Mantle Mining Corporation Limited

ABN 70 107 180 441

Annual Report

2016

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Directors

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

Company Secretaries

Mr Winton Willesee
Miss Erlyn Dale

Principal Place of Business and Registered Office

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Australian Securities Exchange
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Perth WA 6000

ASX Code: MNM
MNMOC

Your Directors present their report for the year ended 30 June 2016.

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 (*Appointed 23 June 2016*)
Dr Richard Valenta – Executive Director (*Appointed 26 July 2016)*
Mr Ian King – Non-Executive Director (*Appointed 23 June 2016*)
Mr Matthew Gill – Non-Executive Director (*Appointed 22 August 2016)*
Mr Martin Blakeman – Non-Executive Chairman (*Resigned 23 June 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

Mr Barraket is 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 – 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. 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 Martin Blakeman – Non-Executive Chairman
Qualifications: BEc
Appointed: 26 November 2003
Resigned: 23 June 2016

Martin completed his tertiary studies at the University of WA graduating with a Bachelor of Economics in 1976. Since graduation, Martin has applied his skills in management and economics to the rural and mining industries. Martin's professional career in the mining industry has included over 30 years' experience at board level in Australian Securities Exchange listed resource companies, commencing with his appointment in 1983 as a founding Director of Harmark Pty Ltd (the founder and former controlling shareholder of Forrestania Gold NL, one of Australia's more successful resource investment companies of the time), retiring from Harmark in 1999 after 16 years of continuous service.

Martin promoted and was appointed to the Board as a founding Director of Metex Resources NL (now Carbon Energy Limited) in September 1992. Over a 4-year period to June 1996, he held the position as Manager Corporate at Metex, forming an integral part of that company's executive management team.

In 2003, Martin incorporated and became a founding Director of Mantle Mining Corporation Ltd. He has overseen the strategic decisions of the Company including mine and tenement acquisitions in QLD and VIC, and its successful 2006 listing on ASX.

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

Company	***Commenced***	***Ceased***
Newera Resources Limited	1 Mar 2006	5 June 2015

Mr Ian Kraemer – Managing Director
Qualifications: BSc MSc FAusIMM
Appointed: 4 February 2008
Resigned: 22 August 2016

Mr Kraemer has an extensive background in the resources sector with 30 years' professional experience in the exploration, acquisition, construction and operation of diverse mining projects in the coal, gold and nickel sectors.

Prior to involvement in Mantle Mining, Ian worked for 8 years as Business Development Manager with Thiess. In that capacity he was responsible for acquisitions and for underground mining project design, development and operational takeover. Most recently he held the position of Project Director responsible for the development and commercialisation of clean coal technology company, Exergen Pty Ltd, reporting directly to the Chairman of Thiess.

Mr Kraemer holds Bachelor's and Master's Degrees in Mining Engineering at Columbia University in New York City as well as First and Second Class Coal Mine Manager's Certificates in QLD and in NSW.

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

Mr Stephen de Belle – Non-Executive Director
Qualifications: MSc MTCP BA
Appointed: 3 July 2006
Resigned: 22 July 2016

Stephen has an extensive background in resources development, including the start-up of new companies and projects. In 2005-06 he assisted with the preparation for and listing on the London Alternative Investment Market of Finders Resources (gold-silver and copper projects currently being developed) and prior to that he was founding Managing Director of Midwest Corporation Ltd (ASX listed iron ore producer and project developer).

Prior to his work with Midwest, Stephen was a Principal of Kyle Associates (consulting firm), Chairman of Australian Superannuation Nominees Ltd (a specialist DIY super trustee company), Director of Xylogy Pty Ltd (software for project management and governance), Head of Resources Finance, ABN AMRO Australia, Director of Structured Finance, Barclays Bank and had positions with BZW Australia, ANZ Capital Markets, ANZ McCaughan, Capel Court and CSR Minerals.

Stephen has been closely involved with the start-up and operation of iron ore, coal, base metals, gold and petroleum projects and companies, and has particular expertise in the development and financing of projects in the resources and infrastructure sectors both in Australia and overseas. Mr de Belle is currently the Managing Director Granite Power Limited.

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

Company	***Commenced***	***Ceased***
Finders Resources Limited	27 Nov 2004	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**	
	Direct	**Indirect**	**Direct**	**Indirect**
Robert Barraket – Non-Executive Chairman	-	2,500,000	-	-
Richard Valenta – Executive Director	-	-	-	-
Ian King – Non-Executive Director	-	-	-	-
Matthew Gill – Non-Executive Director	-	-	-	-

COMPANY SECRETARIES

Mr Winton Willesee
Qualifications: BBus, DipEd, PGDipBus, MCom, FFin, CPA, MAICD, ACIS

Mr Willesee is an experienced company director and company Secretary. Mr Willesee brings a broad range of skills and experience in strategy, company development, corporate governance, company public listings, merger and acquisition transactions and corporate finance.

Mr Willesee holds a Master of Commerce, Post-Graduate Diploma in Business (Economics and Finance), a Graduate Diploma in Applied Corporate Governance, a Graduate Diploma in Applied Finance and Investment, a Graduate Diploma in Education and a Bachelor of Business. He is a Fellow of the Financial Services Institute of Australasia, a Member of the Australian Institute of Company Directors, a Member of CPA Australia and a Chartered Secretary.

Miss Erlyn Dale
Qualifications: BCom, GradDipACG, ACIS

Miss Dale has a broad range of experience in company administration and corporate governance having held the position of Company Secretary with several ASX-listed and unlisted companies.

Miss Dale holds a Bachelor of Commerce (Accounting and Finance) and a Graduate Diploma in Applied Corporate Governance with the Governance Institute of Australia and is a chartered secretary.

OPERATING RESULTS

The loss of the consolidated entity for the year ended 30 June 2016 after providing for income tax amounted to $3,156,897 (2015: $3,272,778).

FINANCIAL POSITION

The net assets of the consolidated entity are $8,624,645 as at 30 June 2016 (2015: $6,393,236).

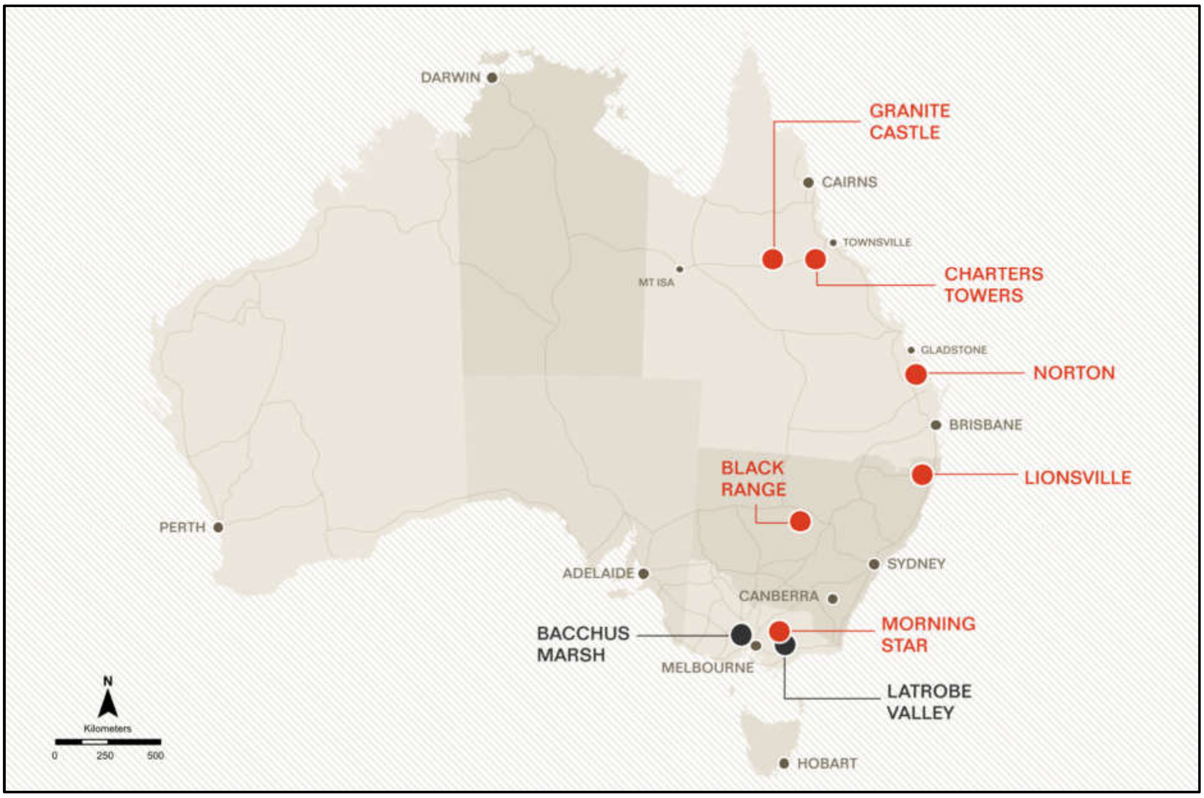
PRINCIPAL ACTIVITIES AND SIGNIFICANT CHANGES IN AFFAIRS

Mantle Mining Corporation Ltd (ASX:MNM) (the "**Company**") is an ASX listed emerging gold miner with projects located in Queensland and Victoria. The Company is undergoing an exciting transformation with a dedicated team of experienced in-house and consultant personnel to become a significant gold producer. The Company ensures its activities are carried out in an environmentally, socially and financially responsible manner to the ultimate benefit of its shareholders.

During the period:

- The acquisition of 95% of Morning Star Gold NL was secured;
- Further upside in the potential of Norton Gold Mine was identified;
- Further upside in the potential of Granite Castle was identified;
- Progress was made towards the reopening of both Norton and Morning Star Gold Mines;
- Two minor interests in NSW acquired; and
- The Mantle Board was strengthened with the appointment of four new directors.

Figure 1: Mantle's Project Locations.



The highlight of the year was the acquisition of a 95% interest in Morning Star Gold NL which holds the Morning Star Gold Mine at Woods Point, Victoria, a joint holding in the Rose of Denmark licence nearby, and a large area of the surrounding areas under an Exploration Licence. As a result of the acquisition, a small holding in a project at Black Range, NSW, was also acquired and under the terms of the acquisition agreement transaction Mantle also acquired the Wallaby Gold Mine which is also located near the Morning Star Gold NL assets.

The other new project acquired is a small, early stage gold project centred on the historic gold mining area of Lionsville, in north eastern NSW.

PROJECT OVERVIEW

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

Gold Projects

Morning Star Gold Project - the Company holds a 95% interest in Morning Star Gold NL, which in turn owns the Morning Star 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. The resource is currently being brought up to JORC 2012 standard;
- 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 650 km^2 under tenement in a large region of historically-mined high grade reefs, supporting the expectation that new discoveries would be similarly high grade; and
- A local and corporate team with significant experience in the development, construction and mining of high grade underground gold deposits.

Norton Gold Project – the Company holds a 90% interest in 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.

Coal Projects

Bacchus Marsh Project – the Company holds a 50% interest in one exploration licence (EL 5294) located within the Parwan coal basin, approximately 60km west of Melbourne.

Latrobe Valley Project – The Company holds a 100% interest in the Latrobe Valley Project which comprises six exploration licences (EL 5210, 5336, 5337, 5338, 5428 and 5429) located 150km east of Melbourne and immediately adjacent to the main Latrobe Valley coal basin.

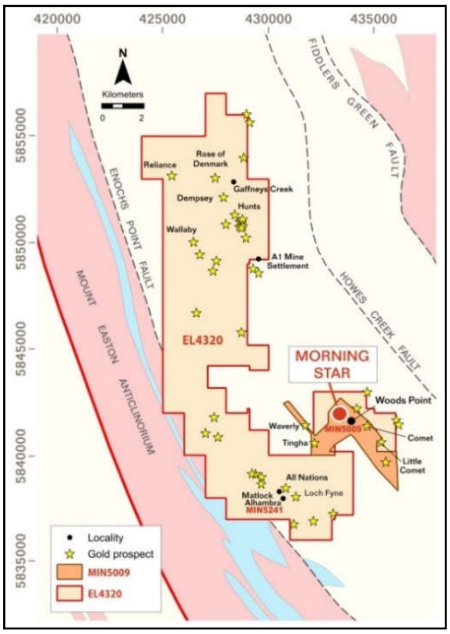
Subsequent to year end, the Company announced its intention to divest its coal interests and to focus on gold.

Morning Star Gold NL Overview:

The Morning Star gold mine is located near the town of Woods Point approximately 120 km northeast of Melbourne (Figures 2 and 3).

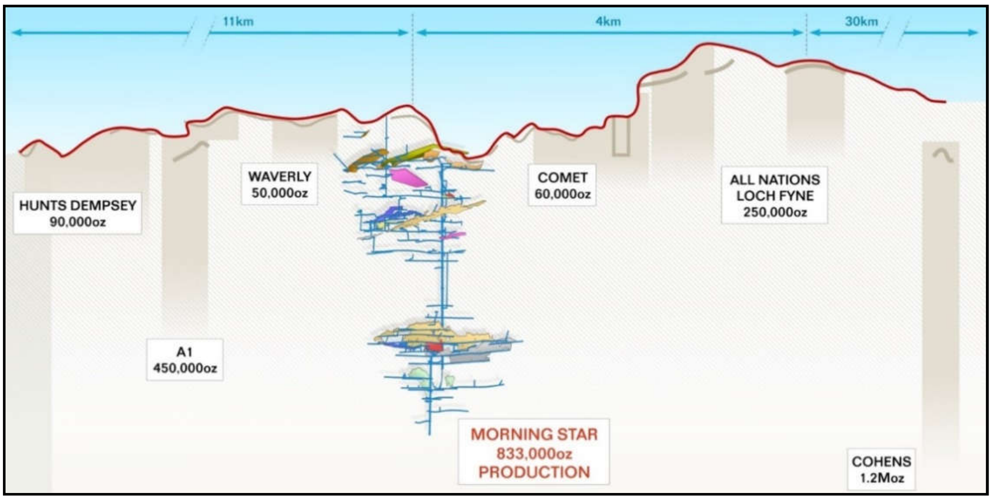
Figure 2: Morning Star gold mine location.

Figure 3: Tenements and mines.



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 oz Au at an average grade of 26.6 g/t Au over its lifetime. It closed in 1960 when the gold price was fixed at $35/oz, and was allowed to flood (Figure 4).

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



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 up 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).

Figure 5: Morning Star dyke cross section.

