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ASX: MNM & MNMOA

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ASX Release

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Large Brown Coal Deposit Application by Mantle.

Mantle Mining Corporation Limited (ASX: MNM), is pleased to advise that it has been granted priority status over an application for Exploration Licence EL 5294 at the Company's 100% owned Bacchus Marsh Brown Coal project in Victoria.

Highlights:

- Based on review of historic holes, including drilled by CRA in the mid 1980's, Mantle is of the view that EL 5294 could contain an exploration target of between 1 to 2 Billion tonnes of brown coal. Drill logs show that coal quality compares favorably with other coals in Victoria, including the Latrobe Valley, and Western Australia as relates moisture, ash and strip ratio.
- The location is 120km west of Melbourne and is serviced by excellent infrastructure, including roads, rail, power and a gas pipeline, all running through the exploration licence area. An existing surface coalmine, held by a third party, operates in shallow sub-crop coal within the exploration licence area. Once granted, Mantle intends progressing exploration of the deposit with a view to defining potential for:
 - near surface minable areas (to 30m depth of cover) with coal drying upgrade – potentially to export quality,
 - extraction of any existing Coal Bed Methane (CBM), and
 - Underground Coal Gasification (UCG) for
 - feed to pipelines or Coal To Liquids (CTL) plants.

Mantle's MD, Ian Kraemer, commented: "The addition of Bacchus Marsh will considerably increase Mantle's exposure to coal as a core element in our portfolio. Mantle's re-focus on Gold and Coal/CBM projects which hold either defined, JORC compliant resources or, exciting new prospects which, with further exploration, are considered potentially capable of being advanced to JORC compliant resources within a reasonable timeframe, is well advanced."

"By narrowing our focus in this manner, the Company will be able to concentrate its efforts and funds on drilling known high potential prospects, potentially through to JORC resources and into feasibility. This process will reduce the amount of time and money spent on longer lead time, greenfields exploration projects, such as those we are working to joint venture or sell (Phosphate and Uranium)."

"While in very strong demand at the moment, we also consider Gold and Coal/CBM to hold excellent medium and long term value when current and forecast commodity demand cycles are considered."

