

# **MANTLE MINING CORPORATION LTD**

## **ABN 70 107 180 441**

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### **ENTITLEMENT ISSUE PROSPECTUS**

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For a pro rata non-renounceable entitlement issue of one (1) Share for every six (6) Shares held by Shareholders at an issue price of 6 cents per Share to raise approximately \$1,958,807 together with one (1) free new Option for every one (1) new Share issued exercisable at 7.5 cents on or before 1 December 2013 (**Offer**).

There is also an invitation to apply for Additional Shares.

The Offer is fully underwritten by Cygnet Capital Pty Limited ACN 103 488 606 (AFS Licence 241095). Refer to Section 8.2 for details regarding the terms of the Underwriting Agreement.

**Closing Date of Offer 5:00pm (WST) on 21 October 2011**

#### **IMPORTANT NOTICE**

This document is important and should be read in its entirety. If after reading this Prospectus you have any questions about the Securities being offered under this Prospectus or any other matter, then you should consult your stockbroker, accountant or other professional adviser.

The Securities offered by this Prospectus should be considered as speculative.

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## 1. IMPORTANT INFORMATION

Below is important information and important notes in relation to the Offer. Shareholders should read this document in its entirety and, if in doubt as to any of the matters set out in this Prospectus, should consult their professional advisers.

### SUMMARY OF THE OFFER

By this Prospectus, the Company offers for subscription approximately 32,646,781 new Shares and approximately 32,646,781 new Options pursuant to a pro-rata non-renounceable entitlement issue to Shareholders of one (1) new Share for every six (6) Shares held on the Record Date at an issue price of 6 cents per Share together with one (1) free new Option for every one (1) new Share issued. Fractional entitlements will be rounded up to the nearest whole number.

The rights attaching to the Securities now offered are set out in Section 6.

The purpose of this Prospectus is for the Company to make the Offer under Section 713 of the Corporations Act.

### TIMETABLE AND IMPORTANT DATES \*

Lodgement of Prospectus with ASIC	19 September 2011
Notice sent to Shareholders	20 September 2011
Ex Date	22 September 2011
Record Date for determining Shareholder entitlements	28 September 2011
Prospectus despatched to Shareholders	29 September 2011
Closing Date of Offer	21 October 2011
Securities quoted on a deferred settlement basis	24 October 2011
Notify ASX of under-subscriptions	25 October 2011
Despatch date/ Securities entered into Shareholders' security holdings	28 October 2011

\* These dates are determined based upon the current expectations of the Directors and may be changed with 6 Business Days prior notice.

### KEY INVESTMENT RISKS

Prospective investors should read this Prospectus in its entirety before deciding whether to apply for Securities under this Prospectus. In particular, you should consider the risk factors set out in Section 7, which include the following key investment risks:

Risk area	Further details
<b>Mt Mulligan Tenements – Third Party Claim:</b> To ensure full protection of Aboriginal Cultural heritage and future harmonious relations with the Traditional Custodians of Mt Mulligan, the Company has proceeded to negotiate an Indigenous Land Use Agreement ( <b>ILUA</b> ). Finalisation and Authorisation (signing) of the ILUA has been delayed by the advent of a third party claim over	Section 7.1

the tenements the Company acquired which are located at Mt Mulligan ( <b>Mt Mulligan Tenements</b> ) ( <b>Third Party Claim</b> ).	
<b>Operating risks:</b> The current and future operations of the Company, including exploration, appraisal and possible production activities may be affected by a range of operating factors.	Section 7.2
<b>Native Title Risks:</b> Both the <i>Native Title Act 1993</i> (Cth), related State Native Title legislation and Aboriginal Land Rights and Aboriginal Heritage legislation may affect the Company's ability to gain access to prospective exploration areas or obtain production titles.	Section 7.3
<b>Environmental Risks and Regulation:</b> The Company's projects are subject to Commonwealth and State laws and regulations regarding environmental matters and the discharge of hazardous wastes and materials. As with all mining projects, these projects would be expected to have a variety of environmental impacts should development proceed. Further, the Company is aware of some activism from environmental lobby groups around the Company's Bacchus Marsh tenements.	Section 7.5
<b>Economic Risks:</b> Factors such as inflation, currency fluctuations, interest rates, supply and demand, industrial disruption, government policy and legislation, have an impact on operating costs, commodity prices, the parameters in which the Company may operate and stock market prices.	Section 7.6
<b>Market conditions:</b> The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities and in particular, resources stocks.	Section 7.7
<b>Legislative Changes, Government Policy and Approvals:</b> The Company is aware of a proposal from the Queensland Government to restrict mining activities in areas within two kilometres of built-up populations. Whilst the details of this proposal are yet to be released there cannot be any guarantees that this will not affect the Company's operations	Section 7.9
<b>Future Capital Requirements:</b> The Company's ongoing activities will require substantial expenditures. There can be no guarantee that the funds raised through the Offer will be sufficient to successfully achieve all the objectives of the Company's overall business strategy.	Section 7.10

## DIRECTORS

### Mr Martin Blakeman – Chairman

As at the date of this Prospectus Mr Blakeman is not a nominee or a representative of a substantial Shareholder in the Company.

### Mr Ian Kraemar - Managing Director

As at the date of this Prospectus Mr Kraemar is not a nominee or a representative of a substantial Shareholder in the Company.

### **Mr Peter Anderton - Executive Director**

As at the date of this Prospectus Mr Anderton is not a nominee or a representative of a substantial Shareholder in the Company.

### **Mr Stephen de Belle Non Executive Director**

As at the date of this Prospectus Mr de Belle is not a nominee or a representative of a substantial Shareholder in the Company.

### ***Sub-Underwriting by Directors***

Mr Martin Blakeman has agreed to sub-underwrite up to \$50,000 worth of any Shortfall, offered to Shareholders pursuant to the Offer.

Mr Stephen de Belle has agreed to sub-underwrite up to \$100,000 worth of any Shortfall, offered to Shareholders pursuant to the Offer.

Further information regarding the sub-underwriting can be found in Section 4.4.

### **IMPORTANT NOTES**

Shareholders should read this document in its entirety and, if in doubt, should consult their professional advisors.

This Prospectus is dated 19 September 2011 and a copy of this Prospectus was lodged with the ASIC on that date. The ASIC and ASX take no responsibility for the content of this Prospectus.

The expiry date of the Prospectus is 18 October 2012 (**Expiry Date**). No Securities will be allotted or issued on the basis of this Prospectus after the Expiry Date.

Applications for Securities offered pursuant to this Prospectus can only be submitted on an original Acceptance Form which accompanies this Prospectus.

This Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer.

The Offer to New Zealand investors is a regulated offer made under Australian and New Zealand law. In Australia, this is Chapter 8 of the Corporations Act and the Corporations Regulations 2001. In New Zealand, this is Part 5 of the Securities Act 1978 and the Securities (Mutual Recognition of Securities Offerings – Australia) Regulations 2008.

The Offer and the content of the Prospectus are principally governed by Australian rather than New Zealand law. In the main, the Corporations Act sets out how the Offer must be made.

There are differences in how securities are regulated under Australian law.

The rights, remedies, and compensation arrangements available to New Zealand investors in Australian securities may differ from the rights, remedies, and compensation arrangements for New Zealand securities.

Both the Australian and New Zealand securities regulators have enforcement responsibilities in relation to the Offer. If you need to make a complaint about the Offer, please contact the Financial Markets Authority, Wellington, New Zealand. The Australian and New Zealand regulators will work together to settle your complaint.

The taxation treatment of Australian securities is not the same as for New Zealand securities.

If you are uncertain about whether this investment is appropriate for you, you should seek the advice of an appropriately qualified financial adviser.

The Offer may involve a currency exchange risk. The currency for the securities is not New Zealand dollars. The value of the securities will go up or down according to changes in the exchange rate between that currency and New Zealand dollars. These changes may be significant. If you expect the securities to pay any amounts in a currency that is not New Zealand dollars, you may incur significant fees in having the funds credited to a bank account in New Zealand in New Zealand dollars.