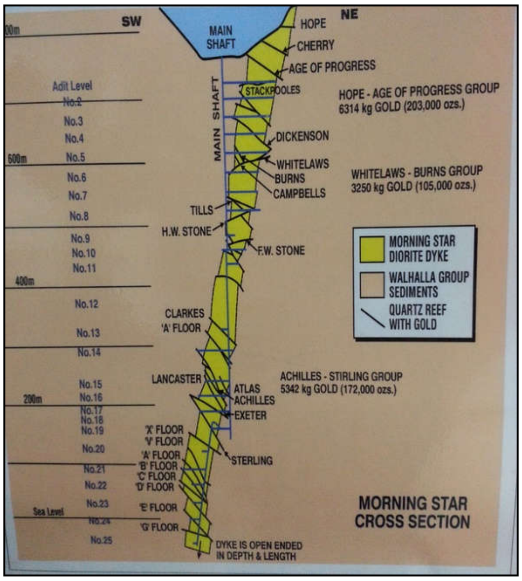
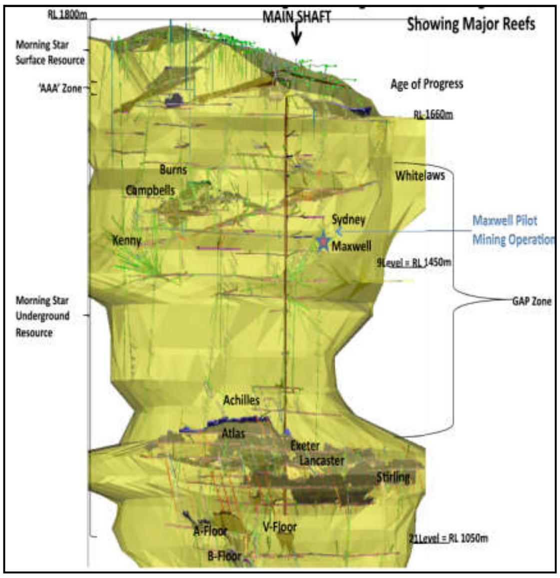
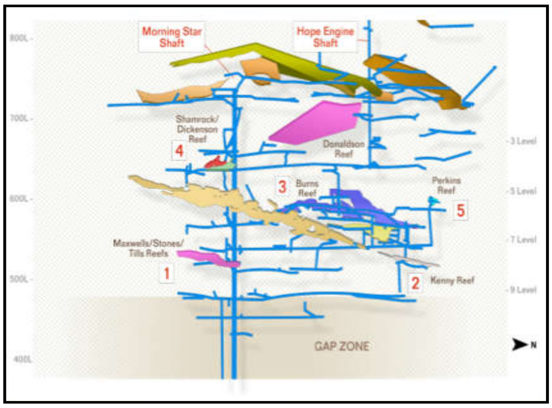


Figure 6: Morning Star dyke long section.



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. Donaldson's Reef, on 2 Level, is only 100 m from the shaft, and Kenny's Reef, on 9 Level, has already been accessed to enable bulk sampling for metallurgical purposes (Figure 7).

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



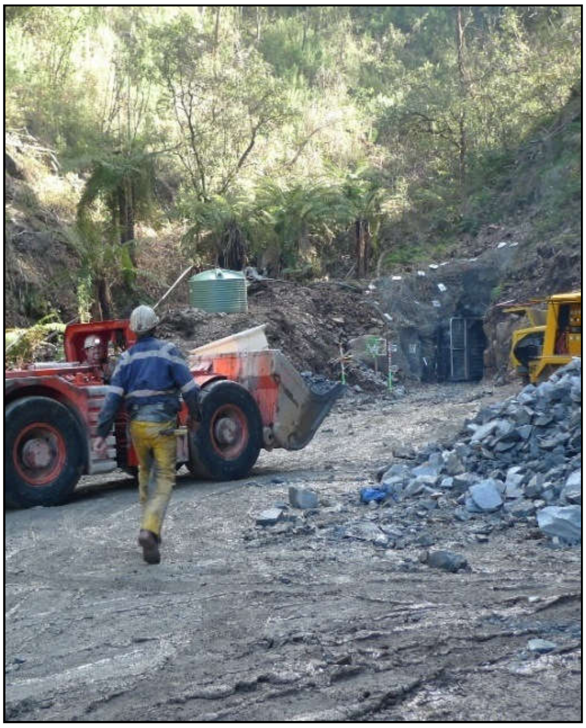
Picture 1: Morning Star process plant.

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 simple gravity processing. The plant is located centrally to other historically and currently operating gold mines that suffer from a lack of such infrastructure.

Morning Star Gold NL's Rose of Denmark (under Joint Venture) and Wallaby mines in particular hold substantial potential as additional future production sources (Pictures 2 and 3).

Picture 2: Reopening the Rose of Denmark.



Picture 3: Stoping in Rose of Denmark.

On 14 August 2015 Mantle announced that it had agreed to acquire Morning Star Gold NL (ASX: MCO):

- 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;
- Numerous historic mines including Morning Star which had been dewatered and refurbished to 9 level;
- A new 80,000 t/yr processing and paste backfill plant and all required infrastructure already constructed; and
- Consideration of $3.75 million in tranches plus a 1% gross sales royalty for the first 5 years of production.

On 30 November 2015 Mantle announced that it had secured funding to acquire Morning Star Gold NL (ASX: MCO):

- $850,000 raised (before costs) for initial acquisition payments to 31 December 2015;
- Management team appointed to facilitate restart program;
- $1,650,000 due on completion of acquisition of Morning Star Gold NL, or its assets; and
- Shareholder approval meetings to be held by the end of January 2016.

During the March 2016 quarter, a meeting of Shareholders of MCO was convened to consider the Morning Star transaction. Leading into the meeting Mantle was approached by a number of substantial MCO shareholders seeking further clarification on the proposed transaction, and accordingly it was agreed to adjourn the meeting to a later date to allow sufficient time for Mantle to provide the relevant clarifications for the benefit of MCO shareholders. The meeting was reconvened on 29 April 2016, with an incentivised offer:

- A pro-rata allocation of $200,000 for all the shares in MCO. It is intended that shareholders be offered an election of taking their allocation either in cash, or in shares (ASX: MNM) at a relevant VWAP leading into the offer. Shareholders who elect to accept the allocation in shares will also be issued one free attaching option in MNM (ASX: MNMOC 1.5c, Nov 2017) for every two shares issued; and

- A pro-rata allocation of 100 million options in MNM (3c, Nov 2018). These MNM options will attach to either the cash offer or the share offer as detailed above.

Progress towards bringing the mine to a "production ready" status is steadily being made, while Mantle's position in the area has been consolidated with the application for a new Exploration Licence (EL):

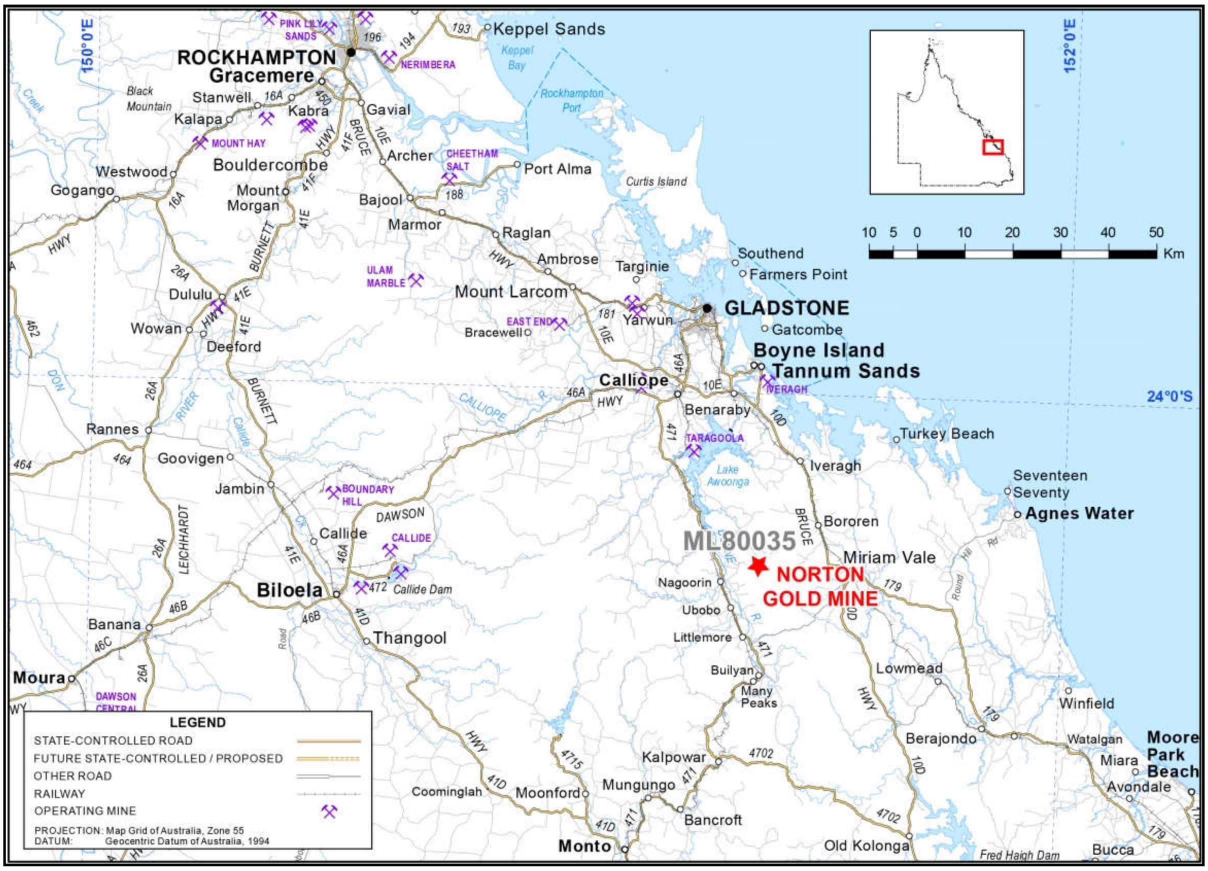
- Bringing existing infrastructure into compliance with environmental and statutory requirements;
- Work on data review, new database and new models of the upper level reefs is continuing;
- Rehabilitation of surface services underway;
- Definition of required metallurgical test work for processing plant modification is underway.

After the end of the 2016 Financial year, refer to ASX release dated 6 July 2016, the Company announced that it had submitted an application for a major exploration licence over the remaining northern extent of the gold field. The application has been accepted by the relevant authority with no competing applicants.

The Norton Gold Mine Overview:

The Norton Mine is located less than 100 km south of the port city of Gladstone, Queensland (Figure 8).

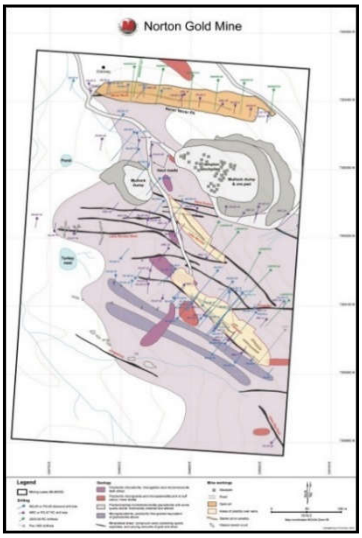
Figure 8: Norton Gold Mine project location.

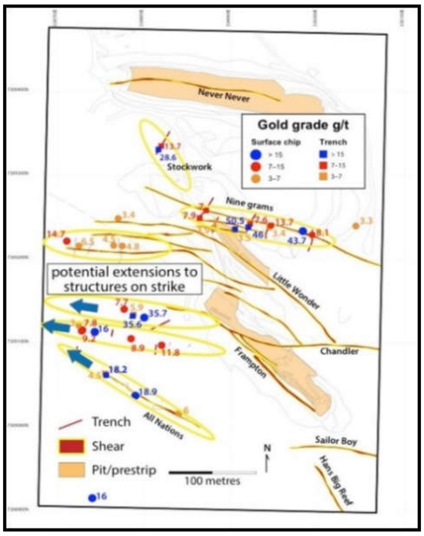


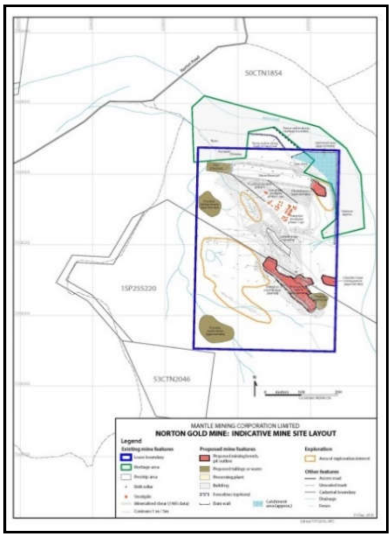
At Norton, gold is contained in high grade, sub-vertical shears, which outcrop near surface. A program of trenching was undertaken to progress geologic understanding of the major mineralised veins not currently included in the Resource estimate.

Results show the presence of gold mineralisation in structures where not previously confirmed. These results support the potential for improvement in the Norton project life and economics and provide focus for targeted exploration and resource drilling (Figures 9 and 10).

Figure 9: Previous mining. **Figure 10:** Trench locations. **Figure 11:** New mine layout.

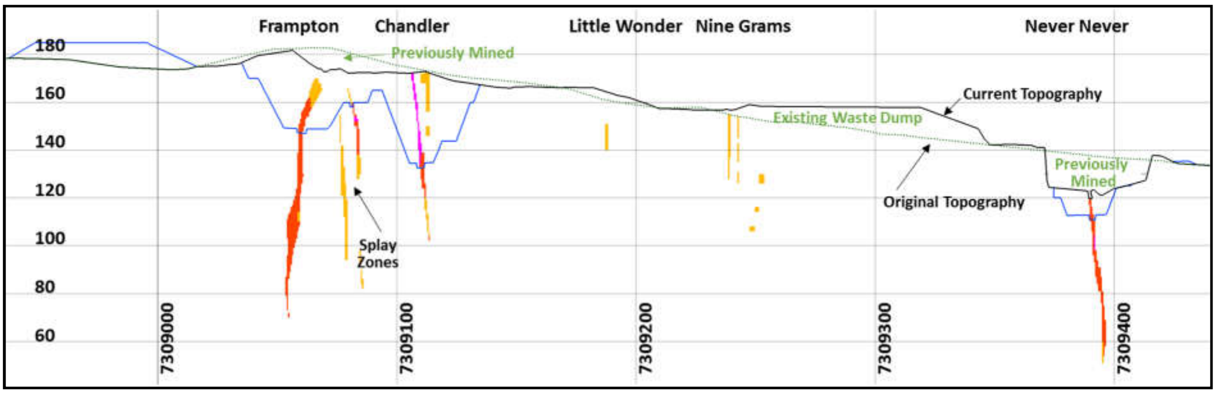






In 2015, a gold Resource Base was calculated and a detailed mine design undertaken. Mining was proposed to maximum depths of 30 m, similar to the existing 25 m depth at Never Never (Figures 11 & 12).

Figure 12: Norton Gold Mine proposed mining cross-section.



Bulk sampling and grab-sample analysis indicated similar grades to previous sampling and also indicated a smooth transition from the stockpile processing to the initial mining of the Frampton Shear – see ASX release dated 13 July 2016.

Although final processing plant design is dependent on the gravity trials of the bulk sample at Gekko Laboratories (currently underway), planning for the locations of the plant and concrete pads is underway.

On 8 July 2015 Mantle released the results of a positive internal scoping study:

- Based on a small portion of the total resource
- Predicated on a simple processing strategy with high gold recovery into concentrate
- Designed as a small start-up operation with potential to develop into a larger project over time

On 4 September 2015 Mantle announced that it had located additional high grade gold:

- Gold assay results of up to 50.5 g/t Au from veins in trenches,
- Provided increased confidence in Nine Grams and Stockworks as shallow mining targets,
- Focuses exploration and resource drilling targets at Frampton and Chandler,
- Delivers potential for improvement in Norton project life and economics.

On 30 November 2015 Mantle announced that it had secured funding as well as a development and off take partner for its Norton Gold Mine:

- A Memorandum of Understanding signed with China Success International Limited (China Success) which was ultimately discontinued;
- $50,000 deposit received to 31 December 2015,
- Market offtake agreement drafting and negotiation commenced,
- $450,000 due on signing of offtake agreement,
- $1,000,000 due by 31 January 2016.

During the March 2016 quarter important progress was made, including:

- Relevant Plan of Operations and Environmental Authority approvals being sought and advertised with no apparent negative feedback. Approval is now pending.
- Road Maintenance and Camp Rental agreements being executed with Gladstone Regional Council,
- Determination by the Department of Natural Resources and Mines that Mantle may harvest water from overland flows around the Norton mine site.
- Mine operations contract finalised pending execution between Mantle, its JV partner Avanti Mining and Contracting Pty Ltd and Charlton Mine & Civil and Earthmoving Pty Ltd.