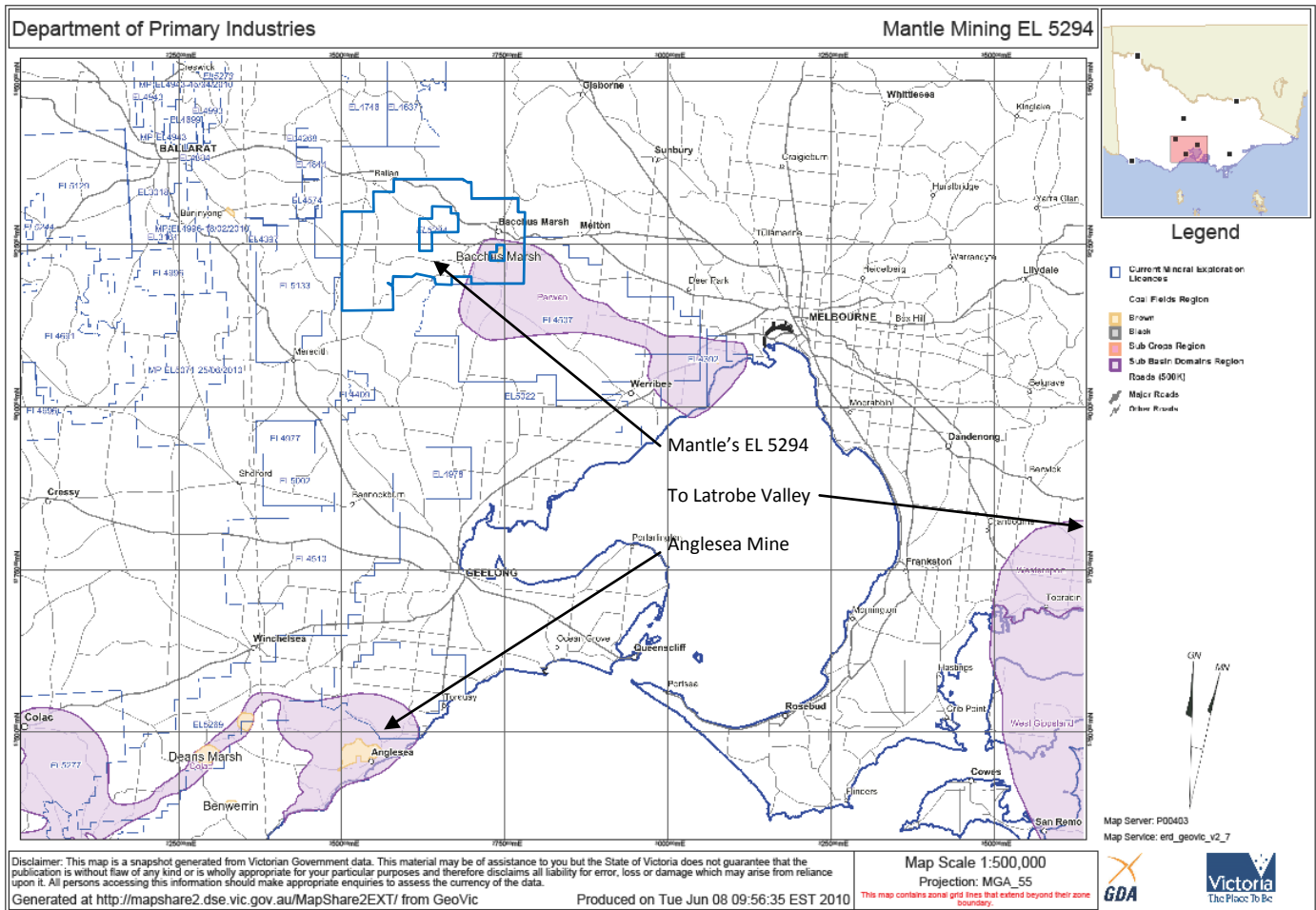


Figure 1: Mantle's EL 5294 with Victorian Coal Fields and other Brown Coal Mine Areas.

Mantle's Bacchus Marsh brown coal project is located in the northern extremity of Victoria's Otway basin, specifically the north-western tip of the Parwan sub-basin at Bacchus Marsh (Figure 1). The project is 120km west of Melbourne and benefits from excellent levels of pre-existing infrastructure with roads, rail, power and a gas pipeline all running through the tenement.

The area contains a large, historically mined deposit of brown coal of a quality apparently similar to, or better than, the coals found in Victoria's Latrobe Valley. The region has been the subject of small scale, historic, coal mining since World War 2 when both surface and underground mining methods were used. A small amount of shallow, sub-crop, coal is currently mined at the Maddingley open cut (Figure 2).

Increased energy demand over recent years has meant a rebound in coal pricing. The advent of more efficient mining methods and coal upgrade technologies (as being introduced in the Latrobe Valley) mean that previously uneconomic strip ratios and moisture contents are becoming a less limiting commercial factor.

Mantle's exploration and development strategy at the Bacchus Marsh Brown Coal project will include confirmation of the existence and extent of the large tonnage brown coal deposit in parallel with study of development options. These options will include surface mining with drying technology upgrade – potentially to export quality, Coal Bed Methane (CBM) extraction and/or Underground Coal Gasification (UCG) for production of feedstock for either gas pipeline sales or Coal To Liquids (CTL) plants.

