ASPIRE MINING LTD

ABN 46 122 417 243

INTERIM FINANCIAL REPORT

31 DECEMBER 2017

CORPORATE INFORMATION

Directors

David McSweeney (Non-Executive Chairman)
David Paull (Managing Director)
Neil Lithgow (Non-Executive Director)
Hannah Badenach (Non-Executive Director)
Gan-Ochir Zunduisuren (Non-Executive Director)

Company Secretary

Philip Rundell

Registered office and Australian principal place of business

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Principal place of business Mongolia
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Chinggis Avenue-8,
Altai Tower, 3RD Floor, Room 302
ULAANBAATAR

Share Registry

Security Transfer Registrars Pty Ltd
770 Canning Highway
APPLECROSS WA 6153
Telephone: (08) 9315 2333

Solicitors

Corrs Chambers Westgarth Lawyers
Level 15, Woodside Plaza
240 St Georges Terrace
PERTH WA 6000

Bankers

National Australia Bank
Level 1, 1238 Hay Street
WEST PERTH WA 6005

Auditors

Australia
HLB Mann Judd
Level 4, 130 Stirling Street
PERTH WA 6000

Mongolia
KPMG
#602, Blue Sky Tower,
Peace Avenue 17,
1 Khoroo, Sukhbaatar District,
ULAANBAATAR, 14240, MONGOLIA

Securities Exchange Listing

AKM

TABLE OF CONTENTS

DIRECTORS' REPORT

Your directors submit the financial report of the consolidated entity consisting of Aspire Mining Limited ("Aspire" or "Company") and its controlled entities ("Group") for the half-year ended 31 December 2017. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

Directors

The names of directors who held office during or since the end of the interim period and until the date of this report are noted below. Directors were in office for this entire period unless otherwise stated.

David McSweeney	Non-Executive Chairman
David Paull	Managing Director
Neil Lithgow	Non-Executive Director
Hannah Badenach	Non-Executive Director
Gan-Ochir Zunduisuren	Non-Executive Director

Operating Results

The loss of the Group for the half-year after income tax was $1,516,805 (2016: $3,774,084).

Review of Operations

Aspire Mining Limited ("Aspire" or the "Company") is focused on the exploration and development of metallurgical coal assets in Mongolia.

Aspire owns:

1. a 100% interest in the large scale, world class Ovoot Coking Coal Project ("Ovoot Project"); and
2. a 90% interest in the Nuurstei Coking Coal Project.

Aspire's Mongolian rail infrastructure subsidiary, Northern Railways LLC, holds a Concession Agreement from the Mongolian Government to build and operate 549km of rail from the town of Erdenet to the Ovoot Coking Coal Railway in northern Mongolia. The Erdenet to Ovoot Railway is required to transport the coal from the Ovoot Coking Coal Project to market and will provide the better transport alternative to road for the Nuurstei Coking Coal Project when constructed.

During the period, the Company, or its relevant subsidiary company:

1. exercised the option to acquire the remaining 50% interest in the corporate structure that holds the 90% interest in the Nuurstei Coking Coal Project by the issue of securities with the agreement of the vendor;

2. adopted a strategy to bring the Nuurstei Coking Coal Project into production with the first step drilling programme and studies funded by the renounceable rights issue capital raising of $16.53 million before costs completed in December 2017;

3. obtained a 30 year mining license for the Nuurstei Coking Coal Project; and

4. entered into a memorandum of understanding with China Gezhouba Group International Company Limited (CGGC) to complete the Erdenet to Ovoot Northern Rail bankable feasibility study and assist with the sourcing or provision of funding required to complete other Concession Agreement conditions precedent.

DIRECTORS' REPORT (continued)

Corporate
Aspire had 2,525,882,526 fully paid ordinary listed shares on issue at the end of the half-year (30 June 2017: 939,534,971 fully paid ordinary shares); 688,877,052 listed options (30 June 2017: Nil), 187,093,450 unlisted options (30 June 2017: Nil) and 48,500,000 unlisted performance rights (30 June 2017: 60,000,000).