During the June 2016 quarter, important progress was made towards restarting Norton Gold Mine, including:

- Completion of a bulk sampling program which included crushing, screening and sampling for analysis on site – refer to ASX release dated 24 May 2016;
- Ore sorter trials completed and gravity circuit trials in progress ahead of final process flowchart definition and detailed engineering design;
- Road construction works, Site Administration area cleared, earthworks undertaken, Site offices and ablutions block acquired and located on site with further construction activities in progress along with preparation of first mining areas commenced (Pictures 1 and 2);
- Hydrogeologic and Dam wall Engineering Design underway for Tailings Storage Facility (TSF) and Water Storage Facility (WSF) to allow accelerated construction of TSF and WSF.
- Security fencing around the Mining Lease (ML) commenced and preparations for processing plant pad construction underway.

Subsequent to the end of the 2016 financial year, the company announced a change in priority to development of the Morning Star Gold Mine and associated tenements and infrastructure, as well as an intention to review Norton with a view to assessing alternatives for realisation of value from the project.

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 13 and 14).

Figure 13: Charters Towers project location.

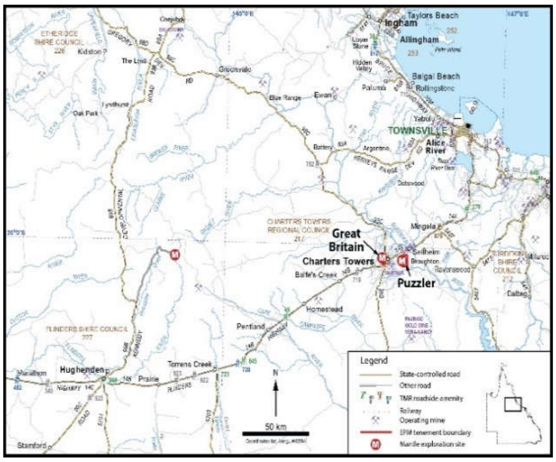
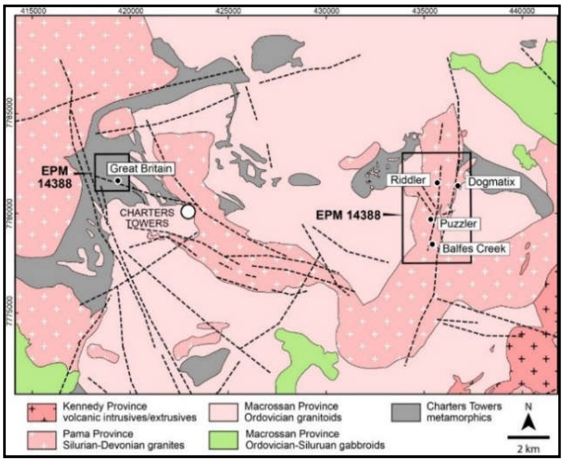
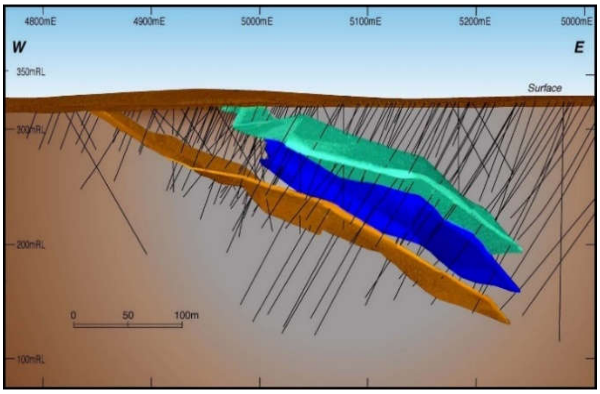


Figure 14: Charters Towers project areas.



The geologic model of the Great Britain Resource area is relatively simple with mineralisation interpreted to be hosted in three shallowly dipping lenses. Reviews of historic drilling data yielded a number of thick and high grade intersections close to the surface at Great Britain that are yet to be included in the geologic model (Figure 15). During the 2016 Financial Year, mapping and structural interpretation of the area commenced. Expected outcomes from this work include a refined geologic model and definition of new drill targets intended to contribute to a JORC 2012 update to the present gold Resource (Picture 4).

Figure 15: Great Britain geologic model.



Picture 4: Structural mapping.

To the east of Charters Towers, the area surrounding the historic Puzzler mine is considered prospective for extensions of gold mineralisation below the pit, along strike and to the west (Pictures 5 and 6).

Picture 5: Satellite image of Puzzler pit.

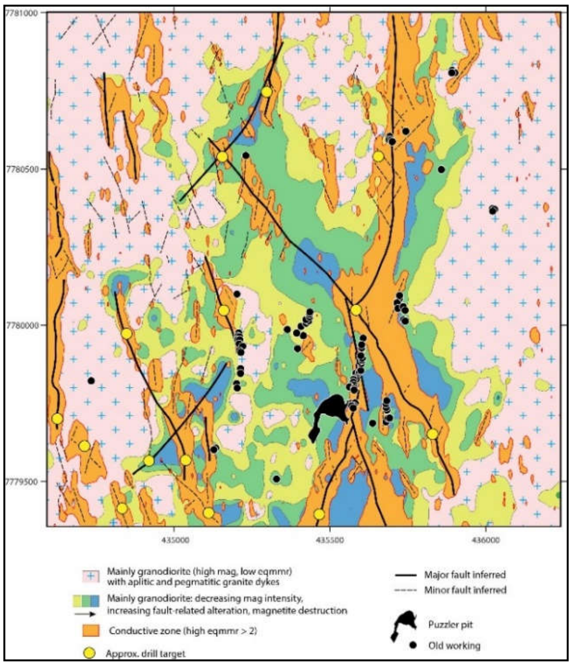
Picture 6: Puzzler Pit looking NE.

The Balfes Creek prospect is located on the southern end of a structural corridor and has been reported to host gold mineralisation associated with the basal contact of a shallow dyke. Mineralisation can be traced over at least 100m strike and remains open at depth. Previous drilling at Balfes Creek produced a number of high grade, thick and shallow gold intercepts (Picture 7).

Picture 7: Balfes Creek prospect area.

A Sub-Audio Magnetics (SAM) geophysics survey was undertaken in prior years over the Puzzler and Balfes Creek prospect areas and the results progressively interpreted and integrated into Mantle's project database (Figures 16 and 17).

Figure 16: Puzzler interpretive map. **Figure 17:** Balfes Creek SAM imagery.



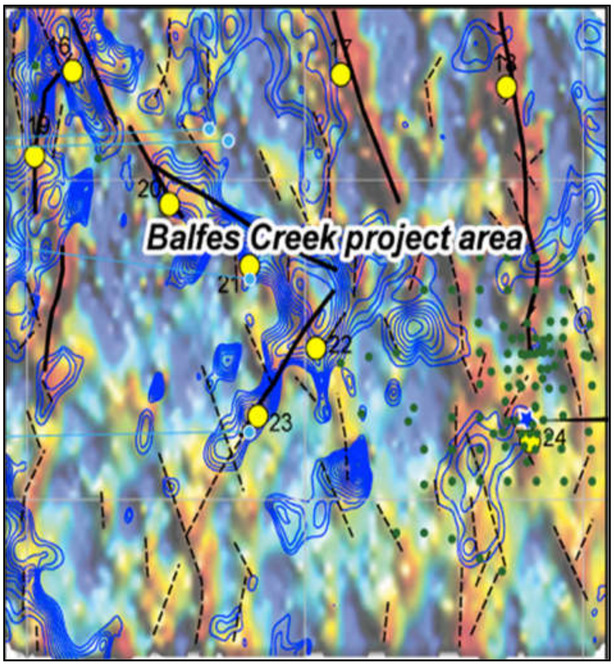


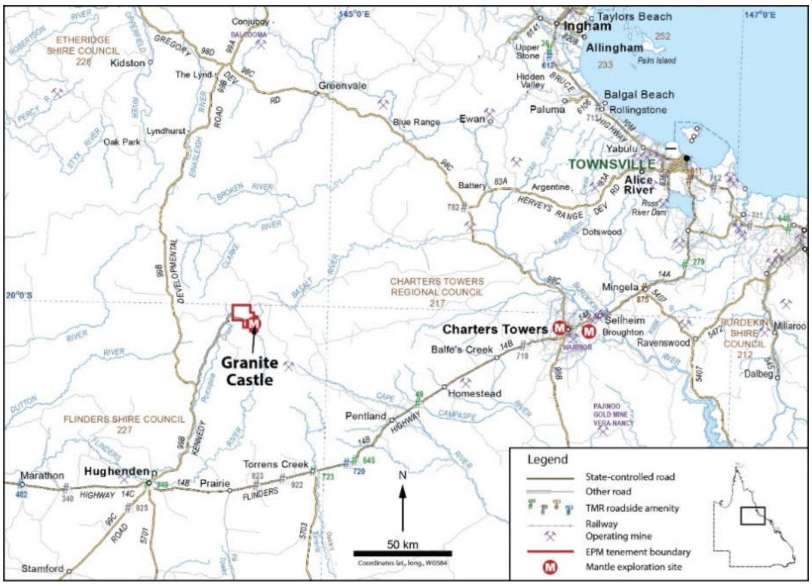
Figure 16 presents a structural interpretation of the Puzzler area based on a combination of surface geology and the SAM data, with locations of known historical gold workings also shown. Possible targets for test drilling are indicated; many of these are sites of coincident anomalous magnetics, SAM conductors, geochemistry, and geological interest (e.g. lithology, structure, alteration).

Figure 17 illustrates the detailed SAM ground magnetics survey overlain with SAM conductor contours onto which interpreted outcropping and interpreted structures are shown as solid and dashed lines, respectively. The yellow dots indicate initial priority drill targets in the Balfes Creek area.

The Granite Castle Gold Exploration Project Overview:

Granite Castle is located 260km west of Townsville and 120km north of Hughenden (Figure 18).

Figure 18: Granite Castle project location.



EPM 14179 contains the Granite Castle Mineral Resource, which is contained in a 600m long portion of a near vertically plunging shear. The shear remains open to the east, the west and at depth and the area contains a large swarm of gold-silver mineralised shears exposed at surface semi parallel to the Granite Castle shear (Figures 19, 20 and Table 11).

Figure 19: Tenements on surface geology.

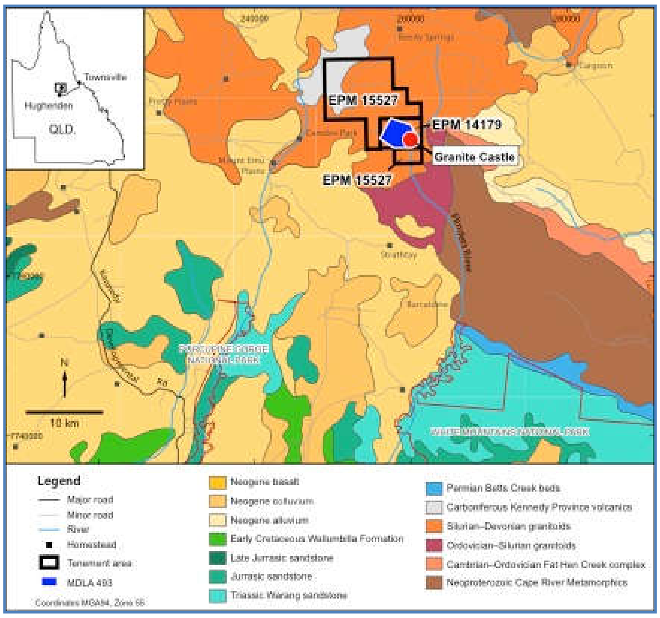
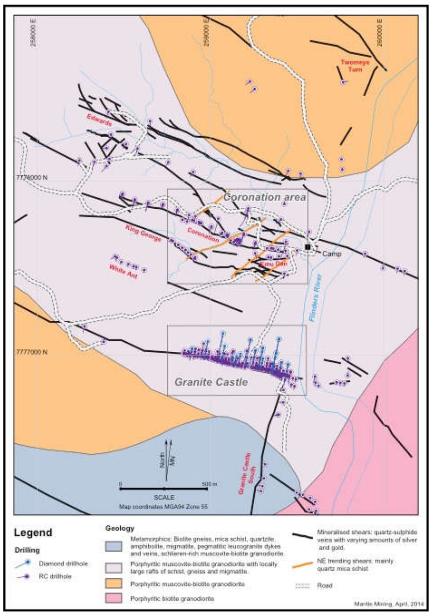


Figure 20: Mineralised shears.



The geologic model of the Granite Castle Mineral Resource is relatively simple with the majority extending from surface, sub-vertically to 150 m depth. Strong IP anomalies were identified on both the Granite Castle and Coronation shears and subsequent drilling confirmed shear-hosted gold mineralisation below these outcrops. It is apparent there is excellent potential to deliver a major expansion of the existing resource by drilling on multiple mineralised shears at shallow depths (Figures 20 and 21).

Figure 21: Granite Castle Resource Geologic model.

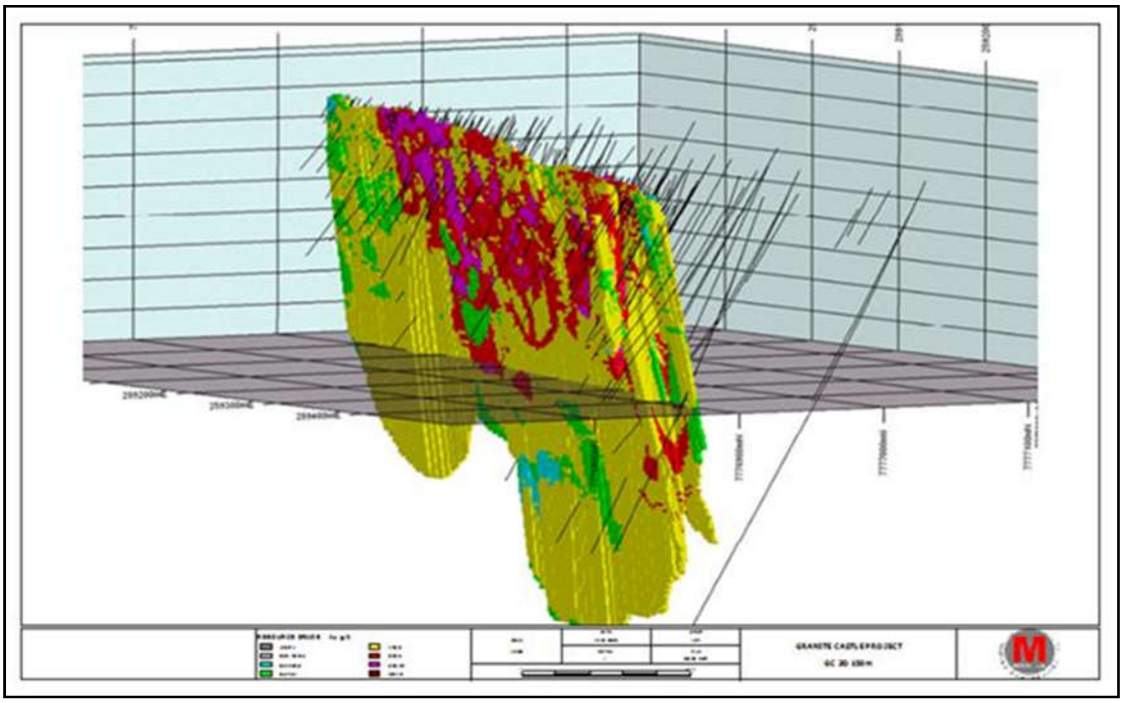
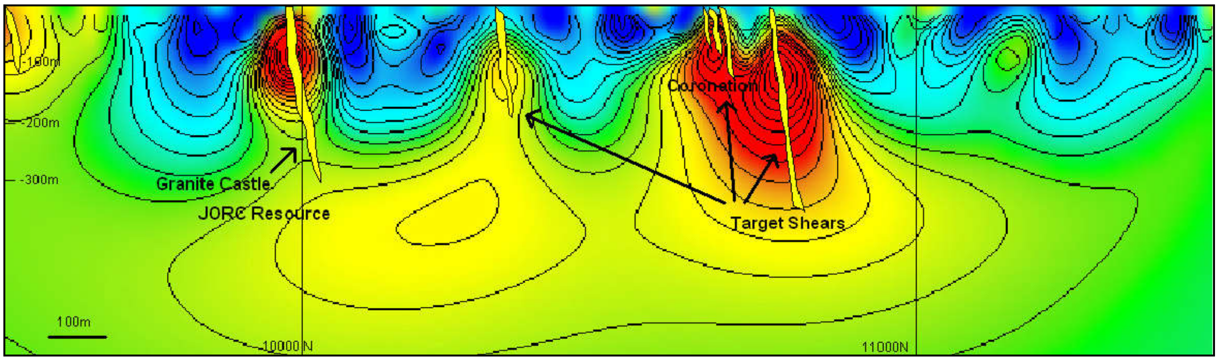


