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ASX RELEASE

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Development of Northern Rail Corridor Kicks off With Commencement of Erdenet to Ovoot Rail Feasibility Study

- **The recent agreement reached between Mongolia, Russia and China on the transit corridor to Europe has created significant value in Northern Rail LLC and Aspire given the location of its rail and metallurgical coal assets.**
- **Northern Rail's Erdenet to Ovoot Railway has recently been included in a new Northern Rail Economic Corridor connecting China and Russia through Mongolia as part of China's One Belt One Road Policy. All infrastructure projects on the agreed route will have priority funding status from Chinese banks.**
- **Aspire will be advancing the path to construction of the Northern Rail corridor over the coming months with completion of the First Stage of the Rail Feasibility Study. Northern Rail is a key factor in the development of the Ovoot Coking Coal Project.**
- **Following on from meetings with a number of potential funding parties and in parallel with the First Stage Rail Feasibility Study, Northern Railways LLC will now look to complete discussions on funding for the second stage of the feasibility study and EPC funding negotiations for the Erdenet to Ovoot Railway.**

- **Aspire has negotiated a US\$2m loan facility from a group of investors, including substantial shareholders, to commence rail pre-development activities for the Erdenet to Ovoot Railway.**
- **This funding will enable Aspire’s rail subsidiary, Northern Railways LLC, to complete both the First Stage of the Feasibility Study for the Erdenet to Ovoot Railway by end of December 2016 and environmental surveys by October 2016.**
- **The newly elected Mongolian Government led by the Mongolian Peoples Party confirms that commencement of construction of the Erdenet to Ovoot Railway forms part of the new Government’s agenda.**

Mongolian metallurgical coal explorer and infrastructure company, Aspire Mining Limited (ASX: AKM, the **Company** or **Aspire**), is pleased to announce that it has commenced the First Stage of the Rail Feasibility Study for the Erdenet to Ovoot Railway (First Stage Rail Feasibility Study). The Erdenet to Ovoot Railway forms part of the new Northern Rail Economic Corridor linking China with Russia through Mongolia. The First Stage Rail Feasibility Study is expected to be completed by December 2016.

With inclusion in the New Northern Rail Economic Corridor, the Erdenet to Ovoot Railway becomes a priority funding project for China’s banks and other funding institutions established to support the infrastructure build out for China’s One Belt One Road Policy. While the First Stage Rail Feasibility Study progresses, Aspire and Northern Railways LLC will be working to complete funding arrangements for both the Final Feasibility Study work and EPC funding for construction of the Erdenet to Ovoot Railway.

Quam Capital Limited (the corporate finance arm of Quam Limited, a financial services group listed on the Hong Kong Stock Exchange) has secured interim short term funding of US\$2m from a group of investors, including large shareholders in Aspire, to progress time critical rail pre-development activities on the ground in Mongolia. Funding will enable Aspire’s rail subsidiary, Northern Railways LLC (“NR”), to complete the First Stage Rail Feasibility Study and environmental surveys.

NR has activated an environmental consulting team in Mongolia to commence and complete by October 2016, the collection of flora and fauna data across the alignment. This is important for the completion of the Detailed Environmental Impact Assessment in early 2017.

From the loan proceeds, NR will make a US\$800,000 payment to China Rail Construction Corporation subsidiary, First Survey & Design Institute Group Co Ltd (“FSDI”), towards the First Stage Rail Feasibility Study. China Railways Construction Corporation Bureau 20 Group (“CRC”) will also provide FSDI with a US\$1.05m contribution to complete the First Stage Rail Feasibility Study. The First Stage Rail Feasibility Study will amongst other things, provide a confirmed construction schedule, Bill of Quantities and a capex estimate of between -10% to + 20%. This will then provide a basis for discussions to continue with Chinese banks for funding for the rail project itself.

After receiving the First Stage Rail Feasibility Study, and should NR not proceed with the Final Rail Feasibility Study, all source data, engineering drawings and other materials will be provided to NR on the repayment to CRC of their US\$1.05m contribution.

The US\$2m in funding will allow Aspire and NR the time to identify and complete funding for the balance of rail pre-development activities without diluting the existing shareholder base. NR has budgeted a total of US\$15 million in pre-development expenditure and owner’s costs to bring the Northern Rail Project to completion as an EPC funding transaction.