During the period:

- a placement of 55,422,250 shares at 2 cents with 55,422,500 unlisted options was completed to raise $1,108,445 before costs;
- a fully underwritten renounceable rights issue resulting in the allotment of 1,377,754,105 shares at 1.2 cents and 688,877,052 listed options raised $12,973,457 before costs and $3,559,592 applied to debt reduction;
- loan principal and interest of US$925,068 was extinguished by the issue of 65,004,533 shares and 65,004,533 unlisted options;
- the other 50% interest in Coalridge Limited was acquired by the issue of 66,666,667 shares and 66,666,667 unlisted options to take the ownership in the corporate entity to 100%;
- resultant from the issue of a Mining License for area within the Nuurstei Coking Coal Project, 10,000,000 shares were issued to the vendor of the first 50% interest acquired in the Nuurstei Coking Coal Project corporate structure; and
- on vesting and exercise of performance rights, 11,500,000 shares were issued to directors of the Company.

Cash at Bank
Cash and cash equivalents held by the consolidated entity at the end of the half-year was $11,095,170 (30 June 2017: $412,089).

Significant Subsequent Events

Subsequent to the balance date, announcements have been made informing the market that:

1) contractors and consultants have been engaged to undertake the Nuurstei Coking Coal Project drilling and analysis programme;
2) China Gezhouba Group International Engineering Co Ltd has been added to Erdenet to Ovoot Northern Rail consortium as joint EPC contractor; and
3) Northern Railways LLC, Aspire and China Gezhouba Group Corporation International Ltd have agreed to extend the option period for CGGC investment into Northern Railways LLC for three months to 15 May 2018.

There have been no other significant events subsequent to the reporting date requiring disclosure in this report.

Auditor's Independence Declaration
Section 307C of the Corporations Act 2001 requires our auditors, HLB Mann Judd, to provide the directors of the company with an Independence Declaration in relation to the review of the interim financial report. This Independence Declaration is set out on page 3 and forms part of this directors' report for the half-year ended 31 December 2017.

This report is signed in accordance with a resolution of the Board of Directors made pursuant to section 306(3) of the *Corporations Act 2001*.

David Paull
Managing Director
12 March 2018

HLB Mann Judd

Accountants | Business and Financial Advisers

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the consolidated financial report of Aspire Mining Limited for the half-year ended 31 December 2017, I declare that to the best of my knowledge and belief, there have been no contraventions of:

a) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

b) any applicable code of professional conduct in relation to the review.

Perth, Western Australia	**N G Neill**
12 March 2018	**Partner**

HLB Mann Judd (WA Partnership) ABN 22 193 232 714

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CONDENSED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

	Note	**Consolidated 2017 $**	**Consolidated 2016 $**
Interest revenue		8,535	3,116
Foreign exchange gains/(losses)		53,843	(1,004,252)
Exploration and evaluation expenditure impaired	4	(16,460)	(1,143,215)
Employee benefits expense		(243,547)	(211,446)
Share based payments		(143,421)	(111,612)
Interest expense		(417,071)	(364,091)
Borrowing costs		(3,487)	(294,954)
Other expenses	2	(755,011)	(647,511)
Loss before income tax expense		**(1,516,619)**	**(3,773,965)**
Income tax expense	3	(186)	(119)
Net loss for the period		**(1,516,805)**	**(3,774,084)**
Other comprehensive income			
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations		(1,113,003)	(4,047,218)
Other comprehensive result for the period, net of tax		**(1,113,003)**	**(4,047,218)**
Total comprehensive result for the period		**(2,629,808)**	**(7,821,302)**
Loss attributable to:			
Owners of the parent		(1,486,137)	(3,774,084)
Non-controlling interests	7	(30,668)	-
		(1,516,805)	**(3,774,084)**
Total comprehensive income/(loss) attributable to:			
Owners of the parent		(2,642,555)	(7,821,302)
Non-controlling interests	7	12,747	-
		(2,629,808)	**(7,821,302)**
Basic loss per share (cents per share)		(0.12)	(0.41)

