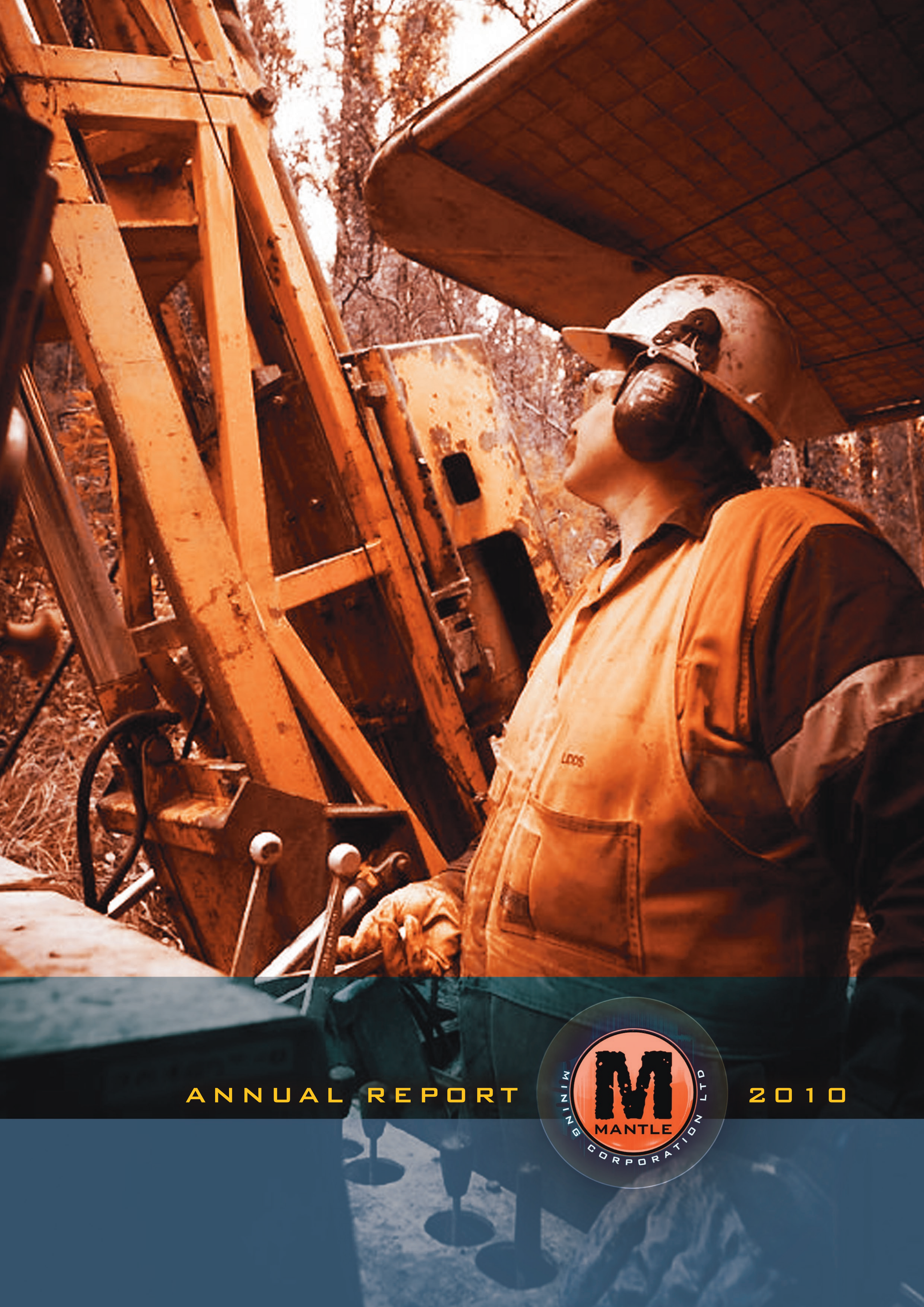

ANNUAL REPORT 2010

MANTLE MINING CORPORATION LTD

CORPORATE DIRECTORY

MANTLE MINING CORPORATION LTD
ABN 70 107 180 441

DIRECTORS

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

COMPANY SECRETARY

Mr Winton Willesee

Principal Place of Business and Registered Office

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South Melbourne VIC 3205

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Tel: +61 8 9315 2333
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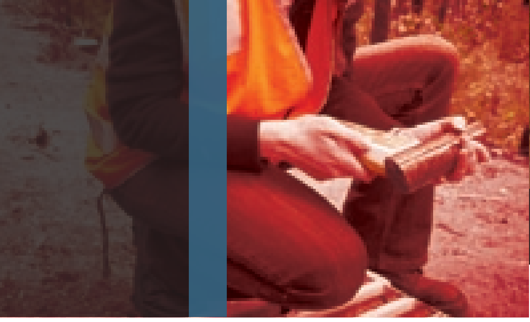
8 St George's Terrace
Perth WA 6000

STOCK EXCHANGE

Australian Securities Exchange
2 The Esplanade
Perth WA 6000

ASX Code: MNM
MNMOA

Cover and header photographs from the Haunted Stream project © Department of Primary Industries, Victoria.



CONTENTS

Letter from Managing Director	2
Directors' Report	4
Corporate Governance Statement	37
Auditor's Independence Declaration	41
Independent Auditor's Report	43
Consolidated Statement of Comprehensive Income	44
Consolidated Statement of Financial Position	45
Consolidated Statement of Cash Flows	46
Consolidated Statement of Changes in Equity	47
Notes to the Financial Statements	48
Directors' Declaration	70
Shareholder Information	71

LETTER FROM THE MANAGING DIRECTOR

Dear fellow shareholders,

During financial year 2009/10, Mantle managed the protracted impact of the Global Financial Crisis whilst carefully re-emerging from the slowdown necessarily affected in the prior year. Corporate overheads were maintained at low levels yet exploration work was progressed in key commodity areas.

New funds raised with the support of existing and new shareholders were applied to tenement preparation and exploration drilling activities. Access to priority tenements were advanced via applications, renewals, native title agreements, and a Supreme Court action.

At the Haunted Stream Gold Project in Victoria, the Company completed a deep drilling program on Anomaly 4, one of two major drill targets for possible deep vein gold or porphyry copper-gold mineralisation. Multiple shear zones were intersected with visible base metals and the Company is awaiting final laboratory analyses. A Down Hole Electro-Magnetic (DHEM) survey is being planned to test for conductors indicative of accumulations of mineralisation. Native title access negotiations were finalised for, and the Company is expecting the grant of, it's first Mining Licence on the Haunted Stream licence area.

At the Granite Castle Gold and Silver Project in Queensland, the Company renewed its exploration permit for a further three years. The tenement contains a JORC Code Compliant (Measured, Indicated and Inferred) Gold and Silver Resource[1]. The JORC Resource occurs in a sub-vertical 600m length of the Granite Castle shear. An additional 7km of sub-parallel shears have been located and the Company is planning a shallow drilling program on the next most prospective shears.

At the Charters Towers Gold Project in Queensland, the Company renewed its exploration permit for a further five years. The tenement contains a JORC Code Compliant (Inferred) Gold Resource[2]. The geological model is being updated to incorporate an additional 51 drill holes and infill drilling is being planned with potential to upgrade the resource base. Review work began on the potential of the old mines to the west of the main historic underground mine area at Charters Towers as they appear to have mined extensions of the Day Dawn reef structure.

At the Trafford Coal and Coal Bed Methane Project in Queensland, the tenements contain a large Exploration Target[3] of black coal in a historic deposit. The Company progressed access discussions with the traditional custodians towards signing of an Indigenous Land Use Agreement (ILUA). Proceedings were instigated in the Supreme Court to enforce an agreement for the transfer of the exploration permits from Calcifer Industrial Minerals Pty Ltd.

At the Bacchus Marsh Coal and Coal Bed Methane Project in Victoria, the Company received priority over an application for an exploration licence containing a large Exploration Target[4] of brown coal in a historic deposit. A non binding Memorandum of Understanding (MOU) has been executed with Exergen Pty Ltd, a company that has developed a breakthrough clean coal technology, Continuous Hydrothermal Dewatering (CHTD) that removes the water from brown coal. A 50/50% Exploration and Mine Development Joint Venture Agreement is under development. Mantle is extremely excited by the involvement of Exergen due to the promise of substantial emissions reductions and water generation from the production and utilisation of fuels created by the CHTD process.

At the Barkly Phosphate Project in the Northern Territory, the Company completed its first broad spaced scout drilling program with minor phosphatic bearing lithologies intersected in the northern tenements. A follow-up drilling program has recently begun to ensure all areas are effectively tested. The southern tenements, which were sufficiently tested, are being surrendered and four tenement applications further to the south-east are being withdrawn.

The Queensland uranium tenement portfolio priority was downgraded. Native title access agreements were executed for the Burke Uranium Project tenements however the application was withdrawn in order to allow for better utilization of resources. The Clarke River Uranium and Base Metals Project tenements (Mt Brown and Phantom Creek) are being prepared for next field season's reconnaissance programs. Mt Brown was being managed under Farm-in by Southern Uranium, who have since withdrawn. The Julia Creek Uranium Project tenements have been sufficiently tested and are being prepared for relinquishment.

Business development activities continued to progress during the year, with a large number of opportunities reviewed. Most were considered of no accretive value and were not pursued. Strategically targeted opportunities continue to be developed, especially focussed on the coal, coal bed methane, iron ore and gold sectors. A review of coal and coal bed methane areas in Australia was undertaken and the Bacchus Marsh brown coal deposit secured. Further opportunities in the coal sector are under development.

Subsequent to the end of the financial year the Company announced that it had applied for two Exploration Licences for Coal at the southern Queensland border town of Texas. These tenements are closely located to known historic coking coal deposits and exciting new thermal coal discoveries.

The addition of the Texas Coal Project brings an impressive balance and development upside to our project portfolio, which now includes three gold projects (two with JORC Resources[1&2]), three coal projects (two with large Exploration Targets[3&4]), and three uranium/phosphate/base metals projects.

Overall, the Board considers Mantle to be well positioned, considering the negative economic impact endured in the prior year. The Company has refocussed its efforts on higher priority projects containing either gold, or coal and coal bed methane deposits that can potentially be progressed more effectively than green field exploration areas.

Substantial upside resides in the two gold deposits at Granite Castle and Charters Towers and the two coal deposits at Trafford and Bacchus Marsh. Haunted Stream is also considered a high priority exploration area for gold and base metals deposits.

By a strict and continued focus on cash management and a focussed progression of exploration on key deposits, the Company is confident that the 2010/11 financial year will yield accelerated recovery in the Company's overall market capitalisation.

With your continued support, the Board looks forward to continuing the pursuit we began four years ago to develop Mantle into an emerging mining company with quality resources in key, strategically positioned mineral commodities.

Best regards

Ian Kraemer
Managing Director
Mantle Mining Corporation Limited

Note on Competent Persons Statements:

Throughout this Report, statements relating to the Joint Ore Reserve Committee (JORC) Code are footnoted according to the following numbering system, with all Resource Base and Exploration Target details and associated Competent Persons Statements found at the end of the Director's Report.

1. *Granite Castle JORC Resource Base and Exploration Target*
2. *Charters Towers (Great Britain) JORC Resource Base*
3. *Trafford (Mt Mulligan) Coal Exploration Target*
4. *Bacchus Marsh Coal Exploration Target*

DIRECTORS' REPORT

Your Directors present their report for the year ended 30 June 2010.

DIRECTORS

Mr Ian Kraemer - Managing Director
Mr Stephen de Belle - Non-Executive Director
Mr Peter Anderton - Non-Executive Director

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

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

Mr Martin Blakeman - Non-Executive Chairman

Qualifications: BEc.
Appointed 26 Nov 2003

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 25 years' experience at board level in junior 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), and Kagara Ltd (now Kagara Zinc Ltd), retiring from Harmark and Kagara in 1999 after 16 years' 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 the acquisition of a substantial tenement package in the eastern highlands of Victoria and central north Queensland, and its successful 2006 listing on ASX. Martin oversaw the acquisition of the Mt Mulligan project in 2007 and remains Chairman of the Company.

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

Company	Commenced	Ceased
Newera Uranium Limited	1 Mar 2006	–
Carbon Energy Limited (formerly Metex Resources Limited)	2 Sep 1992	14 Feb 2008

Mr Ian Kraemer - Managing Director

Qualifications: BSc MSc FAusIMM
Appointed 4 Feb 2008

Ian has an extensive background in the resources sector with over 20 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, reporting directly to the Chairman of Thiess.

Ian first commenced his mining career in 1980 as a cadet Coal Mine Manager in Queensland. During the following 8 years he held various line management positions culminating in the appointment of Relieving Underground Coal Mine Manager at Moura. In 1987, Ian left Moura and relocated to the USA where he completed Bachelor's and Master's Degrees in Mining Engineering at Columbia University in NYC. He then accepted the position of Director Operational & Strategic Planning for Pittston Coal & Minerals (15 coal mines in USA and 2 metal mines in Australia) followed by a transfer back to Australia as Director Australasian Business Development.

Ian holds 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 ASX Listed companies other than Mantle Mining Corporation Ltd.

Mr Stephen de Belle - Non-Executive Director

Qualifications: MSc MTCP BA
Appointed 3 Jul 2006

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.

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

Company	Commenced	Ceased
Midwest Corporation Limited	10 Apr 2003	29 Jan 2009
Finders Resources Limited	27 Nov 2004	-

Mr Peter R Anderton - Non-Executive Director

Qualifications: BSc MAusIMM
Appointed 26 Nov 2003

Peter has over 25 years' professional geological experience including 12 years with major mining companies. He is a founding Director of Mantle Mining Corporation Ltd.

Peter has specialised in gold and base metals mining and exploration, but also has significant experience in tin and nickel. He has held Senior Geologist positions at a number of mines as well as the Chief Geologist position at Tindals Gold Mine. Since 1988, he has been contracting and consulting to the mining and exploration industry in a senior capacity. Companies with which he has had extensive involvement include WMC, MPI, Normandy and KCGM.

Over the past three years Peter has not held directorships with any ASX Listed companies other than Mantle Mining Corporation Ltd.

Interests in the shares and options of the Company

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

Name	Number of ordinary shares	Number of options over ordinary shares
Mr M Blakeman	16,166,781	1,520,459
Mr I Kraemer	161,220	253,438
Mr S de Belle	4,151,345	682,500
Mr P Anderton	3,877,521	125,000

COMPANY SECRETARY

Mr Winton Willesee - Company Secretary

Qualifications: BBus DipEd PGDipBus MCom FFin CPA MAICD

Winton is an experienced Director and Company Secretary in the small capitalisation sector of the ASX and brings to Mantle a broad range of experience in company administration, corporate governance and corporate finance.

Winton has a Master of Commerce, Post-Graduate Diploma in Business (Economics and Finance), a Diploma in Education and a Bachelor of Business. Winton is a Fellow of the Financial Services Institute of Australasia and a member of CPA Australia.

Winton is currently a Director of Base Resources Limited, Future Corporation Australia Limited and Newera Uranium Limited. He is currently the Company Secretary of Base Resources Limited, Boss Energy Limited, Future Corporation Australia Limited, Greenvale Mining NL and Newera Uranium Limited as well as Joint Company Secretary of Uran Limited and Tawana Resources NL.

OPERATING RESULTS

The loss of the consolidated entity for the year ended 30 June 2010 after providing for income tax amounted to \$660,503 (2009: \$1,618,686).

FINANCIAL POSITION

The net assets of the Company are \$9,013,486 as at 30 June 2010 (2009: \$8,138,300).

PRINCIPAL ACTIVITIES AND SIGNIFICANT CHANGES IN AFFAIRS

Mantle Mining Corporation Ltd's principal activities are to acquire mineral tenements and to explore for deposits of precious metals (gold and silver), base metals (copper, lead, nickel and zinc), fossil fuels (coal and coal bed methane) and energy minerals (uranium and phosphate).

The Company's intention is to locate economically developable deposits and progress them into operation. 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 there have been no significant changes in the affairs of the Company.

REVIEW OF OPERATIONS

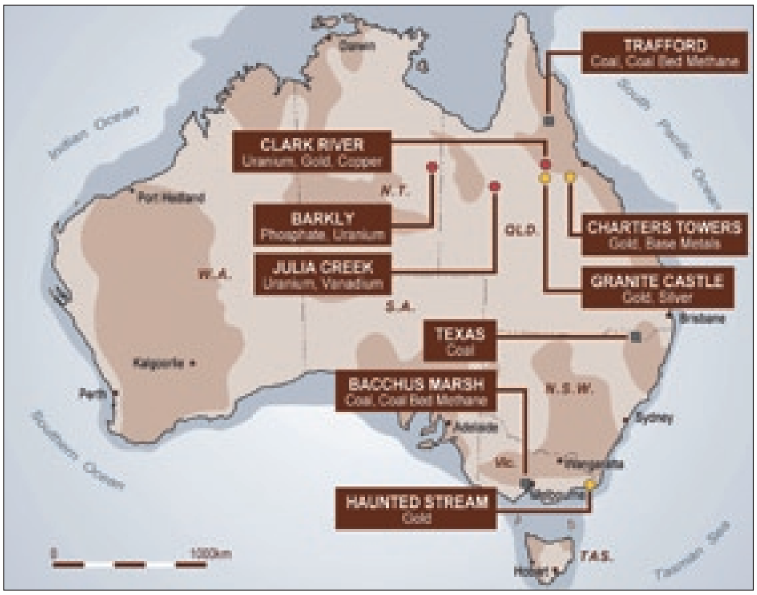


Figure 1: Mantle Mining project locations.

QUEENSLAND TENEMENTS

Granite Castle Gold and Silver Project

The Granite Castle Project is located in North Queensland, 165km west of Charters Towers and 90km north of Hughenden (Figure 2).

Figure 2: Mantle Mining gold project locations.

The project consists of two granted exploration permits; EPM 14179 (Range Creek) and EPM 15527 (Oaky Creek). Two main prospect areas are being explored at Granite Castle; the Granite Castle resource area and the Tag Alley prospect (Figure 3).

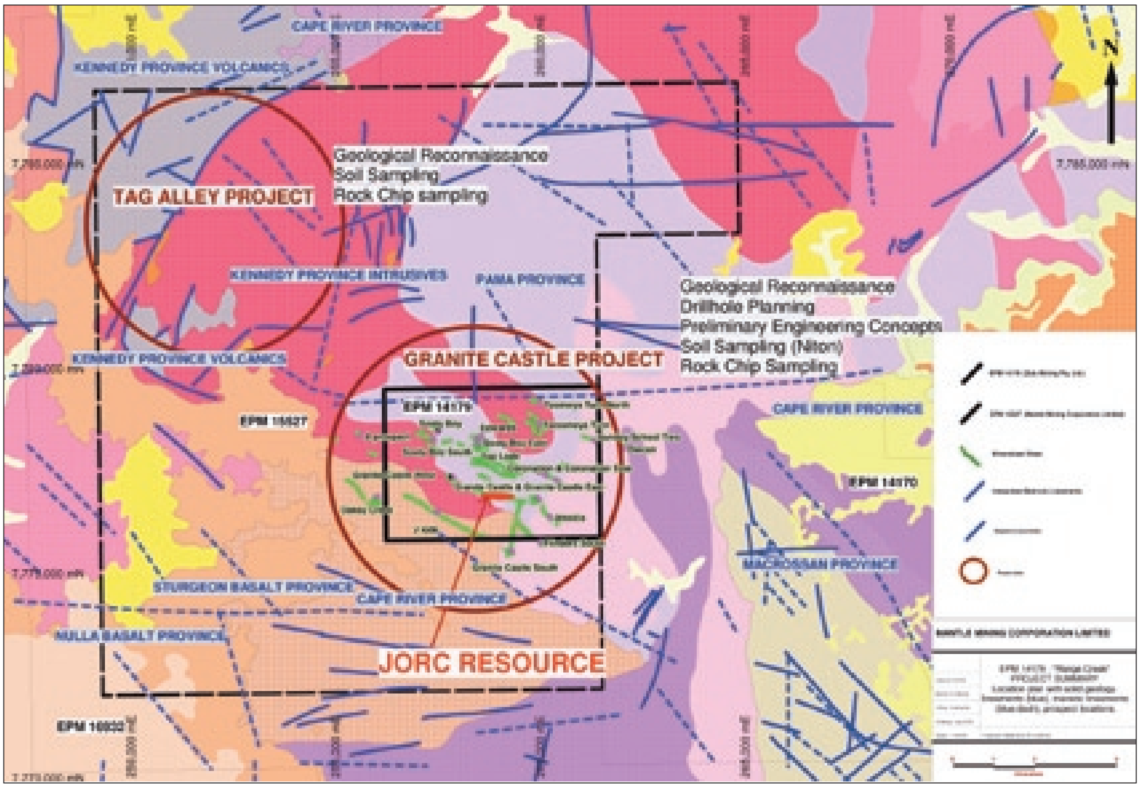


Figure 3: Granite Castle project regional geology and prospect work areas.

