



ABN 20 107 180 441

**Mantle Mining Corporation Ltd
and its controlled entities**

**Interim Financial Report
for the Half-year ended
31 December 2008**

**Mantle Mining Corporation Ltd
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Interim Financial Report**

Contents	Page No.
Corporate Directory	3
Directors Report	4
Auditors Independence Declaration	6
Financial Report for Half-year Ended 31 December 2008	7
Income Statement	7
Balance Sheet	8
Statement of Changes of Equity	9
Cash Flow Statement	10
Notes to the Financial Statements	11
Directors Declaration	12
Independent Auditors Review	13

**Mantle Mining Corporation Ltd
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Interim Financial Report**

Corporate Directory

DIRECTORS

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

COMPANY SECRETARY

Winton Willesee

PRINCIPAL PLACE OF BUSINESS AND REGISTERED OFFICE

Level 16, 190 Queen Street
Melbourne VIC 3000

CONTACT DETAILS

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Melbourne VIC 3000

GPO Box 2986
Melbourne VIC 3001

SOLICITORS TO THE COMPANY

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

SHARE REGISTRY

Security Transfer Registrars Pty Ltd
Alexandria House
Suite 1, 770 Canning Highway
Applecross WA 6153
Ph: +61 (8) 9315 2333
Fax: +61 (8) 9315 2233

AUDITORS

R.T Kidd and Associates
66 Bayview Terrace
Claremont WA 6010

STOCK EXCHANGE

ASX Code: MNM
Australian Securities Exchange
Exchange Plaza
2 The Esplanade
Perth WA 6000

**Mantle Mining Corporation Ltd
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Interim Financial Report**

DIRECTORS' REPORT

Your directors submit the financial report of the consolidated group for the half-year ended 31 December 2008.

Directors

The names of directors who held office during or since the end of the half-year:

Mr Martin Blakeman (Chairman)

Mr Ian Kraemer (Managing Director)

Mr Stephen de Belle (Non-executive Director)

Mr Peter Anderton (Non-executive Director)

Review of Operations

Solid Progress – Company Positioned for Sector Rebound

Mantle's activities for the half year ended December 2008 were dominated by field activity at four priority areas and response to the Global Financial Crisis:

Mt Mulligan Coal & Coal Bed Methane Project:

After consolidating ownership to 100%, the company made substantial headway in negotiating an access agreement with the Traditional Custodians of Mt. Mulligan. The approach being taken has seen agreement in principal reached and a full draft Indigenous Land Use Agreement (ILUA) progressed along with preliminary planning for an Authorization (signing) ceremony. Preparation work continued on development of a detailed, regional and project scale digital model from geological and geophysical databases and historic exploration results.

Barkly Phosphate Project:

At the company's phosphate tenements in the Northern Territory a desktop study was undertaken and priority targets generated. Initial field reconnaissance was completed and a review of potential large scale targets carried out to determine a suitable future exploration program. Evaluation of recently acquired geological databases and historic exploration reports was ongoing, with a number of prior drill intercepts showing mineralized grades up to 11% P₂O₅ from 35m depth. We also received a Notice of Proposed Grant of ELA 27035, which is contiguous with EL 26019.

Granite Castle & Charters Towers Gold Projects:

At the Granite Castle gold project a review of all rock chip, soil sample and historical drill results confirmed well in excess of 2.5 kilometres of partially tested, mineralized shears, available for drill testing. This is significant given the mineralization making up the JORC resource base is contained in only 600 metres of a single shear. At the Charters Towers gold project, scout drilling was completed on the Gromac prospect and soils sampling and geological mapping was completed at various other prospect locations.

Haunted Stream Gold Project:

At the Haunted Stream gold prospect, results from diamond drilling were received. Holes were up to eight kilometres apart and less than 100 metres deep and gave indication of significant gold in the system. We were notified that MLA 5505 was Awarded Priority and a soils sampling and ground magnetics survey was instigated following on from completion of a similar programme at the Mt Baldhead gold prospect.

Response to the Global Financial Crisis:

All field work was incrementally shut down for the duration of the northern wet season and until the global financial situation improves. All contract staff were released with minimum geological staff retained to maintain tenements in good standing, develop exploration programmes and review emerging opportunity. A number of potential Farm-out and Equity JV opportunities were evaluated in order to facilitate future activity on priority projects whilst conserving cash reserves.

**Mantle Mining Corporation Ltd
and its controlled entities**
Interim Financial Report
DIRECTORS' REPORT

Auditor's Declaration

The lead auditor's independence declaration under section 307C of the *Corporations Act 2001* is set out on page 6 for the half-year ended 31 December 2008.

This report is signed in accordance with a resolution of the Board of Directors.



