reliable estimate of gold grades in the Stacpoole zone in comparison to the grades returned in diamond drilling, keeping in mind that most mined zones at Morning Star returned significantly higher production gold grades than those returned in drilling of the same zones. This bulk sample will also provide feed to recommission and optimise the onsite processing plant.

Figure one below shows that for a small amount of development the Stacpoole zone dyke over sediment offset can be accessed with further development on the gold bearing zone at that point. In addition, the Stacpoole zone lies above the end of the existing 2 level development and can be accessed by a conventional handheld rise. Once the zone is accessed, sampled and inspected, further development and subsequent trial mining can be undertaken.

Figure 1. 3D view of proposed 2 Level development (Red) to the Stacpoole zone offset (Green), looking Southwest

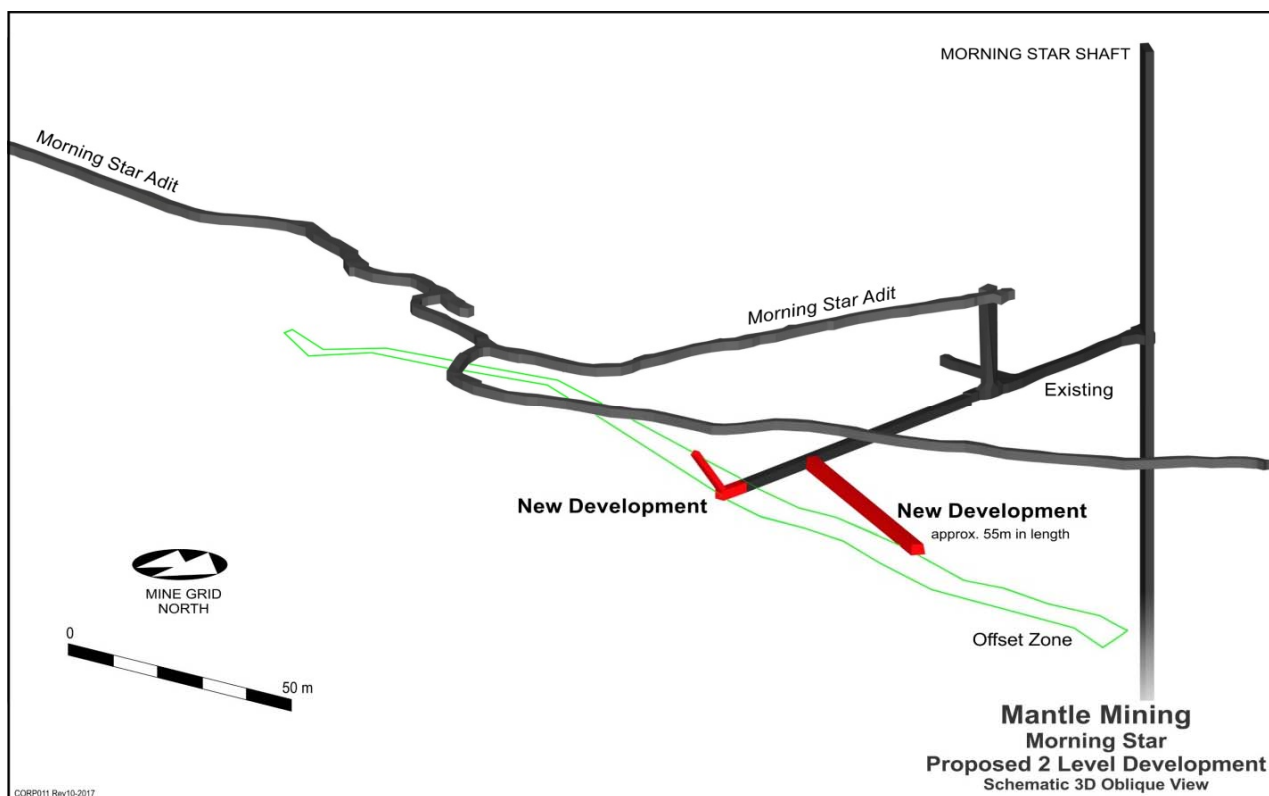


Photo 1 Shaft conveyance removed for Non Destructives Testing (NDT) and painting as part of shaft compliance and winder commissioning.



