



MANTLE MINING

ASX: MNM & MNMOA

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Non-Executive Chairman

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ASX Release

9 August 2010

Coal Development MOU Executed.

Mantle Mining Corporation Limited (ASX: MNM), is pleased to advise that it has executed a non-binding Memorandum of Understanding (MOU) with Exergen Pty Ltd (exergen.com.au) for the development of its 100% owned Bacchus Marsh Brown Coal Project in Victoria.

Highlights of the MOU:

Mantle has recently been granted priority over an application for Exploration Licence EL 5294 at Bacchus Marsh in Victoria. Mantle is of the view that EL 5294 could contain an Exploration Target^{1,2} of between 1 and 2 Billion tonnes of brown coal.

Exergen has developed a breakthrough clean coal technology that, teamed with modern coal-fired power station technology, will deliver up to 40% emissions reductions. The technology is known as Continuous Hydrothermal Dewatering (CHTD).

- Exergen's cornerstone investors include;
 - TATA Power, India's largest private power utility, as major coal off-taker,
 - Thiess (Leighton), the world's largest supplier of outsourced mining services,
 - Itochu, Japan's 3rd largest trading house, extensive coal trading experience,
 - Sedgman, a global specialist provider of mineral engineering solutions.
- Mantle and Exergen to formalise agreements leading to;
 - A 50/50% Joint Venture for exploration and subsequent mine development,
 - Exergen constructing a 50tph demonstration drying facility,
 - Exergen developing an export project on its 50% of the coal deposit,
 - Mantle being licenced to utilise CHTD on its 50% of the coal deposit.
- Mantle and Exergen to execute binding "Substantive Agreements";
 - an exploration Joint Venture Agreement (JVA), within 1 year,
 - a CHTD Technology Licence Agreement (TLA), within 1 year,
 - a Mine Development Heads of Agreement (HOA), within 1 year
 - finalising the Mine Development Agreement (MDA), within 2 years.
- Proposed major developments over subsequent years to include:
 - commencing the drying demonstrator construction,
 - full demonstration and taking an investment decision,
 - commencing construction of Exergen's Export Project.

1. The potential quantity and grade of Exploration Targets in this report are conceptual in nature, there has been insufficient exploration to define a Mineral Resource, and it is uncertain if further exploration will result in the determination of a Mineral Resource.

2. For full details of Joint Ore Reserve Committee (JORC) Code Compliancy as relates Competent Person statements on the Bacchus Marsh Exploration Target please refer to the Company Release to the ASX dated 17 June 2010".



Comments from Ian Kraemer, Mantle's MD:

“The signing of this MOU with Exergen is an extremely exciting step for Mantle. It underscores the Company's capability to generate shareholder value by focussing on projects containing known deposits in key commodity sectors. The Company is continuing to explore development options for its other core Gold and Coal/CBM tenements, with a number of business development activities under consideration.”

“Exergen has developed and proven a breakthrough clean-coal technology that promises to contribute to global energy security by reducing emissions from upgraded brown coal fired power generation. CHTD is a significant step towards overcoming the social and economic challenges posed by many nations' continued reliance on subbituminous coals for energy production.”

“The relationship with Exergen is seen as a first step by Mantle in implementing its exploration and development strategy for coal. The strategy involves harnessing upside from commercialisation of leading edge, socioeconomically acceptable, energy resource development.”

“Mantle recognises that coal and other hydrocarbon energy resources will continue to be utilised in the future due to their availability and to the rapid growth in energy demand from (especially) China and India. However, their use will move more towards extraction of the pure Hydrogen energy component, with a parallel reduction in the impact of the extraction process. This is where Mantle sees positioning itself to best capture the commercial benefits, and reduce the political risks, from developments in the coal sector going forward.”