EPM 14179 Range Creek

Granite Castle contains a JORC Code Compliant (Measured, Indicated and Inferred) gold and silver Resource1 hosted solely in the single Granite Castle shear. The geologic model of the Granite Castle resource base is relatively simple with the majority of the resource extending from surface, sub-vertically to 150m depth (Figure 4).

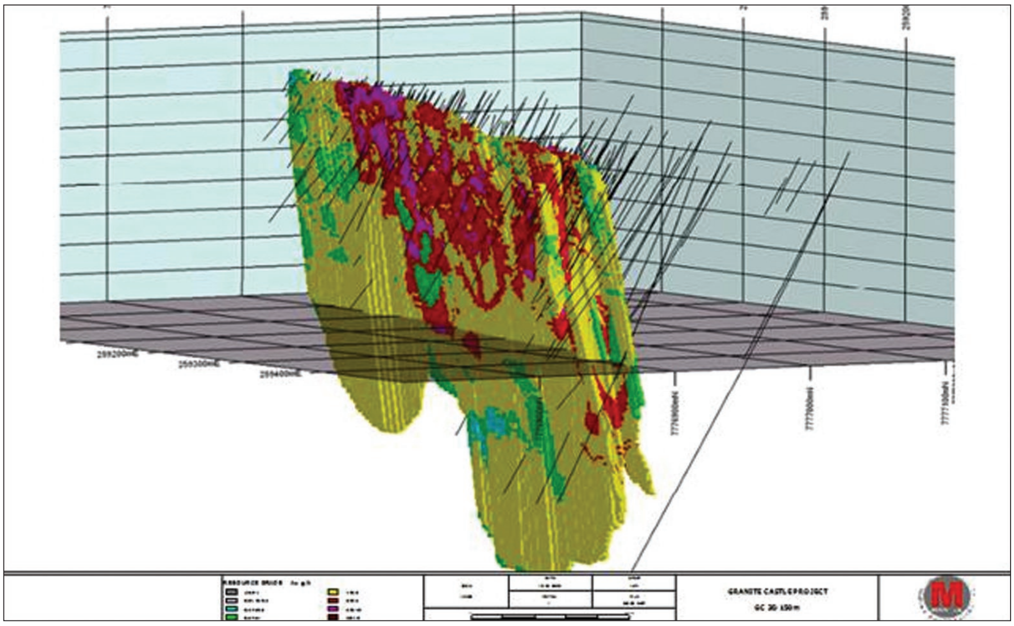


Figure 4: Granite Castle JORC Compliant Resource model (Red = 3-5g/t, Pink = 5-10g/t Au).

The resource occupies 600m of strike length of the Granite Castle shear however the shear itself can be traced on surface for over 1km to the west and 200m east from the edges of the resource. The project area contains a large swarm of gold-silver mineralised shears with over 7km of shears identified to date. These additional shears are exposed at surface, in close proximity to and semi parallel to the existing Granite Castle shear (Figure 5).

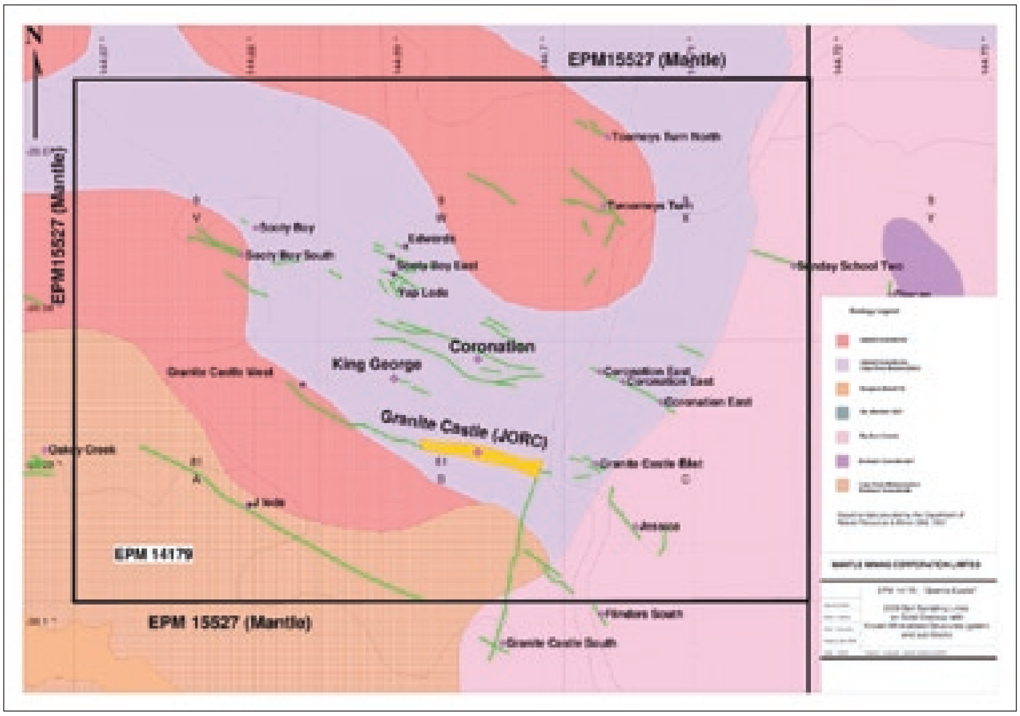


Figure 5: Extent of recognised mineralised shears (green) and location of the resource base.

Where drilled, holes have confirmed the presence of shear-hosted gold mineralisation below these surface outcrops. It is apparent that there is excellent potential to deliver a major expansion of the existing resource base at Granite Castle by targeting drilling on multiple mineralised shears at shallow depths up to 100m below surface.

During the year the Company was granted a three year tenement renewal, pleasingly with no relinquishments required during that time. Site reconnaissance work was undertaken and preparations initiated for a drill program to test the next most prospective shears.

EPM 15527 Oaky Creek

The Oaky Creek tenement is contiguous with and surrounds the northern, western and southern boundaries of the Range Creek tenement. Literary searches found wide, low grade, gold intercepts from previous drilling at Tag Alley. Although low grade, the intervals imply a significant alteration system.

The Granite Castle area shear swarm sits near a site of structural complexity on the SE side of what appears to be a major circular intrusive feature. Tag Alley appears to sit to the NW of the same circular intrusive. Lineament interpretation from regional aeromagnetics has been completed over the entire Granite Castle project area and Tag Alley appears to sit along strike on the same lineaments as the Granite Castle shear swarm (Figure 6).

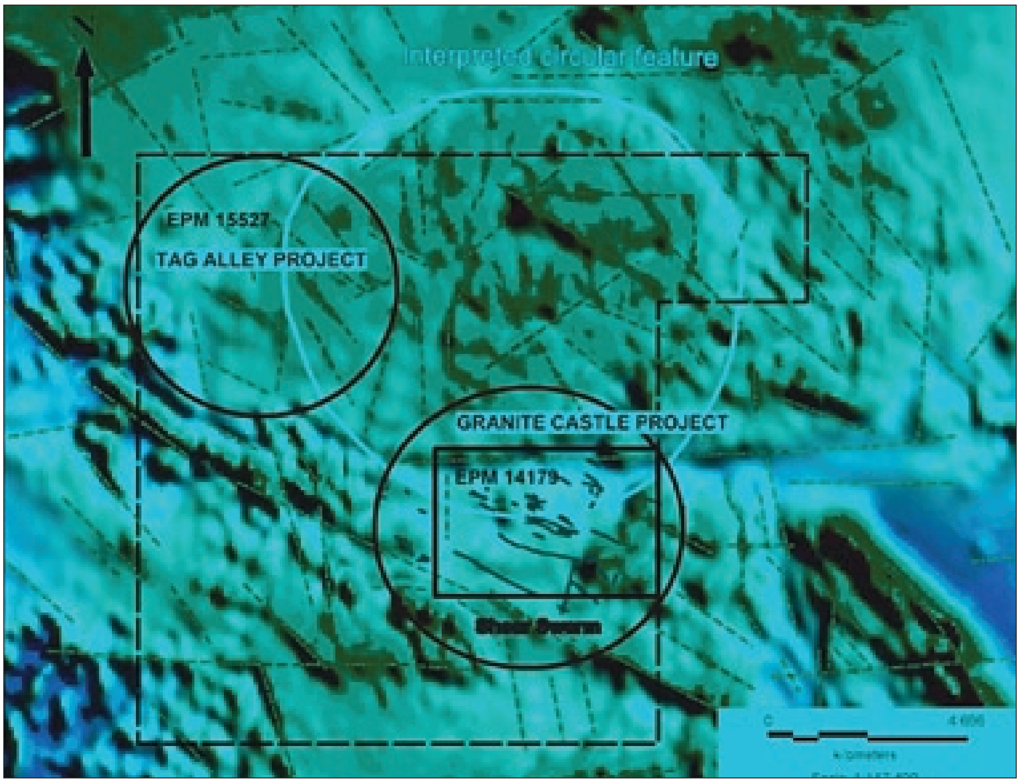


Figure 6: Granite Castle regional magnetics, interpreted lineaments and shear locations.

Field reconnaissance identified several large areas of altered granite and pyritic tuff breccia systems in areas approximately 1 km to the north, 2 kms to the west and 3 kms to the south of Tag Alley, and field mapping and soil sampling defined significant gold - arsenic - base metals anomalies.

The gold mineralization at Tag Alley is also structurally controlled and occurs in volcanic sequences that appear to overlie the host granites at Granite Castle. It is possible that the gold mineralization at both locations may be related and reflect the upper portions of a larger scale mineralized porphyry system at depth. The Company is planning further reconnaissance, soils sampling and modelling work at Tag Alley to coincide with the drilling program at Granite Castle.

Charters Towers Gold and Base Metals Project

Mantle's Charters Towers Project consists of two granted tenements, EPM 14388 Charters Towers, and EPM 14604 Granny's Swamp.

EPM 14388 Charters Towers

EPM 14388 is strategically located around the township of Charters Towers, immediately adjacent to Citigold's (ASX: CTO) main tenement holdings. Total historic production from the Charters Towers goldfield is over 9 million ounces. The tenement contains two main project areas; Great Britain and Gromac/Puzzler, as well as the Southern Cross Block which contains a number of historic mines which are the subject of ongoing evaluation (Figure 7).

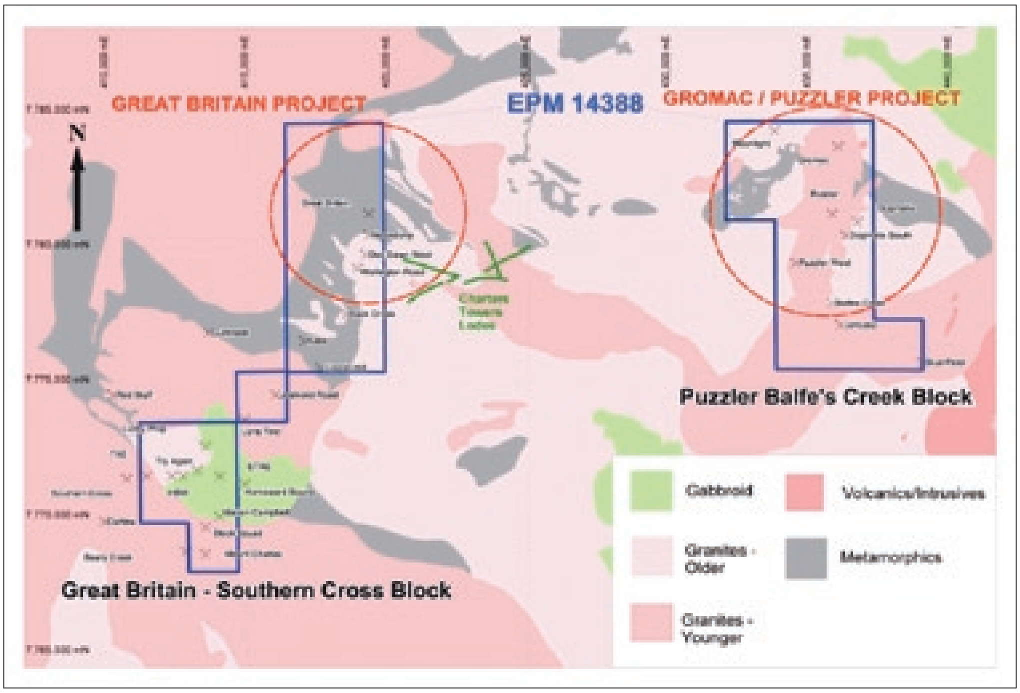


Figure 7: EPM 14388 location with historic mines on surface geology.

The Great Britain project area is the Company's main area of focus as it contains a JORC Code Compliant Inferred gold Resource2. The area also contains the Day Dawn West mine area.

The geological model for Great Britain is relatively simple with mineralisation hosted in three shallowly dipping lenses that sub-crop just below the surface (Figure 8).

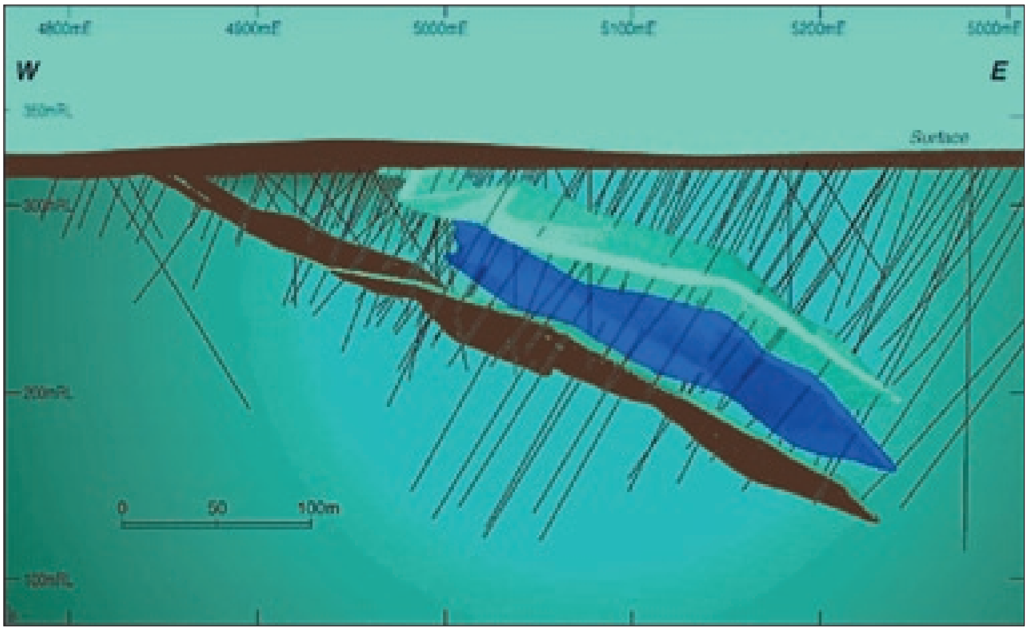


Figure 8: Great Britain resource geologic model in section view.

Since acquiring the Charters Towers tenement the Company has drilled an additional 51 drill holes totalling 3780 metres. This work aimed to further define the Great Britain deposit by testing for possible extensions, and close off gaps, to the NW and SE of the intensively drilled areas enabling refinement of the lateral and down dip extents. This drilling appears to have added incrementally to the overall extent of the alteration envelope and contained mineralisation.

Initial interpretation of the recent drilling data has also raised the potential for possible (sub) vertical NE-NNE trending structural loci for higher grade mineralisation within the overall stratiform shallow dipping mineralised envelope. This interpretation also queries the relevance of two NE trending bounding structures that have been thought to close off the deposit. It is therefore possible that the Great Britain deposit remains open to the SE, NW and NE.

During the year the Company began compilation of all historical and recent drilling into a digital database in order to more effectively understand the mineralisation geometry and structural fabric of the deposit. The database will provide for generation of a three dimensional representation of the deposit, commencing with the geology. Incorporation of the mineralisation into this framework shall facilitate preliminary design of pit shells and volumetric calculations. This conceptualisation will be used to design next step infill drilling with potential to concurrently upgrade both the resource base and the JORC Resource Category.

South of Great Britain are the historic Moondyne, Day Dawn West and Wellington Road mines.
These mines lie immediately to the west of Citigold's Day Dawn reef which is the most westerly of the five major historically mined reefs at Charters Towers. These historic reefs are currently the subject of evaluation by Citigold for major underground mine redevelopment (Figure 9).

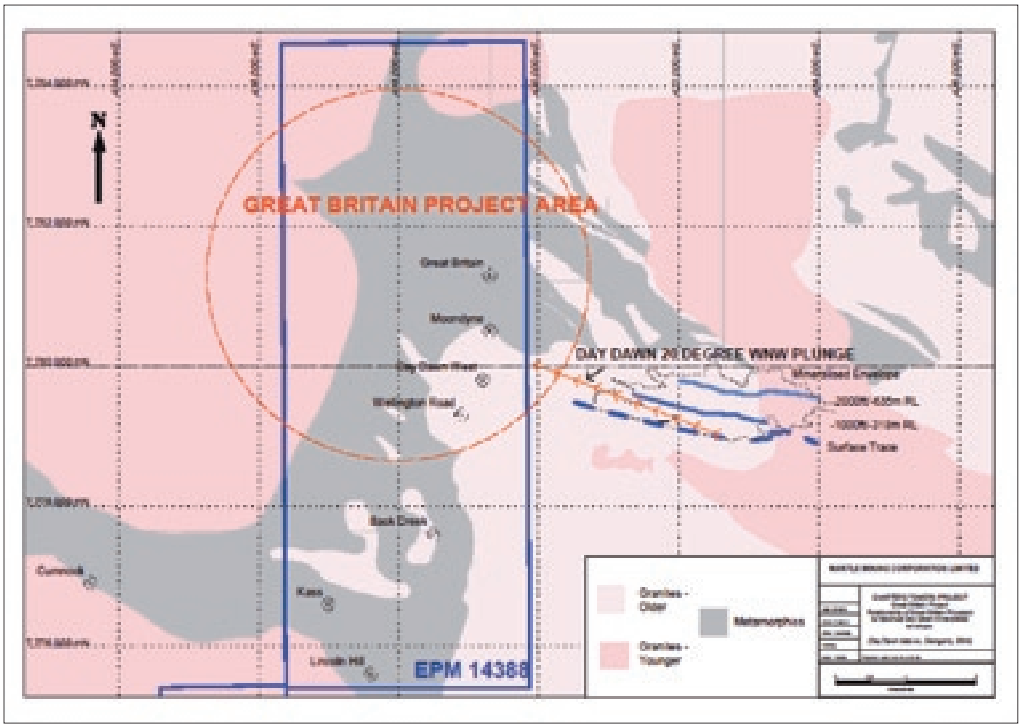


Figure 9: Relationship between Day Dawn West and the Day Dawn reef structure.

