



MANTLE MINING

ASX: MNM

DIRECTORS

Mr Martin Blakeman
Non-Executive Chairman

Mr Ian Kraemer
Managing Director

Mr Peter Anderton
Non-Executive Director

Mr Stephen de Belle
Non-Executive Director

COMPANY SECRETARY

Mr Winton Willesee

PRINCIPAL PLACE OF BUSINESS AND REGISTERED OFFICE

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ASX Release

MANTLE

26 October 2011

September 2011 Quarterly Activities Report

Mantle Mining Corporation Limited (ASX: MNM) "Mantle", is pleased to provide an update on activities for quarter ended 30 September 2011:

Key Highlights:

Bacchus Marsh Coal Project (VIC):

Contains a 1-2Bn tonne brown coal Exploration Target⁴ (see last page).

- Low impact drilling work plan approved 3 August, drilling began 29 August,
- Draft JV Agreements with Exergen exchanged and being actively progressed,
- In October, Mantle announced intersections of a >50m thick seam in two holes.

Granite Castle Gold Project (QLD):

Contains a 79k oz Gold and 1.53m oz Silver JORC Resource¹ (see last page).

- Fieldwork on additional target shears to confirm drill hole locations completed,
- Drill Rig and logistics support secured for November, weather dependant,
- In October, Mantle applied for 330km² of prospective adjacent ground.

Trafford (Mt Mulligan) Coal Project (QLD):

Contains a 100-500m tonne black coal Exploration Target³ (see last page).

- Progressing a Supreme Court action against Calcifer Industrial Minerals Pty Ltd,
- Action is to enforce agreements for assignment of the Mt Mulligan tenements,
- Calcifer filed their Amended Defence and Mantle filed their Amended Reply,
- By 21 October Deadline, Calcifer had not filed any further Amended Defence.

Corporate Activities:

- Received a cash refund of \$325k for R&D Tax Offsets for the 2009/10 FY,
- Restructured Capital Raising to raise approximately \$1.96m via a Rights Issue,
- The Issue was fully underwritten by long term supporter Cygnet Capital Pty Ltd,
- On 25 October the Company reported acceptances of 16,081,421 representing a 49% acceptance level. The Company also received strong support under the shortfall offer such that the offer was oversubscribed by shareholders.

Further information:

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Capital Group
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Bacchus Marsh Coal Project (VIC):

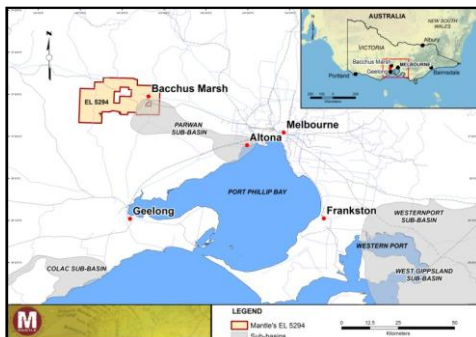


Figure 1: Project location plan.

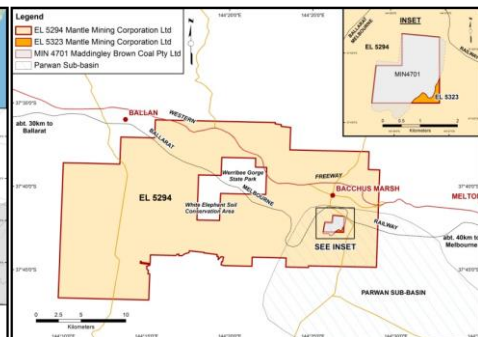


Figure 2: Tenement location plan.