Winder Commissioning

Recommissioning the winder has commenced and will allow full access underground to commence development on 2 level to access the Stacpoole zone. A commissioned shaft allows further diamond drilling on lower levels if deemed an advantage to do so. The winder and full shaft access will allow disposal of paste tailings from the onsite process plant and is required for full commissioning of the plant and ongoing processing. The commissioning of the winder is crucial for the operation of the mine, maintaining access, dewatering and infrastructure maintenance. Photo 1 above shows the shaft conveyance removed to undertake non-destructive testing (NDT) of all welds and a repaint.

Specialist Recruitment: New Underground Mine Manager

Mantle has hired an experienced underground mine manager, with broad hands-on experience of narrow vein and handheld mining to full mechanisation, and with the local site manager, will build a motivated mining team and ensure a cost-effective outcome is achieved.

Mantle also has an electrical team on site at Morning Star with prior experience at the mine, who are undertaking full electrical compliance testing of all equipment and installations on the surface. They will progress to do the same underground ensuring that all electrical systems are reliable and safe. Similar mechanical service arrangements will also be established to ensure safe predictable operation of site equipment.

Mining Labour Tenders

Tenders have been issued for the mobilisation of a small team of experienced mining contractors. The intent is to begin development toward the Stacpoole zone in November. Mantle will provide supervision, general labour and consumables with the aim of a more economical outcome than a full contract. The contractor will undertake the mining only, which requires a higher level of expertise than can be found locally, with the Company providing supervision, general labour, trades and consumables.