During the year review work began on the potential of these historic mines as they appear to have mined extensions of the Day Dawn reef structure. The review is intended to allow the Company to consider a first pass geophysical survey and develop drill targets to test for structurally controlled gold mineralisation in settings similar to those identified within the central Charters Towers goldfield.

The Gromac/Puzzler area is prospective for bulk tonnage disseminated deposits of copper, gold, silver and molybdenum. Drilling by Mantle late in 2008 intersected what appears to be the margin of a molybdenum copper porphyry system, intersecting widespread mineralisation from 77m to 148m at the end of drill hole 08PZD086 (Figure 10).

Figure 10: Gromac prospect drill core with zone of intense veining.

The Company is planning systematic geological mapping and soil sampling to be followed by a detailed geophysical survey in order to most effectively design follow-up drilling.

EPM14604 Granny's Swamp
Granny's Swamp was sufficiently tested in prior years and is being prepared for relinquishment.

Trafford Coal and Coal Bed Methane Project

EPC 772 and ATP 718P Mt Mulligan
Mantle's Trafford Coal and Coal Bed Methane Project consists of EPC 772 (Coal) and ATP 718 (Coal Bed Methane). The project is located at Mt Mulligan in far north Queensland approximately 100km west of Cairns (Figure 11).

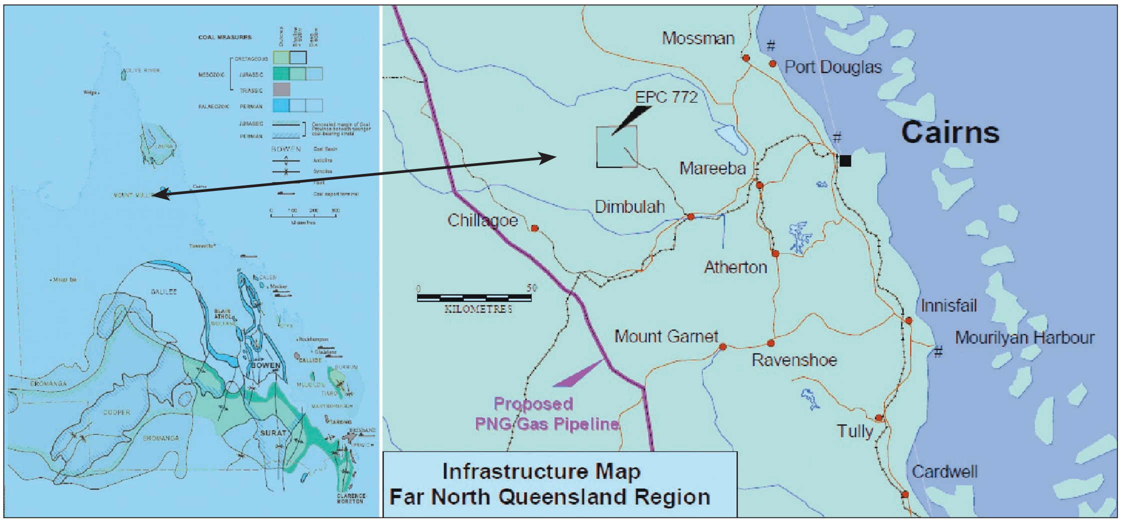


Figure 11: Location of Mt Mulligan (after Mutton, 2003) LHS, and local infrastructure RHS.

The tenements contain a large, historically mined deposit of primarily thermal coal. Mining at Mt Mulligan (Figure 12) ceased in 1957 due to the advent of competition from hydroelectric power generation and diesel power for locomotives. Insufficient exploration has been done to confirm the full extent of the deposit, however the Company considers that the Mt Mulligan deposit within EPC 772 contains an Exploration Target[3] of 100 to 500 Million tonnes of black coal.

Prerequisite to exploration activities within the Mt Mulligan tenements is an access agreement with the traditional custodians. Due to a high level of cultural significance of the Mt Mulligan area, Mantle approached discussions with the traditional custodians towards sensitive exploration and development of the natural resources within the tenements. The approach contemplates working in complete and equitable consultation on such aspects as cultural heritage awareness, site access, indigenous training, sustainable employment and resource development.

The Company is focused on coal seam gas development at Mt Mulligan to bring upgraded energy to market and, as a result of this initial low impact approach, has been able to progress very positive discussions towards an Indigenous Land Use Agreement (ILUA).

Figure 12: The Mt Mulligan mesa and surrounding landscape.

In 2007, Mantle subsidiary Trafford Coal Pty Ltd acquired an 87.5% interest in the Mt Mulligan tenements from Calcifer Industrial Minerals Pty Ltd following exercise by Trafford of an option granted by Calcifer. In 2008, Calcifer agreed to transfer the remaining 12.5% interest in the Mt Mulligan Tenements to Mt Mulligan Coal Pty Ltd, prior to Trafford purchasing of all of the shares in that Company. In 2008, Agreement in Principle was reached with the traditional custodians of Mt Mulligan and a full draft Indigenous Land Use Agreement (ILUA) was progressed.

In March 2009, Mantle received a Notice of Intention to Terminate the Agreement for the acquisition of the Mt Mulligan tenements. This third party claim caused a delay in finalisation of the ILUA and Mantle became aware that Calcifer was acting in a manner inconsistent with what had been agreed in relation to the transfer of Calcifer's interest in the Mt Mulligan Tenements.

In March 2010, Trafford and Mt Mulligan commenced proceedings against Calcifer in the Supreme Court of Queensland to enforce the agreement for assignment of the Mt Mulligan tenements.
Trafford and Mt Mulligan are claiming injunctive and declaratory relief.

In April 2010, Calcifer filed a "Notice of Intention to Defend and Defence", contending that conditions precedent to the sale of interests in the Mt Mulligan Tenements were not satisfied. Mantle's position is that the conditions precedent were waived.

Clarke River Uranium and Base Metals Project

The Company's Clarke River Project consists of two tenements, EPM 15534 Phantom Creek, and EPM 15535 Mt Brown, both situated to the north of Charters Towers in Queensland (Figure 13).

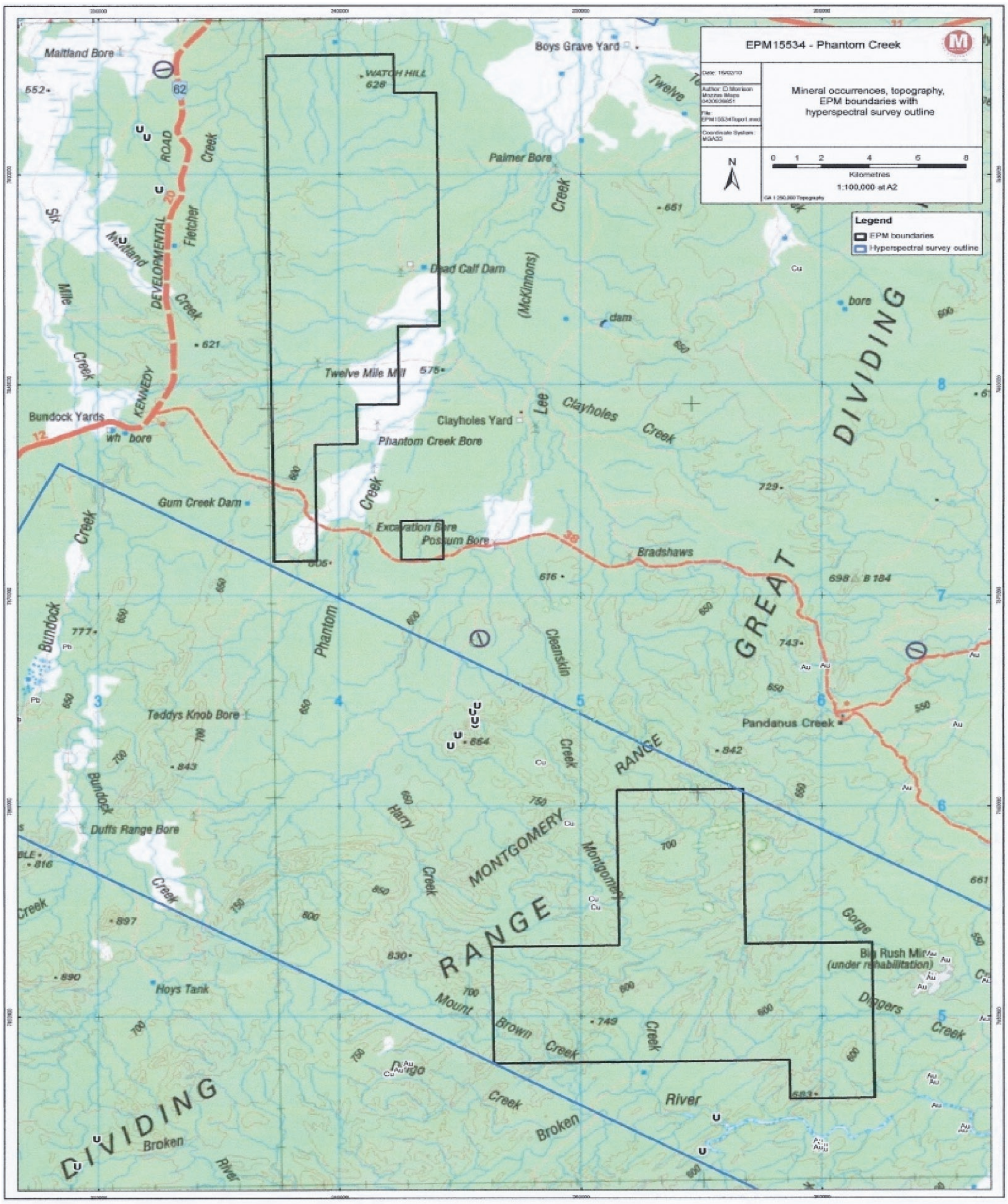


Figure 13: Clarke River Project tenement locations on surface topography map.

EPM 15534 Phantom Creek

Phantom Creek is located strategically over a major structure and prospective stratigraphy just to the south west of Kagara's (ASX: KZL) Balcooma Copper Project. Phantom Creek is almost completely unexplored by modern techniques yet lies in a highly prospective base and precious metals province.

EPM 15535 Mt Brown

Mt Brown EPM 15535 covers an area of approximately 140km^2 and is located approximately 60km southwest of the town of Greenvale, between Charters Towers and Georgetown. The area covers geology with potential for volcanic-hosted uranium deposits as exampled in the region at Ben Lomond and Maureen. Mt Brown is located immediately east of Southern Uranium's Pandanus West project, a joint venture with Epsilon Energy Ltd (Figure 14).

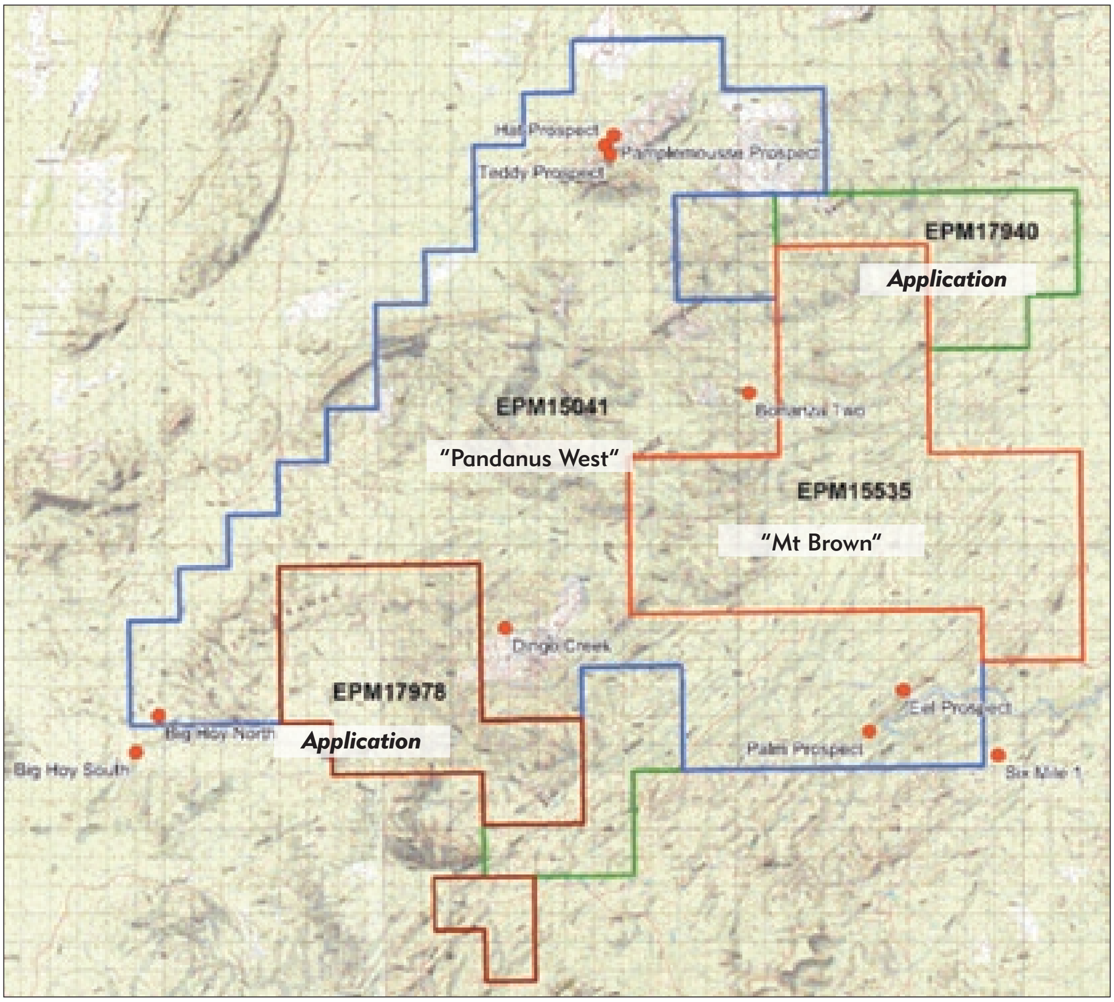


Figure 14: Mt Brown location with uranium occurrences as red dots.

During the year, the Company entered into a farm-in and joint venture agreement with Southern Uranium Limited (ASX Code: SNU) to explore for all minerals on Mantle's EPM15535 (Mt Brown). The joint venture agreement requires Southern Uranium to make an initial payment of A$25,000 to Mantle and to expend A$175,000 in the first two years to earn 51% interest in the Mt Brown joint venture. Southern Uranium may spend A$200,000 in a further two years for an additional 19% interest. Exploration at Mt Brown will be managed by Southern Uranium.

Extensive past exploration in the Mt Brown joint venture area did not focus on uranium but provides a range of geophysical and geochemical data. Several priority areas have been selected from radiometrics for initial uranium focus. Southern Uranium is planning field geological surveying and spectrometer traverse in the first exploration phase.

Burke Uranium Project

EPM 16878 Eight Mile Creek and EPM 16880 Lagoon Creek

The Company's Burke Project tenements are located to the north west of Laramide Resources' (TSX: LAM) Westmoreland deposit, in the Gulf of Carpentaria in North Queensland (Figure 15).

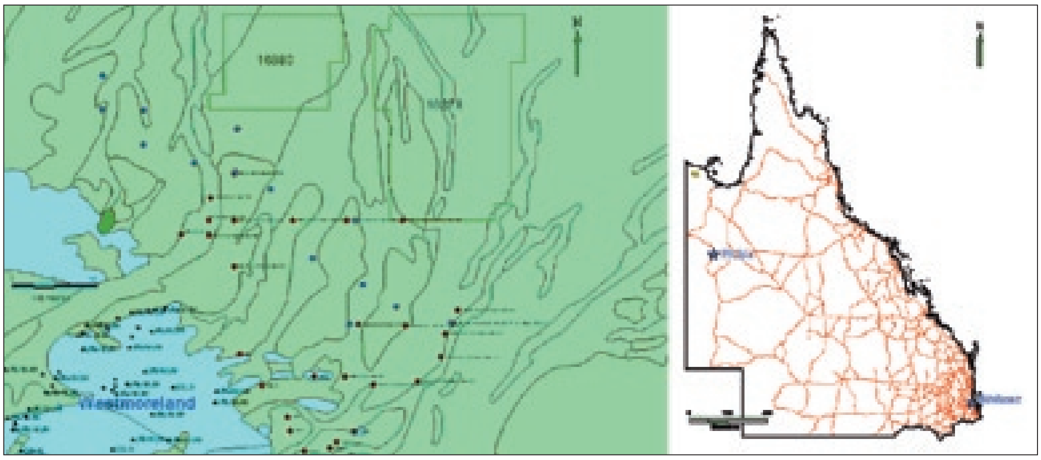


Figure 15: Burke Uranium Project location plans with historic drilling.

The Westmoreland deposit is one of the 10 largest uranium deposits in Australia. The deposit type is of fault controlled redox fronts within sediments which lie directly above a source rock.

During the year, the Company negotiated an Access Agreement with the traditional custodians of the area. All outstanding matters in relation to these applications have now been completed and the Company is awaiting the final undertaking letter to allow the tenements to proceed to grant.

Julia Creek Uranium and Base Metals Project

EPM 15537 Holy Joe's Creek and EPM 15538 Gidya Creek

The Company's Julia Creek Project tenements, EPM 15537 Holy Joe's Creek and EPM 15538 Gidya Creek, are located between Townsville and Mt Isa in North Queensland (Figure 16).

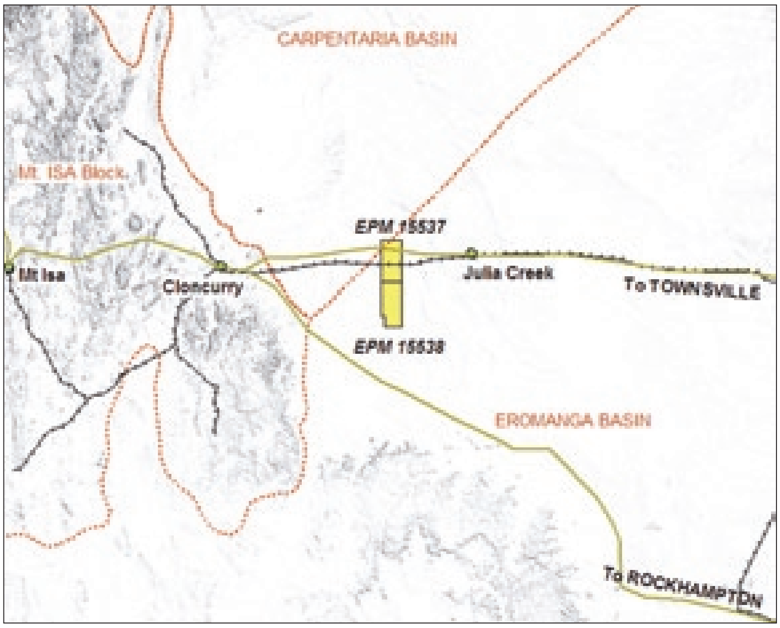


Figure 16: Julia Creek Project location plan.

Drilling in prior years by Mantle downgraded the perceived prospectivity of these tenements and both are being prepared for relinquishment.