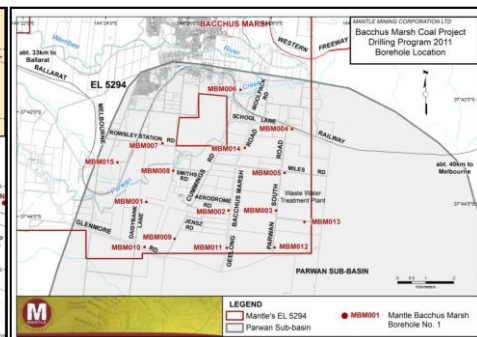


Figure 3: Drill hole location plan.



Figure 4: Drilling (hole MBM4).



Figure 5: Typical coal (from hole MBM3).



Figure 6: Rehabilitated site (hole MBM4).

Drill Hole	Depth to top of seam (m)	Depth to base of seam (m)	Seam Thickness (m)	Total Moisture (%)	Proximate Analysis (% dry basis)			Calorific Value (Gross Dry) (MJ/Kg)
					Ash	Volatile Matter	Fixed Carbon	
MBM 1	86.3	91.8	5.5	55.7	14.0	45.2	40.8	23.2
MBM 2	70.0	126.3	51.8		Analytical Results Pending			
MBM 3	75.4	132.8	52.4		Analytical Results Pending			
MBM 4	47.9	84.4	36.5	59.1	12.8	47.8	39.3	23.8

Table 1: Drilling program results to date (analytical results are weighted averages over 1.5m sample intervals).

The Bacchus Marsh Project is located 50km west of Melbourne and a similar distance north of the port of Geelong (Figures 1 & 2). Based on a review of historic drilling, Mantle is of the view that EL 5294 contains an Exploration Target⁴ between 1 and 2 billion tonnes of coal.

During the quarter, a work plan was approved and drilling began on a 15 hole layout (Figure 3) designed for compliance with brown coal JORC Inferred Resource level of confidence.

By mid October the first 4 holes were completed (Figures 4, 5 & 6) with available analyses announced (Table 1).

⁴ The Bacchus Marsh brown coal Exploration Target details can be found on the last page of this report.

Granite Castle Gold Project (QLD):

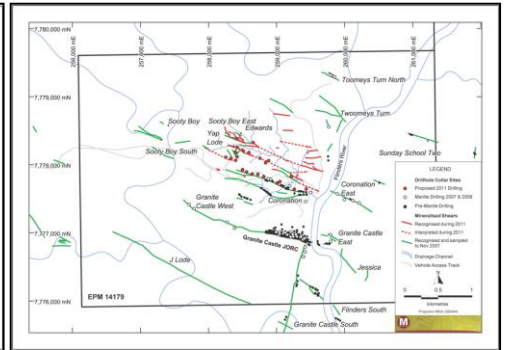
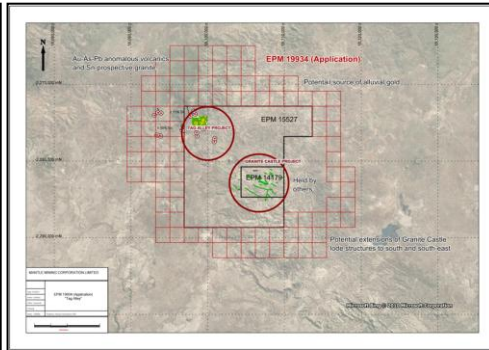
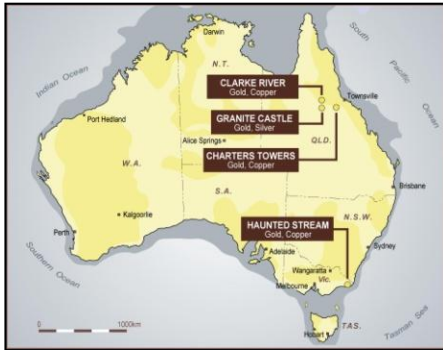


Figure 7: Gold project portfolio.

Figure 8: Granite Castle tenements.

Figure 9: Historic and planned drilling.