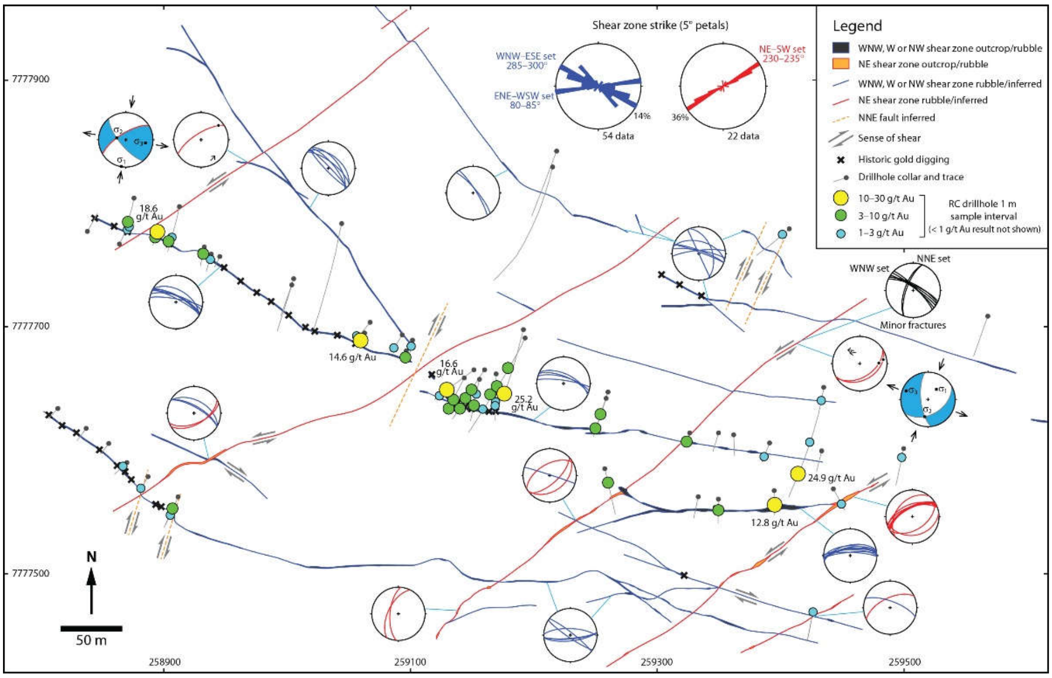
Figure 22: IP section with schematic of Granite Castle and Coronation shears.



At Granite Castle, gold is deposited along a series of WNW trending shear zones. Prior drilling programs at the Coronation shear have highlighted that gold is more strongly concentrated near changes in strike of the shear. Close inspection of the areas around shear zone intersections carrying high grades recognised a second set of conjugate shears cutting across the main mineralised shears.

An important interpretation of these observations is that gold is more strongly concentrated along and around shear zone intersections, where changes in volume and shear strain have influenced fluid flow. As a result, new detailed mapping was undertaken in order to further understand these structural controls (Figure 19).

Figure 23: Structural context of gold mineralisation at Coronation.



Mantle undertook a drainage sampling program around a felsic intrusive plug highlighted by recent regional interpretive work. The area has been given the name Oaky and the drainage values returned show a broad area of +1ppb gold anomalism in the southern one-third of the survey area. 1ppb Au values appear to be significant in the context of a regional background of below 0.5ppb Au, and values greater than 10ppb are of definite interest (Figure 20 and Table 1).

Figure 24: Central intrusive with drainage and fracture patterns and anomalous gold grades.

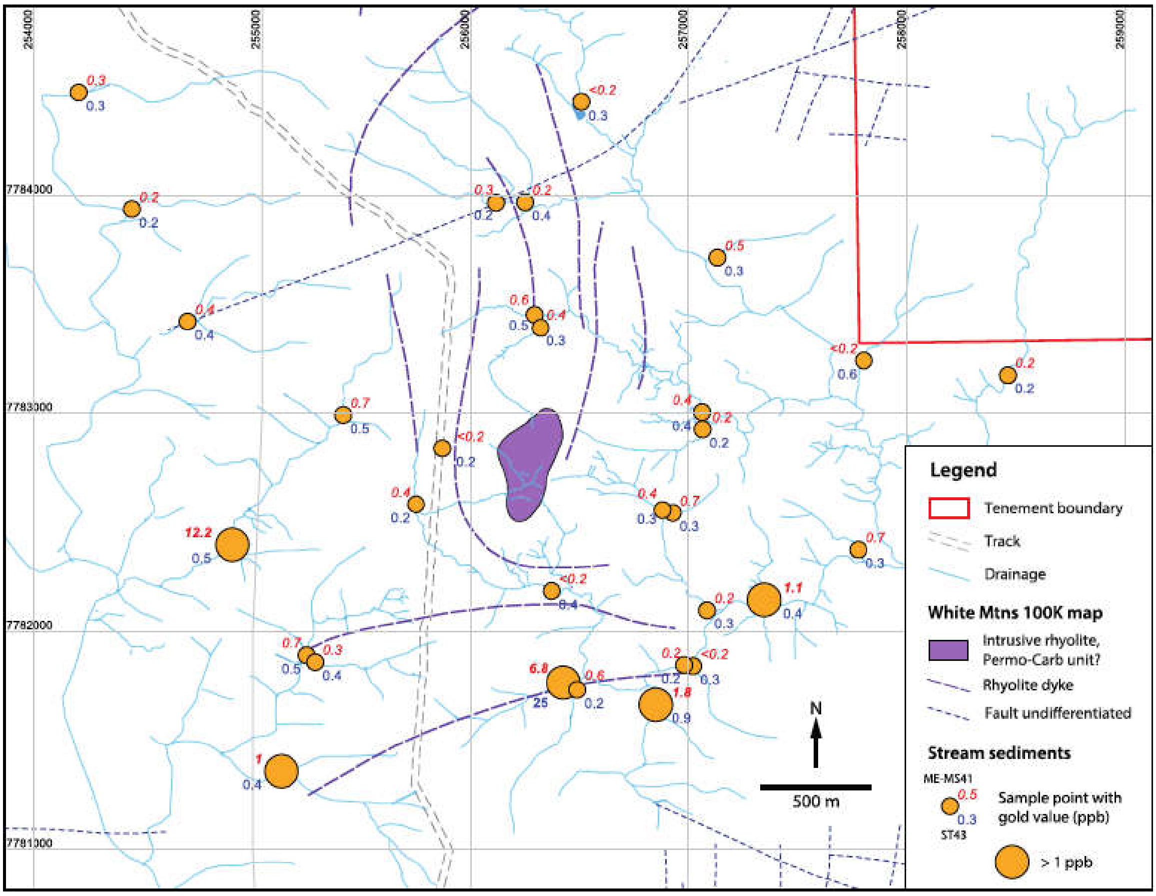


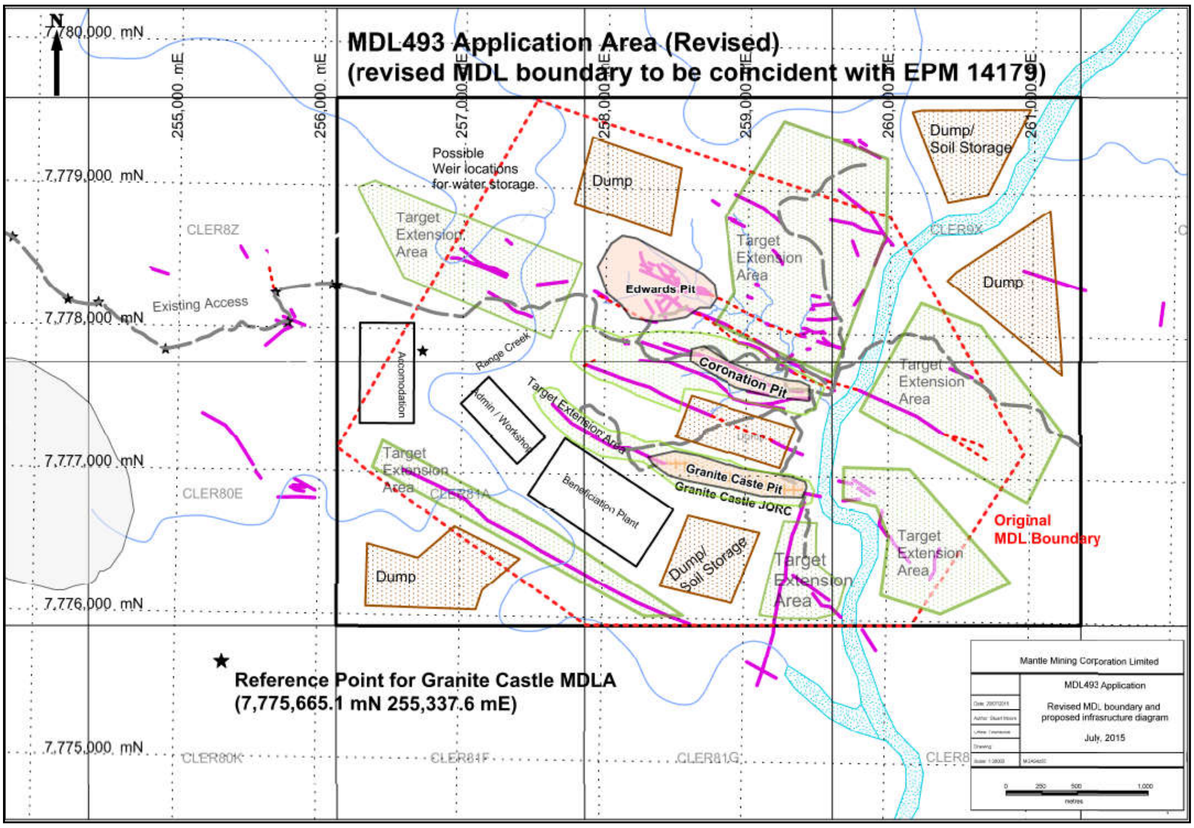
Table 1: Best stream sediment sampling results (highlighted on Figure 19).

Sample	Gold (ppb) ST43	Gold (ppb) ME-MS41	Arsenic (ppm)
112202	5	12.2	0.95
112205	0.4	1	1.27
112214	25	6.8	1.75
112216	0.9	1.8	0.78
112220	0.4	1.1	0.84

Field follow-up has yet to be completed to determine the source of this gold anomalism however there are several potential sources. Positive results from follow-up work would be expected to suggest that the entire 12 kilometre length of a major E-W structure within Mantle's tenements shall warrant closer assessment.

A review of Mantle's application for MDL 493 over the Granite Castle Prospect area has resulted in the lodgement of an amended application for a larger tenement area that now covers the entire area of EPM14179. The enlarged MDL application area now covers all of the currently recognised mineralised structures within EPM14179 that have potential to contain additional gold resources (Figure 21).

Figure 25: Revised MDL 493 application area.



Lionsville Gold Project:

During the 2016 Financial Year Mantle acquired 100% of Lionsville Gold Pty Ltd from Avanti Mining and Contracting Pty Ltd: Lionsville is an historic gold province in Northern NSW that has seen little modern exploration. Consideration for the acquisition was $10,000 for the cash bond and transfer costs.

Black Range Gold Project:

As part of the Morning Star acquisition, Mantle will become 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.

Coal Projects:

Activities on the coal properties in the financial year were restricted to resource re-compliance and investigation of alternate strategies for realisation of value. Subsequent to year end, the company announced its intention to divest its coal properties.

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 [3]	Black Range	Overflow	24/07/2001	Renewal	3 units	13
EL 5294 [2]	Bacchus Marsh	Bacchus Marsh	23/03/2011	Renewal	154 graticules	50
EL 5210	Latrobe Valley	Yalungah	03/06/2009	02/06/2019	25 graticules	100
EL 5336	Latrobe Valley	Jeeralang	30/04/2015	29/04/2020	274 graticules	100
EL 5337	Latrobe Valley	Thorpdale	20/04/2011	Renewal	79 graticules	100
EL 5338	Latrobe Valley	Baromi	30/04/2015	29/04/2018	3 graticules	100
EL 5428	Latrobe Valley	Mirboo	01/06/2015	31/05/2020	15 graticules	100
EL 5429	Latrobe Valley	Callignee	01/06/2015	31/05/2020	21 graticules	100

1. Norton is 10% held by Avanti Mining and Contracting Pty Ltd.
2. Bacchus Marsh is 50% held by Exergen Pty Ltd.
3. Morning Star is 100% held by Morning Star Gold NL, in turn held 95% by Mantle. MIN 5299 is a Joint Venture wherein Morning Star Gold NL holds 49%.

Mantle's Mineral Resources:

For information on the existing Morning Star 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

Table 6: Bacchus Marsh Mineral Resource (50% held by Mantle).

Class	Tonnes (Billion)	TM (%)	Ash (% db)	VM (% db)	FC (% db)	TS (% db)	GDSE (MJ/kg)
Inferred	1.6	56.3	10.4	47.2	42.4	3.4	24.5
Total	**1.6**	**56.3**	**10.4**	**47.2**	**42.4**	**3.4**	**24.5**

The information in Table 6 is extracted from the report entitled "Victorian Brown Coal Resources Update" announced on 1 December 2015 and is available to view on www.mantlemining.com

Table 7: Latrobe Valley Mineral Resource.

Class	Tonnes (Million)	TM (%)	Ash (% db)	VM (% db)	FC (% db)	TS (% db)	GDSE (MJ/kg)
Inferred	225	61.3	7.6	50.7	41.7	0.4	23.6
Total	**225**	**61.3**	**7.6**	**50.7**	**41.7**	**0.4**	**23.6**

The information in Table 7 is extracted from the report entitled "Victorian Brown Coal Resources Update" announced on 1 December 2015 and is available to view on www.mantlemining.com

In relation to Tables 3 through 7, 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 28 September 2015, the Company raised $250,000 under a placement to an existing shareholder and long term supporter of the Company. The Company issued 20,833,333 fully paid ordinary shares at an issue price of $0.012 per share, together with 1.5 free attaching MNMOC options for every 2 shares issued under the placement (being a total of 15,625,000 options). The MNMOC options issued have an exercise price of $0.015 and an expiry date of 30 November 2017 ("MNMOC Options").

- *Non-Renounceable Priority Entitlement Offer*

  On 30 October 2015, the Company completed a fully underwritten non-renounceable priority offer under which the Company issued 78,973,425 MNMOC Options to raise $157,947.