“As shareholders are aware, prior to assuming the role of MD of Mantle I held the position of Project Manager responsible for development of Exergen, seconded from Thiess and reporting to the Chairman of Thiess and the Board of Exergen. During that time I developed a knowledge and belief in the technical and commercial robustness the Exergen CHTD technology, and having reviewed this opportunity for its applicability and suitability for this project with Mantle I am excited at the potential for both companies.”

Overview of the Bacchus Marsh Project:

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.

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.

Based on review of historic holes, including some drilled by CRA in the mid 1980's, Mantle is of the view that EL 5294 could contain an exploration target^{1, 2} of between 1 to 2 Billion tonnes of brown coal. Drill logs show that coal quality compares favourably with other coals in Victoria, including the Latrobe Valley, and Western Australia as relates moisture, ash and strip ratio.

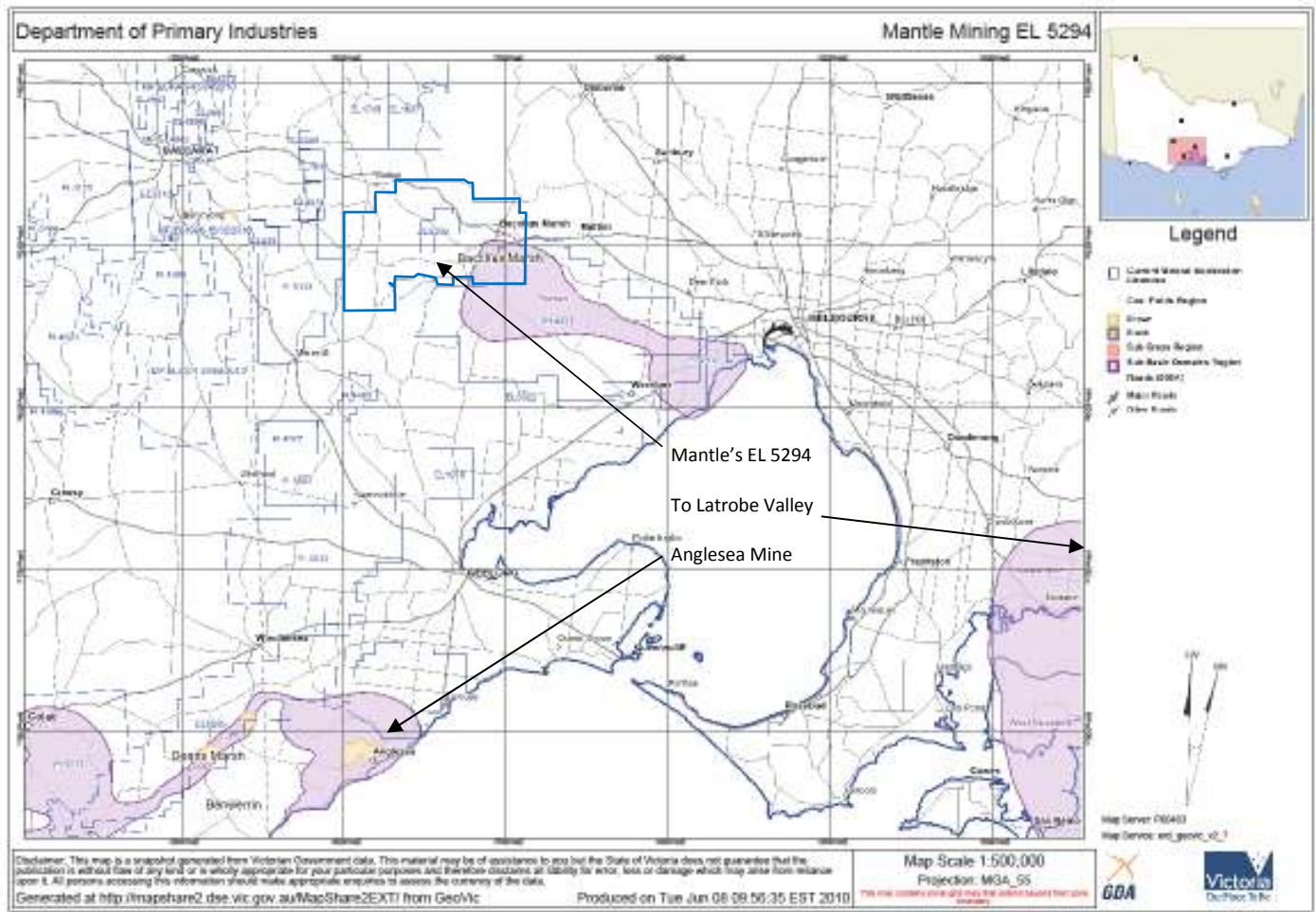


Figure 1: Mantle's EL 5294 with Victorian Coal Fields and other Brown Coal Mine Areas.

For further information:

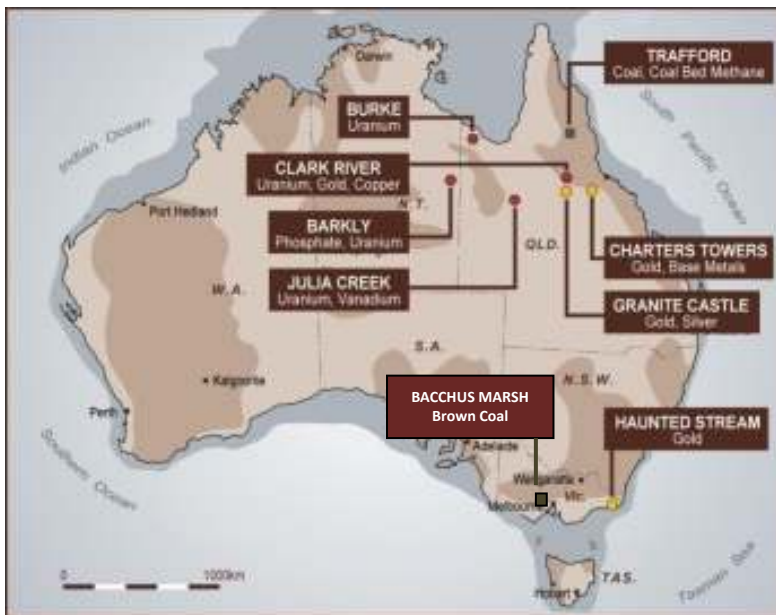
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COMPETENT PERSONS STATEMENT: The information in this report that relates to Exploration Results is based on information compiled by Mr Ian Kraemer and Mr Stuart Moore, both Executives of Mantle Mining Corporation Ltd. Mr Kraemer is a Fellow, and Mr 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 Coal Bed Methane) 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.