The Granite Castle Gold Project is located 90km north of Hughenden in QLD (Figures 7 & 8). The project contains a JORC Compliant gold/silver Resource¹ hosted in the Granite Castle shear.

The company recently applied for an additional 330km² of prospective ground surrounding and immediately adjacent to the existing tenements (Figure 8).

Over 8km of additional shears have been located, with drill holes and/or rock chip samples at similar grades to the JORC shear. It is apparent there is excellent potential to deliver a major expansion of the existing JORC Resource by drilling these multiple mineralised shears.

A drill rig has been secured to undertake a drilling program on the next most prospective shears and Mantle is planning to mobilise in November, weather dependant.

Figure 9 shows the proposed locations of in-fill and step-out holes along the Coronation shear zone. Holes are designed to nominal 80m spacing. This spacing will allow for targeted infill drilling in a follow-up program in the new-year at nominal 40m spacing which is the standard for the Granite Castle shear JORC Inferred Resource base.

¹ The Granite Castle JORC Compliant Gold Silver Resource Base details can be found on the last page of this report.

Trafford (Mt. Mulligan) Coal & CBM Project (QLD):

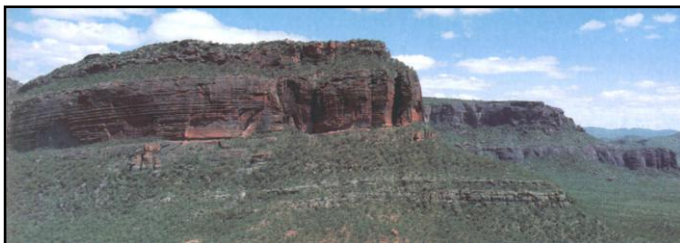


Figure 10: Mount Mulligan mesa.

Figure 11: Historic mine.

Figure 12: Historic buildings.

Mantle’s Trafford Coal and CBM Project is located approximately 100km west of Cairns in north Queensland. The project area contains the Mt. Mulligan black coal deposit and historic underground mines and Mantle is of the view that the area contains an Exploration Target³ of between 100 and 500 million tonnes of coal.

Mantle acquired the tenements in 2007 and 2008 and, due to the high level of cultural significance of the area, proceeded to negotiate an Indigenous Land Use Agreement (ILUA) with the Traditional Custodians.



However a dispute arose with the vendor, Calcifer Industrial Minerals Pty Ltd, and has delayed progress. Mantle subsidiaries Trafford Coal Pty Ltd and Mt Mulligan Coal Pty Ltd are progressing proceedings against Calcifer in the Supreme Court of Queensland to enforce the agreements for assignment of the Mt. Mulligan tenements.

In May 2011, the Court ordered that Trafford and Mt. Mulligan be granted leave to file their Amended Claim and Statement of Claim and to have the matter placed on the Commercial List. Calcifer opposed the application however the Court rejected Calcifer's opposition and ordered that Trafford and Mt. Mulligan be granted leave to file the Amended Claim and Statement of Claim and that the matter be placed on the Commercial List.

The Court further ordered that Calcifer file its Amended Defence and Counterclaim by 6 June. Calcifer failed to comply with the Court's order to file its Amended Defence and Counterclaim and Calcifer's then solicitors applied to the Court for leave to withdraw from representing Calcifer in the proceedings.

During July and August the Court conducted further reviews of the proceedings. Calcifer sought extensions of time due to a lien having been placed on its files by its former solicitors. On 17 August the Court ordered that Calcifer submit its Amended Defence by 2 September, the matter be listed for review on 26 September and that Calcifer pay the costs of Trafford and Mt Mulligan of the application and the review, including the costs of the appearances on 10 and 17 August.

At the last Court review of proceedings held on 26 September, the Court ordered that Calcifer file any further Amended Defence by 21 October. By 21 October, Calcifer had failed to file any further Amended Defence.