- *Related Party Issue for Loan Conversion*

  In January 2015, Directors, Martin Blakeman and Ian Kraemer committed to take up a placement of securities totalling $75,000 on the same terms as a placement offered to non-related parties on 8 January 2015. The terms of the placement were the subscription for shares at $0.012 per share together with 1.5 free attaching MNMOB options for every 2 Shares subscribed for. In July 2015, Ian Kraemer committed to take up a further placement of securities of $75,000 on the same subscription terms.

  Pending shareholder approval for the issue of the securities, the subscription monies of $150,000 were advanced by the Directors as unsecured interest free loan funds for the benefit of the Company ("Director Loans").

  On 30 October 2015, following shareholder approval at the general meeting of shareholders held on 19 October 2015, the Director Loans were repaid by way of the issue of 12,500,000 fully paid ordinary shares and 9,375,000 MNMOB Options. The MNMOB options issued had an exercise price of $0.018 and an expiry date of 30 June 2016 ("MNMOB Options").

- *Morning Star Acquisition Placement*

  On 30 November 2015, the Company announced that it had secured commitments from sophisticated and professional investors (including long term supporters of the Company) for a placement of 250,000,000 shares at $0.01 per share together with 125,000,000 unlisted options to raise $2,500,000 before costs. The options issued are exercisable at $0.03 each on or before 30 November 2018.

  The placement was completed in two tranches on 16 December 2015 and 9 May 2016 respectively.

- *Acquisition of Morning Star Gold NL*

  On 29 April 2016, the Company announced that the shareholders of Morning Star Gold NL ("MCO") approved the acquisition of a 95% interest in MCO by Mantle at a general meeting of MCO shareholders held in Sydney on the same day.

- *Placement to Sophisticated Investors*

  On 9 May 2016, the Company completed a further placement to sophisticated investors under which it issued 100,000,000 fully paid ordinary shares at an issue price of $0.01 per share to raise $1,000,000 before costs.

- *Option Exercise*

  During June 2016, the Company issued 316,628 fully paid ordinary shares at an issue price of $0.018 per share upon the exercise of 316,628 MNMOB Options ahead of their 30 June 2016 expiry date.

- *Board Changes*

  On 23 June 2016, the Company announced the appointments of Mr Robert Barraket and Mr Ian King as non-executive Chairman and Non-executive Director, respectively. On the same day, founding director Martin Blakeman resigned as Chairman after over 12.5 years in the role.

- *Placement*

  On 30 June 2016, the Company raised $1,100,000 under a placement to sophisticated investors. The Company issued 110,000,000 fully paid ordinary shares at an issue price of $0.01 per share.

All the new funds raised with the support of existing and new shareholders were applied to acquisitions, exploration and mine development programs with the major area of expenditure during the year being on the ongoing development of the Company's Norton Gold Mine for recommencement of mining operations and acquisition of Morning Star Gold NL.

In addition to the above, the Company undertook several issues of securities to advisors and consultants in lieu of cash consideration for services provided to the Company during the period.

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 15,467,670 fully paid ordinary shares under the Plan, in lieu of cash remuneration totalling $202,508.

As a result of the Plan, the Company has been able to reduce a portion of the cash costs of the Company, allowing a greater proportion of the Company's cash reserves to be allocated to advancing the Company's projects.

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.

Mantle's major area of expenditure during the year was related to recommencement of mining operation at the Company's Norton Gold Project and the acquisition of Morning Star Gold NL.

Following completion of an internal review of the Company's project portfolio by its recently strengthened technical team, the Directors resolved to refocus the Company's resources on its large scale Morning Star gold mine 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.

FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES

On 22 August 2016, following completion of an internal review of the Company's project portfolio by its recently strengthened technical team, the Board resolved to refocus the Company's resources on its large scale Morning star gold mine assets.

ENVIRONMENTAL ISSUES

The Company is aware of its environmental obligations with regards to its exploration activities and acts to ensure that it complies with all regulations at all times.

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 2016.

EVENTS SUBSEQUENT TO BALANCE DATE

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

- On 1 July 2016, the Company made the first ($1million) cash payment to the vendor of Morning Star Gold NL (MCO). This payment removes the security interest held over Mantle with the two remaining instalments of $1 million each falling due at the end of October 2016 and end of February 2017.

  In addition, MCO submitted an application for a major exploration licence over the remaining northern extent of the gold field. The application was accepted by the relevant authority with no competing applicants.

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

- On 13 July 2016 the Company announced an update on the progress made at the Norton Gold Mine with the Company progressing towards its first gold concentrate production.

- On 22 July 2016 Mr Stephen de Belle retired as Director of the Company.

- On 26 July 2016 the Company announced the appointment of Mr Richard Valenta as an Executive Director. The Company also announced that it had received commitments from sophisticated investors to participate in a placement of 100 million shares at an issue price of $0.015 per share to raise $1.5 million ("July Placement").

- 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.

- On 22 August 2016 Mantle's long-term Managing Director, Mr Ian Kraemer, stepped down from the Board. Continuing its strategy of Board and Management renewal, the Company appointed Dr Richard Valenta to take overall executive leadership of the Company.

  The Company also announced the appointment of experienced underground gold miner and senior executive, Mr Matthew Gill, as Non-Executive Director and consultant to the Board. The change in board and management reflects the renewed gold focus of the company, and creates a gold mining team with a solid track record of development and operational mining experience and value delivery to shareholders.

  Following completion of an internal review of the Company's project portfolio by its recently strengthened technical team, the Board resolved to refocus the Company's resources on its large scale Morning star gold mine assets. As a result, the Company has put its Norton project on care and maintenance, with further review planned following completion of metallurgical scoping studies and receipt of environmental permits, and is exploring divestment opportunities for its legacy coal assets.

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 Ltd, 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 Mantle Mining Corporation Ltd 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

There is no director remuneration directly linked to performance of the consolidated entity. A portion of bonus and incentive payments are at the discretion of the Board.

Voting and comments made at the Company's 2015 Annual General Meeting ("AGM")

At the 2015 AGM, 99% of the votes cast were in favour of the adoption of the remuneration report for the year ended 30 June 2015. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

Details of remuneration for years ended 30 June 2016 and 30 June 2015

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

2016	Short-term Benefits	Post Employment Benefits	Equity based payment	Total	Performance Related
	$	$	$	$	%
Directors					
Robert Barraket (Appointed 23/06/16)	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 Cuneen	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.

2015	Short-term Benefits	Post Employment Benefits	Equity based payment	Total	Performance Related
	$	$	$	$	%
Directors					
Martin Blakeman	17,000	-	31,000	48,000	-
Ian Kraemer	173,442	22,309	61,390	257,141	-
Stephen de Belle	14,875	-	27,125	42,000	-
Peter Anderton (Resigned 29/01/2015)	10,500	-	14,000	24,500	-
	215,817	22,309	133,515	371,641	-
Key Management Personnel					
Stuart Moore	134,893	13,998	12,882	161,773	-
Mark Maxwell	131,802	13,703	12,868	158,373	-
	266,695	27,701	25,750	320,146	-

Note: $54,447 of salary, fees and commissions accrued was paid in equity on 7 September 2015 under the Company's Directors and Employees Fee Plan. A further $9,198 was paid in equity subsequent to shareholder approval received at the 2015 AGM.

Equity instrument disclosures relating to key management personnel

(i) Option holdings

The number of options 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.

2016 **Directors/ Executive**	Balance at start of year Number	Granted during year as remun-eration 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	-	-	-	-	-	-
Mark Maxwell	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

2015 Directors/Executive	Balance at start of year Number	Granted during year as remun-eration 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
Martin Blakeman	4,257,860	-	-	(2,439,678)	1,818,182	1,818,182
Ian Kraemer	161,577	-	-	472,475	634,052	634,052
Stephen de Belle	-	-	-	1,981,237	1,981,237	1,981,237
Peter Anderton (iv)	162,500	-	-	(162,500)	-	-
	4,581,937	-	-	(148,466)	4,433,471	4,433,471
Stuart Moore	-	-	-	-	-	-
Mark Maxwell	-	-	-	129,008	129,008	129,008
	4,581,937	-	-	(19,458)	4,562,479	4,562,479

(iv) Resigned 22 July 2016

Changes in number of options

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
Mark Maxwell	30 Jun 2016	$0.018	Prior Period	-	-	129,008

2015	Expiry	Exercise price	Grant date	Number acquired	Number exercised	Number lapsed
Martin Blakeman	30 Jun 2015	$0.045	4 June 2013	4,257,860	-	4,257,860
Ian Kraemer	30 Jun 2015	$0.045	4 June 2013	161,577	-	161,577
Martin Blakeman	30 Jun 2016	$0.018	11 Mar 2015	1,818,182	-	1,818,182
Ian Kraemer	30 Jun 2016	$0.018	11 Mar 2015	634,052	-	634,052
Stephen de Belle	30 Jun 2016	$0.018	11 Mar 2015	1,981,237	-	1,981,237
Mark Maxwell	30 Jun 2016	$0.018	11 Mar 2015	129,008	-	129,008

(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. There were 11,005,309 (2015: 7,682,900) ordinary shares issued during the year in lieu of fees and salaries to the Key Management Personnel in accordance with the Director and Employee Fee Plan which was approved by shareholders at the Company's AGM held on 13 November 2014.

Name	Balance at start of year Number	Received during year on exercise of options 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	44,002,270	-	7,645,924	51,648,194
Ian Kraemer	5,072,405	-	12,499,358	17,571,763
Stephen de Belle	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
2015				
Directors/ Executive				
Martin Blakeman	34,755,978	-	9,246,292	44,002,270
Stephen de Belle	9,683,971	-	6,485,949	16,169,920
Peter Anderton	4,914,363	-	1,214,892	6,129,255
Ian Kraemer	1,572,911	-	3,499,494	5,072,405
	50,927,223	-	20,446,627	71,373,850
Stuart Moore	50,000	-	784,896	834,896
Mark Maxwell	-	-	1,032,060	1,032,060
	50,977,223	-	22,263,583	73,240,806

Employment contracts of directors and senior executives

The employment conditions of the Managing Director, Mr Kraemer, and the Exploration Managers, Mr Moore, Mr Maxwell and Mr Cuneen, are formalised in contracts of employment. The employment contracts stipulate that in the event employment is terminated without reason the Company is 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 Mr Cuneen. Subsequent to the end of the financial year, the contracts of Messrs Kraemer, Maxwell and Moore were terminated in accordance with the terms of their respective contracts.

The terms and conditions of the appointments of all non-executive directors who held office during or subsequent to the 2016 financial year are set out in formal letters of appointment which do not include any entitlement to termination payments.

The employment conditions of the Executive Director, Dr Valenta are formalised in a contract of employment. The employment contract stipulates that the company may terminate the contract by giving not less than one month's notice, or by paying one month's remuneration in lieu of notice.

Shares granted as remuneration

Shares issued to directors and other key management personnel during the year are as follows:

	Date	No of Shares	Issue Price	Value
Martin Blakeman (i)	7 September 2015	1,528,379	$0.012	18,000
	3 February 2016	1,244,993	$0.014	18,000
	29 April 2016	705,885	$0.013	9,000
Ian Kraemer (ii)	7 September 2015	1,450,925	$0.012	16,938
	3 February 2016	2,335,176	$0.014	32,592
	29 April 2016	379,924	$0.013	4,844
Stephen de Belle (iii)	7 September 2015	1,337,331	$0.012	15,750
	3 February 2016	1,089,369	$0.014	15,750
Stuart Moore	7 September 2015	315,678	$0.012	3,759

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

ADDITIONAL INFORMATION

The earnings of the consolidated entity for the five years to 30 June 2016 are summarised below

	2016 $'000	2015 $'000	2014 $'000	2013 $'000	2012 $'000
Revenue	5,000	8,015	17,908	33,810	274,837
EBITDA	(3,080)	(3,214)	(2,423)	(5,884)	(1,637)
EBIT	(3,131)	(3,270)	(2,482)	(5,953)	(1,692)
Loss after income tax	(3,157)	(3,273)	(2,482)	(5,953)	(1,692)

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

	2016	2015	2014	2013	2012
Share price at financial year end ($)	0.013	0.013	0.017	0.025	0.092
Total dividends declared (cents per share)	-	-	-	-	-
Basic and diluted loss per share (cents per share)	(0.52)	(0.79)	(0.76)	(2.28)	(0.76)

** END OF REMUNERATION REPORT **

MEETINGS OF DIRECTORS

During the financial year, 11 meetings of Directors were held. Attendances by each Director during the year were as follows:

	Number eligible to attend	Number attended
Martin Blakeman (resigned 23 June 2016)	11	11
Ian Kraemer	11	11
Stephen de Belle	11	11
Ian King (Appointed 23 June 2016)	-	-
Robert Barraket (Appointed 23 June 2016)	-	-

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 option***
Various dates	30 November 2017	$0.015	100,398,425
9 May 2016	30 November 2018	$0.030	125,000,000

Shares issued as a result of the exercise of options

During the financial year 316,628 (2015: nil) 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:

	2016 $	2015 $
Taxation compliance services	25,093	15,039
Other services	13,250	975
Total	38,343	16,014

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 2016 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.

ROBERT BARRAKET
Chairman
Dated at Perth this 30th day of September 2016

The Board recognises the importance of establishing a comprehensive system of control and accountability as the basis for the administration of corporate governance.

To the extent relevant and practical, the Company has adopted a corporate governance framework that is consistent with *The Corporate Governance Principles and Recommendations (3rd Edition)* as published by ASX Corporate Governance Council (“**Recommendations**”).

The Board has adopted the following suite of corporate governance policies and procedures which are available on the Company’s website at www.mantlemining.com:

- Board Charter
- Corporate Code of Conduct
- Audit and Risk Committee Charter
- Remuneration Committee Charter
- Nomination Committee Charter
- Continuous Disclosure Policy
- Risk Management Policy
- Remuneration Policy
- Trading Policy
- Diversity Policy
- Shareholder Communications Strategy
- Performance Evaluation Procedures

The Board is committed to administering the policies and procedures with openness and integrity, pursuing the true spirit of corporate governance commensurate with the Company's needs.

The Company is pleased to report that its practices are largely consistent with the Recommendations of the ASX Corporate Governance Council and sets out below its compliance and departures from the Recommendations for the financial year ended 30 June 2016.

In light of the Company’s size and nature, the Board considers that the current corporate governance regime is a fit-for-purpose, efficient, practical and cost effective method of directing and managing the Company. As the Company’s activities develop in size, nature and scope, the implementation of additional corporate governance policies and structures will be reviewed.

