

# **Mantle Mining Corporation Ltd**

**ABN 70 107 180 441**

## **Half-Year Financial Report**

**For the half-year ended**

**31 December 2009**

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## Corporate Directory

### Directors

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

### Company Secretary

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Mr Winton Willesee

### Principal Place of Business and Registered Office

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Level 1  
2 Ross Place  
South Melbourne VIC 3205

### Contact Details

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Email: [admin@mantlemining.com](mailto:admin@mantlemining.com)  
Tel: +61 3 9602 4133  
Fax: +61 3 9670 6643

GPO Box 2986  
Melbourne VIC 3001

### Solicitors to the Company

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Steinepreis Paganin  
Level 4, Read Building  
16 Milligan Street  
Perth WA 6000

### Share Registry

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Security Transfer Registrars  
Alexandria House  
Suite 1  
770 Canning Highway  
Applecross WA 6153

Tel: +61 8 9315 2333  
Fax: +61 8 9315 2233

### Auditors

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RSM Bird Cameron Partners  
8 St Georges Terrace  
Perth WA 6000

### Stock Exchange

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Australian Securities Exchange  
2 The Esplanade  
Perth WA 6000

ASX Code: MNM  
MNMOA

## Directors' Report

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Your Directors present their report on the Company and its controlled entities ("consolidated entity") for the half-year ended 31 December 2009.

### Directors

The names of the Directors in office at any time during or since the end of the half-year are as follows. All Directors have been in office for this entire period unless otherwise stated.

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

### Results

The loss of the consolidated entity for the half-year ended 31 December 2009 after providing for income tax amounted to \$329,393 (31 December 2008: \$1,292,424).

No dividends were declared or paid during the half-year ended 31 December 2009.

### Review of Operations

Mantle's activities for the half year-ended December 2009 were dominated by a drilling program at the Barkly Phosphate Project in the Northern Territory and preparation for drilling at the Haunted Stream Gold Project in Victoria. The Company completed a capital raising for \$1,663,970, worked to resolve access issues at the Trafford Coal and Coal Bed Methane Project in Queensland, and entered into a Farm-in and Joint Venture Agreement at its Mt Brown prospect, also in Queensland.

#### *Barkly Phosphate Project*

At the Company's Barkly Phosphate Project in the Northern Territory, a broad spaced drilling program was completed. A discrepancy between results from a portable X-Ray Fluorescence (XRF) instrument and laboratory results arose. Following a detailed review the discrepancy was attributed to interference from high levels of calcium in the sedimentary sequence. The Company was granted its 6<sup>th</sup> tenement and lodged four new applications over an additional 5,037km<sup>2</sup> of ground.

#### *Haunted Stream Gold Project*

At the Company's Haunted Stream Gold Project in Victoria, a high resolution ground based magnetics survey re-defined an exciting drill target. Anomaly 4 is considered prospective for possible deep vein gold or porphyry copper-gold mineralisation and the Company determined to fast-track diamond core drilling to intercept the anomaly at depth. The Company was notified of potential grant of Mining Licence 5505 and, after the period, was awarded a Rediscover Victoria Drilling grant for \$45,000 to assist in drilling Anomaly 4.

#### *Trafford Coal and Coal Bed Methane Project*

At the Company's Trafford Coal and Coal Bed Methane Project (Mt Mulligan) in Queensland, positive discussions progressed with the traditional custodians towards Authorisation (signing) of an Indigenous Land Use Agreement (ILUA). Work was also continued by the Company through its legal advisor, Minter Ellison, Lawyers, to resolve an outstanding Third Party claim.

## Directors' Report

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### Auditor's independence declaration

The lead auditor's independence declaration for the half-year ended 31 December 2009 is included within this half-year report.

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



**MARTIN BLAKEMAN**  
Chairman

Dated at Perth this 10<sup>th</sup> day of March 2010

# RSM Bird Cameron Partners

Chartered Accountants

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## AUDITOR'S INDEPENDENCE DECLARATION

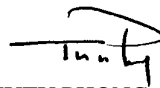
As lead auditor for the review of the financial report of Mantle Mining Corporation Ltd for the half-year ended 31 December 2009, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

This declaration is in respect of Mantle Mining Corporation Ltd and the entities it controlled during the period.

