

SEPTEMBER 2017 QUARTERLY ACTIVITIES REPORT

Mantle Mining Corporation Limited (ASX: MNM, “Mantle” or “the Company”) provides the following update on its activities for the quarter ended 30 September 2017.

Highlights:

Morning Star Gold Mine (MSG)

- **Drill program continued at the Stacpoole zone**
 - The Stacpoole zone drilled in 15 locations, with a total of 26 diamond drill holes;
 - Confirms Southern extension of Stacpoole zone toward adit entrance;
 - Gold mineralisation throughout justifies further development;
- **Trial Mining designs completed for testing the Stacpoole zone;**
- **Key underground operational managers, miners and labour engaged or being recruited;**
- **Winder and shaft recommissioning in progress;**
- **Permitting of a conventional decline underway.**

Rose of Denmark Gold Mine (RoD)

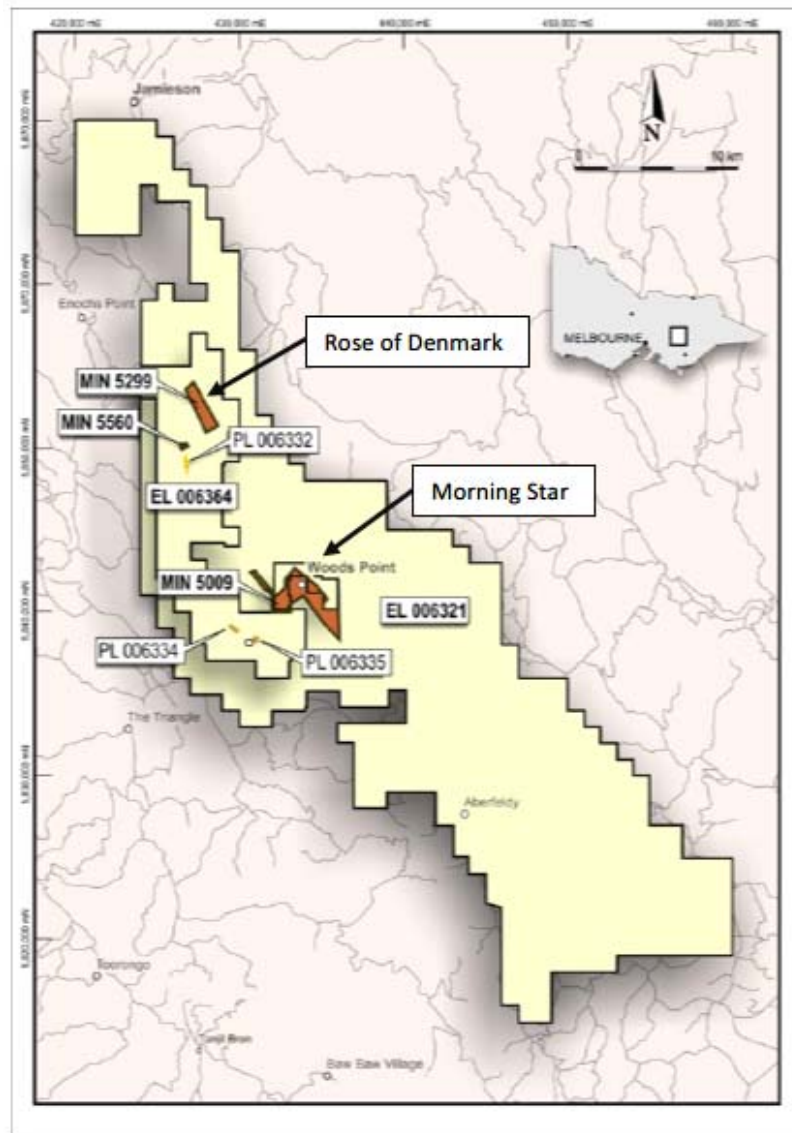
- **Completion of data review, with ongoing mapping and sampling;**
- **Diamond drilling program planned for commencement in November 2017;**
- **Minjar/Shandong discussion underway regarding their continued future involvement.**