<table>
<tr><th>PRINCIPLES AND RECOMMENDATIONS</th><th>COMPLY (YES/NO)</th><th>EXPLANATION</th></tr>
<tr><td colspan="3">Principle 1: Lay solid foundations for management and oversight</td></tr>
<tr><td>Recommendation 1.1
A listed entity should have and disclose a charter which sets out the respective roles and responsibilities of the Board, the chair and management; and includes a description of those matters expressly reserved to the Board and those delegated to management.</td><td>YES</td><td>The Company has adopted a Board Charter which complies with the guidelines prescribed by the ASX Corporate Governance Council.
A copy of the Company's Board Charter is available on the Company's website.</td></tr>
<tr><td>Recommendation 1.2
A listed entity should:
(a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a Director; and
(b) provide security holders with all material information relevant to a decision on whether or not to elect or re-elect a Director.</td><td>YES</td><td>a) The Nomination Committee (the function of which is currently performed by the full Board) is responsible for the selection and appointment of members of the Board. The Company's Nomination Committee Charter requires the Nomination Committee to undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a Director.
During the financial year, Mr Robert Barraket and Mr Ian King were appointed to the Board upon the nomination of major shareholders. Appropriate checks will be undertaken prior to putting forward to Messrs Barraket and King for election at the upcoming annual general meeting.
b) During the financial year, the shareholders of the Company re-elected Mr Martin Blakeman as a director of the Company at the 2015 annual general meeting. All material information relevant to the decision on whether or not to re-elect Mr Blakeman, including information relating to his qualifications, experience, length of service and role within the Board, were made available to shareholders ahead of the meeting via the Company's website and its 2015 Annual Report.</td></tr>
<tr><td>Recommendation 1.3
A listed entity should have a written agreement with each Director and senior executive setting out the terms of their appointment.</td><td>YES</td><td>Each director and senior executive of the Company is a party to a written agreement with the Company which sets out the terms of their appointment.</td></tr>
<tr><td>Recommendation 1.4
The company secretary of a listed entity should be accountable directly to the Board, through the chair, on all matters to do with the proper functioning of the Board.</td><td>YES</td><td>The roles, responsibility and accountability of the Company Secretary is set out in the Board Charter which includes a requirement for the Company Secretary to be accountable directly to the Board, through the chair, on all matters to do with the proper functioning of the Board.</td></tr>
<tr><td>Recommendation 1.5
A listed entity should:
(a) have a diversity policy which includes requirements for the Board:
(i) to set measurable objectives for achieving gender diversity; and</td><td>PARTIALLY</td><td>a) The Company has adopted a Diversity Policy however, given the current size of the Company, the Board has determined that the benefits of the initiatives recommended by the ASX Corporate Governance Council in this regard are disproportionate to the costs involved in the implementation of such strategies. Accordingly, the Board has elected to adopt a tiered approach to the implementation of its Diversity Policy which</td></tr>
</table>

(ii) to assess annually both the objectives and the entity's progress in achieving them; (b) disclose that policy or a summary or it; and (c) disclose as at the end of each reporting period: (i) the measurable objectives for achieving gender diversity set by the Board in accordance with the entity's diversity policy and its progress towards achieving them; and (ii) either: - the respective proportions of men and women on the Board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or - the entity's "Gender Equality Indicators", as defined in the Workplace Gender Equality Act 2012.		is relative to the size of the Company and its workforce. The Company's policy provides: - Where the Company employs 20 or more employees, the Board undertakes to adopt practices in line with the Recommendations of the ASX Corporate Governance Council, including compliance with the requirement for the Company to set and report against measurable objectives for achieving gender diversity. - Whilst the Company's workforce remains below this threshold, the Board will continue to drive the Company's diversity strategies on an informal basis and will apply the initiatives contained in its Diversity Policy to the extent that the Board considers relevant and necessary. b) The Diversity Policy is available on the Company's website. c) As the Company did not employ 20 or more employees during the financial year, the Company did not establish a set of measurable gender diversity objectives. As at 30 June 2016, the respective proportions of men and women on the Board, in senior executive positions and across the whole organisation are set out below. The Company defines senior executives as those employees whose direct report is to the Managing Director or the Board. - 100% of the Company's board were (are) male; - 100% of the Company's senior executives were male. - 33% the Company's entire workforce of 6 people were female.

Recommendation 1.6 A listed entity should: (a) have and disclose a process for periodically evaluating the performance of the Board, its committees and individual Directors; and (b) disclose in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	YES	a) The Nomination Committee (the function of which is currently performed by the full Board) is responsible for evaluating the performance of the Board and individual Directors on an annual basis. The process for this is set out in the Company's Performance Evaluation Procedures policy which is available on the Company's website. b) During the financial year, the Company undertook a review of the Board's composition however the Board did not conduct a formal review of its performance. Since the end of the financial year, the composition and structure of the Board has changed.
Recommendation 1.7 A listed entity should: (a) have and disclose a process for periodically evaluating the performance of its senior executives; and (b) disclose in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	YES	a) The Remuneration Committee (the function of which is currently performed by the full Board) is responsible for evaluating the performance of senior executives on an annual basis in accordance with the Company's Performance Evaluation Procedures policy. b) During the financial year, the Board undertook an informal performance review of the Managing Director. Performance reviews for all other employees of the Company were undertaken by the Managing Director.
Principle 2: Structure the Board to add value		
Recommendation 2.1 The Board of a listed entity should: (a) have a nomination committee which: (i) has at least three members, a majority of whom are independent Directors; and (ii) is chaired by an independent Director, and disclose: (iii) the charter of the committee; (iv) the members of the committee; and (v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a nomination committee, disclose that fact and the processes it employs to address Board succession issues and to ensure that the Board has the appropriate balance of skills, experience, independence and knowledge of the entity to enable it to	YES	a) Due to its size, the Board has determined that the function of the Nomination Committee is most efficiently carried out with full board participation and accordingly, the Company has elected not to establish a separate Nomination Committee at this stage. As a result, the duties that would ordinarily be assigned to the Nomination Committee under the Nomination Committee Charter are carried out by the full board. A copy of the Nomination Committee Charter is available on the Company's website. b) The Board devotes time at annual Board meetings to discuss Board succession issues. All members of the Board are involved in the Company's nomination process, to the maximum extent permitted under the Corporations Act and ASX Listing Rules. The Board also conducts an annual review of the Company's Board skills matrix (in accordance with recommendation 2.2) to assess and ensure the Board has the appropriate balance of skills, experience, independence and knowledge of the entity to discharge its duties and responsibilities effectively.

discharge its duties and responsibilities effectively.		
Recommendation 2.2 A listed entity should have and disclose a Board skill matrix setting out the mix of skills and diversity that the Board currently has or is looking to achieve in its membership.	YES	The Board is comprised of directors with a broad range of technical, commercial, financial and other skills, experience and knowledge relevant to overseeing the business of a junior mining and exploration company. The composition of the Board is reviewed on an annual basis with reference to the Company's Board skills matrix which is used as a tool to assess the appropriate balance of skills, experience, independence and knowledge necessary for the Board to discharge its duties and responsibilities effectively. A copy of the Company's Board skills matrix for the 2015/16 financial year is available on the Company's website.
Recommendation 2.3 A listed entity should disclose: (a) the names of the Directors considered by the Board to be independent Directors; (b) if a Director has an interest, position, association or relationship of the type described in Box 2.3 of the ASX Corporate Governance Principles and Recommendation (3rd Edition), but the Board is of the opinion that it does not compromise the independence of the Director, the nature of the interest, position, association or relationship in question and an explanation of why the Board is of that opinion; and (c) the length of service of each Director	YES	a) At the reporting date for the 2015/16 Financial Year, the Board was comprised of the following independent board members: - Robert Barraket (Non-Executive Chairman) - Ian King (Non-Executive Director) - Stephen de Belle (Non-Executive Director) The Company's Chairman for the majority of FY2015/16, Mr Martin Blakeman, was not considered to be independent due to his substantial shareholding in the Company. Mr Ian Kraemer is not considered to be independent as a result of his executive role as Managing Director of the Company. The Board's determination of the independence status of each of the Company's board members is disclosed in each Annual Report of the Company and on its website. Subsequent to the end of the financial year, and following the resignations of Messrs Blakeman, de Belle and Kraemer, and the appointments of Dr Valenta and Mr Gill, the Board is now comprised of the following independent directors: - Robert Barraket (Non-Executive Chairman) - Ian King (Non-Executive Director) - Matthew Gill (Non-Executive Director) Dr Valenta is not considered to be independent by nature of his executive role with the Company. b) The Board has determined the independence of each of the Company's Directors in line with the guidance set out by the ASX's Corporate Governance Council and have not formed an opinion contrary to those guidelines.

		c) The length of service of each Director is as follows: - Current directors Messrs Barraket and King were appointed on 23 June 2016. - Martin Blakeman was appointed on 26 November 2003 and upon his resignation on 23 June 2016, Martin had served as a director for a continuous period of over 12.5 years; - Ian Kraemer appointed on 4 February 2008 and upon his resignation on 22 August 2016 he had served as a director for a continuous period of approximately 8.5 years; and - Stephen de Belle appointed on 3 July 2006 and upon his resignation on 22 July 2016 he had served as a director for a continuous period of approximately 10 years.
Recommendation 2.4 A majority of the Board of a listed entity should be independent Directors.	YES	As at 30 June 2016, the Board was comprised of four board members, being Mr Robert Barraket, Mr Ian Kraemer, Mr Ian King and Mr Stephen de Belle, representing a majority of independent directors. Following the subsequent recent resignations of Messrs Kraemer and de Belle and the appointments of Dr Valenta and Mr Gill, the Company remains comprised of majority independent directors.
Recommendation 2.5 The Chair of the Board of a listed entity should be an independent Director and, in particular, should not be the same person as the CEO of the entity.	YES	As at 30 June 2016, the Company's Chairman, Mr Robert Barraket, was an independent director. The roles of the Chairman and Managing Director are not held by the same person.
Recommendation 2.6 A listed entity should have a program for inducting new Directors and providing appropriate professional development opportunities for continuing Directors to develop and maintain the skills and knowledge needed to perform their role as a Director effectively.	YES	The Nomination Committee (the function of which is currently performed by the full Board) is responsible for approving and reviewing induction and professional development programs and procedures for Directors to ensure that they can effectively discharge their responsibilities. To this end, the Company's has adopted a program for the induction of new directors which is tailored to each new Director depending on their personal requirements, background skills, qualifications and experience and includes the provision of a formal letter of appointment and an induction pack containing sufficient information to allow the new Director to gain an understanding of the business of the Company and the roles, duties and responsibilities of Directors and the Executive Team. All Directors are encouraged to undergo continual professional development and, subject to prior approval by the Chairman, all Directors have access to numerous resources and professional development training to address any skills gaps. In addition, opportunities to develop the skills and experience of individual board members are

<table>
<tr><td></td><td></td><td>considered as part of the Company's annual board performance review process.</td></tr>
<tr><td colspan="3">Principle 3: Act ethically and responsibly</td></tr>
<tr><td>Recommendation 3.1
A listed entity should:
(a) have a code of conduct for its Directors, senior executives and employees; and
(b) disclose that code or a summary of it.</td><td>YES</td><td>a) The Company has a Corporate Code of Conduct that applies to its Directors, employees and contractors (all of whom are referred to as "employees" under the Code).
b) The Company's Corporate Code of Conduct is available on the Company's website.</td></tr>
<tr><td colspan="3">Principle 4: Safeguard integrity in financial reporting</td></tr>
<tr><td>Recommendation 4.1
The Board of a listed entity should:
(a) have an audit committee which:
(i) has at least three members, all of whom are non-executive Directors and a majority of whom are independent Directors; and
(ii) is chaired by an independent Director, who is not the chair of the Board,
and disclose:
(iii) the charter of the committee;
(iv) the relevant qualifications and experience of the members of the committee; and
(v) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or
(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its financial reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</td><td>YES</td><td>a) Due to its size, the Board has determined that the function of the Audit and Risk Committee is most efficiently carried out with full board participation and accordingly, the Company has elected not to establish a separate Audit and Risk Committee at this stage.
As a result, the duties that would ordinarily be assigned to the Audit and Risk Committee under the Audit and Risk Committee Charter are carried out by the full board.
The Audit and Risk Committee Charter is available on the Company's website.
b) The Board devotes time on at least an annual basis to consider the robustness of the various internal control systems it has in place to safeguard the integrity of the Company's financial reporting.
In addition, following the completion of each annual audit the Company's external auditors confer with the Board on any matters identified during the course of the audit that have the potential to increase the Company's exposure to risks of material misstatements in its financial reports.
The full Board also assumes responsibility for recommendations to security holders on the appointment and removal of the external auditor. Audit partner rotations are enforced in accordance with the relevant guidelines.</td></tr>
<tr><td>Recommendation 4.2
The Board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that the financial records of the entity have been properly maintained and that the financial statements comply with the</td><td>YES</td><td>Prior to the execution of the financial statements of the Company, the Company's CEO and CFO provided the Board with written assurances that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control</td></tr>
</table>

appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.		which is operating effectively in all material aspects in relation to the Company's financial reporting risks.
Recommendation 4.3 A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	YES	Each year, the Company's external auditor attends its AGM (in person or by telephone) and is available to answer questions from security holders relevant to the audit. With respect to the 2015 AGM held on 26 November 2015, a representative from the Company's audit firm, RSM Australia Partners, attended the meeting by phone and made himself available for questions however no questions were raised by security holders at that meeting.
Principle 5: Make timely and balanced disclosure		
Recommendation 5.1 A listed entity should: (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it.	YES	a) The Company has adopted a Continuous Disclosure Policy which details the processes and procedures which have been adopted by the Company to ensure that it complies with its continuous disclosure obligations as required under the ASX Listing Rules and other relevant legislation. b) The Continuous Disclosure Policy is available on the Company's website.
Principle 6: ***Respect the rights of security holders***		
Recommendation 6.1 A listed entity should provide information about itself and its governance to investors via its website.	YES	Shareholders can access information about the Company and its governance (including its Constitution and adopted governance policies) from the Company's website on the "*Corporate Governance*" page.
Recommendation 6.2 A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	YES	The Company has adopted a Shareholder Communications Strategy which aims to promote and facilitate effective two-way communication with investors. The Strategy outlines a range of ways in which information is communicated to shareholders, including via its website, through announcements released to the ASX, its annual report and general meetings. Shareholders are also welcome to contact the Company or its registrar, Security Transfer Registrars, via email or telephone. The Company's Shareholder Communications Strategy policy is available on the Company's website.

Recommendation 6.3 A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	YES	Shareholders are encouraged to participate at all GMs and AGMs of the Company by written statement contained in every Notice of Meeting sent to shareholders prior to each meeting. The Company accommodates shareholders who are unable to attend GMs or AGMS in person by accepting votes by proxy. At each meeting, shareholders are invited by the Chairman to ask questions of the Company's external auditor and the Board. Shareholders are also given an opportunity to ask questions on each resolution before it is put to the meeting. Any material presented to shareholders at the meeting is released to the ASX immediately prior to the commencement of the meeting for the benefit of those shareholders who are unable to attend in person. The Company also announces to the ASX the outcome of each meeting immediately following its conclusion.
Recommendation 6.4 A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	YES	Shareholders have the option of electing to receive all shareholder communications by e-mail and can update their communication preferences with the Company's registrar at any time.
Principle 7: Recognise and manage risk		
Recommendation 7.1 The Board of a listed entity should: (a) have a committee or committees to oversee risk, each of which: (i) has at least three members, a majority of whom are independent Directors; and (ii) is chaired by an independent Director, and disclose: (iii) the charter of the committee; (iv) the members of the committee; and (v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or	YES	a) Due to its size the Board has determined that the function of the Audit and Risk Committee is most efficiently carried out with full board participation and accordingly, the Company has elected not to establish a separate Audit and Risk Committee at this stage. As a result, the duties that would ordinarily be assigned to the Audit and Risk Committee under the Audit and Risk Committee Charter are carried out by the full board. The Audit and Risk Committee Charter is available on the Company's website. b) The Board devotes time on at least an annual basis to fulfil the roles and responsibilities associated with overseeing risk and maintaining the Company's risk management framework.