*Rsm Bird Cameron Partners*

RSM BIRD CAMERON PARTNERS  
Chartered Accountants



TUTU PHONG  
Partner

Perth, WA  
Dated: 10 March 2010

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**Consolidated Statement of Comprehensive Income**  
for the half-year ended 31 December 2009

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	Note	Consolidated	
		31 December 2009 \$	31 December 2008 \$
Interest income		22,234	58,280
Other revenue		25,000	871
Administrative expenses		(58,053)	(95,870)
Consultancy and legal expenses		(37,670)	(44,388)
Compliance and regulatory expenses		(44,707)	(47,413)
Depreciation expense		(23,471)	(40,289)
Director and employee related expenses		(166,382)	(241,625)
Promotion and communication costs		(46,150)	(49,903)
Interest expense		(194)	-
Write down of exploration expenditure		-	(818,481)
Other expenses		-	(13,606)
		<hr/>	<hr/>
Loss before income tax expense		(329,393)	(1,292,424)
Income tax expense		-	-
Loss after income tax expense		(329,393)	(1,292,424)
Other Comprehensive Income		-	-
Total comprehensive income for the period		<hr/> (329,393) <hr/>	<hr/> (1,292,424) <hr/>
Total comprehensive income attributable to members of the Company		<hr/> (329,393) <hr/>	<hr/> (1,292,424) <hr/>
		<hr/>	<hr/>
Basic and diluted loss per share (cents)		<hr/> (0.29) <hr/>	<hr/> (1.9) <hr/>

*The accompanying notes form part of these financial statements.*

## Consolidated Statement of Financial Position

as at 31 December 2009

	Note	Consolidated	
		31 December 2009	30 June 2009
		\$	\$
<b>Current assets</b>			
Cash and cash equivalents	2	1,707,721	1,116,320
Trade and other receivables		89,461	37,546
Other current assets		7,140	-
<b>Total current assets</b>		<u>1,804,322</u>	<u>1,153,866</u>
<b>Non-current assets</b>			
Receivables		47,442	30,537
Plant and equipment		148,090	166,763
Exploration expenditure		7,716,733	6,961,564
<b>Total non-current assets</b>		<u>7,912,265</u>	<u>7,158,864</u>
<b>Total assets</b>		<u>9,716,587</u>	<u>8,312,730</u>
<b>Current liabilities</b>			
Trade and other payables		322,124	140,808
Provisions		37,788	33,622
<b>Total current liabilities</b>		<u>359,912</u>	<u>174,430</u>
<b>Total liabilities</b>		<u>359,912</u>	<u>174,430</u>
<b>Net assets</b>		<u>9,356,675</u>	<u>8,138,300</u>
<b>Equity</b>			
Contributed equity	4	12,146,165	10,798,397
Reserves		363,455	163,455
Accumulated losses		(3,152,945)	(2,823,552)
<b>Total equity</b>		<u>9,356,675</u>	<u>8,138,300</u>

*The accompanying notes form part of these financial statements.*



**Consolidated Statement of Cash Flows**  
for the half-year ended 31 December 2009

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	<b>Consolidated</b>	
	<b>31 December 2009</b>	<b>31 December 2008</b>
	<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>		
Cash payments in the course of operations	(1,041,014)	(1,898,256)
Interest received	22,234	58,280
Interest paid	(194)	-
Other income	-	511
<b>Net cash (used in) operating activities</b>	<u>(1,018,974)</u>	<u>(1,839,465)</u>
<b>Cash flows from investing activities</b>		
Payments for plant and equipment	(4,798)	(39,215)
Cash received from acquisitions	-	361
<b>Net cash (used in) investing activities</b>	<u>(4,798)</u>	<u>(38,854)</u>
<b>Cash flows from financing activities</b>		
Proceeds from issue of shares	1,663,785	-
Share issue costs	(48,612)	(1,876)
<b>Net cash provided by financing activities</b>	<u>1,615,173</u>	<u>(1,876)</u>
<b>Net increase / (decrease) in cash and cash equivalents held</b>	591,401	(1,880,195)
Cash and cash equivalents at the beginning of the financial year	<u>1,116,320</u>	<u>2,855,896</u>
<b>Cash and cash equivalents at the end of the financial year</b>	<u><u>1,707,721</u></u>	<u><u>975,701</u></u>

