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ASX RELEASE

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Northern Rail Update

- **Northern Railways LLC (“NR”), Aspire Mining Limited and China Gezhouba Group Corporation International Ltd (“CGGC”) have agreed to extend the option period for CGGC investment into Northern Railways LLC for three months to 15 May 2018 to provide time to confirm future capacity guarantees for freight from Northern Railways along the Trans Mongolian Railway. CGGC has confirmed that this guarantee remains the only outstanding documentation required for investment approval.**
- **Ulaanbaatar Railways JSC (“UBTZ”) has confirmed that NR freight demand along the Trans Mongolian Railway has been included in forward capacity planning including their 2030 Development Plan currently under review for adoption.**
- **CGGC advises that completion of Rail Feasibility is ahead of its scheduled submission date of 31 March 2018 with delivery now expected by the end of February 2018.**

Mongolian metallurgical coal explorer and infrastructure company, Aspire Mining Limited (ASX: AKM, the **Company** or **Aspire**), is pleased to provide this update in relation to its rail subsidiary, Northern Railways LLC (NR), and the Erdenet to Ovoot Rail Project.

Following on from a binding MOU between CGGC and NR dated 12 October 2017 wherein CGGC agreed amongst other things, to complete the Final Feasibility Study for the Erdenet to Ovoot Rail Project, NR also provided CGGC with the opportunity to earn into a 51% shareholding in NR by funding NR to complete the other conditions precedent of the Concession Agreement with a decision to be made by 15 February 2018 (refer ASX announcement 12 October 2017).

Since the 12 October 2017 MOU, NR has been assisting CGGC with its NR investment decision. This has been completed and NR has been informed that the only matter outstanding relates to sufficient future capacity commitments on the Trans Mongolian Rail Line to carry NR freight south from Erdenet to Zamyn-Uud to China.



Figure 1 : Mongolian National Rail Policy showing the Erdenet – Oovoot Railway and Aspire’s Oovoot and Nuurstei Coking Coal Projects.

UBTZ has confirmed that future NR freight demand has been incorporated in its own future capacity upgrades in UBTZ’s 2030 Strategic Plan which is currently being discussed for adoption.

In order to provide the time to achieve further certainty regarding capacity upgrades along the Trans Mongolian Railway, NR and CGGC have agreed to a three month extension for CGGC and its investment partners to take up its option to purchase the 51% stake in NR, moving the date out to 15 May 2018. This will allow NR and CGGC additional time to discuss with the various stakeholders the securing of future capacity commitments for NR freight.

NR and UBTZ agreed a MOU in February 2017 which amongst other things agreed a connection point between the NR and UBTZ lines, confirmed UBTZ as the nominated operator of the NR line and established a working group to prepare for binding rail haulage services agreements (refer ASX announcement 20 February 2017). Confirmed rail capacity on the UBTZ line remains a condition precedent of funding for the Erdenet to Ovoot Railway. This working group is being established so that discussions can begin on a Rail Haulage Services Agreement.

CGGC has also provided an update to NR and reports that the Final Erdenet to Ovoot Rail Feasibility Study which is due to be delivered on or before 31 March 2018 is now expected to be submitted by the end of February 2018. The completion of the Final Feasibility Study is a key condition precedent in the Concession Agreement and will allow for more advanced funding discussions with potential investors including China Development Bank.

END

About Aspire Mining Limited

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

Ovoot Coking Coal Project (100%)

Aspire is also the owner of the world class Ovoot Coking Coal Project (Ovoot Project). The full realisation of the Ovoot Project is dependent on the construction of the Erdenet to Ovoot Railway which is being progressed by Northern Railways LLC (Northern Railways).

Nuurstei Coking Coal Project (90%)

Aspire has a 90% interest in Nuurstei Coking Coal Project (Nuurstei Project) located in northern Mongolia.

The close proximity of the Nuurstei Project to existing infrastructure (town, road, rail and services) provides an excellent opportunity to assess the economics of a road-based operation prior to the construction completion of the Erdenet to Ovoot Railway.

Depending on the further analysis of the results of the intended 2018 drilling program, future positive economic studies, funding and the grant of necessary approvals and licenses, the Nuurstei Project could commence a road-based production operation and access the new Erdenet to Ovoot Railway two years from commencement of its construction.

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 Limited – China Railway 20 Bureau Group Corporation and China Railway First Survey & Design Institute Group Co Ltd.

The Erdenet to Ovoot Railway extends 549km 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 improving 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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