As noted in the Prospectus at Section 4.6, the Company will apply to the ASX for quotation of the Securities offered under this Prospectus. If quotation is granted, the Securities offered under this Prospectus will be able to be traded on the ASX. If you wish to trade the Securities through that market, you will have to make arrangements for a participant in that market to sell the Securities on your behalf. As the ASX does not operate in New Zealand, the way in which the market operates, the regulation of participants in that market, and the information available to you about the Securities and trading may differ from securities markets that operate in New Zealand.

#### **ELECTRONIC PROSPECTUS**

Any person accessing the electronic version of this Prospectus for the purpose of making an investment in the Company must be an Australian resident and must only access the Prospectus from within Australia.

The Corporations Act prohibits any person passing onto another person an Entitlement and Acceptance Form unless it is attached to a hard copy of this Prospectus or it accompanies the complete and unaltered version of this Prospectus. Any person may obtain a hard copy of this Prospectus free of charge by contacting the Company.

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## 2. CORPORATE DIRECTORY

### **Directors**

Martin Blakeman (Non-Executive Chairman)

Ian Kraemer (Managing Director)

Peter Robert Anderton (Non-Executive Director)

Stephen de Belle (Non-Executive Director)

### **Underwriter**

Cygnnet Capital Pty Limited  
ACN 103 488 606 (AFS Licence 241095)

Ground Floor, 30 Richardson Street  
WEST PERTH WA 6005

Telephone (08) 9226 5511  
[www.cygnnetcapital.com.au](http://www.cygnnetcapital.com.au)  
email: [info@cygnnetcapital.com.au](mailto:info@cygnnetcapital.com.au)

### **Company Secretary**

Winton Willesee

### **Share Registry\***

Security Transfer Registrars Pty Limited  
770 Canning Highway  
APPLECROSS WA 6153

Telephone: (08) 9315 2333

### **Registered Office**

Suite 25, 145 Stirling Highway  
NEDLANDS WA 6009

### **Solicitors**

Steinepreis Paganin  
Lawyers and Consultants  
Level 4, The Read Buildings  
16 Milligan Street  
PERTH WA 6000

### **Principal Place of Business**

Suite 25, 145 Stirling Highway  
NEDLANDS WA 6009

### **Auditor\***

RSM Bird Cameron Partners  
8 St Georges Terrace  
PERTH WA 6000

### **General Enquiries**

Telephone: (08) 9389 3130

Facsimile: (08) 9389 3199

\*These parties have been included for information purposes only. They have not been involved in the preparation of this Prospectus.

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### 3. CHAIRMAN'S LETTER

Dear Shareholder

The Board is pleased to offer Shareholders the opportunity to participate in a one (1) for six (6) non-renounceable rights issue of Shares to raise up to approximately \$1,958,807 (before expenses) together with one (1) free Option for every one (1) new Share issued exercisable at 7.5 cents on or before 1 December 2013 (**Issue**).

All Shareholders registered as at 5.00pm (WST) on 26 September 2011 will be entitled to participate in the Entitlement Issue. The price payable on application for each Share is 6 cents.

The Closing Date for acceptances of the Offer is 5.00pm (WST) on 19 October 2011.

The Entitlement Issue is fully underwritten by Cygnet Capital Pty Limited and any Securities not taken up by Shareholders pursuant to the Entitlement Issue will be allocated to the Underwriter (and sub-underwriters). The underwriting of the Entitlement Issue is on standard terms and conditions. A summary of the material terms of the underwriting agreement is set out in Section 8.2 of this Prospectus.

The Offer will provide a significant capital injection, which will assist with the Company's existing exploration program, most especially the drill programs at the Bacchus Marsh Coal Project and Granite Castle Gold Project targeted for completion in the 2011 calendar year.

Funds raised pursuant to the Offer will also be applied to the Trafford Coal Project court case, exploration at the Charters Towers Gold Project, Bacchus Marsh Coal Project and for general working capital purposes.

The Board takes this opportunity to thank all Shareholders for their past support and looks forward to your continued support in the future.

Yours faithfully

**Martin Blakeman**  
Chairman



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## **4. DETAILS OF THE OFFER**

### **4.1 Offer**

By this Prospectus, the Company offers for subscription approximately 32,646,781 new Shares and approximately 32,646,781 new Options pursuant to a pro-rata non-renounceable entitlement issue to Shareholders of one (1) new Share for every six (6) Shares held on the Record Date at an issue price of 6 cents per Share together with one (1) free new Option for every one (1) new Share issued. Fractional entitlements will be rounded up to the nearest whole number.

The Options issued will be exercisable at 7.5 cents on or before 1 December 2013.

Based on the capital structure of the Company (and assuming no existing Options are exercised prior to the Record Date), the maximum number of Shares to be issued pursuant to the Offer is approximately 32,646,781 and the maximum number of Options is 32,646,781. The Offer will raise approximately \$1,958,807. The purpose of the Offer and the use of funds raised are set out in Section 5 of this Prospectus.

Holders of existing Options will not be entitled to participate in the Offer. The Company currently has 3,450,000 Options on issue as at the date of this Prospectus, which Options may be exercised by the Option holder prior to the Record Date in order to participate in the Offer.

### **4.2 How to Accept the Offer**

Your acceptance of the Offer must be made on the Entitlement and Acceptance Form accompanying this Prospectus. Your acceptance must not exceed your Entitlement as shown on that form. If it does, your acceptance will be deemed to be for the maximum Entitlement.

You may participate in the Offer as follows:

- (a) if you wish to accept your Entitlement in full:
  - (i) complete the Entitlement and Acceptance Form, filling in the details in the spaces provided; and
  - (ii) attach your cheque for the amount indicated on that relevant Entitlement and Acceptance Form or pay via BPAY by following the instructions set out on the Entitlement and Acceptance Form; or
- (b) if you only wish to accept part of your Entitlement:
  - (i) fill in the number of Securities you wish to accept in the space provided on the Entitlement and Acceptance Form; and
  - (ii) attach your cheque for the appropriate application monies (at 7.5 cents per Share) or pay via BPAY by following the instructions set out on the Entitlement and Acceptance Form; or
- (c) if you do not wish to accept all or part of your Entitlement, you are not obliged to do anything.

All cheques must be drawn on an Australian bank or bank draft made payable in Australian currency to "**Mantle Mining Corporation Ltd – Entitlement Issue Account**" and crossed "**Not Negotiable**".

Your completed Entitlement and Acceptance Form and cheque must reach the Company's share registry no later than 4.00pm WST on the Closing Date. Alternatively, Applicants may pay via BPAY by following the instructions set out on the Entitlement and Acceptance Form (Applicants should ensure they include their reference number if paying by BPAY).

The Offer is non-renounceable. Accordingly, a Shareholder may not sell or transfer all or part of their Entitlement.

#### **4.3 Minimum Subscription**

The minimum subscription in respect of the Offer is \$1,958,807 (being the full subscription).

#### **4.4 Underwriting**

The Offer is fully underwritten by Cygnet Capital Pty Limited (**Cygnet**).

Pursuant to the Underwriting Agreement, as part of the underwriting fee the Company will issue 12,000,000 options on the same terms as the Options offered pursuant to this Prospectus, to be listed, exercisable at \$0.075 and expiring on 1 December 2013 (**Cygnet Options**). The offer of the 12,000,000 options to be issued to Cygnet or its nominee is a separate offer made pursuant to this Prospectus.

Mr Martin Blakeman, a director of the Company, has agreed to sub-underwrite up to \$50,000 worth of Shares and Options of any Shortfall. Mr Blakeman will be paid fees of 2% of the total Shortfall sub-underwritten by Mr Blakeman (a maximum of \$1,000) to be paid by the Underwriter.