*The accompanying notes form part of these financial statements.*

**Consolidated Statement of Changes in Equity**  
for the half-year ended 31 December 2009

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	<b>Consolidated</b>			
	<b>Contributed equity</b>	<b>Reserves</b>	<b>Accumulated losses</b>	<b>Total</b>
Balance at 1 July 2009	10,798,397	163,455	(2,823,552)	8,138,300
Total comprehensive loss for the period	-	-	(329,393)	(329,393)
Shares / options issued	1,696,218	200,000	-	1,896,218
Share issue costs	(348,450)	-	-	(348,450)
Balance at 31 December 2009	<u>12,146,165</u>	<u>363,455</u>	<u>(3,152,945)</u>	<u>9,356,675</u>
Balance at 1 July 2008	9,624,897	118,090	(1,204,866)	8,538,121
Total comprehensive loss for the period	-	-	(1,292,424)	(1,292,424)
Shares issued	240,000	-	-	240,000
Share issue costs	(1,876)	-	-	(1,876)
Share options issued	-	62,550	-	62,550
Balance at 31 December 2008	<u>9,863,021</u>	<u>180,640</u>	<u>(2,497,290)</u>	<u>7,546,371</u>

*The accompanying notes form part of these financial statements.*

## **1. Basis of preparation**

The half-year consolidated financial statements are a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standard AASB 134: Interim Financial Reporting, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2009 and any public announcements made by Mantle Mining Corporation Ltd and its controlled entities during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001.

The accounting policies have been consistently applied by the entities in the consolidated entity and are consistent with those in the annual financial report for the year ended 30 June 2009.

The half-year report does not include full disclosures of the type normally included in an annual financial report.

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements except for the adoption of the following new and revised Accounting Standards, as noted below:

### **Accounting Standards not Previously Applied**

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

#### *Presentation of Financial Statements*

AASB 101 prescribes the contents and structure of the financial statements. Changes reflected in this financial report include:

- the replacement of Income Statement with Statement of Comprehensive Income. Items of income and expense not recognised in profit or loss are now disclosed as components of 'other comprehensive income'. In this regard, such items are no longer reflected as equity movements in the Statement of Changes in Equity;
- the adoption of the separate income statement/single statement approach to the presentation of the Statement of Comprehensive Income;
- other financial statements are renamed in accordance with the Standard; and
- presentation of a third Statement of Financial Position as at the beginning of a comparative financial year where relevant amounts have been affected by a retrospective change in accounting policy or material reclassification of items.

#### *Operating Segments*

From 1 January 2009, operating segments are identified and segment information disclosed on the basis of internal reports that are regularly provided to, or reviewed by, the consolidated entity's chief operating decision maker which, for the consolidated entity, is the board of directors. The company has only one operating segment which is presented in the Consolidated Statement of Comprehensive Income and Consolidated Statement of Financial Position.

## Notes to the Financial Statements

for the half-year ended 31 December 2009

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### *Business Combinations and Consolidation Procedures*

Revised AASB 3 is applicable prospectively from 1 July 2008. Changes introduced by this Standard, or as a consequence of amendments to other Standards relating to business combinations which are expected to affect the consolidated entity, include the following:

- All business combinations, including those involving entities under common control, are accounted for by applying the acquisition method which prohibits the recognition of contingent liabilities of the acquiree at acquisition date that do not meet the definition of a liability. Costs incurred that relate to the business combination are expensed instead of comprising part of the goodwill acquired on consolidation. Changes in the fair value of contingent consideration payable are not regarded as measurement period adjustments and are recognised through profit or loss unless the change relates to circumstances which existed at acquisition date.
- Unrecognised deferred tax assets of the acquiree may be subsequently realised within 12 months of acquisition date on the basis of facts and circumstances existing at acquisition date with a consequential reduction in goodwill. All other deferred tax assets subsequently recognised are accounted for through profit or loss.
- The proportionate interest in losses attributable to non-controlling interests is assigned to non-controlling interests irrespective of whether this results in a deficit balance. Previously, losses causing a deficit to non-controlling interests were allocated to the parent entity.
- Where control of a subsidiary is lost, the balance of the remaining investment account shall be remeasured to fair value at the date that control is lost.

### Reporting Basis and Conventions

The half-year report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

<b>Consolidated</b>	
<b>31 December 2009</b>	<b>30 June 2009 2008</b>
\$	\$

### 2. Cash and cash equivalents

For the purposes of the half-year cash flow statement, cash and cash equivalents are comprised of the following:

Cash at bank and in hand	49,397	19,227
Cash on deposit	1,658,324	1,097,093
	<u>1,707,721</u>	<u>1,116,320</u>

### 3. Dividends

No dividend has been declared or paid during the half-year or the previous corresponding period.

The Company does not have any franking credits available for current or future years as it is not in a tax paying position.