VICTORIAN TENEMENTS

Haunted Stream Gold and Base Metals Project

EL 3576 Haunted Stream and EL 4784 Mt Baldhead

The Haunted Stream Gold Project is located in Victoria's East Gippsland region (Figure 17).

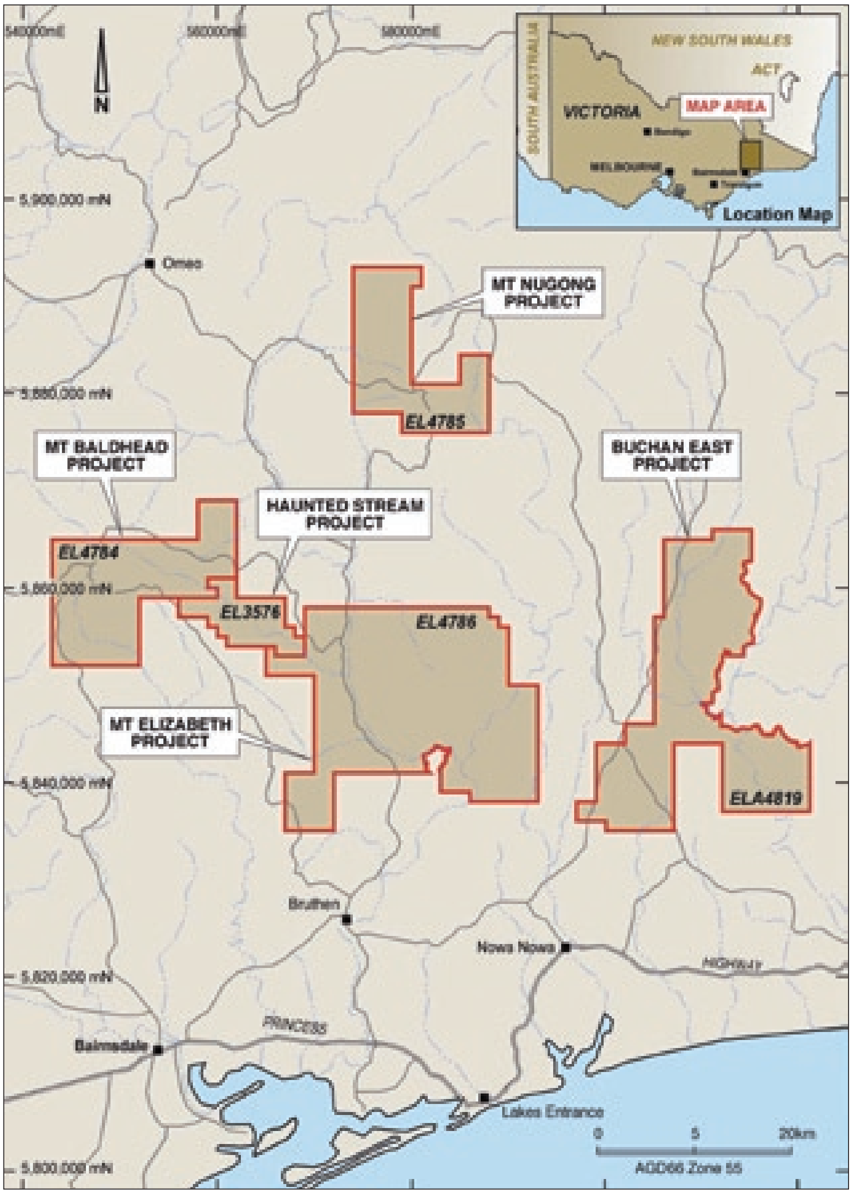


Figure 17: Haunted Stream Gold Project location.

Haunted Stream is a high grade, historic, gold field concentrated along the Haunted Stream fault and in close proximity to magnetic intrusions. The tenements contain literally hundreds of old workings. The Company is exploring for areas offering potential for broad zones of disseminated sulphides or large stock-works containing gold and/or copper mineralisation with potential for bulk mining and extended mine life. Following the major bushfires of late in 2006 / early 2007, Company field crews uncovered well over 200 previously unknown historic workings on the goldfield, including a number of mines of reasonable scale (Figure 18).

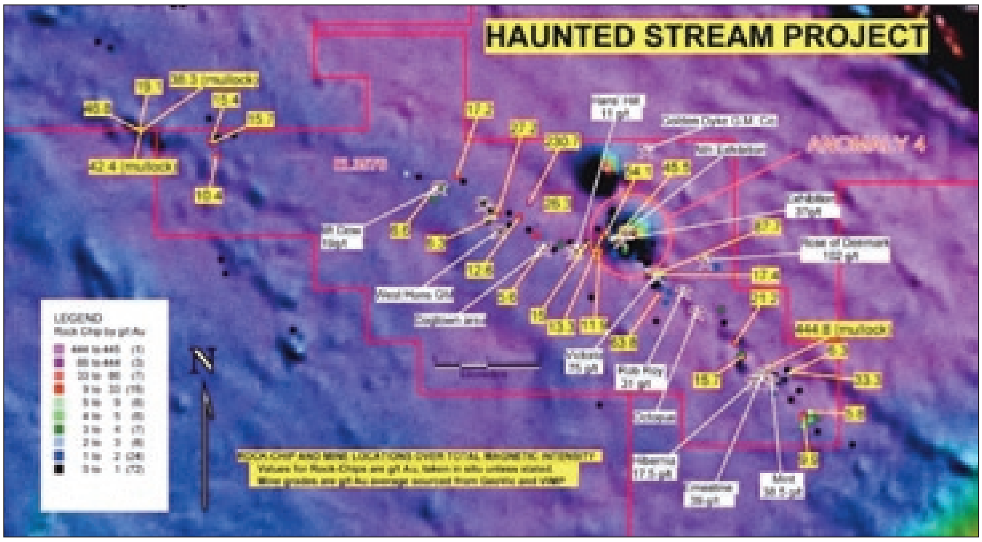


Figure 18: Project plan showing Anomaly 4, and historic mines

Subsequent field wide mapping and rock chip sampling programs led the Company to undertake the first and only known modern drilling within the goldfield. These programs confirmed the underground extent of several of the biggest of the mines was far greater than originally thought, leading to a view that much larger deposits exist, but are yet to be uncovered. The probability of finding a large feeder system and/or bulk-tonnage mineralisation is considered relatively high.

During the year, Mantle undertook follow-up ground magnetics programs over Anomalies 3, 4, 5 & 7 at Haunted Stream. The results re-confirmed Anomalies 3 and 4 as high priority drill targets with potential to contain a large bulk tonnage mineralised system which historically may have acted as a feeder system to the myriad of local high grade workings (Figure 19).

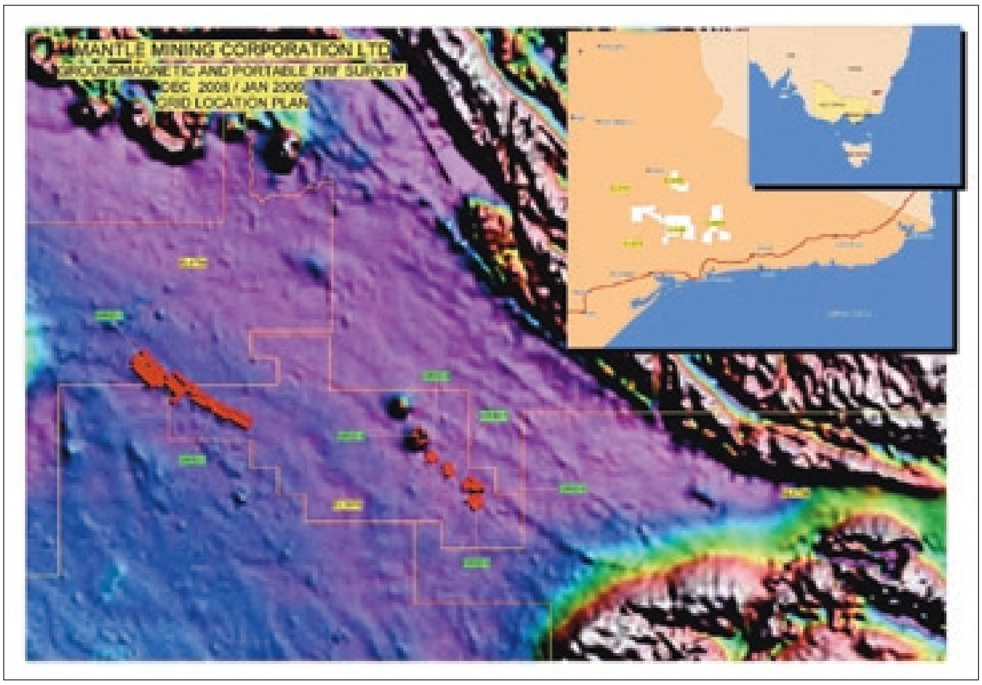


Figure 19: Haunted Stream Gold Project ground magnetics grids in red.

The intensity of the magnetic response, the structural setting of Anomaly 4, the very large number of high grade gold workings and the fact that a number of historic workings sit over the top of magnetic Anomaly 4, provided strong focus for carefully targeted deep drilling. Three dimensional magnetic models were generated using UBC 3D Inversion software and drill hole designs were selected to test the mineralisation potential of Anomaly 4 (Figure 20).

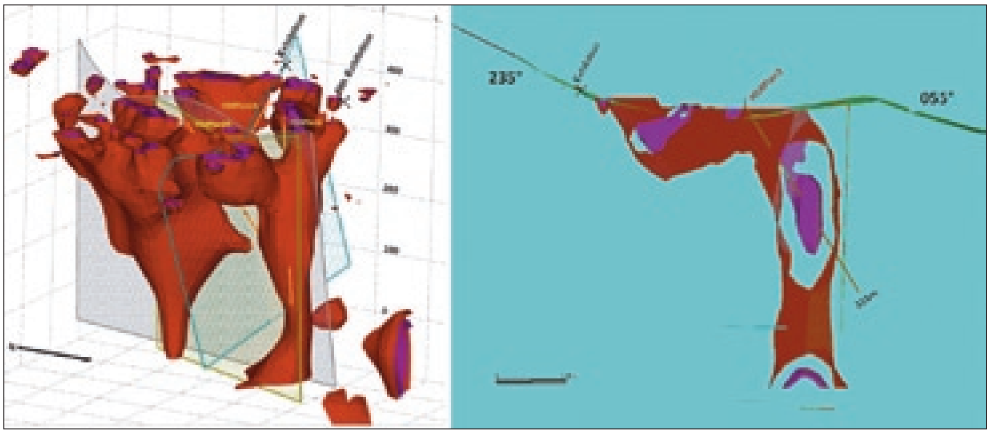


Figure 20: 3D representation and section view of magnetic target areas.

The Company was awarded a $45,000 Rediscover Victoria Drilling (RVD) grant from the Victorian Department of Primary Industries to assist with drilling costs at Anomalies 3 and 4. Drilling commenced in April 2010 (Figure 21).

Drill hole HSD12 terminated at 427m after passing through a number of highly altered zones proximal to the contact between the intrusive and the sedimentary host rocks. Drill hole HSD13 terminated at 141m in a targeted fault zone.

Figure 21: Drill rig set over drill hole HSD12 (LHS) and drill hole HSD13 (RHS) at Anomaly 4.

ML 5505 Dogtown

The Company was awarded priority over an application towards grant of Mining Licence ML 5505 (Dogtown) within the Haunted Stream exploration tenement. An access agreement was successfully negotiated with the traditional custodians and executed by all parties including the relevant state government department. The License is now pending final grant.

EL 4785 Mt Nugong, EL 4786 Mt Elizabeth and EL 4819 Buchan East

These tenements are currently under application, awaiting grant.

Bacchus Marsh Coal and Coal Bed Methane Project

EL 5294 Bacchus Marsh

During the year, the Company was granted priority over an application for Exploration Licence EL 5294 at Bacchus Marsh. The project is located in the northern extremity of Victoria's Otway basin, specifically the north-western tip of the Parwan sub-basin approximately 120km west of Melbourne. The area contains a large, historically mined deposit of brown coal (Figure 22).

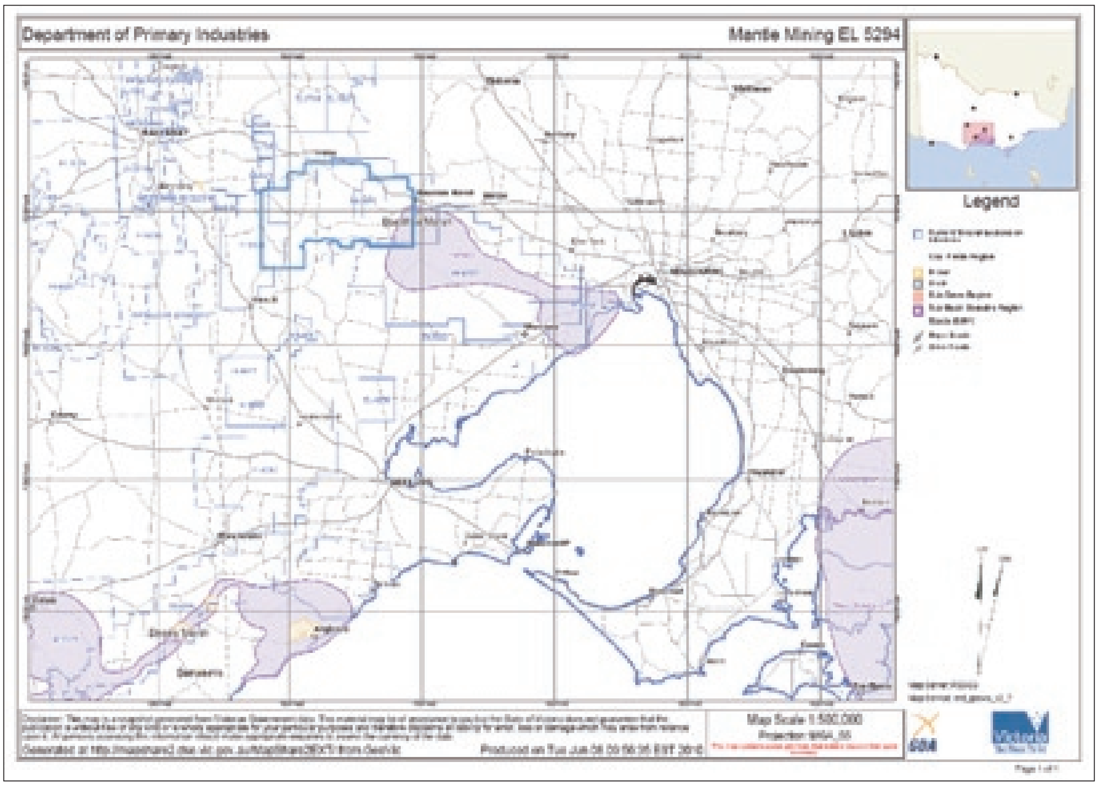


Figure 22: Bacchus Marsh Coal Project location.

Mantle believes that EL 5294 could contain an Exploration Target[4] of between 1 and 2 Billion tonnes of brown coal of a quality comparing favourably with other coals in Victoria.

NORTHERN TERRITORY TENEMENTS

Barkly Phosphate and Uranium Project

The Barkly Phosphate and Uranium Project is located in the Georgina Basin in the Northern Territory, between Minemaker's (ASX: MAK) Wonarah and Phosphate Australia's (ASX: POZ) Highland Plains deposits. POZ's Alexandria, Alroy and Buchanan Dam occurrences also sit nearby Mantle's project area (Figure 23).

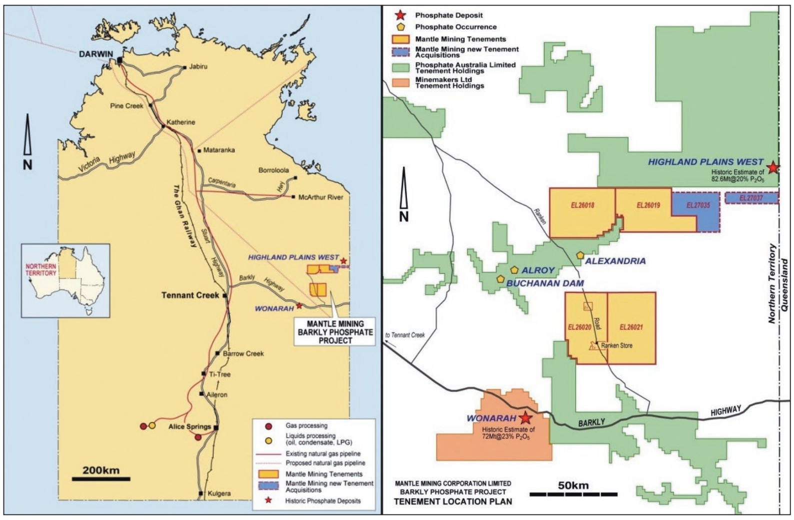


Figure 23: Barkly Phosphate project location and infrastructure plans.

EL 26018 Mittiebah, EL 26019 Mitchiebo, EL 26020 Alexandria, EL 26021Lignum, EL 27035 Carrara Bore and EL 27037 Boomerang Creek

The Company holds 5 granted Exploration Licences and during the year was granted its 6th Exploration Licence, EL 27037, for an initial 6 year period. This consolidated 5,387km^2 under Company control.

During the year, the Company undertook a 1,965m, 36 hole, Reverse Circulation (RC) drilling programme (holes to nominally 60m deep) on a wide (5 to 10km) spacing. The broad spacing was chosen in order to define prospective phosphate stratigraphy and to allow for the most effective relinquishment of areas of low prospectivity (Figure 24).

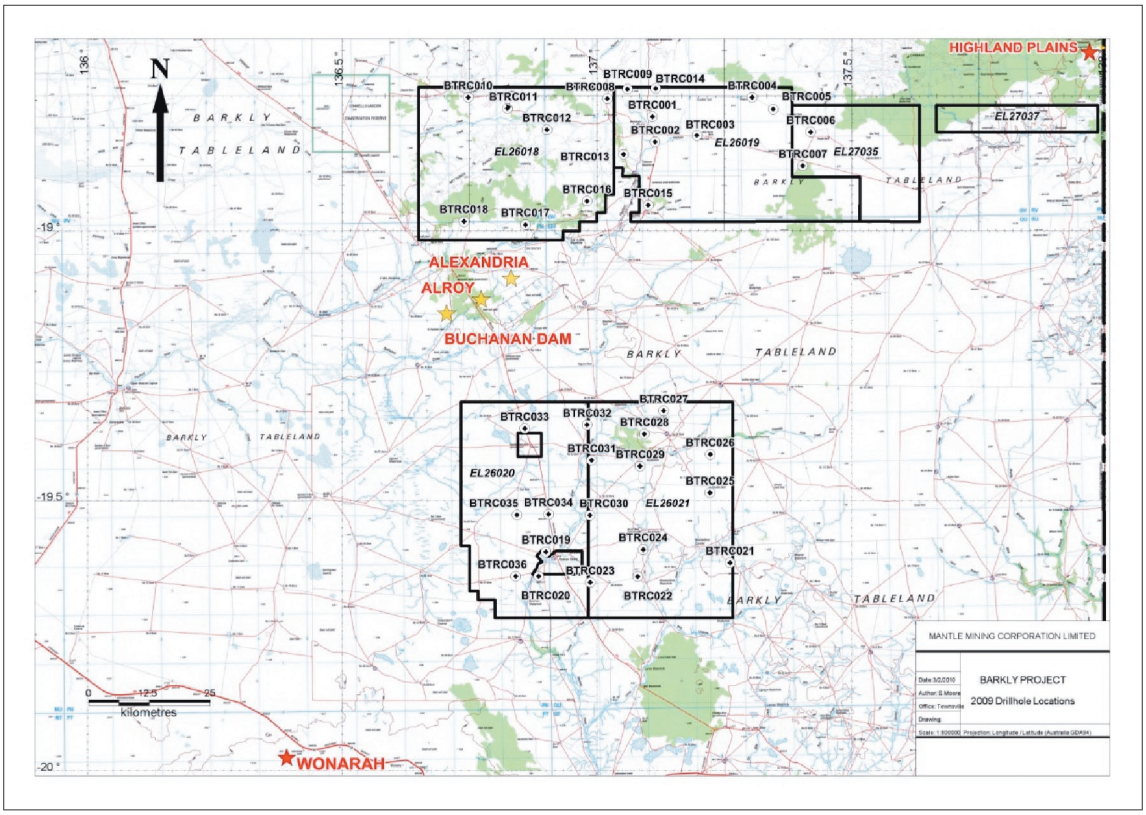


Figure 24: Final drill hole locations on topographic image.