Mr Stephen de Belle, a director of the Company, has agreed to sub-underwrite up to \$100,000 worth of Shares and Options of any Shortfall. Mr de Belle will be paid fees of 2% of the total Shortfall sub-underwritten by Mr de Belle (a maximum of \$2,000) to be paid by the Underwriter.

Refer to Section 8.2 of this Prospectus for further details of the terms of the underwriting.

#### **4.5 Shortfall**

If you do not wish to take up any part of your Entitlement you are not required to take any action. That part of your Entitlement not taken up will form part of the Shortfall. The offer of the Shortfall is a separate offer pursuant to this Prospectus. The issue price of any Shares offered pursuant to the Shortfall Offer shall be 7.5 cents being the price at which the Entitlement has been offered to Shareholders pursuant to this Prospectus.

#### **Additional Securities**

Any part of your Entitlement not taken up will form part of the Shortfall. If you apply for your full Entitlement you may also apply for more Securities than the number shown on your Entitlement and Acceptance Form.

Shareholders who wish to apply for Securities above their Entitlement (and participate in the Shortfall) by completing the relevant section of the Entitlement and Acceptance Form (titled “**Additional New Shares**”), attached to the back of this Prospectus and return it, together with payment for the value of those Shortfall Securities (at 6 cents per Share) (and their Entitlement) to the Company.

Persons identified by the Underwriter to participate in the Shortfall who are not Shareholders, must complete a Shortfall Application Form provided by the Underwriter.

The Shortfall shall be placed at the discretion of the Underwriter. The Underwriter (together with the Company) reserves the right to allot to an applicant a lesser number of Shortfall Securities than the number for which the applicant applies, or to reject an application, or to not proceed with placing the Shortfall.

#### **4.6 Australian Securities Exchange Listing**

Application for official quotation by ASX of the Securities offered pursuant to this Prospectus will be made within 7 days after the date of this Prospectus. If approval is not obtained from ASX before the expiration of 3 months after the date of issue of the Prospectus, (or such period as modified by the ASIC), the Company will not issue any Securities and will repay all application monies for the Securities within the time prescribed under the Corporations Act, without interest.

The fact that ASX may grant official quotation to the Securities is not to be taken in any way as an indication of the merits of the Company or the Securities now offered for subscription.

#### **4.7 Allotment of Securities**

Securities issued pursuant to the Offer will be allotted as soon as practicable after the Closing Date. The Company will allot the Securities on the basis of a Shareholder’s Entitlement. Where the number of Securities issued is less than the number applied for, or where no allotment is made, surplus application monies will be refunded without any interest to the applicant as soon as practicable after the Closing Date.

Pending the allotment and issue of the Securities or payment of refunds pursuant to this Prospectus, all application monies will be held by the Company in trust for the Applicants in a separate bank account as required by the Corporations Act. The Company, however, will be entitled to retain all interest that accrues on the bank account and each Applicant waives the right to claim interest.

#### **4.8 Overseas Shareholders**

This Offer does not, and is not intended to, constitute an offer in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus.

It is not practicable for the Company to comply with the securities laws of overseas jurisdictions having regard to the number of overseas Shareholders, the number and value of Securities these Shareholders would be offered and the cost of complying with regulatory requirements in each relevant jurisdiction. Accordingly, the Offer is not being extended and Securities will not be issued to Shareholders with a registered address which is outside Australia or New Zealand.

Shareholders resident in New Zealand should consult their professional advisors as to whether any government or other consents are required, or other formalities need to be observed, to enable them to exercise their Entitlements under the Offer.

#### **4.9 Taxation Implications**

The Directors do not consider that it is appropriate to give Applicants advice regarding the taxation consequences of applying for Securities under this Prospectus, as it is not possible to provide a comprehensive summary of the possible taxation consequences. The Company, its advisers and officers, do not accept any responsibility or liability for any taxation consequences to Applicants. Potential Applicants should, therefore, consult their own professional tax adviser in connection with the taxation implications of the Securities offered pursuant to this Prospectus.

#### **4.10 Clearing House Electronic Sub-Register System (CHES) and Issuer Sponsorship**

The Company will not be issuing share certificates. The Company participates in CHES. Investors who do not wish to participate through CHES will be issuer sponsored by the Company. Because the sub-registers are electronic, ownership of securities can be transferred without having to rely upon paper documentation.

Electronic registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with a statement (similar to a bank account statement) that sets out the number of Securities allotted to them under this Prospectus. The notice will also advise holders of their Holder Identification Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHES and issuer sponsorship.

Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

#### **4.11 Privacy Act**

If you complete an application for Securities, you will be providing personal information to the Company (directly or by the Company's share registry). The Company collects, holds and will use that information to assess your application, service your needs as a Shareholder, facilitate distribution payments and corporate communications to you as a Shareholder and carry out administration.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Company's share registry.

You can access, correct and update the personal information that we hold about you. Please contact the Company or its share registry if you wish to do so at the relevant contact numbers set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the *Privacy Act 1988* (Cth) (as amended), the Corporations Act and certain rules such as the ASTC Settlement Rules. You should note that if you do not provide the information required on the application for Securities, the Company may not be able to accept or process your application.

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## 5. PURPOSE AND EFFECT OF THE OFFER

### 5.1 Purpose of the Offer

The purpose of the Offer is to raise approximately \$1,958,807 (before expenses). The proceeds of the Offer are planned to be used in accordance with the table set out below:

<b>Proceeds of the Offer</b>	<b>\$</b>
Granite Castle Gold Drilling	600,000
Bacchus Marsh Coal Drilling	350,000
Trafford Coal Court Case & Exploration	400,000
Charter Towers Gold Exploration	250,000
Other Projects and Working Capital	193,807
Expenses of the Offer	165,000
<b>Total</b>	<b>1,958,807</b>

#### Notes:

1. Refer to Section 8.7 of this Prospectus for further details relating to the estimated expenses of the Offer.

### 5.2 Effect of the Offer

The principal effect of the Offer will be to:

- (a) increase the cash reserves by approximately \$1,793,807 immediately after completion of the Offer after deducting the estimated expenses of the Offer;
- (b) increase the number of Shares on issue from 195,880,686, to approximately 228,527,467 Shares following completion of the Offer; and
- (c) increase the number of Options on issue from 3,450,000, to approximately 36,096,781 Options following completion of the Offer.

### 5.3 Consolidated Balance Sheet

The unaudited Balance Sheet as at 30 June 2011 and the unaudited Pro Forma Balance Sheet as at 30 June 2011 shown on the following page have been prepared on the basis of the accounting policies normally adopted by the Company and reflect the changes to its financial position. They have been prepared on the assumption that all Securities pursuant to the Offer in this Prospectus are issued.

The unaudited Balance Sheets have been prepared to provide Shareholders with information on the assets and liabilities of the Company and pro-forma assets and liabilities of the Company as noted below. The historical and pro-forma financial information is presented in an abbreviated form, insofar as it

does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements.

#### Consolidated Balance Sheet and Pro Forma Balance Sheet as at 30 June 2011

<b>Consolidated Balance Sheet As at 30 June 2011</b>	<b>Actual (Unaudited)</b>	<b>Proforma</b>
<b><i>Current assets</i></b>		
Cash and cash equivalents	1,465,522	3,264,328
Trade and other receivables	372,360	372,360
Other	3,697	3,697
<b><i>Total current assets</i></b>	<u>1,841,579</u>	<u>3,640,385</u>
<b><i>Non-current assets</i></b>		
Receivables	37,031	37,031
Property, plant and equipment	107,800	107,800
Exploration costs	8,775,185	8,775,185
<b><i>Total non-current assets</i></b>	<u>8,920,016</u>	<u>8,920,016</u>
<b><i>Total assets</i></b>	<u>10,761,595</u>	<u>12,560,401</u>
<b><i>Current liabilities</i></b>		
Trade and other payables	239,587	239,587
Provisions	58,721	58,721
<b><i>Total current liabilities</i></b>	<u>298,308</u>	<u>298,308</u>
<b><i>Total liabilities</i></b>	<u>298,308</u>	<u>298,308</u>
<b><i>Net assets</i></b>	<u>10,463,287</u>	<u>12,262,093</u>
<b><i>Equity</i></b>		
Issued capital	14,394,307	16,193,113
Reserves	486,375	486,375
Accumulated losses	(4,417,395)	(4,417,395)
<b><i>Total equity</i></b>	<u>10,463,287</u>	<u>12,262,093</u>

#### 5.4 Effect on Capital Structure

A comparative table of changes in the capital structure of the Company as a

consequence of the Offer is set out below.