The accompanying notes form part of these financial statements

CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

	Note	Consolidated 31 Dec 2017 $	Consolidated 30 Jun 2017 $
Assets			
Current Assets			
Cash and cash equivalents		11,095,170	412,089
Trade and other receivables		154,533	180,685
Total Current Assets		**11,249,703**	**592,774**
Non-Current Assets			
Deferred exploration and evaluation expenditure	4	36,919,421	35,875,408
Property, plant and equipment		172,918	189,145
Total Non-Current Assets		**37,092,339**	**36,064,553**
Total Assets		**48,342,042**	**36,657,327**
Liabilities			
Current Liabilities			
Trade and other payables		836,292	1,440,179
Borrowings	5	-	9,358,061
Total Current Liabilities		**836,292**	**10,798,240**
Non- Current Liabilities			
Borrowings	5	3,079,458	-
Total Non-Current Liabilities		**3,079,458**	**-**
Total Liabilities		**3,915,750**	**10,798,240**
Net Assets		**44,426,292**	**25,859,087**
Equity			
Issued capital	8	98,968,886	80,200,207
Share based payments reserve		916,445	463,647
Foreign currency reserve		(8,501,105)	(7,344,687)
Contribution reserve	7	1,805,302	-
Accumulated losses		(48,946,217)	(47,460,080)
Equity attributable to owners of the parent		44,243,311	25,859,087
Non-controlling interest	7	182,981	-
Total Equity		**44,426,292**	**25,859,087**

The accompanying notes form part of these financial statements.

CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

Consolidated	Note	Issued capital $	Accumulated losses $	Contribution reserve $	Share based payments reserve $	Foreign currency translation reserve $	Attributable to owners of the parent $	Non-controlling interests $	Total equity $
Balance at 1 July 2016		**79,865,150**	**(43,366,561)**	**-**	**833,496**	**(2,764,533)**	**34,567,552**	**-**	**34,567,552**
Loss for the period		-	(3,774,084)	-	-	-	(3,774,084)	-	(3,774,084)
Other comprehensive loss		-	-	-	-	(4,047,218)	(4,047,218)	-	(4,047,218)
Total comprehensive loss		-	(3,774,084)	-	-	(4,047,218)	(7,821,302)	-	(7,821,302)
Share issue net of costs		317,657	-	-	-	-	317,657	-	317,657
Performance rights value brought to account		-	-	-	111,612	-	111,612	-	111,612
Balance at 31 December 2016		**80,182,807**	**(47,140,645)**	**-**	**945,108**	**(6,811,751)**	**27,175,519**	**-**	**27,175,519**
Balance at 1 July 2017		**80,200,207**	**(47,460,080)**	**-**	**463,647**	**(7,344,687)**	**25,859,087**	**-**	**25,859,087**
Loss for the period		-	(1,486,137)	-	-	-	(1,486,137)	(30,668)	(1,516,805)
Other comprehensive loss		-	-	-	-	(1,156,418)	(1,156,418)	43,415	(1,113,003)
Total comprehensive loss		-	(1,486,137)	-	-	(1,156,418)	(2,642,555)	12,747	(2,629,808)
Shares issued net of costs	8	19,078,056	-	-	-	-	19,078,056	-	19,078,056
Performance rights value brought to account		-	-	-	143,421	-	143,421	-	143,421
Performance rights vested and exercised	8	379,500	-	-	(379,500)	-	-	-	-
Listed options issued to underwriters	9	(688,877)	-	-	688,877	-	-	-	-
Non-controlling interest arising on the acquisition of subsidiary	6	-	-	-	-	-	-	171,265	171,265
Non-controlling interest arising on part disposal of subsidiary	7	-	-	1,805,302	-	-	1,805,302	(1,031)	1,804,271
Balance at 31 December 2017		**98,968,886**	**(48,946,217)**	**1,805,302**	**916,445**	**(8,501,105)**	**44,243,311**	**182,981**	**44,426,292**