Corporate

- **Completed the acquisition of Morning Star Gold, unsecured creditor fully repaid, now debt free;**
- **Balance Sheet strengthened with new funding**
 - \$3.0 million of convertible loan and note facilities established, with \$2.0 million accessed;
 - New strategic shareholder on board;
 - Final \$1 million acquisition payment made on Morning Star Gold;
- **Planning for new corporate identity to reflect new focus – AuStar Gold Limited.**

Morning Star Gold Mine (MIN 5009)

Figure 1. Morning Star and Rose of Denmark Mining Lease Mining Lease and surrounding tenements



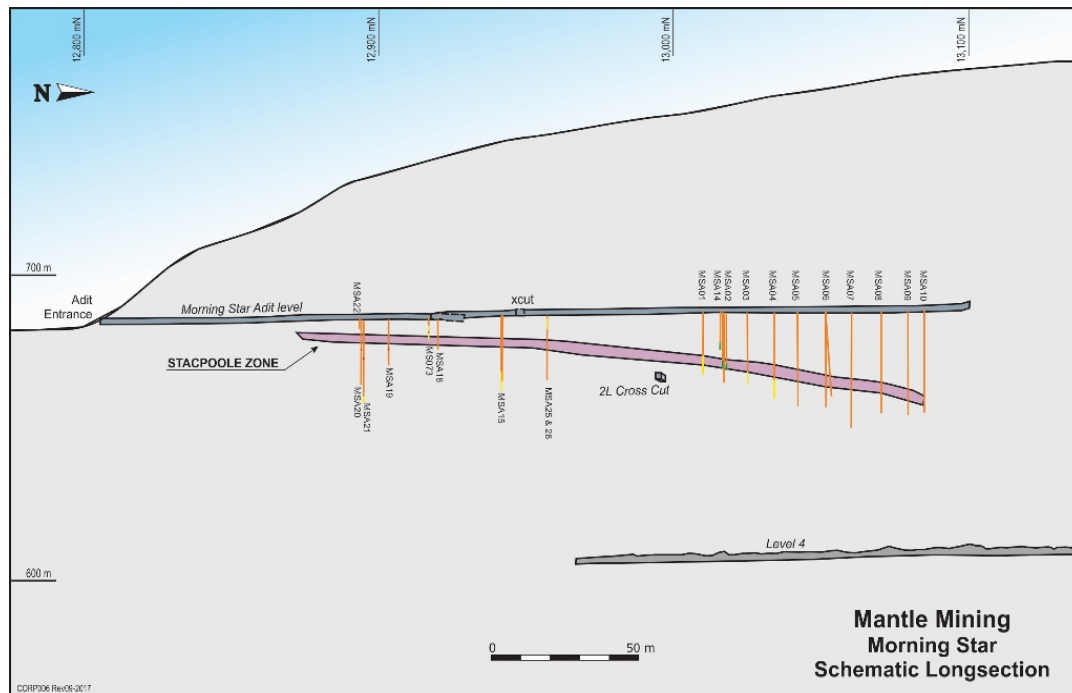
Successful Drilling Campaign continued at Stacpoole Zone

The Company continued its focus on the Morning Star tenement (ML5009) within an ongoing diamond drilling program in the Stacpoole Zone. The second phase of drilling has confirmed the Stacpoole Zone Southern Extension.

A total of 592 metres was drilled on 15 locations, in 26 holes. The result from the Southern extension drilling is the confirmation that the Stacpoole zone does extend further than originally expected, where the zone now sits immediately below or partially joins the historically rich Age of Progress reef, approximately 5m below the Morning Star adit floor.

A strike distance of 200 metres of the Stacpoole zone has a high density of drilling, which represents the southern half of Stacpoole reef and the most accessible area, either by shaft or by conventional decline.