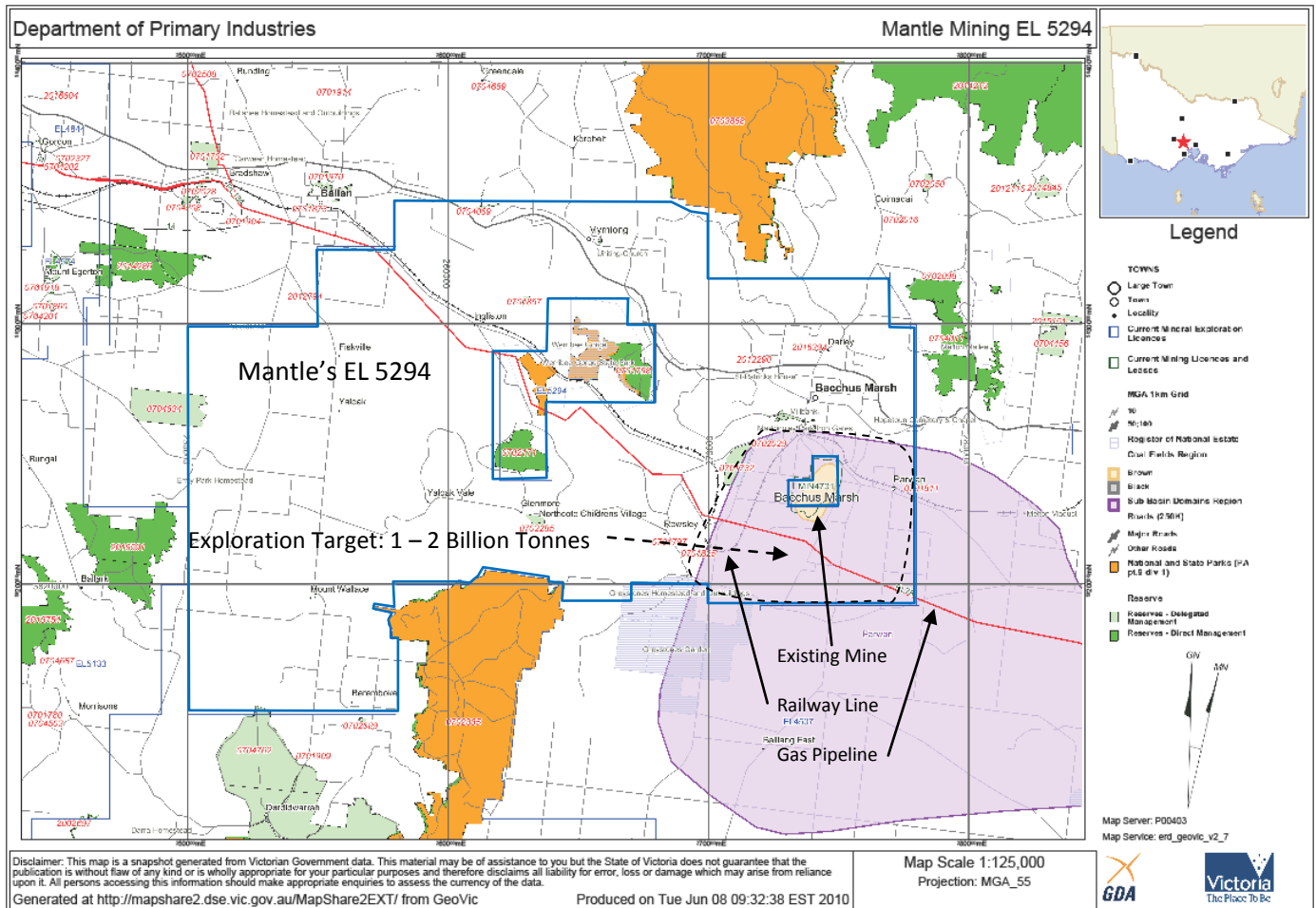


Figure 2: Mantle's EL 5294 with Existing Infrastructure and Exploration Target Area.

For a detailed explanation of the basis of calculation for the 1 – 2 Billion Tonne Exploration Target, refer to Figure 3 and the discussion on page 4 below.

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COMPETENT PERSON STATEMENT:

The information in this report that relates to Exploration Results is based on information compiled by Mr Ian Kraemer and Mr Stuart Moore, both Executives of Mantle Mining Corporation Ltd. Mr Kraemer is a Fellow, and Mr Moore is a Member, of the Australasian Institute of Mining and Metallurgy and both have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as Competent Persons as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves".

Mr Kraemer (for Coal and CBM) and Mr Moore (for Base & Precious Metals, Phosphate and Uranium) consent to the inclusion in the report of the matters based on their information in the form and context in which it appears. 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.