The accompanying notes form part of these financial statements

CONDENSED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

	Note	Consolidated 2017 $	Consolidated 2016 $
		Inflows/(Outflows)	
Cash flows from operating activities			
Payments to suppliers and employees		(1,038,561)	(866,978)
Interest received		4,849	1,776
Interest and borrowing costs paid		(358,272)	(150,745)
Income tax paid		(186)	(119)
Net cash used in operating activities		**(1,392,170)**	**(1,016,066)**
Cash flows from investing activities			
Payments for the purchase of subsidiary net of cash acquired	6	(3,888)	-
Exploration and evaluation expenditure		(359,224)	(1,305,277)
Net cash used in investing activities		**(363,112)**	**(1,305,277)**
Cash flows from financing activities			
Proceeds from issue of shares		13,005,200	320,000
Payments for share issue costs		(120,930)	(2,753)
Proceeds from borrowing		50,000	2,641,308
Repayment of borrowings		(495,153)	-
Net cash provided by financing activities		**12,439,117**	**2,958,555**
Net increase in cash held		10,683,835	637,212
Cash and cash equivalents at the beginning of the period		412,089	418,529
Effects of exchange rate fluctuations on cash held		(754)	26,090
Cash and cash equivalents at the end of the period		**11,095,170**	**1,081,831**

The accompanying notes form part of these financial statements

NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The interim financial statements were authorized for issue on 12 March 2018.

The interim financial statements are general purpose financial statements prepared in accordance with the requirements of the Corporations Act 2001, applicable accounting standards including AASB 134 'Interim Financial Reporting', Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board ('AASB'). Compliance with AASB 134 ensures compliance with IAS 34 'Interim Financial Reporting'.

The interim financial statements comply with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the interim financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

This condensed half-year report does not include full disclosures of the type normally included in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the consolidated entity as in the full financial report.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2017 and any public announcements made by Aspire Mining Limited during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001 and the ASX Listing Rules.

Basis of preparation

The interim report has been prepared on a historical cost basis, except for the valuation of share based payments. Cost is based on the fair value of the consideration given in exchange for assets. The consolidated entity is domiciled in Australia and all amounts are presented in Australian dollars, unless otherwise noted.

For the purpose of preparing the interim report, the half-year has been treated as a discrete reporting period.

Adoption of new and revised standards

Standards and Interpretations applicable to 31 December 2017

In the period ended 31 December 2017, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company and effective for the current annual reporting period. As a result of this review, the Directors have determined that there is no material impact of the new and revised Standards and Interpretations on the Company and, therefore, no material change is necessary to Group accounting policies.

Standards and Interpretations in issue not yet adopted

The Directors have also reviewed all Standards and Interpretations in issue not yet adopted for the period ended 31 December 2017. As a result of this review the Directors have determined that there is no material impact of the Standards and Interpretations in issue not yet adopted on the Company and, therefore, no change is necessary to Group accounting policies.

Significant accounting judgments and key estimates

The preparation of interim financial reports requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

The significant judgments made by management in applying the consolidated entity's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report for the year ended 30 June 2017.

Accounting policies and methods of computation

The accounting policies and methods of computation adopted are consistent with those of the previous financial year and corresponding interim reporting period. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

NOTE 2: LOSS BEFORE INCOME TAX EXPENSE

	Consolidated	
	31 December 2017 $	31 December 2016 $31
The following other expense items are relevant in explaining the financial performance for the half-year:		
Accountancy and audit fees	84,036	43,474
Borrowing costs	3,487	294,954
Company secretarial	82,606	83,572
Consultants' fees	150,910	160,766
Directors' fees	110,323	-
Insurance	20,071	11,931
Legal fees	37,097	47,104
Rent & outgoings	41,853	23,070
Travel and accommodation	69,387	36,068

NOTE 3: INCOME TAX EXPENSE

	Consolidated	
	31 December 2017 $	31 December 2016 $
Income tax expense on Mongolian operations	(186)	(119)
Income tax expense	**(186)**	**(119)**