### Shares

	<b>Number</b>
Shares on issue at date of Prospectus	195,880,686
Shares offered pursuant to the Offer	32,646,781
<b>Total Shares on issue after completion of the Offer</b>	<b>228,527,467</b>

### Options

	<b>Number</b>
Exercisable at \$0.20 on or before 31 December 2012	2,000,000
Exercisable at \$0.10 on or before 31 December 2011	1,450,000
Options offered pursuant to the Offer	32,646,781
Cygnnet Options to be issued to Cygnnet Capital Pty Limited or its nominees	12,000,000
<b>Total Options on issue after completion of the Offer</b>	<b>48,096,781</b>

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## **6. RIGHTS AND LIABILITIES ATTACHING TO THE SECURITIES**

### **6.1 Terms of Shares**

The following is a summary of the more significant rights and liabilities attaching to Shares to be issued pursuant to this Prospectus. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights and liabilities attaching to Shares are set out in the Company's Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

#### **6.1.1 General Meetings**

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with Section 249D of the Corporations Act and the Constitution of the Company.

#### **6.1.2 Voting Rights**

Subject to any rights or restrictions for the time being attached to any class or classes of Shares, at general meetings of Shareholders or classes of Shareholders:

- (a) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (b) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- (c) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for each Share held, but in respect of partly paid shares shall have a fraction of a vote equivalent to the proportion which the amount paid up bears to the total issue price for the share.

#### **6.1.3 Dividend Rights**

The Directors may from time to time declare and pay or credit a dividend in accordance with the Corporations Act. Subject to any special right as to dividends attaching to a share, all dividends will be declared and paid according to the proportion which the amount paid on the Share is to the total amount payable in respect of the Shares (but any amount paid during the period in respect of which a dividend is declared only entitles the Shareholder to an apportioned amount of that dividend as from the date of payment). The Directors may from time to time pay or credit to the Shareholders such interim dividends as they may determine. No dividends shall be payable except out of profits. A determination by the Directors as to the profits of the Company shall be conclusive. No dividend shall carry interest as against the Company.

The Directors may from time to time grant to Shareholders or any class of shareholders the right to elect to reinvest cash dividends paid by the Company by subscribing for Shares in the Company on such terms and conditions as the



Directors think fit. The Directors may, at their discretion, resolve in respect of any dividend which it is proposed to pay or to declare on any Shares of the Company, that holders of such Shares may elect to forgo their right to the whole or part of the proposed dividend and to receive instead an issue of Shares credited as fully paid to the extent and on the terms and conditions of the Constitution. The Directors may set aside out of the profits of the Company such amounts as they may determine as reserves, to be applied at the discretion of the Directors, for any purpose for which the profits of the Company may be properly applied.

#### **6.1.4 Winding-Up**

If the Company is wound up, the liquidator may, with the authority of a special resolution, divide among the Shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders. The liquidator may, with the authority of a special resolution, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no Shareholder is compelled to accept any Shares or other securities in respect of which there is any liability.

#### **6.1.5 Transfer of Shares**

Generally, Shares in the Company are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act and the Listing Rules.

#### **6.1.6 Future Increase in Capital**

The allotment and issue of any new Shares is under the control of the Directors of the Company. Subject to restrictions on the issue or grant of securities contained in the Listing Rules, the Constitution and the Corporations Act (and without affecting any special right previously conferred on the holder of an existing share or class of shares), the Directors may issue Shares as they shall, in their absolute discretion, determine.

#### **6.1.7 Variation of Rights**

Under Section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders vary or abrogate the rights attaching to Shares.

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up, may be varied or abrogated with the consent in writing of the holders of three quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

### **6.2 Terms of Options**

The Options entitle the holder to subscribe for Shares on the following terms and conditions:

- (a) Each Option gives the Option Holder the right to subscribe for one Share. To obtain the right given by each Option, the Option Holder must exercise the Options in accordance with the terms and conditions of the Options.
- (b) The Options will expire at 5.00 pm (WST) on 1 December 2013 (**Expiry Date**). Any Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
- (c) The amount payable upon exercise of each Option will be 7.5 cents (**Exercise Price**).
- (d) The Options held by each Option Holder may be exercised in whole or in part, and if exercised in part, multiples of 1,000 must be exercised on each occasion. Where less than 1,000 Options are held, all Options must be exercised together.
- (e) An Option Holder may exercise their Options by lodging with the Company, before the Expiry Date:
  - (i) a written notice of exercise of Options specifying the number of Options being exercised; and
  - (ii) a cheque or electronic funds transfer for the Exercise Price for the number of Options being exercised;

**(Exercise Notice)**.
- (f) An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price in cleared funds.
- (g) Within 10 Business Days of receipt of the Exercise Notice accompanied by the Exercise Price, the Company will allot the number of Shares required under these terms and conditions in respect of the number of Options specified in the Exercise Notice.
- (h) The Options are transferable.
- (i) All Shares allotted upon the exercise of Options will upon allotment rank pari passu in all respects with other Shares.
- (j) The Company will apply for quotation of the Options on ASX.
- (k) If at any time the issued capital of the Company is reconstructed, all rights of an Option Holder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.
- (l) There are no participating rights or entitlements inherent in the Options and Option Holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 6 Business Days after the issue is announced. This will give Option Holders the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.

- (m) Other than pursuant to term (n), an Option does not confer the right to a change in exercise price or a change in the number of underlying securities over which the Option can be exercised.
- (n) In the event the Company proceeds with a bonus issue of securities to Shareholders after the date of issues of the Options, the number of securities over which an Option is exercisable may be increased by the number of securities which the Option Holder would have received if the Option had been exercised before the record date for the bonus issue.

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## 7. RISK FACTORS

Applicants should consider the risk factors described below, together with information contained elsewhere in this Prospectus, before deciding whether to apply for Securities. Potential Applicants should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for Securities.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

### 7.1 Mt Mulligan Tenements – Third Party Claim

To ensure full protection of Aboriginal Cultural heritage and future harmonious relations with the Traditional Custodians of Mt Mulligan, the Company proceeded to negotiate an Indigenous Land Use Agreement (**ILUA**). Finalisation and Authorisation (signing) of the ILUA has been delayed by the advent of a third party claim over the tenements the Company acquired which are located at Mt Mulligan (**Mt Mulligan Tenements**) (**Third Party Claim**). The Company has retained Special Counsel to work with its legal advisor, Allens Arthur Robinson, to resolve the Third Party Claim. While the Company is confident of its legal position in respect of the claim, the Company may suffer damage if its rights to the Mt Mulligan Tenements are in any way affected by the Third Party Claim.

### 7.2 Operating Risks

The current and future operations of the Company, including exploration, appraisal and possible production activities may be affected by a range of factors, including:

- (a) adverse geological conditions;
- (b) limitations on activities due to seasonal weather patterns and cyclone activity;
- (c) unanticipated operational and technical difficulties encountered in seismic survey, drilling and production activities;
- (d) mechanical failure of operating plant and equipment;
- (e) industrial and environmental accidents, industrial disputes and other force majeure events;
- (f) unavailability of aircraft or drilling equipment to undertake airborne electromagnetic and other geological and geophysical investigations;
- (g) unexpected shortages or increases in the costs of labour, consumables, spare parts, plant and equipment; and
- (h) inability to obtain necessary consents or approvals.