During the drilling program a field portable X-Ray Fluorescence (XRF) machine returned high grade Phosphorous readings on the southern 2 tenements, however subsequent laboratory analysis yielded only trace amounts of Phosphate. A review was implemented in order to isolate and remedy the source of the discrepancy. The review confirmed that the laboratory results were correct, that field operating procedures for the portable XRF machine were effective and that the machine was delivering consistency in instrument error. The discrepancy in results was attributed to the effect of high levels of calcium from limestone-rich lithologies in the sedimentary sequences causing an interference with the phosphorous signature.

Some thick (7 - 31m) intervals of stratigraphic interest were located in the northern tenements, along the edge of the Mittiebah Ranges near historic holes reported to contain up to 13% P_2O_5. These intervals may represent fringes of, or channels to, lithologies related to the historic holes. ELs 27035 and 27037, which are located close the Phosphate Australia's Highland Plains Deposit, remain to be tested in future field programs (Table 1).

NORTHERN TENEMENTS EL26018, EL26019 and EL27035					
HOLE NO	DEPTH (m)	FROM (m)	TO (m)	INTERVAL (m)	P_2O_5 (%)
BTRC001	60	10	13	3	0.11
		27	28	1	0.11
		56	57	1	0.11
BTRC002	50				<0.10
BTRC003	50				<0.10
BTRC004	50				<0.10
BTRC005	45				<0.10
BTRC006	50				<0.10
BTRC007	50	14	15	1	0.20
		21	22	1	0.20
BTRC008	60	10	11	1	0.10
		13	**21**	**8**	**0.24**
		24	25	1	0.14
		29	**60**	**31**	**0.24**
BTRC009	50	8	9	1	0.22
		10	13	3	0.19
		14	17	3	0.37
		24	28	4	0.11
		44	47	3	0.11
BTRC010	35	15	16	1	0.10
		20	21	1	0.12
		28	29	1	0.17
BTRC011	50	24	25	1	0.13
		32	33	1	0.14
		41	42	1	0.16
BTRC012	50				<0.10
BTRC013	50				<0.10
BTRC014	50	23	24	1	0.13
BTRC015	50	21	22	1	0.10
		25	26	1	0.22
		31	**38**	**7**	**0.54**
BTRC016	41	14	15	1	0.16
		24	25	1	0.28
		32	33	1	0.10
BTRC017	35		Analysis	Pending	
BTRC018	60	37	38	1	0.20
		42	43	1	0.74
		51	**53**	**2**	**3.43**
		59	60	1	0.56

SOUTHERN TENEMENTS EL26020 and EL26021					
HOLE NO	DEPTH (m)	FROM (m)	TO (m)	INTERVAL (m)	P_2O_5 (%)
BTRC019	60	0	2	2	0.12
		4	5	1	0.19
		6	8	2	0.17
		55	56	1	0.11
BTRC020	58	41	42	1	0.10
		51	53	1	0.13
BTRC021	60				<0.10
BTRC022	60	40	41	1	0.14
BTRC023	60	5	6	1	0.13
BTRC024	60	35	37	2	0.12
		39	40	1	0.10
BTRC025	60				<0.10
BTRC026	60	17	18	1	0.10
BTRC027	60				<0.10
BTRC028	60				<0.10
BTRC029	61	58	60	2	0.13
BTRC030	60				<0.10
BTRC031	60	37	38	1	0.10
BTRC032	60				<0.10
BTRC033	60				<0.10
BTRC034	60	45	46	1	0.10
BTRC035	60				<0.10
BTRC036	60	57	60	3	0.13

Table 1: Laboratory analysis results highlighting stratigraphic and trace P_2O_5 indicators.

EL 27868 James River, EL 27869 Fairview Ridge, EL 27870 Bauhinia Ridge, and EL 27871 Blue Bush Swamp.
During the year, the Company applied for four additional exploration tenements strategically placed approximately 60km to the east of Minemaker's (ASX: MAK) Wonarah deposit. These areas are only 15km to the south-west of Mantle's existing project area and cover approximately 5,037km^2 (Figure 25).

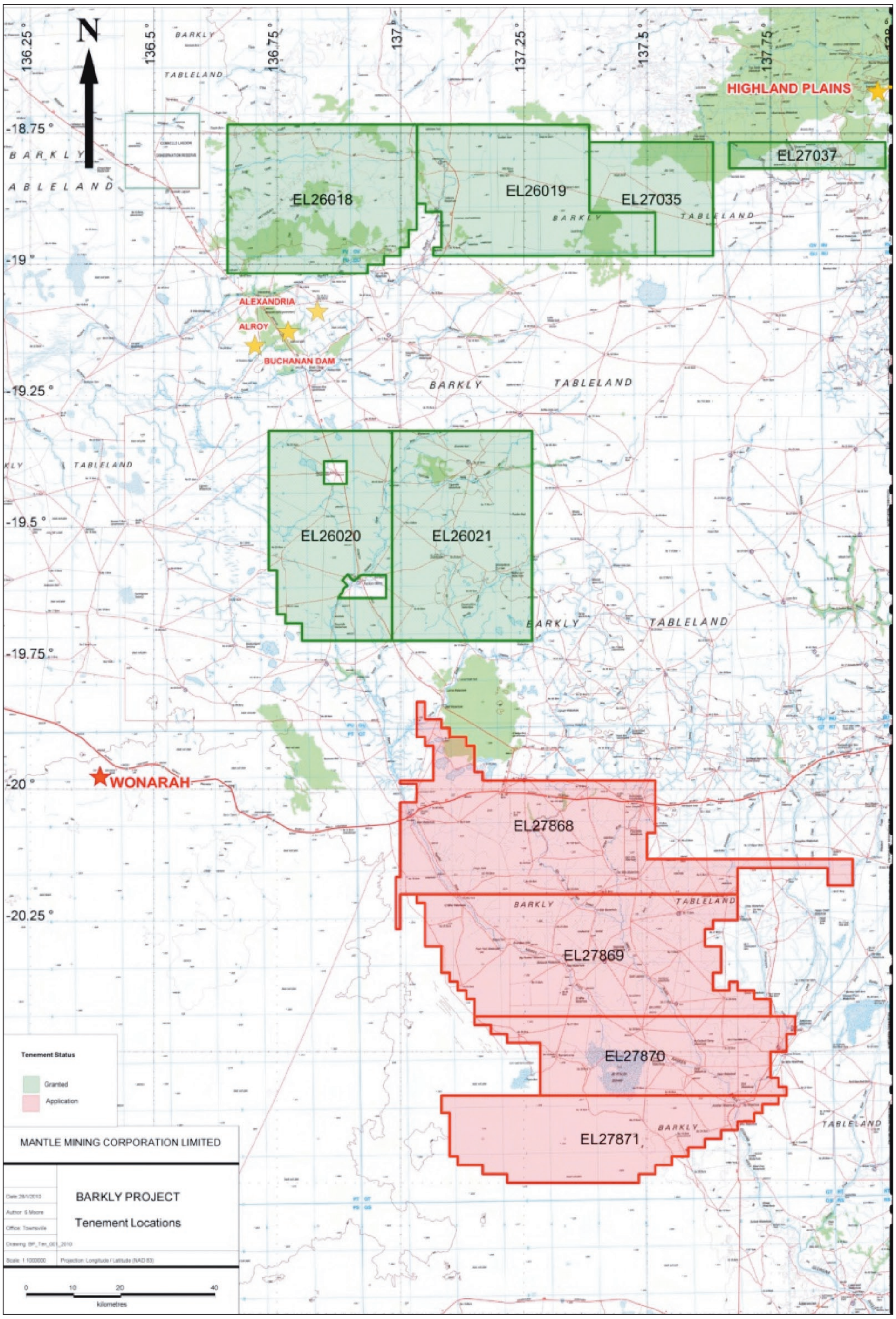


Figure 25: Existing tenement location plan with new application areas.

CORPORATE AND OTHER ACTIVITIES

During the year, with the assistance of its corporate advisor, Cygnet Capital Pty Ltd, the Company completed a $1,663,968 capital raising via a placement to Sophisticated Investors of $480,000, and a 1:4 non renounceable rights issue of $1,183,968.

This new capital was applied to existing exploration program, most specifically to accelerate drilling at Barkly Phosphate and Haunted Stream Gold, and to advance preliminary design work for next step drilling at the Granite Castle and Charters Towers (Great Britain) Gold Projects.

The Company reviewed a number of project acquisition opportunities, including gold projects, in Kazakhstan, Queensland, Victoria and Tasmania. The Company also undertook a high level review of coal bed methane leases in India. For reasons of either political and operational risk, or low perceived prospectivity, none of these opportunities were taken up.

The Company also undertook a grass roots review of available coal and coal bed methane areas in Queensland, New South Wales and Victoria. The Bacchus Marsh Project tenement was secured and is considered a major opportunity for the Company. The Company is currently in advanced stages of development of further opportunities in this sector.

The Company also began a review of potential iron ore acquisition opportunities in both Australia and offshore, in low sovereign risk domiciles. A number of prospects are under active review.

EXPENDITURE

During financial year 2009/10, Mantle re-emerged from the slowdown affected by economic conditions in the prior year. Corporate overheads were maintained at low levels yet work was progressed in key commodity areas. New funds raised were applied to scout and advanced exploration drilling.

This high proportion of expenditure "into the ground" is regarded by the Directors as a credible result and in line with Mantle's business objectives.

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.

AFTER BALANCE DATE EVENTS

Subsequent to the period, the Company announced the following:

- 2 July 2010, the Company announced that it had completed a drilling programme at the Haunted Stream Gold Project in Victoria.
- 16 July 2010, Mantle announced that it had been granted a five year renewal to its Exploration Permit EPM 14388 at Charters Towers.
- 23 July 2010, Mantle provided an update on the Mt Mulligan Supreme Court Action that its wholly owned subsidiaries had commenced against Calcifer Industrial Minerals Pty Ltd.
- 9 August 2010, Mantle announced that it had executed a non-binding Memorandum of Understanding (MOU) with Exergen Pty Ltd for development of Bacchus Marsh brown coal deposit in Victoria.
- 12 August 2010, Mantle announced the issuance of 226,850 ordinary shares with a value of $6,000, in lieu of consulting services, to a company related to Winton Willesee.

- 26 August 2010, Mantle announced its application for two Exploration Permits for Coal (EPC's) in Queensland.
- 31 August 2010, Mantle announced that the Australian Tax Office (ATO) has issued the Company a cash refund of $300,268 (including interest) for Research and Development (R&D) Tax Offsets for the 2008-09 financial year.
- 2 September 2010, Mantle provided an update on the prioritisation of its assets.
- 6 September 2010, Mantle provided details the global patents held by Exergen in relation to their Continuous Hydrothermal Dewatering (CHTD) technology.
- 8 September 2010, Mantle announced that drilling commencement at the Barkly Phosphate project in the Georgina Basin of the Northern Territory.

Other than the above, no other matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES

Mantle intends to continue to pursue its principal activities, which are to acquire mineral tenements and to locate economically developable deposits. It is the Company's intention to progress deposits through feasibility and into mining operations, to the ultimate benefit of its shareholders.

While in very strong demand at the moment, Mantle considers gold, coal, coal bed methane, iron ore to hold excellent medium and long term value when current and forecast demand cycles are considered. As a result, the Company has reprioritised its focus to those tenements containing known historic deposits of these priority mineral commodities.

By narrowing its focus in this manner Mantle will be able to concentrate efforts and funds on drilling known high potential prospects, potentially through to JORC Compliant Resource status and into feasibility. This process will reduce the amount of time and money spent on longer lead time, green field exploration projects, such as those the Company is working to either joint venture or sell (phosphate and uranium).

The addition of the Bacchus Marsh and Texas Coal Projects considerably increased Mantle's exposure to coal as a core element in the Company portfolio. The Company is currently reviewing a number of opportunities to acquire additional coal and gold tenements.

This refocus on gold, coal and coal bed methane projects which hold either defined, JORC Compliant Resources or, exciting new prospects which, with further exploration, are considered potentially capable of being advanced to JORC Compliant Resource status within a reasonable timeframe, is well advanced.

ENVIRONMENTAL ISSUES

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

The National Greenhouse and Energy Reporting Act (NGER) legislation was considered and not determined to be applicable to the consolidated entity at this current stage.

TENEMENT SCHEDULE

Number	Project	Name	Grant Date	Period	Expiry Date	Area	Interest
				(yrs)			(%)
Queensland							
						sub-blocks	
EPM 14388	Charters Towers	Charters Towers	24/02/2005	5 + 5	23/02/2015	29	100
EPM 14604	Charters Towers	Granny's Swamp	30/03/2005	5	Relinquish	25	100
EPM 14179[1]	Granite Castle	Range Creek	25/11/2004	5 + 3	24/11/2012	6	100
EPM 15527	Granite Castle	Oaky Creek	30/11/2007	5	29/11/2012	54	100
EPM 15534	Clarke River	Phantom Creek	06/03/2007	5	05/03/2012	12	100
EPM 15535	Clarke River	Mount Brown	23/11/2007	5	22/11/2012	41	100
EPM 15537	Julia Creek	Holy Joe's Creek	13/06/2006	5	12/06/2011	36	100
EPM 15538	Julia Creek	Gidya Creek	13/06/2006	5	12/06/2011	38	100
EPM 16878	Burke	Eight Mile Creek	Withdrawn			111	100
EPM 16880	Burke	Lagoon Creek	Withdrawn			46	100
EPC 772[2]	Trafford	Mount Mulligan	05/12/2002	3 + 5	Renewal	72	100
EPP 718[2]	Trafford	Mount Mulligan	Applic			150	100
Victoria							
						grat-sects	
EL 3576	Haunted Stream	Haunted Stream	21/10/1994	annual	20/10/2010	66	100
EL 4784	Haunted Stream	Mount Baldhead	25/01/2006	5	24/01/2011	87	100
EL 4785	Haunted Stream	Mount Nugong	Applic			179	100
EL 4786	Haunted Stream	Mount Elizabeth	Applic			495	100
EL 4819	Haunted Stream	Buchan East	Applic			389	100
MIN 5505	Haunted Stream	Dogtown	17/08/2010	2	19/08/2012	0.9Ha	100
EL 5294[3]	Bacchus Marsh	Bacchus Marsh	Applic			386	100
Northern Territory							
						blocks	
EL 26018	Barkly	Mittiebah	05/12/2007	6	04/12/2013	377	100
EL 26019	Barkly	Mitchiebo	05/12/2007	6	04/12/2013	340	100
EL 26020	Barkly	Alexandria	18/01/2008	6	Surrended	334	100
EL 26021	Barkly	Lignum	05/12/2007	6	Surrended	408	100
EL 27035	Barkly	Carrara Bore	01/05/2009	6	30/04/2015	155	100
EL 27037	Barkly	Boomerang Creek	07/10/2009	6	06/10/2015	57	100
EL 27868	Barkly	James River	Withdrawn			499	100
EL 27869	Barkly	Fairview Ridge	Withdrawn			491	100
EL 27870	Barkly	Bauhinia Ridge	Withdrawn			283	100
EL 27871	Barkly	Blue Bush Swamp	Withdrawn			308	100

1. *Held by Zulu Gold Pty Ltd which is a 100% owned subsidiary of Mantle.*
2. *Held by Calcifer Industrial Minerals Pty Ltd however Mantle holds 100% beneficial interest via its 100% owned subsidiaries: Trafford Coal Pty Ltd (87.5% beneficial interest) and Mt Mulligan Coal Pty Ltd (12.5% beneficial interest).*
3. *Subject to a non binding MOU with Exergen Pty Ltd whereby the parties intend to form a 50/50% Joint Venture.*

MINERAL RESOURCES, EXPLORATION TARGETS AND RESULTS AND COMPETENT PERSONS STATEMENTS

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Ian Kraemer and Mr Stuart Moore, both Executives of Mantle Mining Corporation Ltd. Mr Kraemer is a Fellow, and Mr Moore is a Member, of the Australasian Institute of Mining and Metallurgy and both have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as Competent Persons as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Kraemer (for Coal and Coal Bed Methane) and Mr Moore (for Base & Precious Metals, Phosphate and Uranium) consent to the inclusion in the report of the matters based on their information in the form and context in which it appears.

On 25th September 2009 the Company announced to the ASX that it had entered a Joint Venture with Southern Uranium Limited (ASX: SNU) to explore for all minerals on EPM 15535 Mt Brown. The report noted that "The information in this report that relates to Exploration Results is based on information compiled by Mr John Anderson (BSc(Hons)Geol) who is a member of the Australasian Institute of Mining and Metallurgy and is bound by and follows the Institute's codes and recommended practices. Mr Anderson is a full time employee of Southern Uranium Limited. He has sufficient experience which is relevant to the styles of mineralisation and types of deposits under consideration and to the activities being undertaken to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Anderson consents to inclusion in the report of the matters based on his information in the form and context in which it appears."

1. Granite Castle Gold and Silver Project

Granite Castle Gold and Silver Resource Estimate @ 0.2 g/t Au lower cut-off

Class	Tonnes	Au g/t	Au Ozs	Ag g/t	Ag Ozs
Measured	122,614	3.99	15,727	53.3	209,941
Indicated	264,021	3.44	29,198	67.6	574,182
Inferred	460,443	2.32	34,375	50.4	746,680
Total	847,078	2.91	79,301	56.2	1,530,803

Granite Castle Gold and Silver Exploration Target

Target	Tonnes	Au g/t	Ag g/t
Below Granite Castle JORC Resource	300,000 – 400,000	2.5 – 3.5	55 - 70
Additional shears (7km)			
Total	300,000 – 400,000	2.5 – 3.5	55 - 70

Statements in this report relating to the Granite Castle Gold and Silver Mineral resource are based on a report provided to the Company by Hellman and Schofield Pty Ltd, dated 16th May 2008 and first released to the ASX by Mantle on 28th May 2008. The report contained the following statement: "The information in this report that relates to Mineral Resources is based on information compiled by Dr William Yeo, a full time employee of Hellman and Schofield Pty Ltd. Dr Yeo is a Member of the Australasian Institute of Mining and Metallurgy and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration, and to the activity he is undertaking, to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Dr Yeo consents to the inclusion of the matters based on his information in the form and context in which it appears in this report." The report also covered mineralised structures below the resource and quantified a contained exploration potential (Exploration Target) within those structures. Note that the potential quantity and grade of the Exploration Target is conceptual in nature, that there has been insufficient exploration to define a Mineral Resource, and that it is uncertain if further exploration will result in the determination of a Mineral Resource."