Martin Blakeman
Chairman

Dated this 6th day of March 2009

**Mantle Mining Corporation Ltd
and its controlled entities
Interim Financial Report**

**CONSOLIDATED INCOME STATEMENT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008**

	Note	Consolidated Group	
		31.12.2008	31.12.2007
		\$	\$
Interest Income		58,280	47,901
Other Income		871	13
Total Revenue		<u>59,151</u>	<u>47,914</u>
Administrative Expenses		(95,870)	(133,868)
Consultancy and Legal expenses		(44,388)	(29,740)
Compliance and Regulatory expenses		(47,413)	(50,701)
Depreciation and Amortisation expense		(40,289)	(13,630)
Director and Employee related expenses		(241,625)	(112,601)
Promotion and Communication expenses		(49,903)	(15,255)
Other expenses		(13,606)	-
Tenement Asset Write-down		(818,481)	-
Loss before income tax		<u>(1,292,424)</u>	<u>(307,881)</u>
Income tax		-	-
Net Loss attributable to members of the Parent entity		<u><u>(1,292,424)</u></u>	<u><u>(307,881)</u></u>
Basic earnings per share (cents per share)		(0.19)	(0.65)

**Mantle Mining Corporation Ltd
and its controlled entities
Interim Financial Report**

**CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2008**

	Consolidated Group	
	31.12.2008	30.06.2008
	\$	\$
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	975,701	2,855,896
Trade and other receivables	70,203	93,538
TOTAL CURRENT ASSETS	1,045,904	2,949,434
NON-CURRENT ASSETS		
Property, plant and equipment	260,457	266,981
Tenement Assets	4,688,854	4,302,696
Investments in Subsidiaries	1,741,157	
Other assets	34,022	1,398,479
TOTAL NON-CURRENT ASSETS	6,724,490	5,968,156
TOTAL ASSETS	7,770,394	8,917,590
CURRENT LIABILITIES		
Trade and other payables	117,071	292,497
Leases	20,787	8,661
TOTAL CURRENT LIABILITIES	137,858	301,158
NON-CURRENT LIABILITIES		
Leases	60,640	78,311
Other non-current liabilities	25,525	-
TOTAL NON-CURRENT LIABILITIES	86,165	78,311
TOTAL LIABILITIES	224,023	379,469
NET ASSETS	7,546,371	8,538,121
EQUITY		
Issued capital	9,863,021	9,624,897
Reserves	180,640	118,090
Retained profits / (Accumulated losses)	(2,497,290)	(1,204,866)
TOTAL EQUITY	7,546,371	8,538,121

**Mantle Mining Corporation Ltd
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Interim Financial Report**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED
31 DECEMBER 2008**

	\$	\$	\$	\$
Note	Issued Capita Ordinary	Retained Earnings	Option Reserve	Total
Balance at 1.7.2007	5,839,657	(100,582)	32,609	5,771,684
Profit attributable to members of parent		(239,325)		(239,325)
Adjustments	28,731			28,731
Shares issued during the period	1,640,000			1,640,000
Share issue costs	(20,954)			(20,954)
Options issued during period				
Balance at 31.12.2007	<u>7,487,434</u>	<u>(339,907)</u>	<u>32,609</u>	<u>7,180,136</u>
Balance at 1.7.2008	9,624,897	(1,204,866)	118,090	8,538,121
Profit attributable to members of parent		(1,292,424)		(1,292,424)
Shares issued during the period	240,000			240,000
Share issue costs	(1,876)			(1,876)
Options issued during the period			62,550	62,550
Balance at 31.12.2008	<u>9,863,021</u>	<u>(2,497,290)</u>	<u>180,640</u>	<u>7,546,371</u>

**Mantle Mining Corporation Ltd
and its controlled entities
Interim Financial Report**

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008**

	Consolidated Group	
	31.12.2008	31.12.2007
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest received	58,280	47,901
Other income	511	-
Payments to suppliers and employees	(740,161)	(320,599)
Net cash (used in) provided by operating activities	(681,370)	(272,698)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for exploration and evaluation	(1,158,095)	(843,567)
Payments for plant and equipment	(39,215)	(29,446)
Cash received from acquisitions	361	-
Net cash used in investing activities	(1,196,949)	(873,013)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	-	1,240,000
Share Issue costs	(1,876)	-
Repayment of borrowings	-	-
Net cash used in/(provided by) financing activities	(1,876)	1,240,000
Net change in cash held	(1,880,195)	94,289
Cash at beginning of period	2,855,896	2,718,490
Cash at end of period	975,701	2,812,779

**Mantle Mining Corporation Ltd
and its controlled entities
Interim Financial Report**

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

NOTE 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 2008 and any public announcements made by Mantle Mining Corporation Limited Public Limited 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 group and are consistent with those in the June 2008 financial report.

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

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.

NOTE 2: ACQUISITION AND DISPOSAL OF SUBSIDIARIES AND RESTRUCTURING

**Consolidated Group
31.12.2008**

On 13th 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	-
Assets and liabilities acquired at acquisition date:	
Receivables	361
Tenements	302,189
Property, plant and equipment	-
Payables	-
Total	302,550

The assets and liabilities arising from the acquisition are recognised at fair value which is equal to their carrying value at acquisition date.

**Mantle Mining Corporation Ltd
and its controlled entities**

Interim Financial Report

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

NOTE 3: CONTINGENT LIABILITIES

There has been no change in contingent liabilities since the last annual reporting date.

NOTE 4: EVENTS SUBSEQUENT TO REPORTING DATE

On 13th February 2009 the Company release to ASX details of the progress made of the Company's exploration program titled "Targets Major Increase in Gold Resource"

On 19th February 2009 the Company released to ASX further details of the progress of the Company's exploration program titled "Phosphate Target Areas Defined"

On 6th March 2009 the Company released details of a proposed Rights Issue of one new share for every two shares currently held at an issue price of 3.5c.

Other than disclosed above there are no significant events subsequent at this reporting date.

DIRECTORS' DECLARATION

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 7 to 11:
 - a. comply with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations; and
 - b. give a true and fair view of the economic entity's financial position as at 31 December 2008 and of its performance for the half-year ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



Martin Blakeman
Chairman

Dated this 6th day of March 2009