### 7.3 Native Title Risks

Both the *Native Title Act 1993* (Cth), related State Native Title legislation and Aboriginal Land Rights and Aboriginal Heritage legislation may affect the Company's ability to gain access to prospective exploration areas or obtain production titles.

Compensatory obligations may be necessary in settling Native Title claims if lodged over any tenements acquired by the Company. The existence of outstanding registered Native Title claims means that the grant of a tenement in respect of a particular tenement application may be significantly delayed or thwarted pending resolution of future act procedures in the Native Title Act. The level of impact of these matters will depend, in part, on the location and status of the tenements acquired by the Company. At this stage it is not possible to quantify the impact (if any) which these developments may have on the operations of the Company.

The Directors closely monitor the potential effect of native title claims involving tenements in which the Company has or may have an interest.

#### **7.4 Title Risks**

Licences are granted subject to various conditions including, but not limited to, expenditure conditions. Failure to comply with these conditions may expose the licences to forfeiture.

All of the licences in which the Company has or will have an interest will be subject to application for renewal from time to time. The renewal of the term of each licence is subject to the applicable legislation in that jurisdiction. If a licence is not renewed for any reason, the Company may suffer significant damage through loss of the opportunity to develop and discover any mineral resources on that licence. However, the Directors are not aware of any reason why renewal of the term of any licences will not be granted.

#### **7.5 Environmental Risks and Regulations**

The Company's projects are subject to Commonwealth and State laws and regulations regarding environmental matters and the discharge of hazardous wastes and materials. As with all mining projects, these projects would be expected to have a variety of environmental impacts should development proceed.

The Company intends to conduct its activities in an environmentally responsible manner and in accordance with applicable laws and industry standards. Areas disturbed by the Company's activities will be rehabilitated as required by the conditions attaching to the Company's mining tenements.

Further, the Company is aware of some activism from environmental lobby groups around the Company's Bacchus Marsh tenements. Whilst the Company has commenced an exploration drilling program at its Bacchus Marsh prospect and intends to comply with all applicable laws and industry standards there can be no guarantees that these activists will not impact on the Company's activities with their activism.

#### **7.6 Economic Risks**

Factors such as inflation, currency fluctuations, interest rates, supply and demand, industrial disruption, government policy and legislation, have an impact on operating costs, commodity prices, the parameters in which the Company may operate and stock market prices. Factors that may be beyond the control of the Company include:

- (a) general economic conditions in Australia and, in particular, inflation rates, interest rates, exchange rates, commodity supply and demand factors;

- (b) financial failure or default by a participant in any joint venture or other contractual relationship to which the Company is, or may become, a party;
- (c) insolvency or other managerial failure by any of the contractors used by the Company in its activities; and
- (d) industrial and landholder disputes.

These as well as other conditions can affect the Company's future possible revenues and price of its Securities.

## **7.7 Market conditions**

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities and in particular, resources stocks. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

## **7.8 Security Investments**

Applicants should be aware that there are risks associated with any securities investment. Securities listed on the stock market, and in particular securities of mining and exploration companies have experienced extreme price and volume fluctuations that have often been unrelated to the operating performances of such companies. These factors may materially affect the market price of the securities regardless of the Company's performance.

Exploration in itself is a speculative endeavour, while mining operations can be hampered by force majeure circumstances and cost overruns for unforeseen events.

## **7.9 Legislative changes, Government policy and approvals**

Changes in government regulations and policies may adversely affect the financial performance of the Company. For example, any increased rentals under the relevant mining legislation may impact on the Company's actual financial statements. The Company's capacity to explore and mine, in particular the Company's ability to explore and mine any reserves, may be affected by changes in government policy, which are beyond the control of the Company.

The Company is aware of a proposal from the Queensland Government to restrict mining activities in areas within two kilometres of built-up populations. Whilst the details of this proposal are yet to be released there cannot be any guarantees that this will not affect the Company's operations and in particular those operations immediately around the Charters Towers town site in Queensland.

## **7.10 Future Capital Requirements**

The Company's ongoing activities will require substantial expenditures. There can be no guarantee that the funds raised through the Offer will be sufficient to successfully achieve all the objectives of the Company's overall business strategy. If the Company is unable to continue to use debt or equity to fund expansion after the substantial exhaustion of the net proceeds of the Offer there can be no assurances that the Company will have sufficient capital resources for that purpose, or other purposes, or that it will be able to obtain additional fundraising on terms acceptable to the Company or at all. Any additional

equity financing may be dilutive to shareholders and any debt financing if available may involve restrictive covenants, which may limit the Company's operations and business strategy.

The Company's failure to raise capital if and when needed could delay or suspend the Company's business strategy and could have a material adverse effect on the Company's activities.

#### **7.11 Reliance on Key Personnel and Employees**

The Company's prospects depend in part on the ability of its executive officers, senior management and key consultants to operate effectively, both independently and as a group. To manage its growth, the Company must attract and retain additional highly qualified management, technical, sales and marketing personnel and continue to implement and improve operational, financial and management information systems. Investors must be willing to rely to a significant extent on management's discretion and judgement, as well as the expertise and competence of outside contractors.

#### **7.12 General Risks**

The value of the Company's Securities is affected by a number of general factors which are beyond the control of the Company and its Directors.

Factors such as inflation, currency fluctuation, interest rates, supply and demand and industrial disruption have an impact on operating costs, commodity prices, local and international economic conditions and general investor sentiment.

The Company's Share price can be afflicted by these factors which are beyond the control of the Directors.

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## 8. ADDITIONAL INFORMATION

### 8.1 Continuous Disclosure Obligations

The Company is a “disclosing entity” (as defined in Section 111AC of the Corporations Act) for the purposes of Section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company’s securities.

This Prospectus is a “transaction specific prospectus”. In general terms “transaction specific prospectuses” are only required to contain information in relation to the effect of the issue of securities on the Company and the rights attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the 12 months before the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with the ASIC in relation to the Company (not being documents referred to in Section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of the ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:
  - (i) the financial statements of the Company for the financial year ended 30 June 2010 being the last financial statements for a financial year, of the Company lodged with the ASIC before the issue of this Prospectus;
  - (ii) any half year financial statements of the Company lodged with ASIC since the lodgement of the last financial statements for



the year ended 30 June 2010 lodged with ASIC before the issue of this Prospectus; and

- (iii) any documents used to notify ASX of information relating to the Company in the period from lodgement of the financial statements referred to in paragraph (i) above until the issue of the Prospectus in accordance with the Listing Rules as referred to in Section 674(1) of the Corporations Act.

Copies of all documents lodged with the ASIC in relation to the Company can be inspected at the registered office of the Company during normal office hours.

