

**ASX Release
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MANTLE MINING CORPORATION LIMITED

Mt Mulligan Coal Project – exercising option to acquire 87.5% early November

Project update and overview

Mantle Mining Corporation Limited (ASX: MNM), is pleased to provide this update and descriptive overview regarding its recently acquired Mt Mulligan Coal Project.

Mantle intends exercising the option in early November 2007. The exercise price of the option is \$75,000.

The Company has

- commenced a Conceptual Study regarding the Project,
- initiated the process of negotiation of a Native Title access agreement and
- developed preliminary plans for exploration of the deposit (with the intention of being able to report JORC standard resources as soon as possible).

This activity is discussed below, in the context of an overview description of the Mt Mulligan deposit and project.

Conceptual Study of Development Options

Mantle has commenced a Conceptual Study of the development options and issues regarding Mt Mulligan. The brief for the Study includes consideration of:

- Highwall development and operation
- Longwall development and operation
- CSM extraction, for safety and commercial purposes
- Base Load Power Station development and operation, using washery reject material and/or CSM
- Recovery and beneficiation of washery reject material
- Logistics issues arising from the project's location
- Infrastructure requirements
- Work force issues
- Environmental and heritage issues

Exploration and Access

Precursors to any potential development will be negotiation and agreement regarding an appropriate access agreement with relevant Native Title parties. Initiation of this process has commenced.

In addition, it will be necessary to better define the deposit, and a drill program consisting of 10 holes from the top of the plateau on approximate 1km centres is proposed. This should provide a high level of confidence regarding the detailed nature of the deposit because all relevant data points will be at maximum 1km spacing and existing data shows clear continuity of structures across the deposit. It is hoped that the drilling might commence by mid 2008.

The Managing Director of Mantle, Stephen de Belle, said "These are exciting times. It is not often that any company has the opportunity to prove up and then initiate the development of a deposit containing many hundreds of million tonnes of coal. It is a major and attractive challenge, and one that Mantle is taking very seriously and approaching with appropriate care."

"We are not going to rush into things, but we are mindful that our shareholders, and the market generally, will be looking for details of progress" he went on to say.

Mr de Belle also noted that "We have already received a number of approaches from parties enquiring about possible scope for a joint venture or some other sort of partnership agreement, whereby they might secure some sort of priority regarding access to coal produced from Mt Mulligan. It is early days, however, and Mantle is not inclined to make any hasty decisions regarding such matters. First, we need to conclude our access negotiations and second we need to complete our in-fill drilling, so we have a proper understanding, with reference to JORC standards, of the nature and scope of the resources we are planning to develop."

OVERVIEW

1 Mt Mulligan Coal Project Acquisition (EPC772 & ATP 718P)

On 25 September 2007 Mantle acquired from Trafford Coal Pty Ltd an option to acquire an 87.5% interest in the Mt Mulligan coal and CSM tenements held by Calcifer Industrial Minerals Pty Ltd (Calcifer). Mantle intends exercising the option in early November 2007. The exercise price of the option is \$75,000.

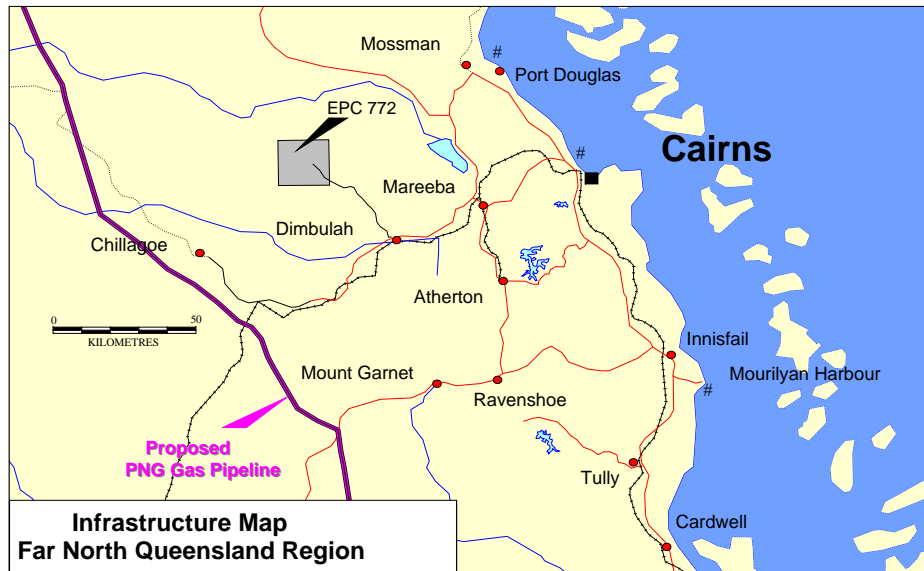
History of the Deposit

The two mines that used to produce coal from the deposit – Mt Mulligan State Mine and the King Cole Mine - shut down in 1957 due to loss of the local market (closure of the local power station due to commissioning of a hydro plant and switch from steam locomotives to diesel locomotives). There was a major explosion at the State Mine in 1921, that was attributed to either CSM or coal dust.