2. Charters Towers Gold Project

Great Britain Gold Resource Estimate @ 0.5 g/t Au lower cut-off

Class	Tonnes	Au g/t	Au Ozs
Inferred	*2,128,000*	*1.8*	*125,000*
Total	2,128,000	1.8	125,000

Statements in this report relating to the Great Britain Gold Mineral Resource are based on a report provided to Glengarry Resources Ltd by Resource Evaluations Pty Ltd dated August 2004. Mantle purchased the Great Britain tenement from Glengarry in 2007 and the Resource statement was independently confirmed by Ravensgate Minerals Industry Consultants and included in Mantle's 2006 Prospectus as released to the ASX by Mantle on 2nd October 2006. The Resource Evaluations Pty Ltd report was compiled by Mr Mark Drabble, a Member of the Australasian Institute of Mining and Metallurgy and Mr Gerry Fahey, also a Member of the Australasian Institute of Mining and Metallurgy, and contained the following Competent Persons Statement: "This report was completed under the overall supervision and direction of Gerry Fahey and the 3D modelling and Mineral Resource estimation was carried out by Mark Drabble both of whom are Competent Persons as defined by the Australasian Code for the Reporting of Mineral Resources and Ore reserves (JORC Code) 1999 edition and who consent to the inclusion in this report of the matters based on his information in the form and context in which it appears."

3. Trafford Coal Project

Mount Mulligan Black Coal Exploration Target

Target	Tonnes	TM %	Ash %	VM %	FC %	MJ/kg
Mulligan sub-basin	*100 Million – 500 Million*	*2 - 3*	*11 - 18*	*28 - 34*	*50 - 70*	*26 - 28*
Total	100 Million – 500 Million	2 - 3	11 - 18	28 - 34	50 - 70	26 - 28

Statements in this report relating to the Mt Mulligan Coal Exploration Target are based on data provided to the Company by the vendors of the project, as first released in a report to the ASX by Mantle on 25th September 2007. The report noted that: "Under the Guidelines for the Estimation and Reporting of Australian Black Coal Deposits (1999), Mount Mulligan had an identified Class 1 deposit of 144m tonnes and an identified Class 2 deposit of 507m tonnes, with only two holes effectively testing the basin". Upon subsequent review of the geological data and drill hole logs available and in consultation with Mantle's consultant geologists, it is considered appropriate that the range of the Exploration Target be considered as 100m to 500m tonnes. Information in this report that relates to Exploration Results is based on information compiled by Mr Ian Kraemer an Executive of Mantle Mining Corporation Ltd. Mr Kraemer is a Fellow of the Australasian Institute of Mining and Metallurgy and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Kraemer consents to the inclusion in the report of the matters based on his information in the form and context in which it appears. In addition, Mr Kraemer notes that the potential quantity and grade of the Black Coal Exploration Target is conceptual in nature, that there has been insufficient exploration to define a Mineral Resource, and that it is uncertain if further exploration will result in the determination of a Mineral Resource."

4. Bacchus Marsh Coal Project

Bacchus Marsh Brown Coal Exploration Target

Target	Tonnes	TM %	Ash %
Parwin Sub-basin	1 Billion – 2 Billion	35 – 61	4 - 11
Total	1 Billion – 2 Billion	35 – 61	4 - 11

Statements in this report relating to the Bacchus Marsh Brown Coal Exploration Target are based on preliminary review of existing data and drill hole logs as first released in a report to the ASX by Mantle on 17th June 2010. The report noted that: "Information in this report that relates to Exploration Results is based on information compiled by Mr Ian Kraemer an Executive of Mantle Mining Corporation Ltd. Mr Kraemer is a Fellow of the Australasian Institute of Mining and Metallurgy and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Kraemer consents to the inclusion in the report of the matters based on his information in the form and context in which it appears. In addition, Mr Kraemer notes that the potential quantity and grade of the Brown Coal Exploration Target is conceptual in nature, that there has been insufficient exploration to define a Mineral Resource, and that it is uncertain if further exploration will result in the determination of a Mineral Resource."

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.

REMUNERATION REPORT (AUDITED)

This report details the nature and amount of remuneration for each Director of Mantle Mining Corporation Ltd, and for the executives receiving the highest remuneration.

REMUNERATION POLICY

In determining competitive remuneration rates, the Board seeks independent advice on 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 is 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 Company must attract, motivate and retain key executive staff.

The principles supporting the Company'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. Reward in the form of options where possible take the form of options 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 Company; and
- Where appropriate senior managers 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 continues to seek external advice to ensure reasonableness in remuneration scale and structure, and to compare the Company's position with the external market. The impact and high cost of replacing senior employees and the competition for talented executives requires the Company 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 based, on independent external advice with regard to market practice, relativities, and the duties and accountabilities of directors. A review of the Directors' remuneration is conducted annually to benchmark overall remuneration including retirement benefits.

DETAILS OF REMUNERATION FOR YEARS ENDED 30 JUNE 2010 AND 30 JUNE 2009

The remuneration for each Director and each of the executive officers of the Company receiving the highest remuneration during the year was as follows:

2010	Salary, fees and commissions $	Post Employment Benefits (Super-annuation) $	Cash Bonus $	Non-cash Benefits $	Share-based payments[1, 2] $	Total $	Performance Related %
Directors							
Martin Blakeman	31,250	-	-	-	7,500	38,750	-
Stephen de Belle	6,833	-	-	-	6,250	13,083	-
Peter Anderton	18,750	-	-	-	6,250	25,000	-
Ian Kraemer	168,750	14,625	-	-	(22,330)	161,045	-
	225,583	14,625	-	-	(2,330)	237,878	
Key Management Personnel							
Stuart Moore	121,000	10,890	-	-	-	131,890	
Winton Willesee[3]	48,000	-	-	-	24,000	72,000	-
	169,000	10,890	-	-	24,000	203, 890	-

2009	Salary, fees and commissions $	Post Employment Benefits (Super-annuation) $	Cash Bonus $	Non-cash Benefits $	Share-based payments $	Total $	Performance related %
Directors							
Martin Blakeman	35,000	-	-	-	-	35,000	-
Stephen de Belle	36,000	-	-	-	-	36,000	-
Peter Anderton	125,200	-	-	-	-	125,200	-
Ian Kraemer	214,314	20,352	-	-	(27,625)	207,041	-
	410,514	20,352	-	-	(27,625)	403,241	
Key Management Personnel							
Stuart Moore[4]	130,245	11,722	-	-	-	141,967	-
Winton Willesee[3]	62,250	-	-	-	-	62,250	-
	192,495	11,722	-	-	-	204,217	

1 During the year ended 30 June 2010, directors and key management personnel elected to receive shares in lieu of cash payment for directors' fees and consulting fees, thus share based payments are not performance related. A total of 1,134,513 shares were issued with a total fair value recognised in the statement of comprehensive income $50,250.

2 During the year ended 30 June 2010, a write back of options expense totalling $28,580 was recognised in the statement of comprehensive income as 1,000,000 options issued Ian Kraemer in prior periods did not vest.

3 Includes payments for providing registered and head office services to a company related to Winton Willesee.

4 Mr Moore was issued 100,000 options during the financial year ended 2009 which expired during the same period.

OPTIONS GRANTED AS REMUNERATION

During the year ended 30 June 2010 there were no options granted as remuneration (apart from those issued in lieu of cash for director and consulting fees) to key management personnel.

During the year ended 30 June 2009, Stuart Moore was issued 100,000 options exercisable at $0.20 which expired 30 April 2009.

SHARES ISSUED ON EXERCISE OF COMPENSATION OPTIONS

During the years ended 30 June 2009 and 2010 there were no options granted as compensation exercised.

EMPLOYMENT CONTRACTS OF DIRECTORS AND SENIOR EXECUTIVES

The employment conditions of the Managing Director, Ian Kraemer, are formalised in a contract of employment. Mr Kraemer's contract is on-going from the commencement date of 4 February 2008.

The employment contract stipulates that in the event Mr Kraemer is terminated by the Company without reason the Company is required to make payment in lieu of one month of service based on the individual's annual salary component.

The employment conditions of the Stuart Moore, are formalised in a contract of employment.

The employment contract stipulates that in the event Mr Moore is terminated by the Company without reason the Company is required to make payment in lieu of one month of service based on the individual's annual salary component.

Neither Messrs Anderton, de Belle, Blakeman nor Willesee have current formal employment contracts that entitle them to termination payments.

MEETINGS OF DIRECTORS

During the financial year, 10 meetings of Directors were held. Attendances by each Director during the year were as follows:

	Number eligible to attend	Number attended
Martin Blakeman	10	10
Ian Kraemer	10	10
Stephen de Belle	10	9
Peter Anderton	10	9

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
23 May 2008	30 Jun 2011	$0.25	300,000
30 May 2008	4 Feb 2011	$0.25	250,000
13 Aug 2008	13 Aug 2011	$0.25	450,000
4 Dec 2010	31 Dec 2010	$0.07	30,799,613
			31,799,613

SHARES ISSUED AS A RESULT OF THE EXERCISE OF OPTIONS

During the financial year, options have been exercised to acquire 21 fully paid ordinary shares in Mantle Mining Corporation Ltd at an exercise price of $0.07 per share.

During the year ended 30 June 2009, no options were exercised.

No person entitled to exercise the option 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 for the following reasons:

- all non-audit services are reviewed and approved by the board prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- 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 for non-audit services were paid/payable to the external auditors during the year:

	2010 $	2009 $
Taxation services	26,400	-
	26,400	-

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the year ended 30 June 2010 has been received and can be found on page 48 of annual report.

Signed in accordance with a resolution of the Board of Directors.

MARTIN BLAKEMAN
Chairman
Dated at Perth this 21st day of September 2010

CORPORATE GOVERNANCE

The Company is committed to implementing high standards of corporate governance. In determining what those high standards should involve, the Company has turned to the ASX Corporate Governance Council's Principles of Good Corporate Governance and Best Practice Recommendations. The Company is pleased to advise that the Company's practices are largely consistent with those ASX guidelines.

Unless disclosed below, all the best practice recommendations of the ASX Corporate Governance Council have been applied for the entire financial year ended 30 June 2010.

BOARD COMPOSITION

The skills, experience and expertise relevant to the position of each Director who is in office at the date of the annual report and their term of office are detailed in the director's report. At present there are no independent Directors of the Company.

The Board sets out below its "if not, why not" report in relation to those matters of corporate governance where the Company's practices depart from the Recommendations:

Recommendation		Mantle Mining Corporation Ltd current practice
1.1	Companies should establish the functions reserved for the board and those delegated to senior executives and disclose those functions.	Satisfied. Board Charter is available at www.mantlemining.com in the Corporate Governance Statement.
1.2	Companies should disclose the process for evaluating the performance of senior executives.	Satisfied. Board Performance Evaluation Policy is available at www.mantlemining.com in the Corporate Governance Statement.
1.3	Companies should provide the information indicated in the Guide for reporting on Principle 1	Satisfied. The Board Charter is available at www.mantlemining.com in the Corporate Governance Statement. Whilst the performance of management is appraised on an ongoing basis. During the year no formal appraisal of management was conducted.
2.1	A majority of the board should be independent directors.	Not Satisfied. The shareholding of Mr Blakeman, the executive contract of Mr Kraemer and the previous executive contracts of Mr Anderton and de Belle exclude them from being classed as independent under ASX guidelines. The Board consider that given the current size and nature of the Company, the current Board composition is appropriate.
2.2	The chair should be an independent director.	Not Satisfied. Given the nature of the Company, Mr Blakeman is considered the most appropriate Director to act as Chairman.
2.3	The roles of chair and Chief Executive Officer should not be exercised by the same individual.	Satisfied.

Recommendation		Mantle Mining Corporation Ltd current practice
2.4	The board should establish a nomination committee.	Not satisfied. The Board consider that given the current size of the board (4), this function is efficiently achieved with full Board participation. Accordingly, the Board has not established a nomination committee.
2.5	Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.	Satisfied. Board Performance Evaluation Policy is available at www.mantlemining.com in the Corporate Governance Statement.
2.6	Companies should provide the information indicated in the guide to reporting on Principle 2	Satisfied. Directors are entitled to take independent advice should they deem that required. Whilst the performance of the Board is appraised on an ongoing basis, during the year no formal appraisal was conducted.
3.1	Companies should disclose a code of conduct and disclose the code or a summary of the code as to: • The practices necessary to maintain confidence in the company's integrity • The practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders • The responsibility and accountability of individuals for reporting and investigating reports of unethical practices.	Satisfied. The Code of Conduct is available at www.mantlemining.com in the Corporate Governance Statement.
3.2	Companies should establish a policy concerning trading in company securities by directors, senior executives and employees, and disclose the policy or a summary of that policy.	Satisfied. The Trading Policy is available at www.mantlemining.com in the Corporate Governance statement.
3.3	Companies should provide the information indicated in the Guide to reporting on Principle 3	Satisfied.
4.1	The board should establish an audit committee.	Not satisfied. The Board consider that given the current size of the board (4), this function is efficiently achieved with full board participation. Accordingly, the Board has not established a separate audit committee.
4.2	The board committee should be structured so that it: • Consists only of non-executive directors • Consists of a majority of independent directors • Is chaired by an independent chair, who is not chair of the board • Has at least three members	Not satisfied. As the full board participates in the audit committee function, executive and non-executive directors are included.

Recommendation		Mantle Mining Corporation Ltd current practice
4.3	The audit committee should have a formal charter.	Satisfied. Audit Committee charter is available at www.mantlemining.com in the Corporate Governance statement.
4.4	Companies should provide the information indicated in the Guide to reporting on Principle 4	Satisfied.
5.1	Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at senior executive level for that compliance and disclose those policies or a summary of those policies.	Satisfied. Continuous disclosure policy is available at www.mantlemining.com in the Corporate Governance statement.
5.2	Companies should provide the information indicated in the Guide to reporting on Principle 5	Satisfied
6.1	Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of their policy.	Satisfied. Shareholders communication strategy is available at www.mantlemining.com in the Corporate Governance statement.
6.2	Companies should provide the information indicated in the Guide to reporting on Principle 6	Satisfied
7.1	Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.	Satisfied. Risk management program is available at www.mantlemining.com in the Corporate Governance statement.
7.2	The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.	Satisfied. The Board, including the Managing Director, routinely consider risk management matters.
7.3	The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) 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 and that the system is operating effectively in all material respects in relation to financial reporting risks.	Satisfied. The Board has received a section 295A declaration pursuant to the 2009 financial period.
7.4	Companies should provide the information indicated in the Guide to reporting on Principle 7	Satisfied.

Recommendation		Mantle Mining Corporation Ltd current practice
8.1	The board should establish a remuneration committee.	Not Satisfied. The Board consider that given the current size of the board (4), this function is efficiently achieved with full board participation. Accordingly, the Board has not established a remuneration committee.
8.2	Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.	The structure of Directors' remuneration is disclosed in the remuneration report of the annual report.
8.3	Companies should provide the information indicated in the Guide to reporting on Principle 8	Remuneration committee charter is available at www.mantlemining.com in the Corporate Governance statement.

Further information about the Company's corporate governance practices is set out on the Company's web site at www.mantlemining.com.

RSM Bird Cameron Partners
Chartered Accountants

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

Report on the Financial Report

We have audited the accompanying financial report of Mantle Mining Corporation Ltd, which comprises the statement of financial position as at 30 June 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, a summary of significant accounting policies, other explanatory notes 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 and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the consolidated financial statements and notes, complies 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 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.

RSM Bird Cameron Partners
Chartered Accountants

Auditor's Independence Declaration

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's Opinion

In our opinion:

(a) the financial report of Mantle Mining Corporation Ltd 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 2010 and of their performance for the year ended on that date; and

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

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

Report on the Remuneration Report

We have audited the Remuneration Report which is included within the directors' report for the financial year ended 30 June 2010. 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.

Auditor's Opinion

In our opinion the Remuneration Report of Mantle Mining Corporation Ltd for the financial year ended 30 June 2010 complies with section 300A of the *Corporations Act 2001*.

RSM Bird Cameron Partners

RSM BIRD CAMERON PARTNERS
Chartered Accountants

Perth, WA
Dated: 21 September 2010

TUTU PHONG
Partner

AUDITOR'S INDEPENDENCE DECLARATION

RSM Bird Cameron Partners
Chartered Accountants

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Mantle Mining Corporation Ltd for the year ended 30 June 2010, 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 Bird Cameron Partners

RSM BIRD CAMERON PARTNERS
Chartered Accountants

Perth, WA
Dated: 21 September 2010

TUTU PHONG
Partner

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June 2010

	Note	2010 $	2009 $
Interest income	7	46,907	69,349
Other revenue	7	25,993	27,741
Administrative expenses		(85,607)	(143,343)
Consultancy and legal expenses		(90,210)	(83,968)
Compliance and regulatory expenses		(58,066)	(65,799)
Depreciation expense		(46,798)	(76,246)
Director and employee related expenses	8	(297,446)	(425,176)
Promotion and communication costs		(87,479)	(82,601)
Interest expense		(55)	(9,183)
Write down of exploration expenditure		(365,041)	(828,017)
Other expenses		-	(1,443)
Loss before income tax benefit		(957,802)	(1,618,686)
Income tax benefit	5	297,299	-
Loss after income tax benefit		(660,503)	(1,618,686)
Other comprehensive income		-	-
Total comprehensive income attributable to members of the Company		(660,503)	(1,618,686)
Basic and diluted loss per share (cents)	6	(0.50)	(2.22)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2010

	Note	2010 $	2009 $
Current assets			
Cash and cash equivalents	19(a)	843,208	1,116,320
Trade and other receivables	9	359,231	37,546
Other current assets	10	5,380	-
Total current assets		1,207,819	1,153,866
Non-current assets			
Receivables	11	45,482	30,537
Plant and equipment	12	129,292	166,763
Exploration expenditure	13	7,931,108	6,961,564
Total non-current assets		8,105,882	7,158,864
Total assets		9,313,701	8,312,730
Current liabilities			
Trade and other payables	14	253,732	140,808
Provisions	15	46,483	33,622
Total current liabilities		300,215	174,430
Total liabilities		300,215	174,430
Net assets		9,013,486	8,138,300
Equity			
Contributed equity	16	12,162,666	10,798,397
Reserves	17	334,875	163,455
Accumulated losses	18	(3,484,055)	(2,823,552)
Total equity		9,013,486	8,138,300

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 30 June 2010

	Note	2010 $	2009 $
Cash flows from operating activities			
Cash payments in the course of operations		(496,968)	(739,462)
Cash payments for exploration expenditure		(1,326,034)	(1,966,668)
Interest received		46,907	69,349
Interest paid		(55)	(9,183)
Net cash (used in) operating activities	19(b)	(1,776,150)	(2,645,964)
Cash flows from investing activities			
Payments for plant and equipment		(4,799)	(33,888)
Proceeds on disposal of plant and equipment		-	200
Payments for subsidiaries	23	-	393
Net cash (used in) investing activities		(4,799)	(33,295)
Cash flows from financing activities			
Proceeds from issue of shares		1,663,969	1,030,412
Share issue costs		(156,132)	(90,729)
Net cash provided by financing activities		1,507,837	939,683
Net increase / (decrease) in cash and cash equivalents held		(273,112)	(1,739,576)
Cash and cash equivalents at the beginning of the financial year		1,116,320	2,855,896
Cash and cash equivalents at the end of the financial year	19(a)	843,208	1,116,320

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2010

	Contributed equity	Reserves	Accumulated losses	Total
Balance at 1 July 2009	10,798,397	163,455	(2,823,552)	8,138,300
Loss for the year	-	-	(660,503)	(660,503)
Total comprehensive loss for the year	-	-	(660,503)	(660,503)
Shares issued	1,714,219	-	-	1,714,219
Share issue costs	(349,950)	-	-	(349,950)
Share options issued	-	200,000	-	200,000
Write back of share options expense	-	(28,580)	-	(28,580)
Balance at 30 June 2010	12,162,666	334,875	(3,484,055)	9,013,486
Balance at 1 July 2008	9,624,897	118,090	(1,204,866)	8,538,121
Loss for the year	-	-	(1,618,686)	(1,618,686)
Total comprehensive loss for the year	-	-	(1,618,686)	(1,618,686)
Shares issued	1,366,412	-	-	1,366,412
Share issue costs	(192,912)	-	-	(192,912)
Share options issued	-	72,990	-	72,990
Write back of share options expense	-	(27,625)	-	(27,625)
Balance at 30 June 2009	10,798,397	163,455	(2,823,552)	8,138,300

The accompanying notes form part of these financial statements.