3 *The Mount Mulligan black coal Exploration Target details can be found on the last page of this report.*

Corporate Activities:

Mantle undertakes innovative exploration to generate best practice results. Where possible, the exploration approach is designed to provide exposure to various grants and rebate programs. The Company has registered baseline Research and Development (R&D) plans for a number of its projects and continues to develop plans for those projects with appropriate fundamentals.

As a result, The Australian Tax Office (ATO) issued the Company a cash refund of \$325,059 (including interest) for R&D Tax Offsets for the 2009 - 2010 Financial Year.

As a consequence of prevailing market conditions, the Company restructured a previously announced capital raising. The terms of a new rights issue were agreed with the Company's long term supporter and original IPO underwriter Cygnet Capital Pty Ltd (Cygnet).

The new rights issue was to raise approximately \$1,958,807 via a 1 for 6 non-renounceable rights issue at 6 cents per share together with 1 free option for every new share issued exercisable at 7.5 cents on or before 1 December 2013. The issue was fully underwritten by Cygnet.

On 25 October the Company reported acceptances of 16,081,421 representing a 49% acceptance level. The Company also received strong support from shareholders under the shortfall offer such that the offer was oversubscribed by shareholders.

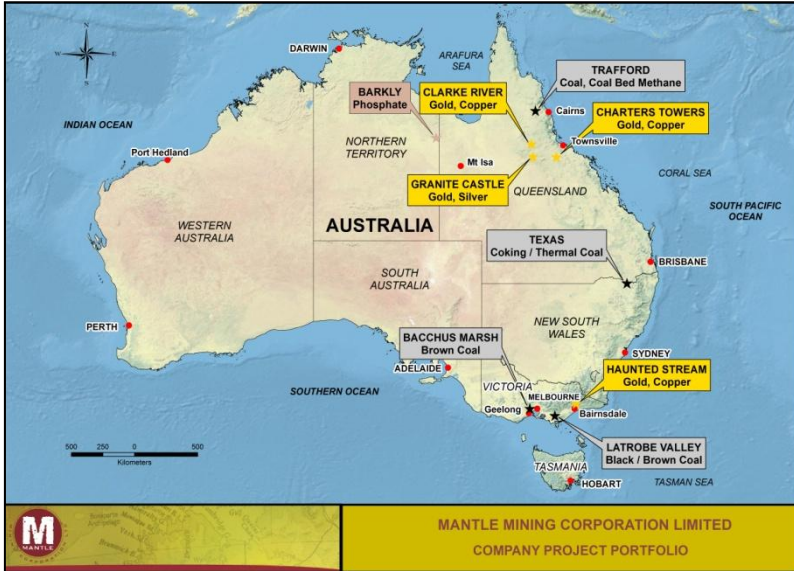
COMPETENT PERSONS STATEMENT:

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

TENEMENT SCHEDULE							
Number	Project	Name	Grant Date	Period (yrs)	Expiry Date	Area	Interest (%)
Queensland							
						sub-blocks	
EPM 14388	Charters Towers	Charters Towers	24/02/2005	5 + 5	23/02/2015	29	100
EPM 14179 ¹	Granite Castle	Range Creek	25/11/2004	5 + 3	24/11/2012	6	100
EPM 15527	Granite Castle	Oaky Creek	30/11/2007	5	29/11/2012	54	100
EPM 19334	Granite Castle		Applic			100	100
EPM 15534	Clarke River	Phantom Creek	06/03/2007	5	05/03/2012	6	100
EPM 15535	Clarke River	Mount Brown	23/11/2007	5	22/11/2012	41	100
EPC 772 ²	Trafford	Mount Mulligan	05/12/2002	3 + 5 + 3	Renewal	72	100
ATP 718 ²	Trafford	Mount Mulligan	Applic			150	100
EPC 2190	Texas	Texas	21/01/2011	5	20/01/2016	300	100
EPC 2192	Texas	Mt Gunyan	25/01/2011	5	24/01/2016	300	100
Victoria							
						grat-sects	
EL 3576	Haunted Stream	Haunted Stream	21/10/1994	annual	20/10/2011	66	100
EL 4784	Haunted Stream	Mount Baldhead	25/01/2006	5 + 2	24/01/2013	87	100
EL 4785	Haunted Stream	Mount Nugong	Applic			179	100
EL 4786	Haunted Stream	Mount Elizabeth	Applic			495	100
EL 4819	Haunted Stream	Buchan East	Applic			389	100
MIN 5505	Haunted Stream	Dogtown	20/08/2010	2	19/08/2012	0.9Ha	100
EL 5294 ³	Bacchus Marsh	Bacchus Marsh	23/03/2011	5	22/03/2016	388	100
EL 5323 ³	Bacchus Marsh	Bacchus Marsh	10/08/2011	2	9/08/2013	1	100
EL 5336	Latrobe Valley	Jeeralang	Applic			368	100
EL 5337	Latrobe Valley	Thorpdale	20/04/2011	5	19/04/2016	198	100
EL 5338	Latrobe Valley	Baromi	Applic			3	100
Northern Territory							
						blocks	
EL 26018	Barkly	Mittiebah	05/12/2007	6	04/12/2013	164	100
EL 26019	Barkly	Mitchiebo	05/12/2007	6	04/12/2013	141	100
EL 27035	Barkly	Carrara Bore	01/05/2009	6	30/04/2015	78	100
EL 27037	Barkly	Boomerang Creek	07/10/2009	6	06/10/2015	57	100
New South Wales							
						Units	
EL 4352	Texas South	Atholwood	Applic			89	100
EL 4353	Texas South	Yetman	Applic			84	100
EL 4354	Texas South	Bonshaw	Applic			96	100
<ol style="list-style-type: none"> Held by Zulu Gold Pty Ltd which is a 100% owned subsidiary of Mantle. Held by Calcifer Industrial Minerals Pty Ltd however Mantle holds 100% beneficial interest via its 100% owned subsidiaries: Trafford Coal Pty Ltd (87.5% beneficial interest) and Mt Mulligan Coal Pty Ltd (12.5% beneficial interest). Subject to a Pre JVA with Exergen Pty Ltd whereby the parties intend to form a 50/50% Joint Venture. 							



MANTLE MINING CORPORATION LIMITED'S COMPANY PROJECT PORTFOLIO:



- ★ Granite Castle Gold & Silver (QLD)
- ★ Charters Towers Gold & Copper (QLD)
- ★ Haunted Stream Gold & Copper (VIC)
- ★ Clarke River Gold & Copper (QLD)
- ★ Trafford Coal & Coal Bed Methane (QLD)
- ★ Latrobe Valley Black & Brown Coal (VIC)
- ★ Bacchus Marsh Brown Coal (VIC)
- ★ Texas Black Coal (QLD)
- ★ Barkly Phosphate (NT)

QLD Gold Projects

The **Granite Castle** Project area contains a JORC Compliant (Measured, Indicated and Inferred) gold and silver Resource¹. Mineralisation occurs in a 600m long portion of a single shear. Over 6km of additional shears have been located, with drill holes and/or rock chip samples at similar grades to the JORC Compliant shear. The **Charters Towers** Project area contains the Great Britain JORC Compliant Inferred gold Resource² as well as a number of historic mines, including Day Dawn West, immediately west along strike of Citigold's (ASX: CTO) proposed "City" mining area. The Gromac/Puzzler area is prospective for deposits of copper, gold, silver and molybdenum. The **Clarke River** Project area contains the Phantom Creek tenement which is located along structure from Kagara's (ASX: KZL) Balcooma Copper Project, and the Mt Brown tenement which is prospective for Ben Lomond style uranium deposits and copper gold deposits. Phantom Creek remains virtually unexplored.