FORWARD LOOKING STATEMENTS: This report may include statements deemed "forward-looking statements". Although the Company believes the expectations expressed in such statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results may differ materially.



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 2: Mantle Mining's project locations.

In Victoria, Mantle controls tenements highly prospective for gold/copper including many historical, high-grade, gold mines along a gold anomalous corridor tracking the Haunted Stream fault. Anomalies 3 and 4 are major targets for possible deep vein gold or porphyry copper-gold mineralisation. A drilling program intersected multiple shear zones with visible base metals and down hole geophysics is being planned.

In Queensland, the Granite Castle project contains a JORC compliant (Measured, Indicated and Inferred) gold and silver Resource. Mineralisation occurs in a single 600m long shear. Over 6 km of additional shears have been located, all with drill holes and/or rock chip samples at similar grades to the JORC compliant shear. The Company is preparing for a shallow drilling campaign on the next most prospective shear.

In Queensland, the Charters Towers project contains the Great Britain JORC compliant Inferred gold resource as well as a number of historic mines, including Day Dawn West, immediately west of Citigold's (ASX: CTO) proposed "City" mining area. The Gromac/Puzzler area is prospective for bulk tonnage disseminated deposits of copper, gold, silver and molybdenum (akin to Mt Leyshon and Ravenswood).

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). 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. The Company completed a broad spaced scout drill program, 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.