1. Statement of significant accounting policies

This financial report includes the consolidated financial statements and notes of Mantle Mining Corporation Limited and controlled entities ("consolidated entity") and the separate financial statements and notes of Mantle Mining Corporation Limited as an individual parent entity ("Company").

(a) Basis of preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

Australian Accounting Standards set out accounting policies that the Australian Accounting Standards Board has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

The accounting policies set out below have been consistently applied to all years presented unless otherwise stated.

Going concern

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

As disclosed in the financial statements, the Company and consolidated entity incurred losses of $660,503 (2009: $1,619,398 and $1,618,686 respectively) and the consolidated entity had net cash outflows from operating activities of $1,776,150 (2009: $2,645,964) for the year ended 30 June 2010. As at that date, the Company and consolidated entity had net current assets of $907,604 and net assets of $9,013,486.

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

- The ability to issue additional shares under the Corporations Act 2001, as occurred during the current and preceding financial years;
- The potential to secure joint ventures for prospective exploration of tenements to share expenditure commitments;
- The potential to sell interests in tenement assets for cash or for assets readily convertible to cash; and
- The ability to further reduce operational cost levels to conserve cash, in the event that capital raisings are delayed or partial.

Accounting Standards not Previously Applied

The consolidated entity has adopted the following new and revised Australian Accounting Standards issued by the AASB which are mandatory to apply to the current financial year. Disclosures required by these Standards that are deemed material have been included in this financial report on the basis that they represent a significant change in information from those previously made available.

(i) Presentation of financial statements

The consolidated entity has applied the revised AASB 101 Presentation of Financial Statements (2007) from 1 January 2009. The revision of this standard now requires the consolidated entity to present all non-owner changes to equity ('comprehensive income') in the statement of comprehensive income. The consolidated entity has presented the income statement and non-owner changes in equity in one statement of comprehensive income. All owner changes in equity are presented separately in the statement of changes in equity.

The presentation requirements have been applied for the entire reporting period and comparative information has been re-presented to also comply with the revised AASB 101.

(ii) Segment reporting

The consolidated entity has applied AASB 8 Operating Segments with effect from 1 July 2009. AASB 8 requires the entity to identify operating segments and disclose segment information on the basis of internal reports that are provided to, and reviewed by, the chief operating decision maker of the consolidated entity to allocate resources and assess performance. In the case of the consolidated entity the chief operating decision maker is the Board of Directors. Operating segments now represent the basis on which the Company reports its segment information to the Board on a monthly basis. The change in policy has not resulted in a change to the disclosure presented.

(iii) Business Combinations

Revised AASB 3 Business Combinations and AASB 127 Consolidated and Separate Financial Statements apply prospectively from 1 July 2009. Changes introduced by these standards which are expected to affect the Company, include the following:

- Costs incurred that relate to the business combination are expensed instead of comprising part of the goodwill acquired on consolidation;
- Any non-controlling interest (previously known as minority interest) in an acquiree is measured at either fair value or as the non-controlling interest's proportionate share of net identifiable assets of the acquiree;
- The acquirer is prohibited from recognising contingent liabilities of the acquiree at acquisition date that do not meet the definition of a liability;
- Consideration for the acquisition, including contingent consideration, must be measured at fair value at acquisition date. Subsequent changes in the fair value of contingent consideration payable are not regarded as measurement period adjustments but are rather recognised in accordance with other Australian Accounting Standards as appropriate;
- The proportionate interest in losses attributable to non-controlling interests is assigned to non-controlling interests irrespective of whether this results in a deficit balance. Previously, losses causing a deficit to non-controlling interest were allocated to the parent entity; and
- Where control of a subsidiary is lost, the balance of the remaining investment account shall be remeasured to fair value at the date control is lost.

Reporting Basis and Conventions

The financial report has been prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

(b) New accounting standards and interpretations

The AASB has issued new and amended accounting standards and interpretations that have mandatory application dates for future reporting periods. The consolidated entity has decided against early adoption of these standards. A discussion of those future requirements and their impact on the consolidated entity follows:

- AASB 9: Financial Instruments and AASB 2009-11: Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12] (applicable for annual reporting periods commencing on or after 1 January 2013).

  These standards are applicable retrospectively and amend the classification and measurement of financial assets. The consolidated entity has not yet determined the potential impact on the financial statements. The changes made to accounting requirements include:

  - simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;

- simplifying the requirements for embedded derivatives;
- removing the tainting rules associated with held-to-maturity assets;
- removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;
- allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument; and
- reclassifying financial assets where there is a change in an entity's business model as they are initially classified based on:

  – the objective of the entity's business model for managing the financial assets; and
  – the characteristics of the contractual cash flows.
  – AASB 124: Related Party Disclosures (applicable for annual reporting periods commencing on or after 1 January 2011).

This standard removes the requirement for government related entities to disclose details of all transactions with the government and other government related entities and clarifies the definition of a related party to remove inconsistencies and simplify the structure of the standard. No changes are expected to materially affect the consolidated entity.

- AASB 2009-4: Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 2 and AASB 138 and AASB Interpretations 9 & 16] (applicable for annual reporting periods commencing from 1 July 2009) and AASB 2009-5: Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 107, 117, 118, 136 & 139] (applicable for annual reporting periods commencing from 1 January 2010).

  These standards detail numerous non-urgent but necessary changes to accounting standards arising from the IASB's annual improvements project. No changes are expected to materially affect the consolidated entity.

- AASB 2009-8: Amendments to Australian Accounting Standards - Group Cash-settled Share-based Payment Transactions [AASB 2] (applicable for annual reporting periods commencing on or after 1 January 2010).

  These amendments clarify the accounting for group cash-settled share-based payment transactions in the separate or individual financial statements of the entity receiving the goods or services when the entity has no obligation to settle the share-based payment transaction. The amendments incorporate the requirements previously included in Interpretation 8 and Interpretation 11 and as a consequence, these two Interpretations are superseded by the amendments. These amendments are not expected to impact the consolidated entity.

- AASB 2009-9: Amendments to Australian Accounting Standards - Additional Exemptions for First-time Adopters [AASB 1] (applicable for annual reporting periods commencing on or after 1 January 2010).

  These amendments specify requirements for entities using the full cost method in place of the retrospective application of Australian Accounting Standards for oil and gas assets, and exempt entities with existing leasing contracts from reassessing the classification of those contracts in accordance with Interpretation 4 when the application of their previous accounting policies would have given the same outcome. These amendments are not expected to impact the consolidated entity.

- AASB 2009-10: Amendments to Australian Accounting Standards - Classification of Rights Issues [AASB 132] (applicable for annual reporting periods commencing on or after 1 February 2010).

  These amendments clarify that rights, options or warrants to acquire a fixed number of an entity's own equity instruments for a fixed amount in any currency are equity instruments if the entity offers the rights, options or warrants pro-rata to all existing owners of the same class of its own non-derivative equity instruments. These amendments are not expected to impact the consolidated entity.

- AASB 2009-12: Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052] (applicable for annual reporting periods commencing on or after 1 January 2011).

  This standard makes a number of editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of International Financial Reporting Standards by the IASB. The standard also amends AASB 8 to require entities to exercise judgment in assessing whether a government and entities known to be under the control of that government are considered a single customer for the purposes of certain operating segment disclosures. These amendments are not expected to impact the consolidated entity.

- AASB 2009-13: Amendments to Australian Accounting Standards arising from Interpretation 19 [AASB 1] (applicable for annual reporting periods commencing on or after 1 July 2010).

  This standard makes amendments to AASB 1 arising from the issue of Interpretation 19. The amendments allow a first-time adopter to apply the transitional provisions in Interpretation 19. This standard is not expected to impact the consolidated entity.

- AASB 2009-14: Amendments to Australian Interpretation - Prepayments of a Minimum Funding Requirement [AASB Interpretation 14] (applicable for annual reporting periods commencing on or after 1 January 2011).

  This standard amends Interpretation 14 to address unintended consequences that can arise from the previous accounting requirements when an entity prepays future contributions into a defined benefit pension plan.

- AASB Interpretation 19: Extinguishing Financial Liabilities with Equity Instruments (applicable for annual reporting periods commencing on or after 1 July 2010).

  This Interpretation deals with how a debtor would account for the extinguishment of a liability through the issue of equity instruments. The Interpretation states that the issue of equity should be treated as the consideration paid to extinguish the liability, and the equity instruments issued should be recognised at their fair value unless fair value cannot be measured reliably in which case they shall be measured at the fair value of the liability extinguished. The Interpretation deals with situations where either partial or full settlement of the liability has occurred. This Interpretation is not expected to impact the consolidated entity.

  The consolidated entity does not anticipate the early adoption of any of the above Australian Accounting Standards.

(c) Principles of consolidation

A controlled entity is any entity over which the Company has the power to govern the financial and operating policies so as to obtain benefits from its activities. Control will generally exist when the parent owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are also considered.

Where controlled entities have entered or left the consolidated entity during the year, the financial performance of those entities are included only for the period of the year that they were controlled. A list of controlled entities is contained in Note 21(a).

In preparing the consolidated financial statements, all inter-group balances and transactions between entities in the consolidated entity have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those adopted by the parent entity.

Non-controlling interests, being the equity in a subsidiary not attributable, directly or indirectly, to a parent, are shown separately within the equity section of the consolidated statement of financial position and statement of comprehensive income. The non-controlling interests in the net assets comprise their interests at the date of the original business combination and their share of changes in equity since that date.

(d) Income tax

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the statement of comprehensive income except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the consolidated entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

(e) Plant and equipment

Each class of property, 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.
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 asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The cost of fixed assets constructed within the consolidated entity includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

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.

Depreciation
The depreciable amount of all fixed assets including building and capitalised lease assets, but excluding freehold land, is 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. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

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%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. 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 income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

Recoverable amount of other non-current assets
The carrying amount of non-current assets is reviewed annually by Directors to ensure they are not in excess of the recoverable amounts from those assets. The recoverable amount is assessed on the basis of the market values or expected net cash flows which will be received from the assets employed and subsequent disposal. The expected net cash flows are not discounted to present values in determining recoverable amounts.

(f) Exploration, evaluation and development expenditure
Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through successful development on the area or where activities in the area have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserve.

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.

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

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

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

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

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

(h) Financial instruments

Recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Impairment

At each reporting date, the Directors assess whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the statement of comprehensive income.

(i) 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.

Impairment testing is performed annually for intangible assets with infinite lives.

(j) 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.

(k) 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.

(l) Revenue

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

(m) Borrowing costs

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

(n) 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.

(o) Comparative figures

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

(p) Business Combinations

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The acquisition method requires that for each business combination one of the combining entities must be identified as the acquirer (ie parent entity). The business combination will be accounted for as at the acquisition date, which is the date that control over the acquiree is obtained by the parent entity. At this date, the parent shall recognise, in the consolidated financial statements, and subject to certain limited exceptions, the fair value of the identifiable assets acquired and liabilities assumed. In addition, contingent liabilities of the acquiree will be recognised where a present obligation has been incurred and its fair value can be reliably measured.

The acquisition may result in the recognition of goodwill or a gain from a bargain purchase. The method adopted for the measurement of goodwill will impact on the measurement of any non-controlling interest to be recognised in the acquiree where less than 100% ownership interest is held in the acquiree.

The acquisition date fair value of the consideration transferred for a business combination plus the acquisition date fair value of any previously held equity interest shall form the cost of the investment in the separate financial statements. Consideration may comprise the sum of the assets transferred by the acquirer, liabilities incurred by the acquirer to the former owners of the acquiree and the equity interests issued by the acquirer.

Fair value uplifts in the value of pre-existing equity holdings are taken to the statement of comprehensive income. Where changes in the value of such equity holdings had previously been recognised in other comprehensive income, such amounts are recycled to profit or loss.

Included in the measurement of consideration transferred is any asset or liability resulting from a contingent consideration arrangement. Any obligation incurred relating to contingent consideration is classified as either a financial liability or equity instrument, depending upon the nature of the arrangement. Rights to refunds of consideration previously paid are recognised as a receivable. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or a liability is remeasured each reporting period to fair value through the statement of comprehensive income unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to the business combination are expensed to the statement of comprehensive income.

(q) Share-Based Payment Transactions

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

The cost of equity settled transactions with key management personnel are measured by reference to the fair value of the equity instruments at the date at which they are granted.

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 Company'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).

2. **Critical accounting estimates and judgments**

The Directors evaluate estimates and judgments incorporated into the financial report 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.

Key judgements

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 balance sheet date reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Share based payment transactions

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

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

The main risks arising from the Company's financial instruments are interest rate risk and liquidity risk. The Company 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 Company's exposure to market interest rates relates primarily to the Company's cash and short-term deposits.

At balance date, the Company had the following financial assets exposed to interest rate risk:

	2010 $	2009 $
Cash at bank and in hand	45,293	19,227
Short term deposits	797,915	1,097,093
Net exposure	843,208	1,116,320

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

At balance 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:

	Net loss Higher / (lower)		Equity Higher / (lower)	
	2010 $	**2009 $**	**2010 $**	**2009 $**
+1% (100 basis points)	(8,432)	(11,163)	(8,432)	(11,163)
-1% (100 basis points)	8,432	11,163	8,432	11,163

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

Credit risk
Credit risk arises from the financial assets of the Company, which comprise cash and cash equivalents. The Company'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 Company does not hold any credit derivatives to offset its credit exposure. The Company's exposure to credit risk is minimal, as $346,360 relates to amounts receivable from the ATO for GST and R&D refunds.

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

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

	2010 $	**2009 $**
6 months or less (trade creditors)	253,732	140,808

Capital management
The primary objective of the Company'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 Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company 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 2010 and 30 June 2009.

The Company monitors capital with reference to the net debt position. The Company includes within net debt, interest bearing loans and borrowings, trade and other payables, less cash and cash equivalents. The Company's current policy is to keep the net debt position negative, such that cash and cash equivalents exceeds debt.

Trade and other payables	253,732	140,808
Interest-bearing liabilities	-	-
Less cash and short term deposits	(843,208)	(1,116,320)
Net debt	(589,476)	(975,512)

4. Auditor's remuneration

	2010 $	2009 $
Remuneration of former auditors of the Company – RT Kidd and Associates		
- Auditing or reviewing the financial report	11,000	20,400
Remuneration of current auditor of the Company – RSM Bird Cameron Partners		
- Auditing or reviewing the financial report	24,000	-
- Taxation services	26,400	-
	50,400	-

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 30% (2009: 30%)	198,151	485,606
Tax effect of amounts which are not deductible in calculating income tax:		
Non deductible/assessable items	455,933	189,286
Research and development tax offset	297,299	-
Deferred tax asset not brought to account	(654,084)	(674,892)
Income tax benefit attributable to operating loss	297,299	-

Potential deferred tax assets attributable to tax losses carried forward, amount to approximately $3,367,474 (2009: $2,713,390) have not been brought to account at 30 June 2010 because the directors do not believe it is appropriate to regard realisation of the deferred tax assets as probable at this point in time. These benefits will only be obtained if:

- the Company 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 Company continues to comply with the conditions for deductibility imposed by law; and
- no changes in tax legislation adversely affect the Company in realising the benefit from the deductions for the loss and exploration expenditure.

6. Loss per share

Classification of securities as ordinary shares

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

Classification of securities as potential ordinary shares

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

	2010 Number	2009 Number
Weighted average number of ordinary shares used in the calculation of basic loss per share	132,026,995	72,927,390

	$	$
Net loss	(660,503)	(1,618,686)

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 is as follows:

Equity securities	**Number of securities**	**Number of potential ordinary shares**
Options over ordinary shares	32,249,613	32,249,613

Since the reporting date and before the completion of these financial statements 450,000 options expired unexercised. Accordingly, a summary of instruments that could potentially dilute basic earnings per share in the future as at the date of completion of these financial statements is as follows:

Equity securities	**Number of securities**	**Number of potential ordinary shares**
Options over ordinary shares	31,799,613	31,799,613

7. Revenue

	2010 $	2009 $
Interest revenue	46,907	69,349
Gain on disposal of plant and equipment	-	20,582
Other revenue	25,993	7,159
	72,900	97,090

8. Expenses

Employee benefits expense		
Wages and salaries	236,485	399,955
Defined contribution superannuation expense	19,239	27,311
Share-based payments expense	50,250	-
Share-based payments write-back	(28,580)	(17,185)
Other employee benefits expense	20,052	15,095
	297,446	425,176

9. Trade and other receivables

Current		
Other debtors	12,871	6,309
ATO receivables	346,360	31,237
	359,231	37,546

The ATO receivables include amounts outstanding for Goods and Services Tax ("GST") and for the research and development tax offset.

10. Other assets

	2010 $	2009 $
Current		
Prepayments	5,380	-

11. Receivables

Non-current		
Advances and deposits	45,482	30,537

12. Plant and equipment

(a) Carrying amounts

Plant and equipment – at cost	259,248	249,920
Accumulated depreciation	(156,929)	(119,122)
	102,319	130,798
Motor vehicles – at cost	78,095	78,095
Accumulated depreciation	(51,122)	(42,130)
	26,973	35,965
	129,292	166,763

(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 $	Motor vehicles $	Total $
2010 year			
Balance at 1 July 2009 net of accumulated depreciation	130,798	35,965	166,763
Additions	9,327	-	9,327
Depreciation charge for the year	(37,806)	(8,992)	(46,798)
Balance at 30 June 2010 net of accumulated depreciation	102,319	26,973	129,292
2009 year			
Balance at 1 July 2008 net of accumulated depreciation	147,952	119,029	266,981
Additions	33,888	-	33,888
Disposals	(123)	(57,737)	(57,860)
Depreciation charge for the year	(50,919)	(25,327)	(76,246)
Balance at 30 June 2009 net of accumulated depreciation	130,798	35,965	166,763

13. Exploration expenditure

	2010 $	2009 $
Exploration expenditure	7,931,108	6,961,564
Opening balance	6,961,564	5,529,866
Additions:		
Exploration incurred during the period	1,334,585	2,259,715
Impairment	(365,041)	(828,017)
Exploration and evaluation phase expenditure capitalised	7,931,108	6,961,564

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.

The consolidated entity at 30 June 2010 have capitalised $2,001,045 to the Mt Mulligan area of interest. As the date of this report, there are legal proceedings in relation to this area of interest - Refer to note 26 for details.

The consolidated entity's exploration properties may be subjected to claim(s) under native title, or contain sacred sites, or sites of significance to Aboriginal people. As a result, exploration properties or areas within the tenements may be subject to exploration restrictions, mining restrictions and / or claims for compensation. At this time, it is not possible to quantify whether such claims exist, or the quantum of such claims.

14. Trade and other payables

Current		
Trade payables	99,365	42,709
Other payables	154,367	98,099
	253,732	140,808

Trade and other creditor amounts represent liabilities for goods and services provided to the Company 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.