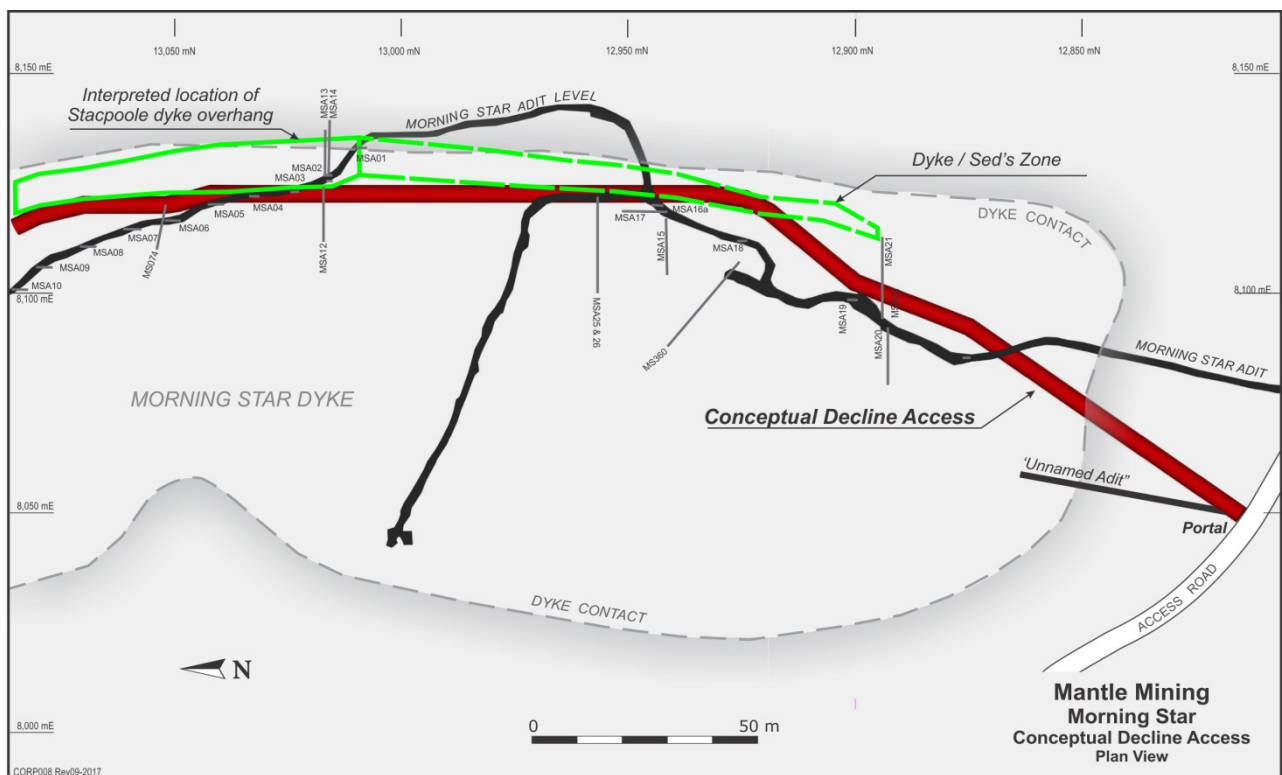
Conventional Decline

As noted above, the Company's immediate objective is to test whether bulk sampled gold grades are higher than the gold grades returned in drilling, in keeping with the pattern seen in most of the historically mined stopes from the Morning Star mine, and to provide ore feed to recommission the process plant. If this trial mining bulk sample is successful, this may potentially lead to a conventional decline being mined that can efficiently and effectively access and mine the full length of the Stacpoole zone and also becomes a platform for further drilling and development of deeper gold-bearing zones.

This strategy is consistent with the Mantle staged approach to prudent capital management and risk mitigation.

A preliminary decline design has been developed and is subject to the outcome of the 2 level trial mining. It is planned to utilise the 2 level development in the decline as the required second egress, fresh air system and for other crucial infrastructure such as explosive magazines. Similar to the recently announced strategy being applied at the nearby A1 mine (ASX:CTL), the decline will be used to access the Stacpoole zone which will be the first of a number of "stepping stones" to deeper and less easily accessed ore bodies. The decline will also offer new positions for diamond drilling in the future.

Figure 2 Conceptual decline design (Red) and Morning Star adit (Black) and Dyke over sediment offset (green) of Stacpoole Reef. Requiring a workplan variation and permitting from separate Government agencies.



Mantle has commissioned an experienced local environmental consultancy firm to assist in the submission of a work plan variation, to allow the construction and operation of a conventional decline.