Figure 2 Long section showing a deeper Stacpoole Zone that draws closer to the adit entrance



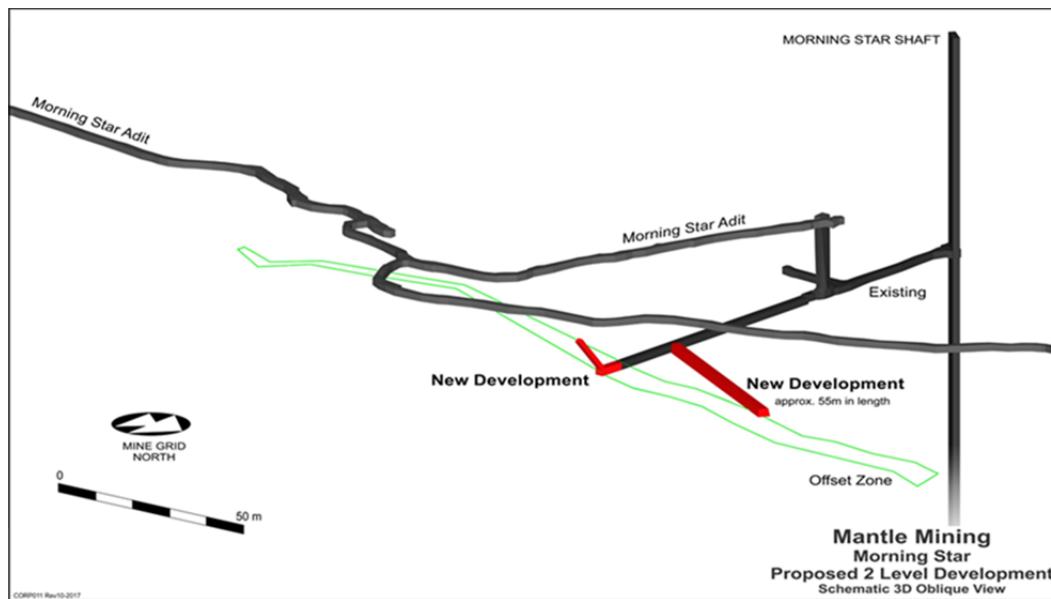
Of significance is the broad zone of mineralisation shown to exist between the Age of Progress reef and the Stacpoole zone below it. Extensive alteration, fine anastomosing quartz and quartz carbonate veins and heavy weathering has developed a broad zone of mineralisation at the junction of both reefs. A 13 g/t assay obtained in MSA024 at 4 – 5.4 metres (refer to *ASX release 20 September 2017*) indicates the potential for higher grades on bulk sampling and supports the Company's plan to undertake further development.

Trial Mining

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. The trial mining 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.

To undertake the activity of testing the Stacpoole zone by trial mining, recruitment of a Mining Manager has been undertaken, a contract for mining awarded to experienced miners and local labor being recruited to assist mining. Recommissioning of the winder is in progress and the State authorities informed of the Company's work program to ensure compliance.

Figure 3 3D view of proposed 2 level development (Red) to the Stacpoole Zone offset (Green), looking Southwest



Winder and Shaft Recommissioning

The Morning Star winder and shaft has not had any detailed compliance and operational tests since 2012 and as such, extensive testing is required to satisfy the stringent safety requirements that apply to shaft and winding equipment. The recommissioning of the Morning Star winder has commenced and will be completed shortly, allowing further diamond drilling on the lower levels, the placement of tailings underground and more importantly, allow immediate testing of the Stacpoole zone as shown in Figure 2.

Conventional Decline

As noted above, the success of the trial mining bulk sample will lead to a conventional decline being developed that can more efficiently and effectively access the full length of the Stacpoole zone, becoming a platform for further drilling with mining of the 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 (refer to *ASX release 18 October 2017*). 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.