**Notes to the Financial Statements**  
for the half-year ended 31 December 2009

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**4. Contributed equity**

	<b>31 December 2009</b>	<b>30 June 2009</b>
	<b>\$</b>	<b>\$</b>
Fully paid ordinary shares	12,146,165	10,798,397
	<hr/>	<hr/>
Movement in ordinary shares on issue	<b>Number</b>	<b>\$</b>
Balance at beginning of the period	106,241,216	10,798,397
Share placement – October	12,000,000	480,000
Right Issue - December	29,599,189	1,183,968
Shares issued in lieu of services performed	688,547	32,250
Share issue costs	-	(348,450)
	<hr/>	<hr/>
Balance at end of period	148,528,952	12,146,165
	<hr/>	<hr/>

**5. Business Combination**

**31 December 2009**

There were no business combinations for the half year ended 31 December 2009.

**31 December 2008**

On 13<sup>th</sup> August 2008 the parent entity acquired 100% of Mt Mulligan Coal Pty Ltd. The purchase price was satisfied by the issue of 631,579 shares valued at 38c per share and 1,350,000 options.

The issue was based on the market price at the date of agreement to purchase.

The purchase price was allocated as follows:

Purchase consideration	\$ 302,550
Cash consideration	<hr/> -
Assets and liabilities acquired at acquisition date:	
Receivables	361
Tenements	302,189
	<hr/> 302,550

*Revised accounting standards for business combinations*

As explained in note 1, the consolidated entity has changed its policy on accounting for business combinations as of 1 July 2009. In accordance with the transitional provisions in AASB 3 (Revised), the new policy is applied prospectively to business combinations occurring on or after 1 July 2009. Had the consolidated entity applied the new policy, no amounts would have been treated differently with regards to the August 2008 acquisition of Mt Mulligan Coal Pty Ltd.

## **Notes to the Financial Statements**

for the half-year ended 31 December 2009

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### **6. Segment reporting**

The Company has considered the operating segments standard but does not currently have operating segments at this time. As the Company operates wholly in one business segment, being mineral exploration and in one geographical segment, being Australia, the Company has not identified and therefore, not disclosed, any segment information on the basis of the internal reports being provided to the chief decision maker, which is the board as a whole.

### **7. Contingent assets and liabilities**

The Company does not have any material contingent assets or liabilities other than as disclosed in this report.

### **8. Events subsequent to balance date**

On 28 January 2010 the Company advised that it has been awarded a Rediscover Victoria Drilling grant from the Victorian Government Department of Primary Industries. The grant amount of \$45,000 is to assist in the drilling of Anomaly 4 at the Company's Haunted Stream Gold Project.

On 12 February 2010 the Company advised that it has received final results from laboratory analyses of the scout drilling program at the Barkly Phosphate project in the Georgina Basin, completed an analysis of the previously announced discrepancy between results from its portable XRF machine and laboratory XRF analysis, and applied for a number of additional tenements in the region.

On 1 March 2010 the Company issued 263,313 fully paid ordinary shares in lieu of cash fees for corporate services.

Since balance date there are no other items, transactions or events of a material and unusual nature likely, in the opinion of the Directors, to affect significantly, the results of those operations, or the state of affairs of the Company in future financial years.

## Directors' Declaration

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In accordance with a resolution of the Board of Directors, I state that:

In the opinion of the Directors:

1. The financial statements and notes are in accordance with the Corporations Act 2001 and:
  - (a) Comply with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001; and
  - (b) Giving a true and fair view of the financial position of the consolidated entity as at 31 December 2009 and of its performance for the half-year ended on that date.
2. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board.



**MARTIN BLAKEMAN**  
Chairman

Dated at Perth this 10<sup>th</sup> day of March 2010.

# RSM! Bird Cameron Partners

Chartered Accountants

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GPO Box R1253 Perth WA 6844  
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## INDEPENDENT AUDITOR'S REVIEW REPORT

### TO THE MEMBERS OF

### MANTLE MINING CORPORATION LTD

#### *Report on the Half-Year Financial Report*

We have reviewed the accompanying half-year financial report of Mantle Mining Corporation Ltd ("the consolidated entity") which comprises the statement of financial position as at 31 December 2009, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, accompanying notes to the financial statements and the directors' declaration. The consolidated entity comprises both Mantle Mining Corporation Ltd as the parent entity and the entities it controlled during the half-year.

#### *Directors' Responsibility for the Half-Year Financial Report*

The directors of the consolidated entity are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### *Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including:

- giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and its performance for the half-year ended on that date; and
- complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

As the auditor of Mantle Mining Corporation Ltd, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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*Independence*

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

*Conclusion*

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Mantle Mining Corporation Ltd is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

*RSM Bird Cameron Partners*

RSM BIRD CAMERON PARTNERS  
Chartered Accountants



TUTU PHONG  
Partner

Perth, WA  
Dated: 10 March 2010