Despite the acceptable quality of the coal, it is understood that no export sales have ever occurred or been attempted. The deposit was explored in the 70s and 80s, for possible re-development, but low coal prices at those times probably mitigated against the investment involved.

Location & Description of the Deposit

The Mt Mulligan coal deposit is about 100km west of the Port of Cairns, and about 50km from the town of Dimbulah, which is connected to Cairns by sealed road and an operating rail line. The road from Dimbulah to Mt Mulligan is the formation of the rail spur that used to connect the mines at Mt Mulligan to the rail network. The track itself no longer exists.



The deposit underlies the Mt Mulligan plateau or mesa and is exposed at the circumference of the base of that landform. The plateau is approximately 4km x 16km and trends NW-SE (see map below).

The coal measures are at a depth of 450 – 650 metres from the top of the plateau. They are Middle Permian, overlain by Triassic claystones, sandstones and conglomerate and underlain by Middle Permian conglomerate. The measures are exposed (or under scree) at the circumference of the base of the plateau.

Scale & Structure

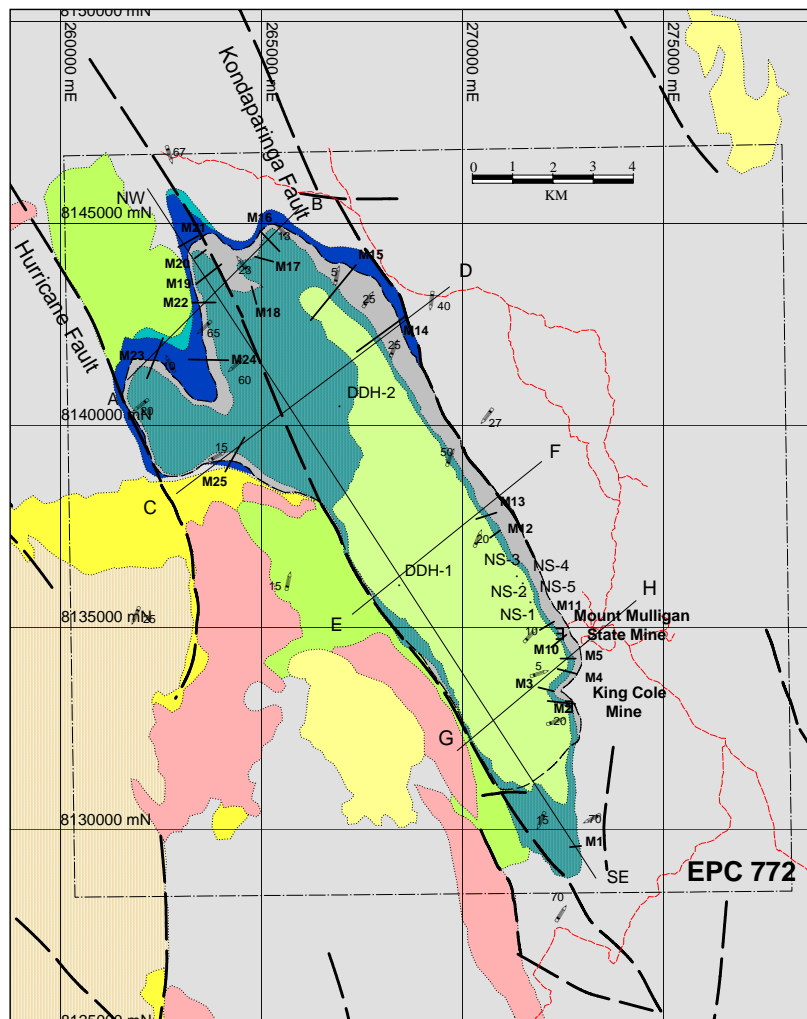
The deposit consists of five seams with an area of about 63 square km. The continuity of the seams across the deposit is evidenced by

- the circumference exposure (notionally analogous to a drill hole every metre for the 40km length of the circumference of the plateau),
- two diamond drill holes in the northern (DDH2) and the southern (DDH1) central areas of the plateau (confirming continuity between the sides) and
- the records of the workings plus some cores taken from the vicinity of the workings (NS1-5), which all commenced from within the upper coal member (CM1A).