VIC Gold Projects

The **Haunted Stream** Project area is prospective for gold and copper including many historical, high-grade, gold mines along the Haunted Stream fault corridor. Deep drilling at centrally located Anomaly 4, a major target for possible deep vein gold or porphyry copper-gold mineralisation, intersected multiple shear zones with visible base metals.

QLD Coal Projects

The **Trafford** Project area contains a large Exploration Target³ of black coal. Mantle is negotiating with the traditional custodians of Mt Mulligan towards an Indigenous Land Use Agreement (ILUA) and has commenced proceedings in QLD's Supreme Court to enforce an agreement for assignment of the tenements from the prior tenement holders. The **Texas** Project area is prospective for both thermal and coking coals of a similar quality to Surat and Bowen Basin coals. The tenements are adjacent to the NSW border and along strike from known coking coal deposits and thermal coal drill intercepts located to the south and north.

VIC Coal Projects

The **Bacchus Marsh** Project area contains a large Exploration Target⁴ of brown coal surrounding the Maddingley mine. Mantle executed a Pre-JVA with Exergen Pty Ltd to develop the deposit utilising Exergen's patented Continuous Hydro-Thermal Dewatering (CHTD) technology. Exergen's partners include Tata Power, Itochu, Thiess and Sedgman. The **Latrobe Valley** Project area is prospective for both black and brown coal deposits including many historical mines within the Gippsland Basin. The tenements immediately about the main Latrobe Valley depression. There is a high level of prospectivity that the historic Wonthaggi Black coal seams exist at depth within the project area.

NT Phosphate Project

The **Barkly** Project area sits in the Georgina Basin between Minemaker's (ASX: MAK) Wonarah deposit and Phosphate Australia's (ASX: POZ) Highland Plains deposit. Historic phosphate rock intercepts exist within the tenements and Mantle is undertaking a series of annual drilling programs to more closely define the potential for covered deposits.

1, 2, 3 & 4: **Mineral Resource and Exploration Target tables and associated Competent Persons Statements on next page.**



MINERAL RESOURCES, EXPLORATION TARGETS and COMPETENT PERSONS STATEMENTS:

1. Granite Castle Gold & Silver Project:

Granite Castle Gold and Silver Resource Estimate @ 0.2 g/t Au lower cut-off					
Class	Tonnes	Au g/t	Au oz	Ag g/t	Ag oz
Measured	122,614	3.99	15,727	53.3	209,941
Indicated	264,021	3.44	29,198	67.6	574,182
Inferred	460,443	2.32	34,375	50.4	746,680
Total	847,078	2.91	79,301	56.2	1,530,803

Granite Castle Gold and Silver Exploration Target			
Target	Tonnes	Au g/t	Ag g/t
Below Granite Castle JORC Resource	300,000 – 400,000	2.5 – 3.5	55 - 70
Total	300,000 – 400,000	2.5 – 3.5	55 - 70

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

2. Charters Towers Gold Project:

Great Britain Gold Resource Estimate @ 0.5 g/t Au lower cut-off				
Class	Tonnes	Au g/t	Au oz	
Inferred	2,128,000	1.8	125,000	
Total	2,128,000	1.8	125,000	

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

3. Trafford Coal Project:

Mount Mulligan Black Coal Exploration Target						
Target	Tonnes	TM %	Ash %	VM %	FC %	CV MJ/kg
Mulligan Sub-basin	100 Million – 500 Million	2 - 3	11 - 18	28 - 34	50 - 70	26 - 28
Total	100 Million – 500 Million	2 – 3	11 - 18	28 - 34	50 - 70	26 - 28

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

4. Bacchus Marsh Coal Project:

Bacchus Marsh Brown Coal Exploration Target					
Target	Tonnes	TM %	Ash %		
Parwan Sub-basin	1 Billion – 2 Billion	35 – 61	4 - 11		
Total	1 Billion – 2 Billion	35 – 61	4 - 11		

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