The loan facility is for 12 months, will carry an interest rate of 9% per annum and will be drawn down in three tranches in August, October and December 2016. In the event that the loan is repaid, the lenders will receive 110% of the face value of the loan. In the event that the loan is not repaid in 12 months, the loan may be converted at the lenders’ option to a royalty of US\$1.25\tonne of coking coal sold from the first 10 Mt of production.

Quam Capital Limited arranged the US\$2m facility, whose contributors include substantial shareholders, Noble Group and Spectral Investments Pty Ltd, a company associated with director, Neil Lithgow. The lenders and their financial capabilities are well known to the Company.

The funding allows NR to continue to develop the Erdenet to Ovoot Railway in a timely manner as Aspire works towards commercialisation of the world class Ovoot Coking Coal Project. The pathway to construction involves:



Figure 1 : Timeline: First Stage Rail Feasibility Study through to Ovoot Coking Coal Mine Development

There is also the potential to commence the development of the Nuurstei Coking Coal Project after around 50% of the Erdenet to Ovoot Railway has been constructed.

The Company’s Managing Director, Mr David Paull, noted that “the Erdenet to Ovoot Railway is the first stage of the new Northern Rail Corridor linking China, Mongolia and Russia to new markets (a key initiative for the three countries). The corridor is designed to facilitate growing trade between Asia and Europe and given Aspire’s strategic location along this corridor, the value for Aspire’s rail and metallurgical coal assets have been significantly enhanced”.

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About Aspire Mining Limited

Aspire Mining Limited is listed on the ASX (ASX: AKM) and is the largest coal tenement holder in Mongolia's Northern provinces and is focused on identifying, exploring and developing quality coking coal assets.

Aspire is the 100% owner of the world class Ovoot Coking Coal Project (Ovoot) which is the second largest coking coal project by reserves in Mongolia. The Ovoot project development is dependent on the construction of the Erdenet to Ovoot railway which is being progressed by Aspire's subsidiary Northern Railways LLC (Northern Railways). Northern Railways has been granted a rail concession in August 2015 and is progressing the negotiations and completion of a bankable feasibility study, funding, EPC contract, applications for licenses, permits and approvals to commence railway construction.

Production from the Ovoot project can coincide with the commissioning of the Erdenet to Ovoot railway.

Aspire also currently owns a 50% interest in and is the operator of the Ekhgoviin Chuluu Joint Venture (ECJV), and has an option to increase its ownership to 100% of the ECJV. The ECJV owns a 90% interest in the Nuurstei Coking Coal Project (Nuurstei) which recently announced initial JORC Compliant resources

About Northern Railways LLC

Northern Railways LLC (Northern Railways) is a Mongolian registered rail infrastructure Company, and mandated to pursue the development of the Erdenet to Ovoot Railway, is supported by a consortium consisting of Aspire Mining, and subsidiaries of fortune 500 listed China Railway Construction Corporation – China Railway 20 Bureau Group Corporation (CR20G) and China Railway First Survey & Design Institute (FSDI).

The Erdenet to Ovoot Railway extends 547km between the town of Erdenet to Aspire's Ovoot Project, which connects northern Mongolia to China and international markets. In accordance with Mongolian National Rail Policy, the Erdenet to Ovoot Railway is a multi-user rail line and will be available for the transport of bulk materials, agricultural and general freight from the region to export markets including China, Russia and seaborne markets.

The Erdenet to Ovoot Railway will play an important part in the establishment of the Northern Rail Corridor through Mongolia, the subject of a trilateral program agreed by the Presidents of China, Russia and Mongolia. The Northern Rail Corridor through Mongolia is primarily aimed at improving trade by reducing regulation, improving capacity at borders and to improve road and rail infrastructure to meet this increased demand for transport services. The Northern Rail Corridor through Mongolia links closely with Chinese policies to establish a New Silk Road to improve Euro-Asian trade, and Russia's policy of establishing a Euro-Asian economic zone.

In August 2015, Northern Railways was granted an exclusive 30 years concession by the Mongolian Government to build and operate the Erdenet to Ovoot Railway. Northern Railways is now progressing funding negotiations for the completion of a bankable feasibility study and other studies to support applications for licenses, permits and approvals, as well as progressing negotiations for the EPC contract and financing of the railway construction.

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