Exploration

Subsequent to closure of the mines the deposit has been subject to two periods of substantive exploration – by CRA Exploration Pty Ltd in the early 70s and by International Mining Corporation NL in the early 80's. Six seams are recognised in the descriptive material regarding the deposit: CM1A, CM1B, CM1C, CM2, CM3 and CM4. In addition, CRA reportedly discovered three additional coal sequences M16, 17 and 18, the extent of which is unknown. Of the known extensive seams, three were worked: CM1, CM2 and CM3. Unfortunately, the southern hole (DDH1) was terminated before reaching the bottom of the coal bearing sequence (ie before complete penetration of seam CM4). The cores for DDH 1 & 2 are believed to remain at site. The cores for NS1-5 are available at the Zillmere core store (Brisbane).

The exploration work was largely done in-house by CRA and by McElroy Bryan Associates for IMC.



EPC 772 Mount Mulligan Project

Geological Map

REFERENCE

TERTIARY	TQs <i>Residual quartz sand</i>
TRIASSIC	Kondaparinga Formation Rk <i>Claystone, mudstone, siltstone, minor conglomerate</i>
	Pepper Pot Sandstone Rp <i>Lithofeldspathic-quartzose sandstone & conglomerate</i>
	Mount Mulligan Coal Measures
MIDDLE PERMIAN	Pum3 <i>Coal seams, shale, siltstone & sandstone</i>
	Pum2 <i>Pebble-cobble conglomerate</i>
	Pum1 <i>Sedimentary carbonaceous breccia, shale, siltstone & sandstone</i>
EARLY PERMIAN	Maneater Granodiorite Pgme <i>Hornblende-biotite granodiorite</i>
	Featherbed Volcanics Djungan Volcanic Sub Group Pfd <i>Rhyolite ignimbrite & lava</i>
	Yongala Volcanic Sub Group Pfy <i>Rhyolite ignimbrite & lava</i>
	Timbertop Volcanic Sub Group CPft <i>Andesite</i>
	LATE CARBONIFEROUS
DEVONIAN-LATE CARBONIFEROUS	Hodgkinson Formation DCh <i>Slate, grits, arenite</i>

Description of the Coal

Details regarding the Mt Mulligan coal, from the CRA and IMC reports are as follows:

1. Thickness

Seam	DDH1 Depth from-to	Coal Thickness (m)	Parting Thickness (m)
CM1	588.00-588.13	0.13	
			0.33
CM2	588.46-589.09	0.63	
			52.80
CM3	641.89-63.95	2.06	
			3.27
CM4	647.22-647.70	0.48	

Seam	DDH2 Depth from-to	Coal Thickness (m)	Parting Thickness (m)
CM1A	458-459.66	1.15	
			0.50
CM1B	460.16-460.83	0.67	
			1.66
CM1C	462.49-463.04	0.55	
			20.01
CM2	483.05-483.46	0.41	
			7.55
CM3	491-492.18	1.17	
			6.58
CM4	498.76-501.85	3.09	

DDH1 shows an average seam thickness of 0.83m (including CM4 but with the base of CM4 not being measured) or 0.94m for seams CM1-3 alone. DDH2 shows an average seam thickness of 1.17m, with the combined average thickness being 1.06m. Other thickness measures are obtainable at the circumference of a base of the plateau, where the coal is exposed or can be exposed by trenching the scree.

The available evidence suggests that two coal intervals CM1+CM2 and CM3+CM4 persist throughout the coal field, with variable thickness, but with each showing potentially mineable thickness.

2. Petrographic Analysis

Summary of Analytical Data (air dried basis)

Sample	Moisture (%)	Volatile Matter (%)	Fixed Carbon (%)	Ash (%)	Total Sulphur (%)	CSN	Relative Density (g/cc)
DDH1							
CM1	1.7	20.3	33.7	44.3	0.31	0.5	1.63
CM2	1.9	19.0	29.1	50.0	0.28	0.5	1.76
CM3	1.7	21.4	31.9	45.0	0.29	1.0	1.63
CM4	1.4	20.4	61.7	16.4	0.32	1.0	1.70
DDH2							
CM1A	2.1	19.6	33.3	45.0	0.19	0.5	1.80
CM1B	2.0	21.1	32.5	44.4	0.20	0.5	1.76
CM2	1.9	12.0	12.7	73.4	0.14		2.20
CM3	2.5	13.9	16.6	67.0	0.16		1.84

3. Washing Results

Laboratory results confirm wide variation in coal quality between samples. Raw coal analyses generally show high ash values of 45% due to stone partings. Washed coal value results are presented below:

CRA conducted a float and sink test which obtained a yield of 99.7% at a relative density of 1.60 with an ash of 5.3%.