NOTE 4: EXPLORATION AND EVALUATION EXPENDITURE

	Consolidated	
	Six months to 31 December 2017 $	Year ended 30 June 2017 $
Costs carried forward in respect of areas of interest in the following phases:		
Exploration and evaluation phase – at cost		
Balance at beginning of the period	35,875,408	40,826,207
• Expenditure incurred, net of cost recoveries	273,752	1,769,637
• Acquisition costs	1,684,350	-
• Foreign exchange differences	(897,629)	(4,747,519)
• Expenditure impaired in the period	(16,460)	(1,972,917)
Total exploration and evaluation expenditure	**36,919,421**	**35,875,408**

Exploration expenditure incurred on projects other than the Ovoot Coking Coal Project and the Nuurstei Coking Coal Project has been impaired, written-off or expensed as that expenditure is not expected to be recouped through successful development and exploration of the areas of interest, or alternatively, by sale. The recoupment of the expenditure that has been carried forward is dependent upon the successful development and commercial exploitation or sale of the respective areas.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

NOTE 5: BORROWINGS

	Consolidated Six months to 31 December 2017 $	Year ended 30 June 2017 $
USD long term facility	3,079,458	6,505,758
USD short term facility	-	2,602,303
AUD short term facility	-	250,000
	3,079,458	**9,358,061**
Current borrowings	-	9,358,061
Non-current borrowings	3,079,458	-
	3,079,458	**9,358,061**

USD long term facility movement for the period	**US$**	**A$**
Balance at beginning of period	5,000,000	6,505,758
Transfer from short term facility and repayment fee	1,650,000	2,107,157
Repayment from participation in rights issue capital raising (Note 8)	(2,846,519)	(3,750,000)
Acquisition of 10% interest in NRHL in exchange for debt forgiveness (Note 7)	(1,400,000)	(1,804,271)
Foreign exchange	-	20,814
Balance at end of period	**2,403,481**	3,079,458

USD short term facility movement for the period	**US$**	**A$**
Balance at beginning of period	2,000,000	2,602,303
Transfer to long term facility	(1,500,000)	(1,915,709)
Repayment by cash	(150,000)	(195,173)
Repayment by issue of securities (Note 8)	(350,000)	(466,667)
Foreign exchange movement	-	(24,754)
Balance at end of period	**-**	-

AUD short term facility movement for the period	**A$**
Balance at beginning of period	250,000
Advances in cash	50,000
Repayments by cash	(300,000)
Balance at end of period	**-**

Pursuant to a Term Sheet between Noble Resources International Pte Ltd (NRIPL), Aspire, Logarta Limited and Coalridge Limited dated 26 May 2017 (effective from 13 June 2017), NRIPL and Aspire agreed various transactions and variations to loan facilities. Other lenders also agreed to variations to loan facilities conditional on the transactions with NRIPL being completed.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

NOTE 5: BORROWINGS (continued)

The agreements between NRIPL and Aspire were subject to Aspire:

1. having its shareholders approve the transactions;
2. completion by Aspire of a placement capital raising; and
3. obtaining legal advice that the increase in the facility was secured by the existing security.

At a general meeting of the Company's shareholders held on 26 July 2017, the shareholders gave approval for the Company to:

1. exercise the option to acquire the remaining 50% interest in Coalridge Limited, the corporate entity that holds a 90% interest in the Nuurstei Coking Coal Project (See Note 6); and
2. make a public offer of its securities pursuant to a prospectus to issue up to 200,000,000 fully paid ordinary shares in the Company at an issue price of $0.02 per Share, together with one attaching option for every Share subscribed for exercisable at 2.5 cents within 12 months from grant, to raise up to $4,000,000 (exclusive of oversubscriptions) (Offer); and
3. satisfy the cash consideration payable to NRIPL on the exercise of the ECJV Option of US$1,000,000 by the issue of 66,666,667 shares and 66,666,667 options; and
4. satisfy loan interest of US$625,068 due to NRIPL on 2 July 2017 through the issue of 41,671,200 shares and 41,671,200 options; and
5. satisfy amounts owing of US$350,000 to two other lenders through the issue of 23,333,333 shares and 23,333,333 options.