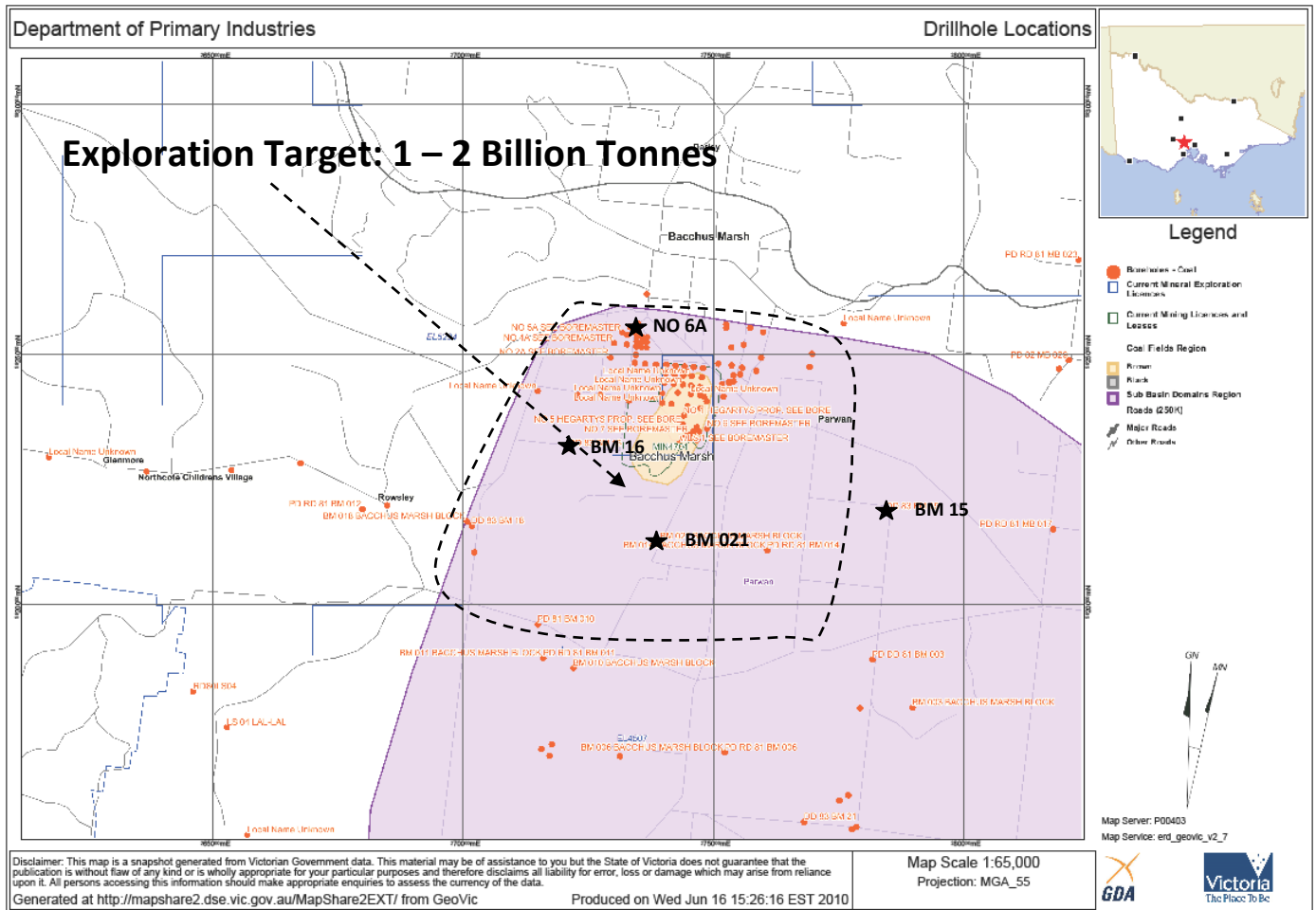


Figure 3: Mantle’s EL 5294 with Historic Drillhole Locations and Exploration Target.

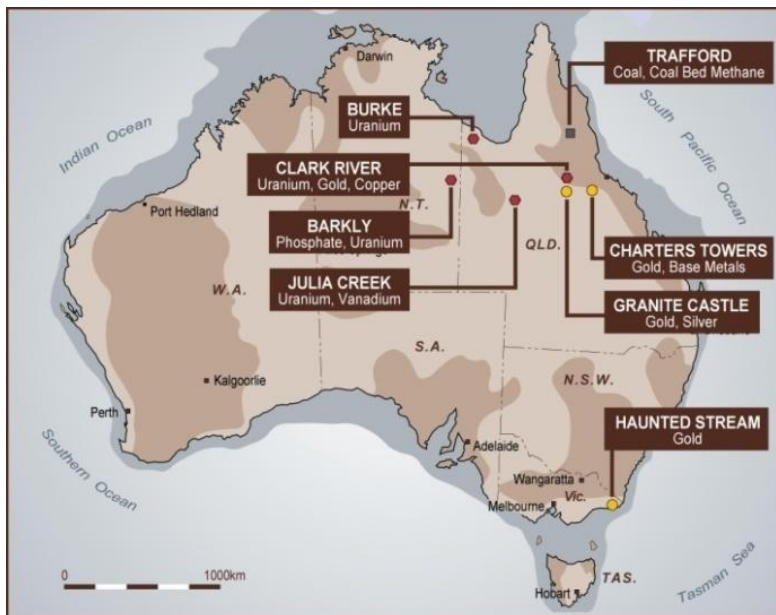
Drill logs from a number of historic holes have been reviewed and, together with the current sub-basin margin as defined by extensive prior drilling, provide the Company with a level of confidence that a large exploration target of brown coal exists within the tenement area.