(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the process it employs for overseeing the entity's risk management framework.		
Recommendation 7.2 The Board or a committee of the Board should: (a) review the entity's risk management framework with management at least annually to satisfy itself that it continues to be sound, to determine whether there have been any changes in the material business risks the entity faces and to ensure that they remain within the risk appetite set by the Board; and (b) disclose in relation to each reporting period, whether such a review has taken place.	YES	a) The Audit and Risk Committee Charter sets out a requirement for the Audit and Risk Committee (the function of which is currently performed by the full Board) to review the Company's risk management framework on an annual basis. The Company monitors, evaluates and seeks to improve its risk management and internal control processes in line with the processes set out in its Risk Management Policy, a copy of which is available on the Company's website. In addition, the Company has a number of other policies that directly or indirectly serve to reduce and/or manage risk, including: - Continuous Disclosure Policy - Code of Conduct - Trading Policy - Occupational Health and Safety Policy - Sustainability and Environmental Policy b) During the last financial year the Company undertook a review of its risk management framework and was satisfied that it continues to be sound, and that the material business risks remain within the risk appetite set by the Board.
Recommendation 7.3 A listed entity should disclose: (a) if it has an internal audit function, how the function is structured and what role it performs; or (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.	YES	a) The Audit and Risk Committee (the function of which is currently performed by the full Board) is responsible for monitoring the need for a formal internal audit function. b) As part of the Company's recent annual risk review, the Board determined that the Company's existing processes and controls were operating effectively and as such, no internal audit committee is required at this stage.
Recommendation 7.4 A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	YES	Disclosures around the Company's exposures to economic, environmental and social sustainability risks are set out in the Sustainability and Environment policy, a copy of which is available on the Company's website.
Principle 8: Remunerate fairly and responsibly		
Recommendation 8.1 The Board of a listed entity should: (a) have a remuneration committee which:	YES	a) Due to its size the Board has determined that the function of the Remuneration Committee is most efficiently carried out with full board participation and accordingly, the Company has elected not to establish a separate Remuneration Committee at this stage. As a

(i) has at least three members, a majority of whom are independent Directors; and (ii) is chaired by an independent Director, and disclose: (iii) the charter of the committee; (iv) the members of the committee; and (v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for Directors and senior executives and ensuring that such remuneration is appropriate and not excessive.		result, the duties that would ordinarily be assigned to the Remuneration Committee under the Remuneration Committee Charter are carried out by the full board. The Remuneration Committee Charter is available on the Company's website. b) The Board devotes time at annual Board meetings to discuss the outcome of performance reviews of its Board and Managing Director, and to consider the level and composition of remuneration for Company directors and senior executives in line with its Remuneration Policy to ensure that such remuneration is appropriate and not excessive.
Recommendation 8.2 A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive Directors and the remuneration of executive Directors and other senior executives and ensure that the different roles and responsibilities of non-executive Directors compared to executive Directors and other senior executives are reflected in the level and composition of their remuneration.	YES	The Company's policies and practices regarding the remuneration of non-executive and executive directors and other senior employees are set out in its Remuneration Policy, a copy of which is available on the Company's website.
Recommendation 8.3 A listed entity which has an equity-based remuneration scheme should: (a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and (b) disclose that policy or a summary of it.	YES	a) The Company's Remuneration Committee (the function of which is currently performed by the full Board) is responsible for the review and approval of any equity-based remuneration schemes offered to Directors and Employees of the Company. Further, in accordance with the Remuneration Committee Charter, the Remuneration Committee is also responsible for granting permission, on a case by case basis, for scheme participants to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme. b) The Company's policy in this regard is set out the Company's Remuneration Committee Charter, a copy of which is available on the Company's website.

	Note	2016 $	2015 $
Revenue			
Interest income	7	5,000	8,015
Expenses			
Administrative expenses		(267,180)	(131,299)
Consultancy and legal expenses		(834,659)	(187,366)
Compliance and regulatory expenses		(65,721)	(50,512)
Depreciation expense		(50,766)	(56,584)
Director and employee related expenses	8	(506,673)	(368,013)
Promotion and communication costs		(34,071)	(1,364)
Other expenses		(310,482)	(96,400)
Interest expense		(25,739)	(2,401)
Impairment of exploration expenditure	13	(1,066,606)	(2,386,854)
Loss before income tax benefit		(3,156,897)	(3,272,778)
Income tax expense	5	-	-
Loss after income tax benefit		(3,156,897)	(3,272,778)
Other comprehensive income		-	-
Total comprehensive loss for the period		(3,156,897)	(3,272,778)
Total comprehensive loss for the period attributable to:			
Non-controlling interest		(135)	-
Owners of Mantle Mining Corporation Limited		(3,156,762)	(3,272,778)
		(3,156,897)	(3,272,778)
Basic and diluted loss per share (cents)	6	(0.52)	(0.79)

The accompanying notes form part of these financial statements.

	Note	2016 $	2015 $
Current assets			
Cash and cash equivalents	3	1,292,414	541,373
Trade and other receivables	9	959,483	44,974
Other current assets	10	123,600	33,482
Total current assets		2,375,497	619,829
Non-current assets			
Receivables	11	37,018	28,931
Plant and equipment	12	701,150	178,047
Exploration expenditure	13	9,516,136	5,969,483
Total non-current assets		10,254,304	6,176,461
Total assets		12,629,801	6,796,290
Current liabilities			
Trade and other payables	14	3,640,353	276,776
Provisions	15	29,878	51,278
Borrowings	16	268,275	75,000
Total current liabilities		3,938,506	403,054
Non-current liabilities			
Provisions	15	56,782	-
Total non-current liabilities		56,782	-
Total liabilities		3,995,288	403,054
Net assets		8,634,513	6,393,236
Equity			
Contributed equity	17(a)	27,801,935	22,770,676
Reserves	18	1,608,980	1,439,433
Accumulated losses	19	(20,973,635)	(17,816,873)
Equity attributable to the members of the consolidated entity		8,437,280	6,393,236
Non-controlling interest	22(a)	197,233	-
Total equity		8,634,513	6,393,236

The accompanying notes form part of these financial statements.

	Note	2016 $	2015 $
Cash flows from operating activities			
Cash payments in the course of operations		(1,613,367)	(685,830)
Cash payments for exploration expenditure		(1,494,531)	(930,169)
Interest received		5,000	7,516
Interest paid		(739)	-
Research and development tax refund		281,272	82,389
Net cash used in operating activities	20(b)	(2,822,365)	(1,526,094)
Cash flows from investing activities			
Receipts from Norton Gold Mine		-	3,000
Payments for plant and equipment		(776,501)	(74,552)
Net cash used in investing activities		(776,501)	(71,552)
Cash flows from financing activities			
Proceeds from issue of shares		4,014,033	1,948,460
Proceeds from issue of options		169,547	-
Share issue costs		(264,448)	(134,591)
Borrowings		430,775	75,000
Net cash provided by financing activities		4,349,907	1,888,869
Net increase in cash and cash equivalents held		751,041	291,223
Cash and cash equivalents at the beginning of the financial year		541,373	250,150
Cash and cash equivalents at the end of the financial year	20(a)	1,292,414	541,373

The accompanying notes form part of these financial statements.

	Contributed equity	Reserves	Accumulated losses	Non-Controlling interest	Total
	$	$	$	$	$
Balance at 1 July 2014	20,793,682	1,439,433	(14,544,095)	-	7,689,020
				-	
Loss for the year	-	-	(3,272,778)	-	(3,272,778)
Total comprehensive loss for the year	-	-	(3,272,778)	-	(3,272,778)
Shares issued	2,111,585	-	-	-	2,111,585
Share issue costs	(134,591)	-	-	-	(134,591)
Share options issued	-	-	-	-	-
Balance at 30 June 2015	22,770,676	1,439,433	(17,816,873)	-	6,393,236
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

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 30 September 2016 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 loss of $3,156,897 and had net cash outflows from operating activities of $2,822,365, net cash outflows from investing activities of $776,501 for the year ended 30 June 2016. As at that date, the consolidated entity's total current liabilities of $3,938,506 exceed its total current assets of $2,375,497. The consolidated entity's ability to continue as a going concern is dependent on raising further capital. These factors indicate a material uncertainty which may cast significant doubt over the ability of the consolidated entity to 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 consolidated entity's ability to continue as a going concern is primarily dependent on its ability to successfully issue additional shares, complete the sale of assets, access debt or otherwise attract additional capital in order settle liabilities associated with its acquisition of Morning Star Gold NL.

(b) Going concern (cont.)

The Directors believe that there are reasonable grounds to believe that the consolidated entity will continue as a going concern, after consideration of the following factors:

- Current liabilities include an obligation to make three payments of $1,000,000 to Chillee Limited (Chillee") to settle the Morning Star asset acquisition, which are due on 1 July 2016, 31 October 2016 and 28 February 2017 respectively. The first payment was settled on 1 July 2016 and the directors expect to settle the second payment from a combination of cash reserves and a private placement to sophisticated investors. The company expects to raise additional capital to fund the third payment. The company has been successful in achieving capital raisings as evidenced by the various placements, to which $4.85m was raised (received or receivable) during the 2016 financial year, including an additional $1.55 million raised subsequent to the reporting date ($1.7 million committed with $150k requiring shareholder approval);
- The consolidated entity has the ability to scale down its operations in order to curtail expenditure, in the event capital raisings are delayed or insufficient cash is available to meet projected expenditure, evidenced by the consolidated entity placing its Norton project on care and maintenance, with further review planned following completion of metallurgic scoping studies and receipt of environmental permits; and
- The consolidated entity has the ability to divest non-core assets if required.

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

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

(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 2016 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.

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.

1. Statement of significant accounting policies (cont.)

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.

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.

1. Statement of significant accounting policies (cont.)

(f) Plant and equipment (cont.)

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.

(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.

1. Statement of significant accounting policies (cont.)

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.

(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

1. Statement of significant accounting policies (cont.)

(m) Employee benefits (cont.)

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 income 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.

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 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.

1. Statement of significant accounting policies (cont.)

(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).

(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

The consolidated entity has adopted all of the new and revised Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

The consolidated entity's assessment of the new and amended pronouncements that are relevant to the consolidated entity but applicable in future reporting periods is set out below:

AASB 9	Financial Instruments	Replaces the requirements of AASB 139 for the classification and measurement of financial assets. This is the result of the first part of Phase 1 of the IASB's project to replace IAS 39.	1 January 2018

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.

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.

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:

	2016 $	2015 $
Cash at bank	1,177,114	426,073
Short term deposits	115,300	115,300
Net exposure	1,292,414	541,373

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

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)	
	2016 $	2015 $	2016 $	2015 $
+1% (100 basis points)	(12,924)	(5,414)	12,924	5,414
-1% (100 basis points)	12,924	5,414	(12,924)	(5,414)

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

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 2016 $	2015 $
6 months or less (trade creditors)	2,640,353	276,776
More than 6 months and less than 12 months	1,000,000	-
	3,640,353	276,266

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 2016 and 30 June 2015.

The consolidated entity monitors capital with reference to the net debt position. The consolidated entity's current policy is to keep the net debt position negative, such that cash and cash equivalents exceeds debt.

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

	Consolidated 2016 $	2015 $
Trade and other payables	(3,640,353)	(276,776)
Borrowings	(268,275)	(75,000)
Less cash and short term deposits	1,292,414	541,373
Net (debt) / surplus	(2,616,214)	189,597

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 2016.

4. Auditor's remuneration

	2016	2015
Remuneration of auditor of the Company		
RSM Australia Partners		
- Auditing or reviewing the financial report	36,750	32,500
- Taxation compliance services	25,093	15,039
- Other services	13,250	975
	75,093	48,514

5. Income tax

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

Prima facie tax (benefit) on operating loss at 28.5% (2015: 30%)	(899,715)	(981,833)
Tax effect of:		
- Non-deductible amount	(88,846)	716,056
Deferred tax asset not brought to account	988,561	265,777
Income tax benefit attributable to operating loss	-	-

A potential deferred tax asset, attributable to tax losses carried forward, amounts to approximately $7,690,569 (2015: $6,702,008) and has not been brought to account at 30 June 2016 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.

6. Loss per share (cont.)

Classification of securities as potential ordinary shares

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

	2016 Number	**2015 Number**
Weighted average number of ordinary shares used in the calculation of basic loss per share	607,280,082	412,943,451
	$	**$**
Net loss	(3,156,897)	(3,272,778)

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 2016 is as follows:

Equity securities	**2016 Number of securities**	**2015 Number of securities**
Options over ordinary shares	225,398,425	52,884,471

7. Revenue

	2016 $	2015 $
Interest revenue	5,000	8,015
	5,000	8,015

8. Expenses

Director and employee related expenses		
Wages and salaries	220,445	199,356
Defined contribution superannuation expense	33,335	23,304
Share-based payments expense	97,561	101,536
Other employee benefits expense	155,332	43,817
	506,673	368,013

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 24(b) with further detail in the remuneration report contained within the director's report.

9. Trade and other receivables

Current		
Other debtors	854,909	7,156
ATO receivables	104,574	37,818
	959,483	44,974

Other debtors include outstanding subscription monies owing from investors who participated in the placements announced on 30 November 2015 and 17 June 2016. The ATO receivables include amounts outstanding for goods and services tax.

10. Other assets

	2016 $	2015 $
Current		
Prepayments	123,600	33,482

11. Non Current Receivables

Advances and deposits	37,018	28,931

12. Property, plant and equipment

(a) Carrying amounts

Freehold land and buildings	240,000	-
Accumulated depreciation	-	-
	240,000	-

Plant and equipment – at cost	792,556	458,687
Accumulated depreciation	(368,928)	(330,715)
	423,628	127,972
Motor vehicles – at cost	175,547	175,547
Accumulated depreciation	(138,025)	(125,472)
	37,522	50,075
Total property, plant and equipment	701,150	178,047

(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
	$	$	$	$
2015				
Balance at 1 July 2014	93,312	-	66,768	160,080
Additions	74,551	-	-	74,551
Depreciation charge for the year	(39,890)	-	(16,693)	(56,584)
Balance at 30 June 2015	127,972	-	50,075	178,047
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

13. Exploration expenditure

	2016	2015
	$	$
Exploration expenditure	9,516,136	5,969,483
Opening balance	5,969,483	7,525,155
Acquisition Morning Star Gold NL	3,400,000	-
Exploration incurred during the year	1,494,531	913,571
Impairment of exploration expenditure	(1,066,606)	(2,386,854)
Research and development tax offset	(281,272)	(82,389)
Exploration expenditure	9,516,136	5,969,483

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 Mt Mulligan Coal and Coal Seam Gas Project to a lower priority for development. This strategically complex project demands a high ongoing cost on a project of less advanced prospectively at a time when investor interest in thermal coal and coal seam gas is low world-wide. Accordingly, an impairment charge of $1,066,606 has been raised against the value of this exploration expenditure.

14. Trade and other payables

Current		
Trade payables	640,353	233,399
Other payables	3,000,000	43,377
	3,640,353	276,776

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 $3,000,000 are consideration payable for acquisition of Morning Star Gold NL. The amount is payable in three equal instalments in July and October 2016 and February 2017.