The offer made pursuant to a Prospectus dated 27 June 2017 opened on 5 July 2017, closed on 14 August and raised A$1.09 million before costs. All conditions precedent was satisfied by Aspire and all transactions completed.

All other obligations under the loan facilities were met by the Company on the 17 August 2017 due date.

Separately but contingent on completion of the transactions with NRIPL, two of the three lenders under the US$2 million short term facility also agreed in June 2017 to convert their loan principal to equity in the Company. On 24 August 2017 the securities were issued to the applicable lenders.

Pursuant to a further Term Sheet between NRIPL, Aspire, Logarta Limited and Coalridge Limited dated on or about 10 October 2017, NRIPL and Aspire agreed that:

1. NRIPL take up its entitlement and participate in an underwritten renounceable rights issue capital raising and sub-underwrite additional participation such that a maximum of A$3.75 million will be contributed to the capital raising by NRIPL and applied by NRIPL in reduction of the loan; and
2. The loan facility with NRIPL be further reduced by US$1.4 million by NRIPL being issued sufficient shares in Northern Rail Holdings Limited (NRHL) to give NRIPL a 20% interest in NRHL; and
3. In the event that China Gezhouba Group Corporation International Ltd (CGGC) exercises its option to acquire 51% of NRHL by CGGC contribution of a minimum of US$5.4m to complete the Rail Concession conditions precedent, the facility will be reduced by US$1 million by NRIPL being issued sufficient shares in NRHL such that NRIPL will have a diluted interest in NRHL of 15%; and
4. In the event that CGGC does not exercise its NR Option, the facility can be reduced at the election of Aspire by a payment US$1 million to NRIPL or by the issue of the number of shares to NRIPL at an equivalent value of US$1 million calculated at a 5% discount to the 30 Day VWAP prior to the date of issue of the shares; and
5. In the event that the Nuurstei Coking Coal Project commences commercial production at least 18 months prior to 17 August 2019, US$600,000 will be paid 6, 12 and 18 months after the commencement of commercial production; and
6. The remainder of the facility will be repaid on 17 August 2019; and
7. The interest rate on the facility increased from 9% to 10.45% from 17 August 2017.

The capital raising offer made pursuant to a Prospectus dated 10 November 2017 opened on 20 November 2017, closed on 5 December 2017 and raised A$16.53 million before costs and including $3.56 million applied to debt reduction.

All conditions precedent were satisfied and both transactions were completed.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

NOTE 6: ASSET ACQUISITION

On 13 June 2014, Ovoot Coking Coal Pte Ltd (OCC), 100% owned subsidiary of Aspire, acquired the 50% interest held by Xanadu Limited (Xanadu) in Coalridge Limited. Noble Resources International Pte Ltd (NRIPL) retained its 50% ownership.

Coalridge Limited owns the entities that operated the Ekhgoviin Chuluu Joint Venture ("ECJV") and hold a 90% interest in the Nuurstei Coking Coal Project ("Nuurstei Project") in northern Mongolia.

Aspire paid $1 for the initial investment and agreed to issue 10 million shares in Aspire to Xanadu upon agreement to undertake feasibility studies on the Nuurstei Project area or upon the Mineral Resource Authority of Mongolia granting a mining license over all or part of the Nuurstei Project area. Aspire has agreed to issue a further 5 million shares in Aspire in the event that 30 million tonnes of JORC compliant resources are identified in the Nuurstei Project area.

A mining license on part of the Nuurstei Project area was granted on 9 October 2017 and the 10,000,000 shares were issued to Xanadu. Those shares are valued at $190,000 being the 10,000,000 shares at the Aspire share price of 1.9 cents on the date of the grant of the Mining Licence.