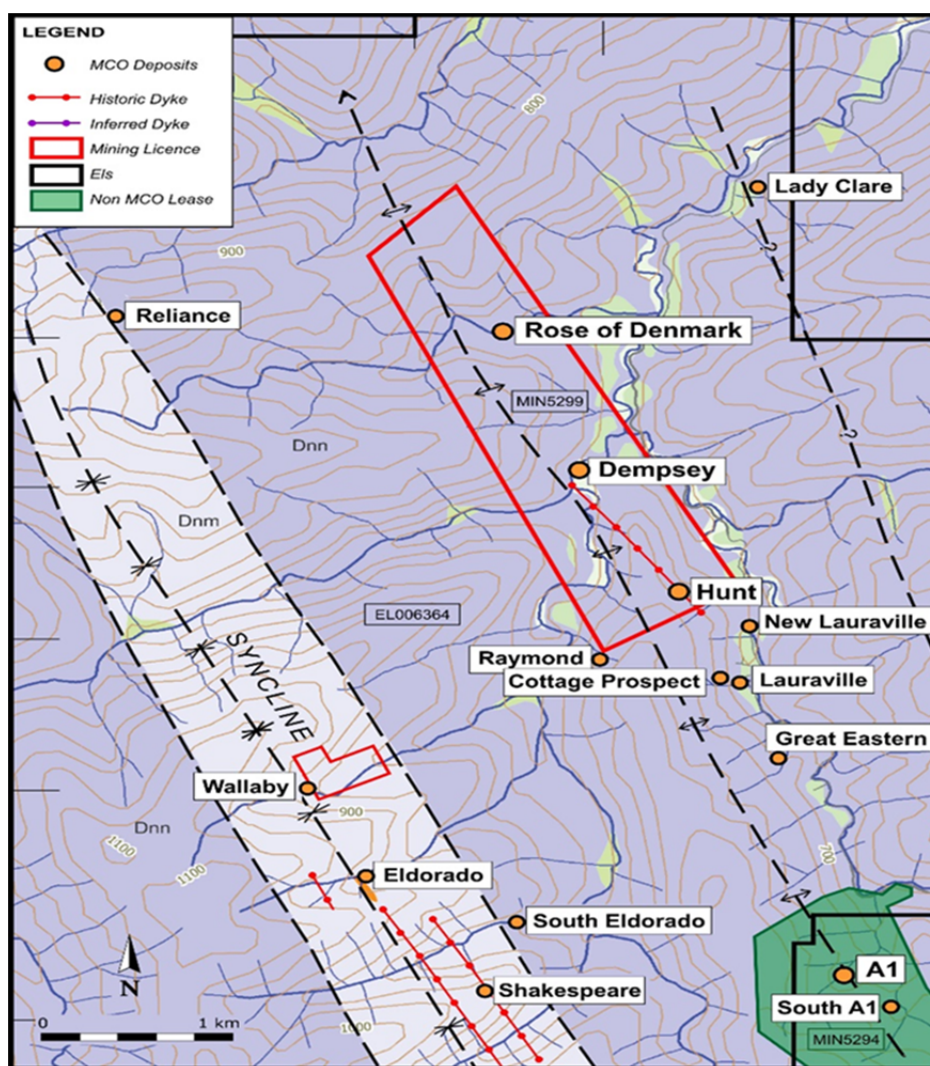
Mantle has commissioned an experienced local environmental consultancy firm to assist in the submission of a work plan variation, to allow permitting for the construction and operation of a conventional decline.

Rose of Denmark Gold Mine (MIN 5299)

Data Review, Mapping and Sampling

An extensive data review of Rose of Denmark Gold Mine (RoD) (ML 5299) has shown that there is a significant opportunity for a targeted diamond drill program to improve overall understanding of the many gold targets recently identified in the Rose of Denmark mine. Detailed geological mapping has begun which is to be followed by further sampling. Quotes for diamond drilling have been tendered with the intention of commencing in November.

