



EXERGEN BACCHUS MARSH JOINT VENTURE UPDATE

ASX ANNOUNCEMENT

2 OCTOBER 2014

Mantle Mining Corporation Limited (ASX: MNM) provides the following update on activities in relation to clean coal technology group, and Bacchus Marsh Joint Venture partner, Exergen Pty Ltd (Exergen)'s commercialisation pathway and Pre-Commercial Demonstration Project (PCDP).

Highlights:

1. Commercialisation Pathway to support the PCDP:

Exergen continues to advance key components of its commercialisation pathway considered necessary to achieve full PCDP funding:

The PCDP will be hosted at EnergyBrix Australia (EBAC)'s Morwell site in the Latrobe Valley. Exergen and EBAC have executed Site Lease and Services agreements securing the site until at least August 2015 with an option for extension. EPA and local authority approvals are well advanced.

An Alliance Contract between Exergen, Thiess and Sedgman for the PCDP has been drafted. A draft contract for the design and construction of the PCDP has been completed by Thiess, and Sedgman has provided a MOU for operation of the PCDP.

Negotiations are well advanced to ensure both the PCDP and commercial scale operations will have sufficient Latrobe Valley coal supplies. Work on potential product pipeline routes has commenced and negotiations are advanced for an option to acquire suitable industrial land with access to port facilities.

2. Bacchus Marsh Joint Venture Agreement Milestones:

Mantle has provided a performance notice to Exergen in relation to the 24 month demonstration plant construction milestone. The notice runs until mid November 2014.

The Bacchus Marsh Joint Venture Agreement was executed on 30 June 2012. The JVA includes two key milestones; that within 24 months Exergen must commence construction of the large-scale demonstration plant and that within 48 months the demonstration plant must be constructed and have commenced operation. Exergen is responsible for 100% of the PCDP funding.

The terms of the JVA further allow that should either milestone not be met that Mantle may give Exergen a Notice to Perform that obligation and that in the event that the obligations were subsequently still not met that Mantle could either acquire Exergen's JV interest at a 50% discount to Exergen's share of JV expenditure to date, or that Mantle could dilute Exergen's JV equity interest by 50%.

Background:

Mantle and Exergen are partners in a 50/50% Joint Venture (JV) to upgrade and commercialise the Bacchus Marsh brown coal deposit (MNM ASX Release 2 July 2012). The JV covers Exploration Licences (ELs) 5294 and 5323, located to the west of Melbourne (Figure 1). The ELs contain a 1.6 billion tonne JORC Compliant Inferred Resource of brown coal (MNM ASX Release 15 August 2012) (Figure 2).

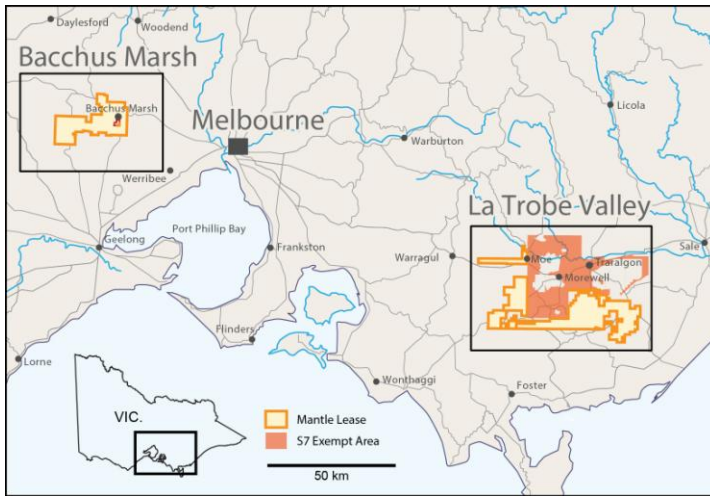


Figure 1: Mantle's Victorian coal project locations.

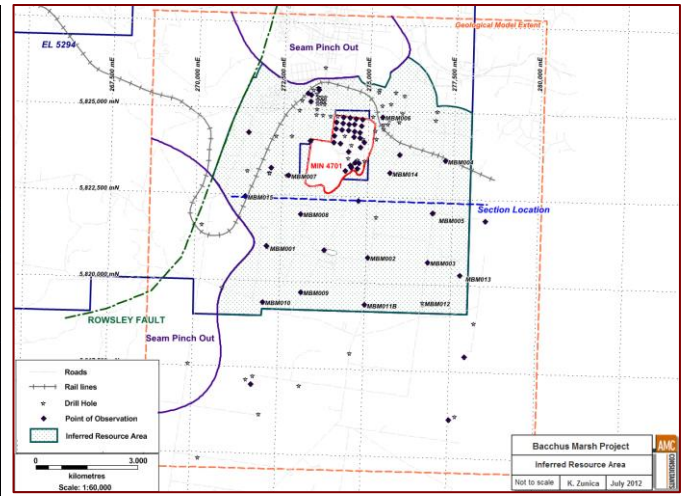


Figure 2: JORC Inferred coal resource area.