OCC exercised its option to acquire NRIPL's 50% interest for a consideration of US$1 million and a royalty from production sufficient to discharge the loan owed to NRIPL by the ECJV. It has been agreed with NRIPL and approved by the Company's shareholders that the initial US$1 million be satisfied by the Company by the issue of 66,666,667 shares at 2 cents per share and 66,666,667 options. Those securities were issued to NRIPL on 1 September 2017.

The consideration for the investment or 90% of the Nuurstei Coking Coal Project is $1,541,390 made up as follows:

	$
Initial investment acquisition of Xanadu's 50% interest	1
Consideration to Xanadu (10,000,000 shares at $0.019)	190,000
Acquisition of NRIPL's 50% share (66,666,667 shares at $0.02 and free attaching options)	1,333,333
Acquisition costs	18,056
Investment in Coalridge Limited	1,541,390

This values 100% of the Coalridge Limited Group inclusive of the Nuurstei Coking Coal Project at $1,712,655, represented by the following assets and liabilities of the Coalridge Limited Group at acquisition:

	$
Cash and cash equivalents	14,168
Receivables	8,409
Exploration expenditure	1,684,350
Property, plant and equipment	7,066
Intangible asset	2,830
Trade and other payables	(4,168)
Net assets	1,712,655

Non-controlling interest

The consideration determines that the10% non-controlling interest is $171,265.

Net cash outflow arising on acquisition

	$
Cash paid	18,056
Less: Net cash acquired with the subsidiary	(14,168)
Net cash outflow	3,888

Impact of acquisition on the results of the Group

Aspire proposes to conduct a $2 million drilling and exploration program targeted at increasing the existing mineral resources at the Nuurstei Coking Coal Project (including seeking to convert Inferred Mineral Resources to Indicated Mineral Resources categories) and establishing an ore reserve at the project.

It is proposed that this new resource model will feed into the feasibility study process for the Nuurstei Coking Coal Project, the end objective being to confirm that an economically viable mining operation can commence.

The ability to achieve this is dependent on the analysis of the results of the planned drilling program, future positive economic studies, the grant of necessary approvals and licences, and any further required funding in addition to (but not limited to) that provided by other possible sources (such as coal pre-sales and contractor funding).

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

NOTE 6: ASSET ACQUISITION (continued)

The exploration and evaluation expenditures incurred on the Nuurstei Coking Coal Project licences will continue to be recognised as an exploration and evaluation asset at cost in each year in which they are incurred where the following conditions are satisfied:

i) the rights to tenure of the area of interest remain current; and

ii) at least one of the following conditions is also met:

(a) the exploration and evaluation expenditures are expected to be recouped through successful development and exploration of the area of interest, or alternatively, by its sale; or

(b) exploration and evaluation activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest is continuing.

If and when a decision is made to proceed with development of the Nuurstei Coking Coal Project, the Nuurstei Coking Coal Project exploration and evaluation asset will be tested for impairment before reclassification to development.

NOTE 7: NON-CONTROLLING INTERESTS AND CONTRIBUTION RESERVE

As set out in Note 6, there is a 10% non-controlling interest in the corporate entity that holds the Nuurstei Coking Coal mining and exploration licenses.

There is also a 20% non-controlling interest in Northern Rail Holdings Limited (NRIPL). During the period, the Group disposed of a further 10% interest in NRML to Noble Resources International Pte Ltd (NRIPL) Ltd to take NRIPL's interest in NRML to 20% in exchange for a US$1.4 million reduction of the long term facility payable to NRIPL (Note 5). The gain on divestment of the shares held by the Company in NRIPL of $1,805,302 is reclassified to a contribution reserve on consolidation.