Figure 4 Rose of Denmark Mining Lease, on the same line of workings as Centennial Mining A1 Mine



Rose of Denmark and Mantle's other regional assets. Shandong, through its wholly owned subsidiary, Minjar Gold Pty Ltd ('Minjar')², 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 producer. 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

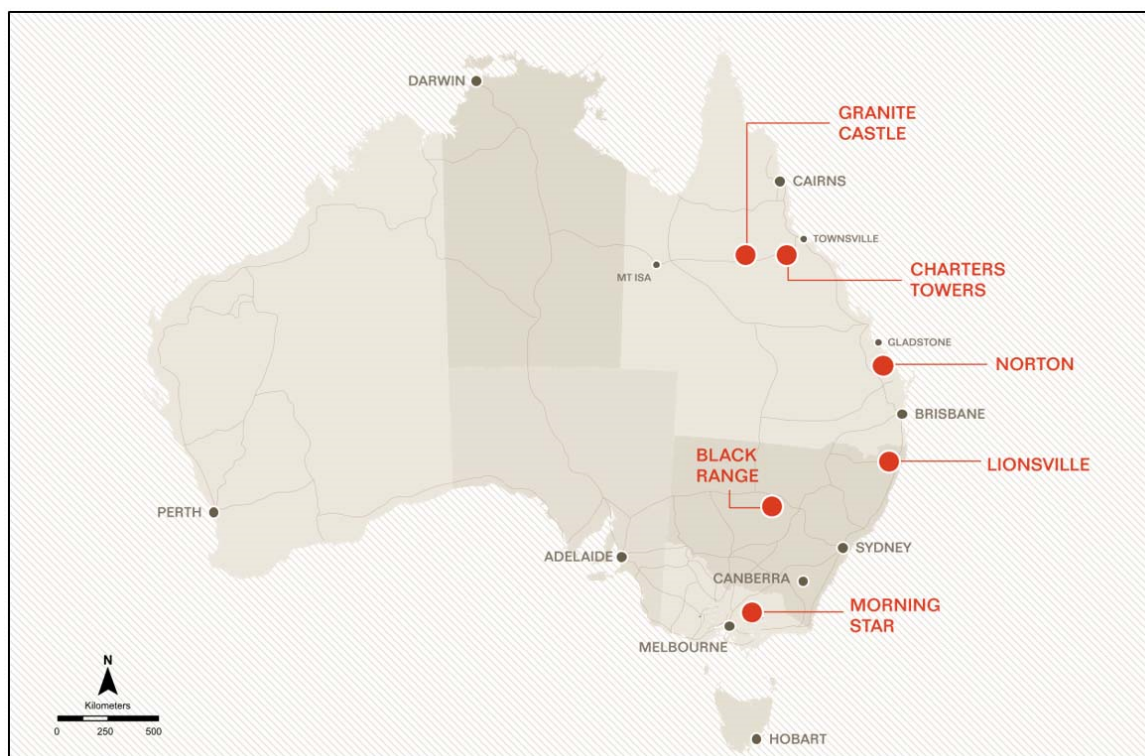
Queensland Assets

Significant interest received for Company's Non-core Assets

The Company continues to engage with a number of interested parties regarding the divestment of its non-core Queensland assets. The recent improvement in the gold sector is providing significant interest which the Company expects to deliver value for the assets in the near-term.

Operational activity across these assets remains at a level sufficient to maintain them in good standing.

Figure 5 Mantles project locations



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.

Corporate

Balance Sheet strengthened with New Funding

New funding was secured during the quarter secured to complete the acquisition of Morning Star Gold NL ('MCO') and for next phase of development of the Morning Star gold mine

- o \$1.5 million raised under convertible loan facility, and
- o \$1.5 million funding under loan note and convertible note facility, with \$0.5m drawn down to date.

This funding enabled the Company to make the final acquisition payment for the Morning Star asset of \$1 million during the Quarter

The first \$1.5 million capital raising was made by way of a convertible loan facility which was strongly supported by existing long term shareholders of the Company as well as a new strategic shareholder (refer below). It is the intention of the Company to repay the loan through the issue of shares subject to it obtaining all approvals from shareholders to provide capacity under ASX Listing Rule 7.1 and/or 7.1A for the issue.