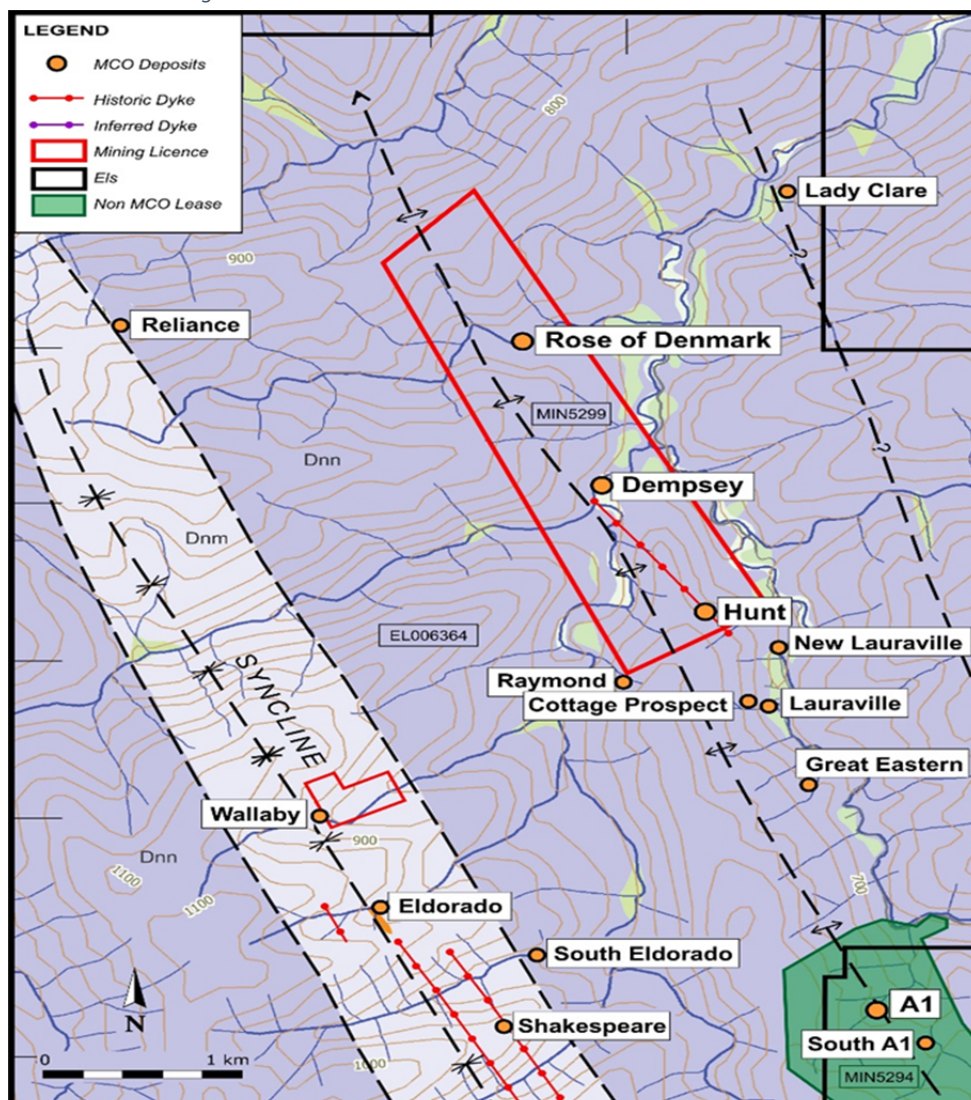
Rose of Denmark Gold Mine

Commencement of a Diamond Drilling Program

Concurrent with the development activities leading to trial mining at the Morning Star mine, the Company is also progressing plans to commence a diamond drilling program at the Rose of Denmark gold mine. Mantle's geological team are designing a diamond drilling program, based on the many clear gold targets recently identified in the Rose of Denmark mine. The team is excited by the drilling program based on the prospectivity highlighted in recent work.

The Rose of Denmark represents a second potential source of easily accessible ore as a second independent source of plant feed for the Morning Star processing plant. The style of mineralisation at Rose of Denmark points toward the possibility of mechanised mining in the style presently described at the A1 mine (ASX:CTL) and diamond drilling is required to fully confirm this possibility.

Figure 3 Rose Of Denmark Lease, which is on the same line of workings and just North of Centennial Mining A1 Mine.



Discussions with Shandong Tyan Home Co Ltd (“Shandong”) ¹

Discussions are ongoing between Mantle and its joint venture partner Shandong as to how best to maintain its involvement in the Rose of Denmark and Mantle’s other regional assets.

Shandong, through its wholly owned subsidiary, Minjar Gold Pty Ltd (**‘Minjar’**), is a 51% joint venture partner of the Rose of Denmark mine lease, with Mantle managing the project on behalf of the joint venture. Minjar is a major Australian gold explorer, developer and producer².

Mantle is encouraged by Shandong’s interest in maintaining a presence in one of Australia’s premier gold districts, namely the Walhalla to Woods Point gold field, an area that is significantly under explored.

Corporate – “a new era with a new name”

Following a refresh of the Board and executive over the last 18 months, finalisation of the acquisition of Morning Star Gold NL, pending disposal of non-core assets, and with the primary focus firmly on redevelopment of the Morning Star gold project, the Board has considered that it is time to look to the future with a new vision, and a new name.

The Board has registered the name AuStar Gold Limited, and will propose at the upcoming Annual General Meeting that shareholders vote in favour of taking the company into a new era with a new name, reflecting the Company’s prime focus on generating significant value in the reinvigorated gold sector in this significant Victorian gold field.

About Mantle Mining:

Mantle is focused on the return to production of the Morning Star mine - **an advanced high-grade gold project, with significant infrastructure including processing plant, a strategic tenement footprint, and prospectivity, well positioned for near-term trial mining.**

In addition, Mantle intends to develop its adjoining tenements in the Walhalla to Woods Point gold district into low cost high grade gold production projects.

For Further Information:

Tom de Vries
Chief Executive Officer
Mantle Mining Corporation Limited
info@mantlemining.com
P: +61 408 453256

¹ Shandong is listed on the Shanghai Stock Exchange under the code 600807

² Minjar is an Australian gold explorer, developer and producer that has been operating since 2009. Gold production from its three operations (the Golden Dragon project located in the Midwest of Western Australia, the Pajingo project and the recently acquired Southern Cross Operations in Western Australia approximate 230,000 Oz per annum.