15. Provisions

Current		
Annual leave	29,878	51,278
Non Current		
Long service leave	56,782	-

16. Borrowings

Current		
Borrowings	268,275	75,000

17. Contributed equity

(a) Issued capital

	2016 **$**	**2015** **$**
Ordinary shares, fully paid	27,801,935	22,770,676

(b) Movements in share capital

	2016 Number	2015 Number	2016 $	2015 $
Balance at beginning of year	491,787,391	335,753,362	22,770,676	20,793,682
Issued during the year:				
Share placements	480,833,333	42,932,331	4,850,000	530,000
Share purchase plan	-	42,720,431	-	750,000
Rights issue	-	60,768,834	-	668,459
Share-based payments	22,867,670	9,612,433	298,108	163,126
Satisfaction of loans	12,500,000	-	237,500	-
Exercise of options	316,628	-	5,699	-
Share issue costs	-	-	(360,048)	(134,591)
Balance at end of year	1,008,305,022	491,787,391	27,801,935	22,770,676

(c) Share options

	Exer-cise 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

	Exer-cise 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
2015 year								
Listed options	$0.018	30/06/16	-	52,884,471	-	-	52,884,471	52,884,471
Listed options	$0.045	30/06/15	78,973,425	-	-	(78,973,425)	-	-
			78,973,425	52,884,471	-	(78,973,425)	52,884,471	52,884,471

The fair value of listed options is valued with reference to the closing price of options traded on the ASX on the date of the grant. Where no options in a class are traded the fair value is determined with 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. Reserves

Option reserve

	Consolidated	
	2016	2015
	$	$
Balance at beginning of year	1,439,433	1,439,433
Issue of options	167,547	-
Balance at end of year	1,608,980	1,439,433

19. Accumulated losses

Balance at beginning of year	(17,816,873)	(14,544,095)
Net loss for the year	(3,156,762)	(3,272,778)
Balance at end of year	(20,973,635)	(17,816,873)

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:

Cash at bank and in hand	1,177,114	426,073
Cash on deposit	115,300	115,300
	1,292,414	541,373

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	
	2016	2015
	$	$
Operating loss after income tax	(3,156,897)	(3,272,778)
Adjustments for:		
Depreciation	50,766	56,584
Exploration expenditures written off	1,066,606	1,527,861
Research and development tax refund	281,272	-
Share-based payments expense	145,560	197,765
Changes in assets and liabilities:		
Trade and other receivables	(80,929)	17,105
Other current assets	(90,118)	919,690
Exploration expenditures	(1,494,531)	(951,452)
Trade and other payables	420,524	33,107
Provisions	35,382	(53,976)
Net cash used in operating activities	(2,822,365)	(1,526,094)

c) Non-cash investing and financing activities

During the financial year ended 30 June 2016, the consolidated entity issued 22,867,670 ordinary shares (2015: 9,612,433) valued at $291,108 (2015: $163,126) as settlement for services from directors, employees and consultants.

21. Parent entity disclosures

	2016 $	2015 $
Financial position		
Assets		
Current assets	2,368,380	619,829
Non-current assets	10,251,553	6,154,074
Total assets	12,619,933	6,773,903
Liabilities		
Current liabilities	3,938,505	403,054
Non-current liabilities	56,782	
Total liabilities	3,995,287	403,054
Equity		
Issued capital	27,801,935	22,770,676
Reserves	1,608,980	1,439,433
Accumulated losses	(20,786,270)	(17,899,712)
Total equity	8,624,645	6,370,847
Financial performance		
Loss for the year	(2,886,558)	(3,355,617)
Other comprehensive income	-	-
Total comprehensive income	(4,611,227)	(3,355,617)

(a) Contingent liabilities

As at 30 June 2016 and 2015, the Company had no contingent liabilities.

(b) Capital Commitments – Property, plant and equipment

As at 30 June 2016 and 2015, 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 2016 and 2015, 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.
- 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. Asset purchase

(a) Summary of acquisition

On 10 May 2016 the parent entity acquired 95% of the assets of Morning Star Gold NL (MCO), the holder of the Morning Star Gold mine and associated plant and equipment, for a consideration of $3,750,000. The acquisition did not meet the definition of a business combination in accordance with AASB 3 Business Combinations. Instead the acquisition has been treated as an asset acquisition given the substance of the transaction is that assets held by MCO were acquired.

Details of the acquisition are as follows.

	2016 $
Purchase consideration	
Cash paid	750,000
Consideration payable in 3 equal instalments	3,000,000
	3,750,000

The fair value of assets recognised on the acquisition were as follows:

	Fair Value $
Exploration expenditure	3,400,000
Property, plant and equipment	547,368
	3,947,368
Less: non-controlling interest	(197,368)
Net assets acquired	3,750,000

The group recognises non-controlling interest in MCO at its proportionate share of the acquired net identifiable assets. See note 1(x) for the group's accounting policy for business combination.

There were no acquisitions in the year ending 30 June 2015.

23. 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 2016 %	Equity interest 2015 %
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	-
Lionsville Gold Pty Ltd	Australia	100	-

(b) Key management personnel

Disclosures relating to key management personnel are set out in note 24 and the remuneration report in the directors' report.

24. Key management personnel

(a) Directors and other key management personnel

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

Mr Robert Barraket – Non-Executive Chairman (*Appointed 23 June 2016*)
Mr Ian King – Non-Executive Director (*Appointed 23 June 2016*)
Mr Martin Blakeman – Non-Executive Chairman (*Resigned 23 June 2016*)
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 Stuart Moore – Exploration Manager - Minerals
- Mr Mark Maxwell – Exploration Manager – Coal
- Mr Ron Cuneen - General Manager - MCO

(b) Compensation of key management personnel

	2016 $	2015 $
Short-term employment benefit	648,612	482,512
Post-employment benefits	60,479	50,010
Equity-based payments	97,561	159,265
	806,652	691,787

(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:

	2016 $	2015 $
(i) Director fees paid to Tonka Trading Pty Ltd – an entity associated with Mr Martin Blakeman	47,000	48,000
(ii) Director fees paid to Ian Kraemer	309,028	42,000
(iii) Director fees paid to The Ocean Trust and Exflex Holdings Pty Ltd – an entity associated with Mr Stephen de Belle	42,000	42,000
(iv) Director fees paid to Robert Barraket	921	-
(v) Director fees paid to Ian King	805	-
(vi) Director fees paid to Mining and Exploration Professionals Pty Ltd – an entity associated with Mr Peter Anderton	-	24,500

Amounts are included in the remuneration report.

At the Company's annual general meeting on 13 November 2014 a resolution was passed to approve an employee fee plan to which participating directors may elect at each calendar quarter, to be issued shares in lieu of a portion of cash remuneration accrued for that quarter. During the year the following elections were made by Directors via Board resolution.

a) Period from 1 July 2014 to 30 November 2014: 50% Cash, 50% Shares.
b) Period from 1 December 2014 to 30 June 2015: 25% Cash, 75% Shares.
c) Period from 1 July 2015 to 30 June 2016: 25% Cash, 75% Shares.

(d) Key management personnel balances

Amount owing to Tonka Trading Pty Ltd (i)	12,100	20,000
Amount owing to Ian Kraemer	9,500	49,406
Amount owing to The Ocean Trust (ii)	7,875	16,483
Amount owing to Robert Barraket	921	-
Amount owing to Ian King	805	-
Amount owing to Stuart Moore	-	6,720
Amount owing to Mark Maxwell	-	-

(i) An entity associated with Martin Blakeman;
(ii) An entity associated with Stephen de Belle.

25. Commitments

Exploration expenditure commitments

Within one year	650,000	208,675
After one year but not more than five years	1,440,000	3,149,650
	2,090,000	3,358,325

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

Leasing commitments

The Company's office space lease renewed on 31 May 2015 on month to month terms requiring 1 months' notice for termination. Future minimum rentals payable under this operating lease are as follows:

Within one year	-	1,859
After one year but not more than five years	-	-
	-	1,859

26. Share-based payments

The expense recognised for services rendered during the year are shown in the table below:

Total expenditure in lieu of services from consultants	48,000	30,500
Total expenditure arising from employee and director share-based payment transactions	97,561	132,626
	145,561	163,126

During the financial year ended 30 June 2016, the Company issued 15,467,670 fully paid ordinary shares in the Company to directors, employees and consultants of the Company in lieu of services as identified below.

Accrued expenses for share based payments as at 30 June 2015 were $66,447

Date of issue	No of shares	Fair value per share	Total $
7 September 2015	5,651,232	$0.014	66,447

Share-based payments for current year

Date of issue	No of shares	Fair value per share	Total $
3 February 2016	5,499,533	$0.014	78,342
29 April 2016	2,174,048	$0.013	27,719
30 June 2016	2,142,857	$0.014	30,000
Total	15,467,670		202,508

Accrued expenses for share based payments as at 30 June 2016 were $9,500

27. 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 (2015: 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.

28. Contingent assets and liabilities

The Company did not have any material contingent assets or liabilities as at 30 June 2016.

29. Events subsequent to balance date

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

- On 1 July 2016, the Company made the first ($1 million) cash payment to the vendor of Morning Star Gold NL (MCO). This payment removes the security interest held over Mantle with the two remaining instalments of $1 million each falling due at the end of October 2016 and end of February 2017.

  In addition, MCO submitted an application for a major exploration licence over the remaining northern extent of the gold field. The application was accepted by the relevant authority with no competing applicants.

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

- On 13 July 2016 the Company announced an update on the progress made at the Norton Gold Mine with the Company progressing towards its first gold concentrate production.

- On 22 July 2016 Mr Stephen de Belle retired as Director of the Company.

- On 26 July 2016 the Company announced the appointment of Mr Richard Valenta as an Executive Director. The Company also announced that it had received commitments from sophisticated investors to participate in a placement of 100 million shares at an issue price of $0.015 per share to raise $1.5 million ("July Placement").

- 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.

- On 22 August 2016 Mantle's long-term Managing Director, Mr Ian Kraemer, stepped down from the Board. Continuing its strategy of Board and Management renewal, the Company appointed Dr Richard Valenta to take overall executive leadership of the Company.

  The Company also announced the appointment of experienced underground gold miner and senior executive, Mr Matthew Gill, as Non-Executive Director and consultant to the Board.

  Following completion of an internal review of the Company's project portfolio by its recently strengthened technical team, the Board resolved to refocus the Company's resources on its large scale Morning star gold mine assets. As a result, the Company has put its Norton project on care and maintenance, with further review planned following completion of metallurgical scoping studies and receipt of environmental permits, and is exploring divestment opportunities for its legacy coal assets.

Other than disclosed above, since the end of the financial year, 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 2016 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:

ROBERT BARRAKET
Chairman

Dated at Perth this 30th day of September 2016

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

Report on the Financial Report

We have audited the accompanying financial report of Mantle Mining Corporation Limited , which comprises the statement of financial position as at 30 June 2016, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility 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 is free from material misstatement, whether due to fraud or error. In Note 1(a), the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

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

Opinion

In our opinion:

(a) the financial report of Mantle Mining Corporation Limited is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the year ended on that date; and

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

(b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1(a).

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 1(b) in the financial report, which indicates that the consolidated entity incurred a loss of $3,156,897, had net cash outflows from operating activities of $2,822,365 and net cash outflows from investing activities of $776,501 for the year ended 30 June 2016. As at that date, the consolidated entity's total current liabilities of $3,938,506 exceed its total current assets of $2,375,497. These conditions, along with other matters as set forth in Note 1(b), indicate the existence of a material uncertainty which may cast significant doubt about the consolidated entity's ability to continue as a going concern and, therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

Report on the Remuneration Report

We have audited the Remuneration Report included within the directors' report for the year ended 30 June 2016. 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.

Opinion

In our opinion, the Remuneration Report of Mantle Mining Corporation Limited for the year ended 30 June 2016 complies with section 300A of the *Corporations Act 2001*.

RSM

RSM AUSTRALIA PARTNERS

AWhyte

ALASDAIR WHYTE
Partner

Perth, WA
Dated: 30 September 2016

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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 2016, 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

AWhyte

Perth, WA
Dated: 30 September 2016

ALASDAIR WHYTE
Partner

Additional information included in accordance with the Listing Rules of the Australian Securities Exchange Limited. The information is current as at 20 September 2016.

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 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

Spread of Holding	Holders	Securities	% of Total
1 – 1,000	123	14,995	0.00%
1,001 – 5,000	123	413,684	0.04%
5,001 – 10,000	189	1,613,171	0.14%
10,001 – 100,000	785	35,476,558	3.12%
Over 100,000	558	1,099,308,829	96.70%
Total	**1,775**	**1,136,827,237**	**100.00%**

On 20 September 2016, there were 885 holders of unmarketable parcels comprising a total of 13,331,696 ordinary shares (based on the closing share price of $0.011). There is no on-market buy back currently in place and there are currently no restricted securities.

ii) Listed MNMOC options exercisable at $0.015 on or before 30 November 2017

Spread of Holding	Holders	Securities	% of Total
1 – 1,000	4	2,066	0.00
1,001 – 5,000	8	25,498	0.02
5,001 – 10,000	4	30,891	0.03
10,001 – 100,000	35	2,004,376	1.69
Over 100,000	61	116,835,594	98.26
Total	**112**	**118,898,425**	**100.00%**

4. Substantial shareholders

The names of the substantial shareholders listed on the Company's register as at 20 September 2016.

McNally Clan Investments Pty Ltd
Holder of 112,818,964 fully paid ordinary shares representing 9.92%

5. Twenty largest shareholders

The twenty largest shareholders at 20 September 2016

Rank	Holder Name	Securities	%
1	MCNALLY CLAN INV PL	112,818,964	9.92%
2	CATLA MANAGMENT INC	48,033,833	4.23%
3	TONKA TRADING PL <JAKESSI S/F A/C>	46,684,449	4.11%
4	YATES ROGAN RICHARD	29,300,000	2.58%
5	MOUNT RYAN RICHARD	27,000,000	2.38%
6	KWONG KEVIN	26,666,667	2.35%
7	HSBC CUSTODY NOM AUST LTD	26,241,811	2.31%
8	FROST ALAN MAXWELL	23,333,333	2.05%
9	CHANCERY ASSET MGNT PTE L	22,115,086	1.95%
10	JHS & D PL <LEWIS FAM A/C>	21,781,427	1.92%
11	G LEWIS SMSF PL <LEWIS FAM S/F A/C>	20,000,000	1.76%
12	BANTRY HLDGS PL <BANTRY FAM A/C>	20,000,000	1.76%
13	AZAR DAVID JAMES	18,482,900	1.63%
14	TPC PL <ADAM FREIER FAM A/C>	16,678,025	1.47%
15	SEBODU PL	16,400,000	1.44%
16	BOSWERGER STEWART NORTON	15,701,886	1.38%
17	WRIGHT INV GRP PL <ALAN WRIGHT FAM A/C>	15,000,000	1.32%
18	NESMEIS INV PL	15,000,000	1.32%
19	AZALEA FAM HLDGS PL <NO 2 A/C>	13,765,652	1.21%
20	IR KRAEMER PL <KRAEMER S/F A/C>	13,280,960	1.17%
	TOP 20 TOTAL	**548,284,993**	**48.26%**

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

The twenty largest option holders at 20 September 2016.

Rank	Holder Name	Securities	%
1	MCNALLY CLAN INV PL	22,220,090	18.69%
2	CHINCHERINCHEE NOM PL	14,050,000	11.82%
3	SMITH MERLE + KATHRYN <MINI PENSION FUND>	11,150,000	9.38%
4	NUSKE KATE ALEXANDRA	4,700,000	3.95%
5	AZALEA INV PL	4,378,971	3.68%
6	BLAKEMAN MARTIN A <BLACKWOOD A/C>	4,257,860	3.58%
7	NUSKE ANDREW SCOTT	4,000,000	3.36%
8	SEBODU PL	3,700,000	3.11%
9	JONES BRADFORD ROSS	3,520,000	2.96%
10	SPENCE DAVID	3,061,628	2.57%
11	MCNALLY PAUL JOHN + V <MCNALLY CLAN S/F A/C>	3,060,000	2.57%
12	NEWMAN RUSSELL EDWARD	2,500,000	2.10%
13	KEW ALAN EDWARD	2,361,969	1.99%
14	HICKMAN DAVID + LUCINDA	2,323,825	1.95%
15	MOHAMAD GEDIRE	2,275,000	1.91%
16	BANKS-SMITH KATRINA F	2,275,000	1.91%
17	IRIS SYD HLDGS PL	2,183,913	1.84%
18	ROBINSON IAN	2,138,204	1.80%
19	HALES AMY PATRICIA	2,000,000	1.68%
20	BANKS-SMITH KEVIN	2,000,000	1.68%
	TOP 20 TOTAL	**98,156,460**	**82.53%**