15. Provisions

Current		
Annual leave	46,483	33,622

16. Contributed equity

(a) Issued capital

Ordinary shares, fully paid	12,162,666	10,798,397

(b) Movements in share capital

	2010 Number	2009 Number	2010 $	2009 $
Balance at beginning of year	106,241,216	68,062,565	10,798,397	9,624,897
Issued during the year				
Share based payments	1,134,513	631,579	50,250	240,000
Share placements	12,000,000	3,200,000	480,000	96,000
Rights issue	29,599,189	34,347,072	1,183,968	1,030,412
Exercise of options	21	-	1	-
Share issue costs	-	-	(349,950)	(192,912)
Balance at end of year	148,974,939	106,241,216	12,162,666	10,798,397

(c) Share options

	Exercise price	Expiry date	Balance at beginning of year Number	Granted during the year Number	Exercised during the year Number	Expired or forfeited during the year Number	Balance at end of year Number	Options exercisable at end of year Number
2010 year								
Unlisted options	$0.25	30/06/11	300,000	-	-	-	300,000	300,000
Unlisted options	$0.25	04/02/11	250,000	-	-	-	250,000	250,000
Unlisted options	$0.25	30/12/12	1,000,000	-	-	(1,000,000)	-	-
Unlisted options	$0.25	13/08/09	450,000	-	-	(450,000)	-	-
Unlisted options	$0.25	13/08/10	450,000	-	-	-	450,000	450,000
Unlisted options	$0.25	13/08/11	450,000	-	-	-	450,000	450,000
Listed options1	$0.07	31/12/10	-	20,799,634	(21)	-	20,799,613	20,799,613
Listed options	$0.07	31/12/10	-	10,000,000	-	-	10,000,000	10,000,000
			2,900,000	30,799,634	(21)	(1,450,000)	32,249,613	32,249,613

1Options were free attaching to the shares issued under the share placement and rights issue during the year.

	Exercise price	Expiry date	Balance at beginning of year Number	Granted during the year Number	Exercised during the year Number	Expired or forfeited during the year Number	Balance at end of year Number	Options exercisable at end of year Number
2009 year								
Listed options	$0.25	30/04/09	44,892,423	-	-	44,892,423	-	-
Unlisted options	$0.25	30/06/11	300,000	-	-	-	300,000	300,000
Unlisted options	$0.25	04/02/11	250,000	-	-	-	250,000	250,000
Unlisted options	$0.25	31/12/11	250,000	-	-	250,000	-	-
Unlisted options	$0.25	30/06/12	500,000	-	-	500,000	-	-
Unlisted options	$0.25	30/12/12	1,000,000	-	-	-	1,000,000	-
Unlisted options	$0.25	13/08/09	-	450,000	-	-	450,000	450,000
Unlisted options	$0.25	13/08/10	-	450,000	-	-	450,000	450,000
Unlisted options	$0.25	13/08/11	-	450,000	-	-	450,000	450,000
Unlisted options	$0.20	30/04/09	-	300,000	-	300,000	-	-
			47,192,423	1,650,000	-	45,942,423	2,900,000	1,900,000

The fair value of the 10,000,000 listed share options granted during the year ended 30 June 2010 was determined using the listed option price on the measurement date of $0.02.

The fair value of the 1,650,000 unlisted options granted during the year ended 30 June 2009 was determined using the following option pricing models and weighted average inputs to the model:

Number of options over shares	1,650,000
Option pricing model fair value	$0.044
Share price at grant date	$0.20
Exercise price	$0.24
Expected volatility	50%
Option life	1.8 years
Expected dividends	-
Risk-free rate	6.8%
Option pricing model used	Black Scholes

(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 Company, ordinary shareholders rank after all other shareholders and creditors and are fully entitled to any proceeds of liquidation.

17. Reserves

Option reserve

	2010 $	2009 $
Balance at beginning of year	163,455	118,090
Issue of options	200,000	72,990
Write back of options expense	(28,580)	(27,625)
Balance at end of year	334,875	163,455

18. Accumulated losses

Balance at beginning of year	(2,823,552)	(1,204,866)
Net loss attributable to members of the Company	(660,503)	(1,618,686)
Balance at end of year	(3,484,055)	(2,823,552)

(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	45,293	19,227
Cash on deposit	797,915	1,097,093
	843,208	1,116,320

Cash at bank attracts floating interest at current market rates. Short term deposits are made for periods of up to 3 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

	2010 $	2009 $
Operating loss after income tax	(660,503)	(1,618,686)
Adjustments for:		
Depreciation	46,798	76,246
Write back of share-based payments expense	(28,580)	(17,185)
Shares issued in consideration for services	50,250	-
Profit on disposal of assets	-	(20,582)
Changes in assets and liabilities:		
Trade and other receivables	(336,629)	60,957
Other current assets	(5,380)	-
Exploration expenditure	(969,543)	(990,467)
Trade and other payables	114,577	(128,377)
Interest-bearing liabilities	-	(8,730)
Provisions	12,861	860
Net cash used in operating activities	(1,776,150)	(2,645,964)

(c) Non-cash investing and financing activities

During the financial year, the Company issued 1,134,513 ordinary shares as consideration for services from directors and key management personnel.

In August 2008, the Company issued 631,579 ordinary shares and 1,350,000 options to finalise the acquisition of 100% of the issued capital of Mt Mulligan Coal Pty Ltd (having made a cash payment in June 2008 in respect of the acquisition).

20. Parent entity disclosures

Financial position

	2010	2009
Assets		
Current assets	1,207,817	1,153,864
Non-current assets	8,105,884	7,158,866
Total assets	9,313,701	8,312,730
Liabilities		
Current liabilities	300,215	174,430
Total liabilities	300,215	174,430
Equity		
Issued capital	12,162,666	10,798,397
Reserves	334,875	163,455
Accumulated losses	(3,484,055)	(2,823,552)
Total equity	9,013,486	8,138,300

Financial performance

	2010 $	2009 $
Loss for the year	(660,503)	(1,619,398)
Other comprehensive income	-	-
Total comprehensive income	(660,503)	(1,619,398)

21. Related party disclosures

(a) Subsidiaries

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

		Equity interest		Investment	
Name	Country of incorporation	2010 %	2009 %	2010 $	2009 $
Trafford Coal Pty Ltd	Australia	100	100	500,000	500,000
Mt Mulligan Coal Pty Ltd	Australia	100	100	441,624	441,624
Phantom Creek Uranium Pty Ltd	Australia	100	100	1	1
Zulu Gold Pty Ltd	Australia	100	100	780,000	780,000
				1,721,625	1,721,625

(b) Loans to subsidiaries

	Parent	
	2010 $	2009 $
Trafford Coal Pty Ltd	1,066,278	754,817
Mt Mulligan Coal Pty Ltd	1,563	(149)
Phantom Creek Uranium Pty Ltd	1,127	915
Zulu Gold Pty Ltd	636	424
	1,069,604	756,007

These loans to subsidiaries are interest free and are repayable on call.

22. Key management personnel

(a) Directors and other key management personnel

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

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

Other key management personnel consisted of:

- Mr Winton Willesee – Company Secretary
- Mr Stuart Moore – Operations Manager

(b) Compensation of key management personnel

	2010 $	2009 $
Short-term employment benefit	394,583	603,009
Post-employment benefits	25,515	32,074
Share-based payments (net)	21,670	(27,625)
	441,768	607,458

(c) Equity instrument disclosures relating to key management personnel

(i) Option holdings

The number of options over ordinary shares in the Company held during the financial year by each director of Mantle Mining Corporation Ltd and other key management personnel of the Company, including their personally related parties, is set out below.

Name	Balance at start of year Number	Granted during year as remuneration 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
2010						
Directors						
Mr M Blakeman	-	-	-	1,520,459	1,520,459	1,520,459
Mr I Kraemer	1,250,000	-	-	(996,562)	253,438	253,438
Mr S de Belle	300,000	-	-	382,500	682,500	682,500
Mr P Anderton	-	-	-	125,000	125,000	125,000
	1,550,000	-	-	1,031,397	2,581,397	2,581,397
Mr W Willesee	150,001	-	-	(150,001)	-	-
Mr S Moore	-	-	-	-	-	-
	150,001	-	-	(150,001)	-	-
2009						
Directors						
Mr M Blakeman	4,101,486	-	-	(4,101,486)	-	-
Mr I Kraemer	2,000,000	-	-	(750,000)	1,250,000	250,000
Mr S de Belle	1,583,333	-	-	(1,283,333)	300,000	300,000
Mr P Anderton	2,026,666	-	-	(2,026,666)	-	-
	9,711,485	-	-	(8,161,485)	1,550,000	550,000
Mr W Willesee	70,000	-	-	80,001	-	150,001
Mr S Moore	-	100,000	(100,000)	-	-	-
	70,000	100,000	(100,000)	150,001	-	150,001

(ii) Share holdings

The number of shares in the Company held during the financial year by each director of Mantle Mining Corporation Ltd and other key management personnel of the Company, including their personally related parties, is set out below. There were 532,749 ordinary shares issued during the year in lieu of directors fees to the directors as approved by shareholders at the Company's AGM held 25 November 2009.

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
2010				
Directors				
Mr M Blakeman	12,411,653	-	3,755,128	16,166,781
Mr I Kraemer	-	-	161,220	161,220
Mr S de Belle	3,259,500	-	891,845	4,151,345
Mr P Anderton	4,020,676	-	(143,155)	3,877,521
	19,691,829	-	4,665,038	24,356,867
Mr W Willesee	475,000	-	554,138	1,029,138
Mr S Moore	-	-	-	-
	475,000	-	554,138	1,029,138
2009				
Directors				
Mr M Blakeman	8,114,435	-	4,297,218	12,411,653
Mr I Kraemer	-	-	-	-
Mr S de Belle	1,173,000	-	2,086,500	3,259,500
Mr P Anderton	3,602,451	-	418,225	4,020,676
	12,889,886	-	6,801,943	19,691,829
Mr W Willesee	140,000	-	335,000	475,000
Mr S Moore	-	-	-	-
	140,000	-	335,000	475,000

(d) Other transactions with key management personnel

During the year ended 30 June 2010, the Company paid $12,000 (2009: $14,250) to a company related to Mr Winton Willesee for the provision of office support services. This amount has been included in the remuneration disclosures for Mr Willesee.

23. Business combination

Acquisition of Mt Mulligan Coal Pty Ltd

In August 2008 the Company completed the acquisition of 100% of the issued capital of Mt Mulligan Coal Pty Ltd.

The total cost of the combination was $441,624 and comprised of an issue of ordinary shares, an issue of options over ordinary shares, the payment of cash and costs directly attributable to the combination. The Consolidated entity issued 631,579 ordinary shares with a fair value of $0.38 each.

The fair value of the identifiable assets and liabilities of Mt Mulligan Coal Pty Ltd as at the date of acquisition were:

2009	$
Fair value of assets acquired:	
Cash and cash equivalents	393
Exploration expenditure	441,231
	441,624
Cost of the combination:	
Shares issued, at fair value	240,000
Options issued	62,550
Cash paid (in June 2008)	125,000
Direct costs relating to the acquisition	14,074
	441,624
Cash inflow on acquisition:	
Net cash acquired with subsidiary	393

24. Commitments

Exploration expenditure commitments

	2010 $	2009 $
Within one year	659,300	973,600
After one year but not more than five years	1,055,000	650,900
	1,714,300	1,624,500

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

Leasing commitments

The Company has entered into an operating lease on office space for a one year term. Future minimum rentals payable under this operating lease are as follows:

Within one year	12,150	15,167
After one year but not more than five years	-	3,033
	12,150	18,200

25. Segment reporting

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 (2009 - 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.

26. Contingent assets and liabilities

On 13 March 2009, the Company announced to ASX that it had received from third parties a notice of intention to terminate the agreement for the acquisition of the Mt Mulligan tenements.

On 19 March 2010, its wholly owned subsidiaries, Trafford Coal Pty Ltd (Trafford) and Mt Mulligan Coal Pty Ltd (Mt Mulligan), commenced proceedings against Calcifer Industrial Minerals Pty Ltd (Calcifer) in the Supreme Court of Queensland to enforce an agreement for the assignment of EPC 772, and of ATP 718P upon grant, which make up Mantle's Trafford Coal and Coal Bed Methane Project.

On 21 April 2010 Calcifer filed a "Notice of Intention to Defend and Defence" in the Supreme Court of Queensland. The action is continuing.

Whilst the Company is confident it will be successful in its action there can be no assurances. Should the Company not be successful in its action it may lose its interest in the Mt Mulligan tenements and may face the prospect of being required to pay a portion of Calcifer's relevant costs.

Other than disclosed above and elsewhere in this Report, the Company does not have any material contingent assets or liabilities.

27. Events subsequent to balance date

- 2 July 2010, the Company announced that it had completed a drilling programme at the Haunted Stream Gold Project in Victoria.
- 16 July 2010, Mantle announced that it had been granted a five year renewal to its Exploration Permit EPM 14388 at Charters Towers.
- 23 July 2010, Mantle provided an update on the Mt Mulligan Supreme Court Action that its wholly owned subsidiaries had commenced against Calcifer Industrial Minerals Pty Ltd.
- 9 August 2010, Mantle announced that it had executed a non-binding Memorandum of Understanding (MOU) with Exergen Pty Ltd for development of Bacchus Marsh brown coal deposit in Victoria.
- 12 August 2010, Mantle announced the issuance of 226,850 ordinary shares with a value of $6,000, in lieu of consulting services, to a company related to Winton Willesee.
- 26 August 2010, Mantle announced its application for two Exploration Permits for Coal (EPC's) in Queensland.
- 31 August 2010, Mantle announced that the Australian Tax Office (ATO) has issued the Company a cash refund of $300,268 (including interest) for Research and Development (R&D) Tax Offsets for the 2008-09 financial year.
- 2 September 2010, Mantle provided an update on the prioritisation of its assets.
- 6 September 2010, Mantle provided details the global patents held by Exergen in relation to their Continuous Hydrothermal Dewatering (CHTD) technology.
- 8 September 2010, Mantle announced that drilling commencement at the Barkly Phosphate project in the Georgina Basin of the Northern Territory.

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.

DIRECTORS DECLARATION

The directors of the Company declare that, in the opinion of the directors:

(a) the financial statements and notes thereto are 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 2010 and of their performance for the year then ended; and

  (ii) complying with Australian Accounting Standards, including the Interpretations, and the Corporations Regulations 2001;

(b) the financial statements and notes thereto also comply with International Financial Reporting Standards, as disclosed in Note 1;

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

(d) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors made pursuant to s.295(5) of the Corporations Act 2001.

On behalf of the Directors:

MARTIN BLAKEMAN
Chairman
Dated at Perth this 21st day of September 2010.

SHAREHOLDER INFORMATION

Additional information included in accordance with the Listing Rules of the Australian Securities Exchange Limited. The information is current as at 19 September 2010.

1. SUBSTANTIAL SHAREHOLDERS

On 14 October 2008 a substantial shareholder notice was receive by the Company notifying the Company that Martin Blakeman was a substantial shareholder of the Company holding a relevant interest in 8,264,435 shares representing 12.03% of the voting power.

2. CLASS OF SHARES AND 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.

Distribution of Fully Paid Ordinary Shareholders

Shares Range	Holders	Units	%
1 – 1000	39	10,633	.01
1001 – 5000	126	407,380	.27
5001 – 10000	145	1,289,709	.86
10001 – 100000	630	26,109,250	17.50
100001 –	238	121,384,817	81.36
Total	1178	149,201,789	100.00

On 19 September 2010, there were 319 holders of unmarketable parcels comprising a total of 1,800,472 ordinary shares. There is no on-market buy back currently in place and there are currently no restricted securities.

3. OPTIONS

Details	Exercise price	Expiry date	Number of options	Number of holders
Unlisted options	$0.25	30 Jun 2011	300,000	1
Unlisted options	$0.25	4 Feb 2011	250,000	1
Unlisted options	$0.25	30 Dec 2012	1,000,000	1
Unlisted options	$0.25	13 Aug 2011	450,000	16

Distribution of 31 December 2010 $0.07 Options

Shares Range	Holders	Units	%
1 – 1000	27	12,301	.04
1001 – 5000	80	205,519	.67
5001 – 10000	65	491,067	1.59
10001 – 100000	106	3,909,829	12.69
100001 –	55	26,180897	85.00
Total	**333**	**30,799,613**	**100.00**

4. QUOTATION

Listed securities in Mantle Mining Corporation Ltd are quoted on the Australian Securities Exchange.

5. TWENTY LARGEST SHAREHOLDERS

The twenty largest shareholders at 19 September 2010.

	Name	Number of Shares	%
1.	Blakeman, Martin A <Blackwood A/C>	7,115,627	4.77
2.	Tonka Trading Pty Ltd <Jakessi S/F A/C>	6,032,400	4.04
3.	Tristesse Pty Ltd <Banks-Smith Family A/C>	6,032,400	4.02
4.	Iris Sydney Holdings Pty Ltd	4,247,500	2.85
5.	Auric Capital Pty Ltd <Auric Cap A/C>	4,208,000	2.82
6.	Anderton, Peter Robert	3,877,521	2.60
7.	FNL Investments Pty Ltd <Super Plan A/C>	2,500,000	1.68
8.	Brown, Andrew Ian	2,145,110	1.44
9.	Harris, Neil	2,007,500	1.35
10.	De Belle S + Sheehan J <SJ Super A/C>	2,001,845	1.34
11.	De Belle S + Sheehan J <SJ Super A/C>	1,950,000	1.31
12.	ANZ Nominees Ltd <Cash Income A/C>	1,807,200	1.21
13.	Netwealth Inv Ltd <Wrap Svcs A//C>	1,750,000	1.17
14.	HSBC Custody Nominees Aust Ltd	1,637,010	1.10
15.	Sleijpen, Jane	1,500,000	1.01
16.	Wong, Kie Yik	1,500,000	1.01
17.	Blakeman, Martin + Misty <Jakessi S/F A/C>	1,358,839	.91
18.	Penrose, Roger Arthur	1,320,000	.88
19.	Loxden Pty Ltd	1,260,000	.84
20.	John Bruce Investments Pty Ltd	1,250,000	.84
		55,419,386	37.15

6. TWENTY LARGEST LISTED OPTIONHOLDERS

The twenty largest at 19 September 2010.

	Name	Number of Options	%
1.	Rapcorp Pty Ltd	4,000,000	12.99
2.	Iris Sydney Holdings Pty Ltd	3,752,532	12.18
3.	Roberts, Michael John	1,246,500	4.05
4.	McKee, Paul David	1,000,000	3.25
5.	Blakeman, Martin A <Blackwood A/C>	970,314	3.15
6.	Paul Thomson Furniture Pty Ltd <Thomson S/F A/C>	932,251	3.03
7.	Comsec Nom PL	800,000	2.60
8.	Skewes, Joseph Ronald	700,000	2.27
9.	Fallick, Ian William	683,500	2.22
10.	Vendron Pty Ltd	600,000	1.95
11.	Harris, Neil	584,375	1.90
12.	Jones, Bradford Ross	550,000	1.79
13.	Ross-Chowdhury, C + Day A <Arizona Enterprise>	546,875	1.78
14.	Morgan, Jeffery Clifford	500,000	1.62
15.	Seivad Inv Pty Ltd	500,000	1.62
16.	Cartmell, Alan Paul	500,000	1.62
17.	Ramondino, John Phillip	440,000	1.43
18.	Gillion, Roulan	415,142	1.35
19.	Dominion Investments Pty Ltd	362,500	1.18
20.	Nuske, Andrew Scott	350,000	1.14
		19,433,239	63.12