IMC washed coal results at a relative density of 1.60 were as follows:

Sample	Moisture (%)	Volatile Matter (%)	Fixed Carbon (%)	Ash (%)	Specific Energy (MJ/kg)	Total Sulphur (%)	Yield (%)	CSN	Relative Density (g/cc)
DDH1 Ply-3	2.1	29.8	50.2	17.9	27.2	0.4	42.8	3.0	1.49
DDH2 CM1A	2.5	26.6	52.8	18.1	26.8	0.34	42.5	1.0	1.43
DDH2 CM1B	2.4	28.1	54.9	14.6	28.2	0.35	57.1	1.0	1.36

IMC considered a yield of 50-55% would be achievable.

4. Areal Extent, Isopach Analysis, Coal Volumes and Cross Sections

An isopach analysis of the Mt Mulligan coal deposit has been undertaken by Calcifer. Due to the 5km distance between DDH1 and DDH2 and the 4km width of the plateau the results should be viewed with caution due to the extrapolation issue.

Isopach maps were compiled using SURFER software and then registered for MAPINFO with a 1 metre thick coal seam interval and then digitised to generate a polygon, with MAPINFO then used to calculate areal extent. This process involved limited extrapolation of coal thickness data and generated the following estimates:

Coal Seam	Area (sq km)	Av Thickness (m)	Specific Gravity (g/cc)	Coal Deposit (million tonnes)
CM1A	9.3	1.75	1.6	26.1
CM1B	6.5	1.75	1.6	18.2
CM2	7.8	1.85	1.6	23.1
CM3	5.1	1.9	1.6	15.5
CM4	21.3	1.8	1.6	61.5
Total	50.0	1.8	1.6	144.3

If extrapolation between the holes is assumed – as is evidenced by the available data - and if the thickness of the seams is assumed to be 1 metre then the resultant estimate of the size of the deposit is 507 million tonnes.

Infrastructure

The former township of Mt Mulligan has been dismantled and no longer exists. The nearest centres are Dimbulah and Mareeba, about 45km and 70km by road from Mt Mulligan respectively. These centres plus local farms could potentially provide a significant proportion of the work force required for re-developing the mine at Mt Mulligan.

A rail spur used to run from Dimbulah to Mt Mulligan. The formation is still in place. The tracks have been removed but could readily be replaced.

A sealed road and operating railway link Dimbulah to Cairns, which has an international airport and frequent domestic services. The railway has axle loads of 15.2 tonnes and a permitted speed of 70km per hour (and it has recently been subject to a study regarding possible upgrade, in order to better handle transport of base metals concentrates exports to the Port of Cairns).

The Port of Cairns has available dockside land that seems to be of sufficient size to accommodate rail unloading of coal and a coal storage shed. There are no minerals load out facilities at the Port, so these would have to be built. Dockside depths and the harbour channel depth suggest current maximum ship sizes of Handimax vessels (up to about 50,000 tonnes).

Sales & Marketing

The ship size constraint suggests, at this point, that the appropriate target market would be power generators at inland river ports in Asia, and in China in particular.

For further information;

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About Mantle Mining

Mantle Mining is a diversified resource company which successfully completed its IPO in November 2006.

The company has:

- **Two Advanced Gold Projects in Queensland**
 - **Great Britain Deposit**
 - **Granite Castle Deposit**
- **Highly gold prospective ground in Eastern Victoria**
- **Highly prospective uranium ground in Queensland and NT**
- **Very large, coal deposit, that was previously mined, near Cairns**

Mantle Mining assembled a high quality suite of projects, largely to the west of the historic mining precincts of Charters Towers, where the Granite Castle and Great Britain deposits contain combined JORC standard inferred resources of 290,000 oz Au, and where post IPO drilling has enhanced the Granite Castle resource and confirmed the Great Britain resource. Additionally, highly prospective ground covering a six kilometre gold anomalous corridor (with rock chip values to 42gm/t Au) along a major structure has been secured in Eastern Victoria.

Mantle recently acquired the 500 million tonne Mt Mulligan coal deposit and former mine, near Cairns, with a view to a combined highwall and longwall mining operation plus CSM extraction and sale.

The Company has exposure to three strong resource markets: gold (fungible hedge & store of value), uranium (energy) and thermal coal (energy/bulk commodity).

The information in this report that relates to Exploration Results is based on information compiled by Mr P Anderton, a Director of the Company. Mr Anderton is a Member of the Australasian Institute of Mining and Metallurgy (Aus I M M). Mr Anderton 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 Anderton consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.