Hole NO 6A was drilled in 1947 and intersected 15m of brown coal (31m to 46m deep). Moisture content ranged from 42 to 61% and Ash from 4 to 6%. Hole BM 16 was drilled by CRAE in 1983 and intersected 15m of brown coal (79 to 94m deep). Moisture content ranged from 38 to 44% and Ash from 7 to 8%.

Hole BM 15 was drilled by CRAE in 1983 and intersected 30m of brown coal (83 to 113m deep). Moisture content ranged from 35 to 50% and Ash from 8 to 11%. Hole BM 021 was drilled in 1984 and intersected 48m of brown coal (73 to 121m deep).

The exploration target area closely approximates 50km². Over an average coal thickness of 27m and at a relative density assumed at 1.2 tonne/m³, this equates to 1.6 Billion tonnes. At the minimum thickness of 15m this area equates to 0.9 Billion tonnes and at the maximum thickness of 48m it equates to 2.9 Billion tonnes.

Considering typically accepted coal extrapolation and interpolation protocols, Mantle has assumed an exploration target of between 1 and 2 Billion tonnes (Figure 3).



Mantle Mining's Other Projects:

- Haunted Stream Gold (VIC)
- Granite Castle Gold (QLD)
- Charters Towers Gold (QLD)
- Trafford Coal & CBM (QLD)
- Barkly Phosphate (NT)
- Julia Creek Uranium (QLD)
- Clarke River Uranium (QLD)
- Burke Uranium (QLD)

Figure 4: Mantle Mining's project locations.

In Victoria, Mantle controls a number of tenements highly prospective for gold/copper including many historical, high-grade, gold mines along a twelve kilometre gold anomalous corridor closely tracking the Haunted Stream fault. Anomaly 4 is a major drill target for possible deep vein gold or porphyry copper-gold mineralisation. The Company is currently undertaking diamond core drilling targeted to intercept the anomaly at depth. Drilling will be followed by down the hole geophysics to more closely define the Anomaly.

In Queensland, the Granite Castle and Charters Towers projects contain JORC compliant gold resources. At Granite Castle the gold/silver resource mineralisation occurs in a single sub-vertical (Granite Castle) shear, 600m long. Over 6 km of additional, sub-parallel shears have been located, all with drill holes and/or rock chip samples at similar grades to the JORC compliant shear. The Company is considering a shallow drilling campaign on the next most prospective shear at Granite Castle. At its Charters Towers tenement Mantle is reviewing the potential of a number of historic mines, including at Great Britain (JORC resource update) and Day Dawn West, which lie immediately west of Citigold's (ASX: CTO) proposed "City" mining area.

In Queensland, at the Company's Trafford Coal & Coal Bed Methane (CBM) project, Mantle is negotiating with the traditional custodians of Mt Mulligan (large historic coal deposit) towards signing an Indigenous Land Use Agreement (ILUA). Progress has been delayed by the advent of a Third Party claim and the Company has commenced proceedings in QLD's Supreme Court to enforce an agreement (with Calcifer Industrial Minerals Pty Ltd) for the assignment of the Mt Mulligan tenements.

In the Northern Territory Mantle's Barkly Phosphate project sits in the Georgina Basin strategically located between Minemaker's (ASX: MAK) Wonarah deposit and Phosphate Australia's (ASX: POZ) Highland Plains deposit. Data from a recently completed broad spaced scout drill program is being incorporated into an overall database such that relinquishment of sufficiently tested areas can be made. The Company is developing next step follow-up plans and investigating options for potential joint ventures.

In Queensland, Mantle controls a number of tenements near Julia Creek, Charters Towers and in the Gulf of Carpentaria near Westmoreland all prospective for uranium and base metals. Value accretion from these projects is being sought from joint venture activity thereby allowing the Company to focus its own resources on its highest priority projects whilst maintaining exposure to any upsides delivered through joint venture.