The Company has lodged the following announcements with ASX since the lodgement of the 2010 audited financial statements:

<b>Date</b>	<b>Description of Announcement</b>
19/09/2011	Trading Halt
08/09/2011	Results of Meeting
07/09/2011	Company Update
30/08/2011	Restructure of Capital Raising
29/08/2011	Trading Halt
18/08/2011	Mt Mulligan Court Update
11/08/2011	Key Projects Update
10/08/2011	Supplementary Disclosure Document
09/08/2011	Extension to Entitlement Issue
05/08/2011	Notice of General Meeting/Proxy Form
28/07/2011	Appendix 3B and Notice under Section 708
28/07/2011	Deans Marsh Update
27/07/2011	Prospectus Mailing Completed
26/07/2011	Quarterly Cashflow Report
21/07/2011	Mantle Receives \$325000 Research and Development Tax Offset
20/07/2011	Quarterly Activities Report
15/07/2011	Letter to Shareholders
14/07/2011	Appendix 3B
14/07/2011	Letter to Optionholders

14/07/2011	Disclosure Document - Entitlement Issue
14/07/2011	Mount Mulligan Court Update
22/06/2011	Appendix 3B and Notice Under Section 708
22/06/2011	Deans Marsh Coal Project Application
16/06/2011	Capital Raising
14/06/2011	Trading Halt - Amended
14/06/2011	Trading Halt
10/06/2011	Mt. Mulligan Court Update
30/05/2011	Bacchus Marsh Drill Program
16/05/2011	Mantle Investor Presentation
10/05/2011	Mt Mulligan Court Update
05/05/2011	Latrobe Valley Tenement Granted
27/04/2011	Details of Company Address
21/04/2011	Quarterly Activities Report
21/04/2011	Quarterly Cashflow Report
18/04/2011	Bacchus Marsh Tenements Granted
07/04/2011	Bacchus Marsh Sulphur Levels
31/03/2011	Pilot Plant Trial a Success
28/03/2011	Bacchus Marsh Tenement Granted
08/03/2011	Change of Director`s Interest Notice
03/03/2011	Change of Director`s Interest Notice x 2
02/03/2011	Successful Bacchus Marsh Bulk Trial
01/03/2011	Half Yearly Accounts
28/02/2011	Trading Halt
07/02/2011	Presentation
02/02/2011	Mantle Granted Texas Coal Tenements
01/02/2011	Bacchus Marsh Bulk Sample Update
25/01/2011	Quarterly Cashflow Report
24/01/2011	Quarterly Activities Report

20/01/2011	Section 708 Notice
19/01/2011	Latrobe Valley Coal Project Applications
18/01/2011	Appendix 3B
14/01/2011	Appendix 3B
13/01/2011	Results of Meeting
11/01/2011	Bacchus Marsh Bulk Sample Update
07/01/2011	Response to ASX Query
07/01/2011	Appendix 3B - Option Exercises
06/01/2011	Change of Director`s Interest Notice - Replacement
05/01/2011	Change of Director`s Interest Notice
29/12/2010	Response to ASX Query
24/12/2010	Change of Director`s Interest Notice
24/12/2010	Appendix 3B - Option Exercise
24/12/2010	Security Trading Policy
22/12/2010	Change of Director`s Interest Notice
21/12/2010	Change of Director`s Interest Notice
20/12/2010	Change of Director`s Interest Notice
17/12/2010	Change of Director`s Interest Notice
17/12/2010	Change of Director`s Interest Notice
15/12/2010	Appendix 3B - Option Exercise
15/12/2010	Change of Director`s Interest Notice x 4
15/12/2010	Appendix 3B and Notice under Section 708
15/12/2010	Change of Director`s Interest Notice (Amended)
15/12/2010	Bacchus Marsh Exploration Target Update
14/12/2010	Mantle and Exergen Execute Binding Agreement
09/12/2010	Mantle Applies for Bacchus Marsh Tenements
07/12/2010	Notice of General Meeting/Proxy Form
07/12/2010	Letter to Optionholders
07/12/2010	Mantle Accepts Texas Coal Grant Offer

30/11/2010	Bacchus Marsh Coal Dried Successfully
25/11/2010	Barkly Phosphate Drill Results
18/11/2010	Results of Meeting
12/11/2010	Appendix 3B and Section 708 Notice
27/10/2010	Quarterly Activities Report
27/10/2010	Quarterly Cashflow Report
22/10/2010	Annual Report to Shareholders

ASX maintains files containing publicly available information for all listed companies. The Company's file is available for inspection at ASX during normal office hours.

The announcements are also available through the ASX platform (ASX:MNM) at [www.asx.com.au](http://www.asx.com.au).

## 8.2 Underwriting Agreement

By an agreement dated 19 September 2011 between Cygnet Capital Pty Limited (**Underwriter**) and the Company (**Underwriting Agreement**), the Underwriter agreed to fully underwrite the Offer for 32,646,781 Shares and 32,646,781 Options (**Underwritten Securities**).

Pursuant to the Underwriting Agreement, the Company has agreed to provide the following consideration to the Underwriter:

- (a) a 5% capital raising fee (being \$97,940.35 plus GST);
- (b) a management fee of \$30,000 (plus GST); and
- (c) a total of 12,000,000 options, to be issued to the Underwriter or its nominee, exercisable at 7.5 cents on or before 1 December 2013.

If Shareholder approval is required for the issue of the 12,000,000 options, and subsequently not obtained, the Company has agreed to pay the Underwriter \$0.02 per option not issued.

The obligation of the Underwriter to underwrite the Offer is subject to certain events of termination. The Underwriter may terminate its obligations under the Underwriting Agreement if:

- (a) (**Indices fall**): the All Ordinaries Index (IRESS XAO.ASX), the S&P/ASX 200 (IRESS:XJO.ASX) or the S&P/ASX 200 Energy (IRESS:XEJ.ASX) as published by ASX is at any time after the date of this Agreement is 7.5% or more below its respective level as at the close of business on the Business Day prior to the date of this Agreement; or
- (b) (**Share Price**): the Shares finish trading on the ASX under the ASX code of "MNM" on any one (1) consecutive trading day with a closing price that is less 4.5 cents; or

- (c) **(Prospectus)**: the Company does not lodge the Prospectus on the Lodgement Date or the Prospectus or the Offer is withdrawn by the Company; or
- (d) **(Copies of Prospectus)**: the Company fails to comply with clause 4.1(d) of the Underwriting Agreement and such failure is not remedied within 2 days; or
- (e) **(Supplementary prospectus)**:
  - (i) the Underwriter, having elected not to exercise its right to terminate its obligations under this Agreement as a result of an occurrence as described in clause 8.2(q)(vi), forms the view on reasonable grounds that a supplementary or replacement prospectus should be lodged with ASIC for any of the reasons referred to in section 719 of the Corporations Act and the Company fails to lodge a supplementary or replacement prospectus in such form and content and within such time as the Underwriter may reasonably require; or
  - (ii) the Company lodges a supplementary or replacement prospectus without the prior written agreement of the Underwriter otherwise than as permitted by clause 4.1(h) or clause 4.1(i); or
- (f) **(Non-compliance with disclosure requirements)**: it transpires that the Prospectus does not contain all the information required by section 713 of the Corporations Act; or
- (g) **(Misleading Prospectus)**: it transpires that there is a statement in the Prospectus that is misleading or deceptive or likely to mislead or deceive, or that there is an omission from the Prospectus (having regard to the provisions of section 713 of the Corporations Act) or if any statement in the Prospectus becomes or misleading or deceptive or likely to mislead or deceive or if the issue of the Prospectus is or becomes misleading or deceptive or likely to mislead or deceive; or
- (h) **(Restriction on allotment)**: the Company is prevented from allotting the Rights Securities within the time required by this Agreement, the Corporations Act, the Listing Rules, any statute, regulation or order of a court of competent jurisdiction by ASIC, ASX or any court of competent jurisdiction or any governmental or semi-governmental agency or authority;
- (i) **(Withdrawal of consent to Prospectus)**: any person (other than the Underwriter) who has previously consented to the inclusion of its, his or her name in the Prospectus or to be named in the Prospectus, withdraws that consent; or
- (j) **(ASIC application)**: an application is made by ASIC for an order under section 1324B or any other provision of the Corporations Act in relation to the Prospectus, the Shortfall Notice Deadline Date has arrived, and that application has not been dismissed or withdrawn; or
- (k) **(ASIC hearing)**: ASIC gives notice of its intention to hold a hearing under section 739 or any other provision of the Corporations Act in relation to the Prospectus to determine if it should make a stop order in relation to the Prospectus or ASIC makes an interim or final stop order in relation to

the Prospectus under section 739 or any other provision of the Corporations Act; or