The Company further secured an additional \$1.5m funding from MEF I, L.P. ('Magna') via a loan note and convertible note facility, of which \$0.5m was drawn during the quarter. The remaining two tranches (\$0.5m each) are available at the election of the Company in November 2017 and January 2018.

The Company's balance sheet is now significantly strengthened and the new funding will enable the Company to focus on development of its Morning Star gold mine and other projects in the highly prospective eastern Victorian goldfields.

Mantle Welcomes New Strategic Investor

The Company is pleased to announce InCoR Holdings Plc ('InCoR') as a significant new strategic investor in the Company, having participated in the recent \$1.5 million convertible loan facility.

An experienced investor in the international resources sector InCoR's involvement is a welcome endorsement of the Company's strategy and progress in developing the Morning Star gold mine and its other projects in the eastern Victorian gold fields.

New Corporate Identity to reflect New Focus

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.

Cash Position & Use of Funds

As at 30 September 2017, the Company had a cash balance of \$950,000 as outlined in this quarter's Appendix 5B.

The cash balance was supplemented during the quarter by \$2.1 million being proceeds from recent capital raising activities in the form of convertible loan and associated share issues. The major outflow was the payment of the final \$1.0 million acquisition instalment for the Morning Star asset.

Expenditure has been and continues to be focused on exploration of the activities at the Morning Star Gold Mine and Rose of Denmark prospects.

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Competent Persons Statement:

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Dr Richard Valenta, Executive Director of Mantle Mining Corporation Ltd. Dr Valenta is a Fellow of the Australasian Institute of Mining and Metallurgy and has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Dr Valenta consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Contains Forward Looking Statements

This report includes statements deemed to be "forward-looking". 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. The Company, its directors, officers, agents, employees or advisors, do not represent, warrant or guarantee that the information in this presentation is complete or accurate.

Table 1: Mantle's Tenement Schedule.

Tenement	Project	Name	Grant Date	Expiry Date	Area	Interest %
MIN 5009 ²	Morning Star	Morning Star	21/09/1990	Renewal	657 Ha	95
MIN 5299 ³	Morning Star	Rose of Denmark	10/11/1981	Renewal	211 Ha	47
MIN 5560 ²	Morning Star	Wallaby	17/12/2013	16/12/2018	10 Ha	95
EL 6364	Woods Point	Morning Star Sth.	Application	N/A	101 km ²	95
EL 006321	Woods Point	Morning Star Nth	Application	N/A	566 km ²	95
PL 6332 ⁴	Woods Point	Eldorado	Application	N/A	5 (Ha)	95
PL 6334 ⁴	Woods Point	Alhumbra	Application	N/A	5 (ha)	95
PL 6335 ⁴	Woods Point	All Nations	Application	N/A	5 (Ha)	95
ML 80035 ¹	Norton	Norton	04/04/1996	30/04/2017	22.22 Ha	90
EPM 14388	Charters Towers	Charters Towers	24/02/2005	23/02/2020	7 sub blocks	100
EPM 14179	Granite Castle	Range Creek	25/11/2004	25/11/2007	6 sub blocks	100
EPM 15527	Granite Castle	Oakey Creek	30/11/2007	29/11/2019	25 sub blocks	100
MDL 2005	Granite Castle	Range Creek	15/03/2017	30/03/2022	1931 Ha	100
EL 6074	Lionsville	Lionsville	06/05/2003	Renewal	4 units	100

¹. Norton is 10% held by Avanti Mining Contracting Pty Ltd.

² Morning Star is 100% owned by Morning Star Gold NL. in turn held 95% by Mantle Mining Corporation Limited.

³. MIN 5299 is a joint Venture where Morning Star Gold NL holds 49%.

⁴. PL are prospecting licences placed to protect the EL during the application transition.

Mantle's Mineral Resources:

Table 2: Morning Star Mineral Resource (95% held by Mantle).

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.

Table 3: Norton Mineral Resource (90% held 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	103,000

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 on 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	765,000	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 on 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 on 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.