The Bacchus Marsh JORC Compliant brown coal Resource was prepared and first disclosed under the 2004 JORC Code. It has not been updated since to comply with the 2012 JORC Code on the basis that the information has not materially changed since it was last reported.

Exergen's Continuous Hydro-Thermal Dewatering (CHTD) technology transforms low grade, high moisture brown coal into cleaner burning products with lower carbon dioxide emissions. Exergen CHTD slurry will be pumped through a pipeline to a processing facility adjacent to a port location, where it will be dewatered and further processed into valuable domestic and export products (thermal coal products, char, fertilisers, pyrolysis oils and liquid fuels). Such liquid fuels can be used to feed Direct Injection Coal Engines (DICE).

Preferred pipeline routes from the Latrobe Valley to Crib Point (at the Port of Hastings) and from Bacchus Marsh to the Port of Geelong have been defined (Figure 3).

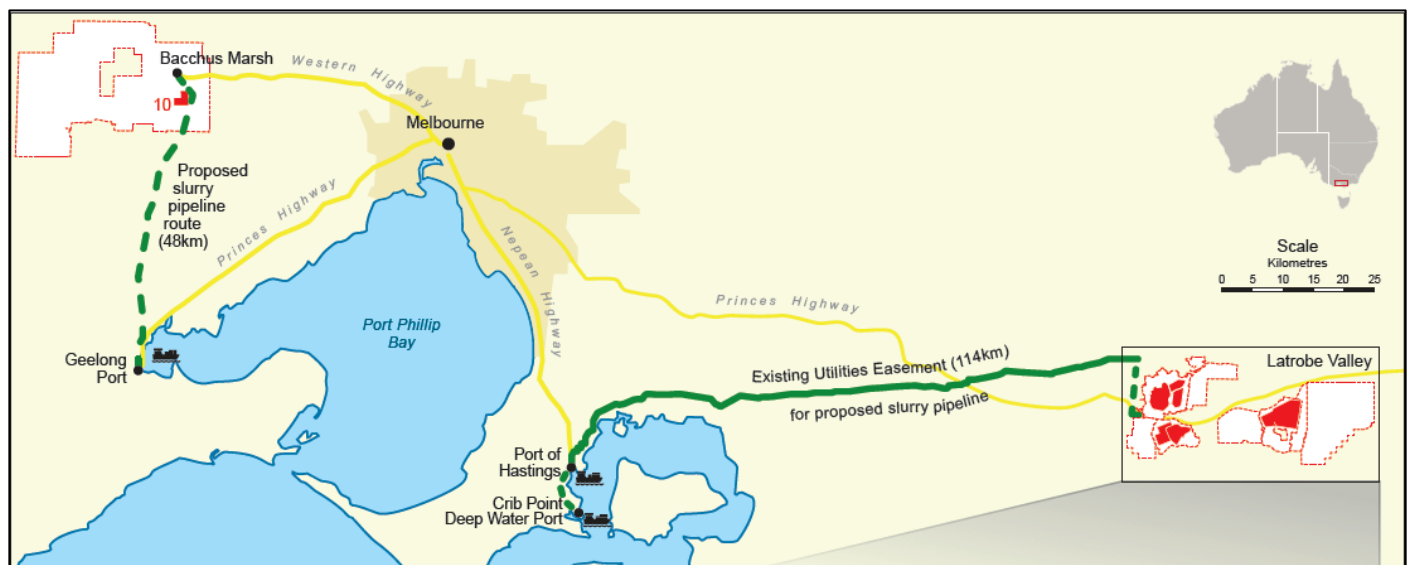


Figure 3: Exergen's proposed export infrastructure map.

Exergen's cornerstone investors include Tata Power, India's largest private power utility, Itochu, one of Japan's largest trading houses with extensive coal trading experience, Leighton Holdings subsidiary Thiess, the world's largest supplier of outsourced mining services, and Sedgman, a global specialist provider of mineral engineering solutions.

CHTD has been proven at pilot scale and Exergen's current focus is to prove CHTD at commercial scale by developing a \$50 million Pre-Commercial Demonstration Project (PCDP) to be located in the Latrobe Valley. Exergen's cornerstone investors have already committed to substantial funding (under certain conditions precedent) towards the PCDP. Mantle is not required to commit funding to the PCDP.

While Exergen can bring value to a number of downstream uses for upgraded brown coal, collaborations with other proponents in the brown coal upgrading sector are being sought to reduce process risk and development costs and expand product market potential for all parties. Exergen is generating a high level of interest in this strategy due to its unique position as a low cost solution to front-end dewatering, coal upgrading and overland transportation.

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About Mantle Mining Corporation Limited

Mantle Mining (ASX: MNM) is an Australian based minerals exploration and mine development company. Mantle's principal activities are to acquire exploration tenements and locate economically developable deposits of coal and gold. It is Mantle's intention to progress mineral deposits through feasibility and into mining operations, to the benefit of all stakeholders.

Competent Person Statement

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Mark Maxwell who is a fulltime employee of Mantle Mining Corporation Ltd. Mr Maxwell 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 which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Maxwell consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.