- (l) **(Takeovers Panel)**: the Takeovers Panel makes a declaration that circumstances in relation to the affairs of the Company are unacceptable circumstances under Pt 6.10 of the Corporations Act; or
- (m) **(Hostilities)**: there is an outbreak of hostilities or a material escalation of hostilities (whether or not war has been declared) after the date of this agreement involving one or more of Australia, New Zealand, Indonesia, Japan, Russia, the United Kingdom, the United States of America, or the Peoples Republic of China or any member of the European Union, or a terrorist act is perpetrated on any of those countries or any diplomatic, military, commercial or political establishment of any of those countries anywhere in the world; or
- (n) **(Authorisation)**: any Authorisation which is material to anything referred to in the Prospectus is repealed, revoked or terminated or expires, or is modified or amended in a manner unacceptable to the Underwriter; or
- (o) **(Indictable offence)**: a director or senior manager of a Relevant Company is charged with an indictable offence; or
- (p) **(Sub-underwriters)**: any of the Company Sub-Underwriters that are introduced by the Company as detailed in Schedule 3 do not comply with their obligation under the sub-underwriting agreements or threaten to not comply with all of their respective obligations under the sub-underwriting agreements with the Underwriter; or
- (q) **(Termination Events)**: subject always to clause 13.2 of the Underwriting Agreement, any of the following events occurs:
  - (i) **(Default)**: default or breach by the Company under this Agreement of any terms, condition, covenant or undertaking; or
  - (ii) **(Incorrect or untrue representation)**: any representation, warranty or undertaking given by the Company in this Agreement is or becomes untrue or incorrect; or
  - (iii) **(Contravention of constitution or Act)**: a material contravention by a Relevant Company of any provision of its constitution, the Corporations Act, the Listing Rules or any other applicable legislation or any policy or requirement of ASIC or ASX; or
  - (iv) **(Adverse change)**: an event occurs which gives rise to a Material Adverse Effect or any adverse change or any development including a likely Material Adverse Effect after the date of this Agreement in the assets, liabilities, financial position, trading results, profits, forecasts, losses, prospects, business or operations of any Relevant Company including, without limitation, if any forecast in the Prospectus becomes incapable of being met or in the Underwriter's reasonable opinion, unlikely to be met in the projected time; or
  - (v) **(Error in Due Diligence Results)**: it transpires that any of the Due Diligence Results or any part of the Verification Material was

misleading or deceptive, materially false or that there was a material omission from them; or

- (vi) (**Significant change**): a "new circumstance" as referred to in section 719(1) of the Corporations Act arises that is materially adverse from the point of view of an investor; or
- (vii) (**Public statements**): without the prior approval of the Underwriter (such approval not to be unreasonably withheld), a public statement is made by the Company in relation to the Offer, the Issue or the Prospectus, unless such public statement is required by law, the Listing Rules or a governmental agency; or
- (viii) (**Misleading information**): any information supplied at any time by the Company or any person on its behalf to the Underwriter in respect of any aspect of the Offer or the Issue or the affairs of any Relevant Company is or becomes misleading or deceptive or likely to mislead or deceive; or
- (ix) (**Change in Act or policy**): there is introduced, or there is a public announcement of a proposal to introduce, into the Parliament of Australia or any of its States or Territories any Act or prospective Act or budget or the Reserve Bank of Australia or any Commonwealth or State authority adopts or announces a proposal to adopt any new, or any major change in, existing, monetary, taxation, exchange or fiscal policy that has not been publicly disclosed or proposed as at the date of this Agreement; or
- (x) (**Prescribed Occurrence**): a Prescribed Occurrence occurs; or
- (xi) (**Suspension of debt payments**): the Company suspends payment of its debts generally; or
- (xii) (**Event of Insolvency**): an Event of Insolvency occurs in respect of a Relevant Company; or
- (xiii) (**Judgment against a Relevant Company**): a judgment in an amount exceeding \$50,000 is obtained against a Relevant Company and is not set aside or satisfied within 7 days; or
- (xiv) (**Litigation**): litigation, arbitration, administrative or industrial proceedings are after the date of this Agreement commenced or threatened against any Relevant Company, other than any claims foreshadowed in the Prospectus; or
- (xv) (**Board and senior management composition**): there is a change in the composition of the Board or a change in the senior management of the Company before Completion without the prior written consent of the Underwriter; or
- (xvi) (**Change in shareholdings**): there is a material change in the major or controlling shareholdings of a Relevant Company or a takeover offer or scheme of arrangement pursuant to Chapter 5 or 6 of the Corporations Act is publicly announced in relation to a Relevant Company; or

- (xvii) (**Timetable**): there is a delay in any specified date in the Timetable which is greater than 7 Business Days; or
- (xviii) (**Force Majeure**): a Force Majeure affecting the Company's business or any obligation under the Agreement lasting in excess of 7 days occurs; or
- (xix) (**Certain resolutions passed**): a Relevant Company passes or takes any steps to pass a resolution under section 254N, section 257A or section 260B of the Corporations Act or a resolution to amend its constitution without the prior written consent of the Underwriter; or
- (xx) (**Capital Structure**): any Relevant Company alters its capital structure in any manner not contemplated by the Prospectus, excluding the issue of any Shares upon exercise of options, such options having been disclosed to the ASX as at the date of this Agreement; or
- (xxi) (**Investigation**): any person is appointed under any legislation in respect of companies to investigate the affairs of a Relevant Company; or
- (xxii) (**Market Conditions**): a suspension for more than 2 trading days or material limitation in trading generally on ASX occurs or any material adverse change or disruption occurs in the existing financial markets, political or economic conditions of Australia, the United Kingdom, the United States of America or other international financial markets; or
- (xxiii) (**Material Breach**): if the Company fails to rectify any material breach of the Mandate having been given 10 business days notice in writing by the Underwriter of such breach having occurred.

The Underwriting Agreement also contains a number of indemnities, representations and warranties from the Company to the Underwriter that are considered standard for an agreement of this type.

### 8.3 Disclosure of Underwriting on Voting Power

As set out above, the Offer is fully underwritten by Cygnet Capital Pty Limited (**Underwriter**) and Mr Martin Blakeman has agreed to sub-underwrite up to \$50,000 worth of any Shortfall and Mr Stephen de Belle has agreed to sub-underwrite up to \$100,000 worth of any Shortfall (**Director Sub-Underwriters**).

As at the date of this Prospectus the Underwriter does not have a relevant interest in any Shares.

The potential maximum increase in the voting power of the Underwriter should no Shareholders take up their Entitlement under the Offer will be 14.28%.

The potential maximum increase in the voting power of each of the Director Sub-Underwriters is as follows. If Martin Blakeman takes up all of his Entitlement under the Offer (3,704,671 Shares) and sub-underwrites his maximum of \$50,000 worth of Shortfall (833,334 Shares) the potential maximum increase in Mr Blakeman's voting power will be 0.36%. If Stephen de Belle takes up all of his Entitlement under the Offer (1,098,699 Shares) and sub-underwrites his maximum



of \$100,000 worth of Shortfall (1,666,667 Shares) the potential maximum increase in Mr de Belle's voting power will be 0.74%.

Notwithstanding the potential effect of the underwriting above, in accordance with the terms of the Underwriting Agreement, the Underwriter will allocate the Shortfall to its sub-underwriters and/or clients such that neither the Underwriter, the sub-underwriters nor any of the Underwriter's clients, individually, will have a voting power in the Company in excess of 20% after the issue of the Shortfall. Therefore, neither the Underwriter nor any of the sub-underwriters nor any of the Underwriter's clients will obtain control of the Company as a result of the Underwriter underwriting the Offer.

#### 8.4 Directors' Interests

Other than as set out below or elsewhere in this Prospectus, no Director nor any firm in which such a Director is a partner, has or had within 2 years before the lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer pursuant to this Prospectus; or
- (c) the Offer pursuant to this Prospectus,

and no amounts have been paid or agreed to be paid (in cash or Shares or otherwise) to any Director or to any firm in which any such Director is a partner, either to induce him to become, or to qualify him as, a Director or otherwise for services rendered by him or by the firm in connection with the formation or promotion of the Company or Offer pursuant to this Prospectus.

