



MANTLE
MINING CORPORATION LTD

ASX Release

30 August 2017

NEW FUNDING TO FINALISE THE ACQUISITION OF MORNING STAR

HIGHLIGHTS:

- **New Funding secured to complete the acquisition of Morning Star Gold NL ('MCO') and for next phase of development of the Morning Star gold mine**
 - **\$1 million raised under convertible loan facility**
 - **Further \$1.5 million funding under loan note facility, with \$0.5m immediately available at the election of the Company and the remaining funds drawn down in two tranches**
- **This funding will enable the Company to make the final payment of \$1 million due to the secured creditor of MCO by 31 August 2017**
- **The Company's balance sheet is now significantly strengthened and the new funding will enable the Company to focus on development of its Morning Star gold mine and other projects in the highly prospective eastern Victorian goldfields**

Convertible Loan Facility from Sophisticated Investors

Mantle Mining Corporation Limited (ASX: MNM, 'Mantle' or 'the Company') has completed a \$1.0 million capital raising that will enable it to make the final payment by 31 August 2017 to the prior ranking secured creditor of MCO under the terms of the revised payment schedule to the Recapitalisation Deed (including amendments). Refer Company's ASX announcement on 29 March 2017.

The capital raising was made by way of a convertible loan facility to investors qualifying under Section 708 of the Corporations Act as Sophisticated Investors, and was strongly supported by existing long term shareholders of the Company as well as a new strategic shareholder. It is the intention of the Company to repay the loan through the issue of shares ('Conversion'), subject to it obtaining all approvals from shareholders to provide capacity under ASX Listing Rule 7.1 and/or 7.1A for the issue ('Capacity Condition'). The Company has requisitioned an EGM to refresh its share issue capacity. Further details of the facility are shown later in the announcement.

In addition to the \$1 million already received, the Company is continuing discussions with its new and existing sophisticated investors with a view to increasing the funding from this facility.

New Funding for Ongoing Development of Morning Star Loan Note and Convertible Note Funding Program

The Company has also secured a further \$1.5m funding from MEF I, L.P. ('Magna') via a loan note and convertible note facility, of which \$0.5m is immediately available. The remaining two tranches (\$0.5m each) are available at the election of the Company in November 2017 and January 2018.

These funds will be available for working capital and ongoing development activities to progress the next stage of development of the Morning Star gold mine and other projects in the highly prospective eastern Victorian goldfields.

Further details of the facility are shown later in the announcement.

Chief Executive Officer, Tom de Vries, said “We are pleased to announce this very significant milestone for the Company that enables us to make the final payment to complete the acquisition of Morning Star Gold NL and finally remove all doubt regarding our ownership and control of its significant projects. This will enable the Company to focus its entire effort and resources to develop the significant opportunities that exist at the Morning Star gold mine and our other projects in the eastern Victorian gold fields.”

In addition to the Morning Star gold mine, with its historical gold production of 830k oz. at 26.5g/t and as-new gold processing plant, the Company holds virtually all of the exploration acreage in the heart of Australia’s second most prolific gold field, the Walhalla to Woods Point field in eastern Victoria (with historic production of over 6 million oz.).

Mr de Vries said “Mantle is privileged to have such a mine, processing plant and dominant tenement holding in one of Australia’s great high-grade gold districts, which has seen little exploration in 25 years. We intend to take full advantage of this opportunity”.

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Disclaimer:

Statements in this document that are forward-looking and involve numerous risk and uncertainties that could cause actual results to differ materially from expected results are based on the Company’s current beliefs and assumptions regarding a large number of factors affecting its business. There can be no assurance that (i) the Company has correctly measured or identified all of the factors affecting its business or their extent or likely impact; (ii) the publicly available information with respect to these factors on which the Company’s analysis is based is complete or accurate; (iii) the Company’s analysis is correct; or (iv) the Company’s strategy, which is based in part on this analysis, will be successful.

Details of Funding Facilities

Convertible Loan Facility from Sophisticated Investors

Details of the facility:

- Subject to the Company satisfying the Capacity Condition prior to maturity, the loan may be convertible into shares at a price of \$0.007 per share, subject to a 10% Conversion uplift
- The loan has a maturity date of 30 November 2017 and bears no interest prior to Conversion occurring
- The loan is unsecured, although until Conversion or maturity of the loan, the Company may not create any security interests other than those permitted under the agreement.

Loan and Convertible Note Funding Program – MEF I, L.P. (Magna)

Details of the facility:

- The initial tranche is via a loan note facility; the Company may repay the loan notes through the issue of convertible notes, subject to it obtaining shareholder approval or having capacity under ASX Listing Rule 7.1 for the issue
- The notes have a face value of \$1.10 for every \$1.00 received
- The convertible notes will be convertible at any time by Magna (subject to limits) at the lower of: (i) the lowest price for which the Company issues shares to others from now until the date of issue to Magna (noting shares will be issued for \$0.007 under the convertible loan facility referred to above) or (ii) a 15% discount from the lowest daily VWAP in the five days prior to conversion
- The convertible notes have a maturity of 12 months after their respective issue dates, which may be extended by Magna at its election in limited circumstances
- The notes are unsecured and bear no interest
- The Company has an option to repay the loan notes prior to maturity at a premium to their face value
- The notes and convertible notes are not redeemable by Magna
- The agreement contains provisions restricting the periodic trading of shares on the market as well as a prohibition on short selling