Directors' interests in securities of the Company at the date of this Prospectus are:

Name	Shares	Options	Entitlement <sup>1</sup>
Martin Blakeman	22,228,028	Nil	3,704,671 Shares 3,704,671 Options
Ian Kraemer	1,263,696	3,000,000	210,616 Shares 210,616 Options
Peter Anderton	4,412,259	Nil	735,377 Shares 735,377 Options
Stephen de Belle	6,592,196	Nil	1,098,699 Shares 1,098,699 Options

#### Notes:

1. Assumes none of the Options held by the Directors as at the date of this Prospectus are exercised prior to the Record Date

The Constitution of the Company provides that the non-executive Directors may be paid for their services as Directors, a sum not exceeding such fixed sum per annum as may be determined by the Company in general meeting, to be divided among the Directors and in default of agreement then in equal shares.

The Company paid to the Directors a total of \$237,878 for the year ended 30 June 2010 and \$285,676 for the year ended 30 June 2011. In addition to the above, the Directors have been paid fees totalling \$89,164.66 from the end of the previous financial year until the date of this Prospectus. Directors, companies associated with the directors or their associates are also reimbursed for all reasonable expenses properly incurred in the course of conducting their duties which include, but are not in any way limited to, out of pocket expenses, travelling expenses, disbursements made on behalf of the Company and other miscellaneous expenses.

## **8.5 Interests and Consents of Experts and Advisers**

Other than as set out below or elsewhere in this Prospectus, no expert, underwriter, promoter or any other person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of the Prospectus, nor any firm in which any of those persons is or was a partner, nor any company with which any of those persons is or was associated, has or had within 2 years before the lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company; or
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer of securities pursuant to this Prospectus; or
- (c) the Offer of securities pursuant to this Prospectus,

and no amounts have been paid or agreed to be paid (in cash or Shares or otherwise) to any expert, underwriter, promoter or any other person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of this Prospectus, or to any firm in which any of those persons is or was a partner, or to any company with which any of those persons is or was associated, for services rendered by that person, or by the firm or the company, in connection with the formation or promotion of the Company or the Offer pursuant to this Prospectus.

Pursuant to Section 716 of the Corporations Act, Cygnet Capital Pty Limited has given and has not withdrawn its consent to being named as Underwriter to the Offer in the Corporate Directory of this Prospectus in the form and context in which it is named. Cygnet Capital Pty Limited has not caused or authorised the issue of this Prospectus, does not make or purport to make any statement in this Prospectus and takes no responsibility for any part of this Prospectus.

Cygnet Capital Pty Limited has acted as underwriter to the Offer and will be paid an underwriting fee of approximately \$97,940.35 (before GST) and a management fee of \$30,000 (before GST) in consideration for services provided. Cygnet Capital Pty Ltd or its nominees will also be issued a total of 12,000,000 options, exercisable at 7.5 cents on or before 1 December 2013.

Pursuant to Section 716 of the Corporations Act, Steinepreis Paganin has given, and has not withdrawn its consent to being named as Solicitors to the Company in the Corporate Directory of this Prospectus in the form and context in which it is named. Steinepreis Paganin has not caused or authorised the issue of this Prospectus, does not make or purport to make any statement in this Prospectus and takes no responsibility for any part of this Prospectus.

Steinepreis Paganin act as solicitors to the Company. Steinepreis Paganin will be paid approximately \$10,000 for services in relation to this Prospectus.

## 8.6 Legal Proceedings

Other than as detailed in Section 7.1, there is no litigation, arbitration or proceedings pending against or involving the Company as at the date of this Prospectus.

## 8.7 Estimated Expenses of Offer

In the event that the Offer is fully subscribed, the estimated expenses of the Offer are as follows:

	\$
ASIC fees	2,137
ASX fees	14,918
Underwriting fees	97,940
Management fees	30,000
Legal expenses	10,000
Printing and other expenses	10,005
<b>Total</b>	<b><u>165,000</u></b>

## 8.8 Market Price of Shares

The Company is a disclosing entity for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on ASX.

The highest and lowest market sale prices of the Company's Shares on ASX during the three months immediately preceding the date of lodgement of this Prospectus with the ASIC and the respective dates of those sales were:

Highest: \$0.12 on 15 July 2011

Lowest: \$0.066 on 12 September 2011

The latest available closing sale price of the Company's Shares on ASX prior to the lodgement of this Prospectus with the ASIC was \$0.07 on 16 September 2011.

## 8.9 Electronic Prospectus

Pursuant to Class Order 00/044, the ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an electronic prospectus and electronic application form on the basis of a paper prospectus lodged with the ASIC, and the publication of notices referring to an electronic prospectus or electronic application form, subject to compliance with certain conditions.

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the application form. If you have not, please phone the Company and the Company will send you, for free, either a hard copy or a further electronic copy of the Prospectus, or both.

The Company reserves the right not to accept an application form from a person if it has reason to believe that when that person was given access to the electronic application form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

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**9. AUTHORITY OF DIRECTORS**

**9.1 Directors' Consent**

Each of the Directors of Mantle Mining Corporation Ltd has consented to the lodgement of this Prospectus with the ASIC in accordance with Section 720 of the Corporations Act.

Dated the 19<sup>th</sup> day of September 2011

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**Peter Anderton**  
**Director**  
**For and on behalf of**  
**Mantle Mining Corporation Ltd**

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## 10. DEFINITIONS

**Acceptance Form** means an Entitlement and Acceptance Form or a Shortfall Application Form as the context permits.

**Applicant** means a Shareholder or Underwriter or other party instructed by the Underwriter who applies for Securities pursuant to the Offer.

**ASIC** means the Australian Securities and Investments Commission.

**ASTC Settlement Rules** means the settlement rules of the securities clearing house which operates CHESS.

**ASX** means the ASX Limited (ACN 008 624 691).

**Board** means the board of Directors unless the context indicates otherwise.

**Business Day** means a day on which trading takes place on the stock market of ASX.

**Closing Date** means the closing date of the Offer, being 5.00pm (WST) on 21 October 2011 (unless extended).

**Company** means Mantle Mining Corporation Ltd (ABN 70 107 180 441).

**Constitution** means the Company's Constitution as at the date of this Prospectus.

**Corporations Act** means the *Corporations Act 2001*(Cth).

**Directors** means the directors of the Company at the date of this Prospectus.

**Dollar** or "\$" means Australian dollars.

**Entitlement** means the entitlement of a Shareholder who is eligible to participate in the Offer.

**Entitlement and Acceptance Form** means the entitlement and acceptance form either attached to or accompanying this Prospectus.

**Issue** means the issue of Securities offered by this Prospectus.

**Listing Rules** or **ASX Listing Rules** means the Listing Rules of the ASX.

**Offer** means the offer pursuant to the Prospectus of one (1) new Share for every six (6) Shares held by a Shareholder on the Record Date together with one (1) free new Option for every one (1) new Share issued to raise approximately \$1,958,807.

**Offer Period** means the period commencing on the Opening Date and ending on the Closing Date.

**Official List** means the official list of ASX.

**Option** means an option to acquire a Share.

**Prospectus** means this prospectus.

**Quotation** and **Official Quotation** means official quotation on ASX.

**Record Date** means 5.00pm (WST) on 28 September 2011.

**Related Corporation** has the meaning given to that term in the Corporations Act.

**Securities** means Shares and Options.

**Share** means a fully paid ordinary share in the capital of the Company.

**Shareholder** means a shareholder of the Company.

**Shortfall** or **Shortfall Securities** means those Securities under the Offer not applied for by Shareholders under their Entitlement.

**Shortfall Application Form** means the shortfall application form attached to or accompanying this Prospectus.

**Underwriter** means Cygnet Capital Pty Limited (ACN 103 488 606) (AFSL 241095).

**WST** means Western Standard Time.