Non-controlling interest summary	**Coalridge Limited 31 December 2017 $**	**Northern Rail Holdings Limited 31 December 2017 $**	**Total 31 December 2017 $**
Non-controlling interest arising on the acquisition of subsidiary	171,265	-	171,265
Non-controlling interest arising on part disposal of subsidiary	-	(1,031)	(1,031)
Profit/(loss) allocated to non-controlling interest	11,724	(42,392)	(30,668)
Other comprehensive income/(loss) allocated to non-controlling interest	(1,677)	45,092	43,415
Closing Balance	181,312	1,669	182,981

The summarised financial information is as follows:

	Coalridge Limited 31 December 2017 $	**Northern Rail Holdings Limited 31 December 2017 $**
Current Assets	39,427	7,277
Non-Current Assets	1,782,117	-
Total Assets	1,821,544	7,277
Current Liabilities	(8,423)	(12,434)
Non-Current Liabilities	-	-
Total Liabilities	(8,423)	(12,434)
Net Assets	(1,813,121)	(5,157)
Revenue	-	6
Profit/(loss) for the period	117,235	(211,960)
Total comprehensive income/(loss) for the period	(100,467)	13,498

NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2017

NOTE 8: ISSUED CAPITAL

	31 December 2017 $	30 June 2017 $
Ordinary shares		
Issued and fully paid	**98,968,886**	**80,200,207**

	31 December 2017 No.	 $
Movements in ordinary shares on issue		
Balance at beginning of period	939,534,971	80,200,207
Shares issued at 3.3 cents on 3 July 2017 on exercise of vested performance rights	5,500,000	181,500
Shares issued at 2 cents on 14 August 2017 pursuant to placement	54,922,250	1,098,445
Shares issued at 2 cents on 24 August 2017 pursuant to a placement	500,000	10,000
Shares issued at 2 cents on 24 August 2017 pursuant to debt principal for equity agreement	23,333,333	466,667
Shares issued at 2 cents on 1 September 2017 pursuant to debt interest for equity agreement	41,671,200	833,424
Shares issued at 2 cents on 1 September 2017 pursuant to asset acquisition agreement	66,666,667	1,333,333
Shares issued at 3.3 cents on 4 October 2017 on exercise of vested performance rights	6,000,000	198,000
Shares issued at 3.3 cents on 7 November 2017 pursuant to asset acquisition agreement	10,000,000	190,000
Shares issued at 1.2 cents on 11 December 2017 pursuant to renounceable rights issue	1,377,754,105	16,533,049
Costs of issues	-	(2,075,739)
Balance at end of period	**2,525,882,526**	**98,968,886**

NOTE 9: OPTIONS AND PERFORMANCE RIGHTS ON ISSUE

	31 December 2017 No	30 June 2017 No
Unlisted options exercisable at 2.5 cents per option before 14 August 2018 (i)	54,922,250	-
Unlisted options exercisable at 2.5 cents per option before 24 August 2018 (i)	23,833,333	-
Unlisted options exercisable at 2.5 cents per option before 1 September 2018 (i)	108,337,867	-
Listed options exercisable at 1.8 cents per option before 11 December 2019 (ii)	688,877,052	-
Performance Rights (iii)	48,500,000	60,000,000

(i) The three tranches of unlisted options were issued on a one-for-one basis as free attaching to the placement undertaken and completed in August 2017.

(ii) Of the listed options, 344,438,526 were issued on a one-for-four basis as free attaching to the rights issue capital raising completed in December 2017. The other 344,484,526 were issued to the underwriters of the rights issue and a share based payments as a cost of the capital raising are valued at the market price at grant date.

(iii) The value of the Performance Rights on issue is based on the number of Performance Rights granted multiplied by the prevailing share price at the date of the grant of the Performance Rights. The value of the Performance Rights is taken to the Share Based Payments Reserve progressively over the period the Performance Rights are expected to vest. The cumulative expense that will be recorded will equate to the Performance Rights that ultimately vest.

The vesting requirements applicable to 40,000,000 Performance Rights issued to the consultant are based on execution of a Concession Agreement to build and operate the Ovoot to Erdenet Northern Railway and provision by 31 December 2017 of an offer to fund 70% of the funding required to build the railway. No expense has been recognised as currently there is no expectation that the performance milestones will be met.

The vesting requirements of the other 8,500,000 Performance Rights are based on tenure and achievement of operational and strategic milestones.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2017

NOTE 11: FINANCIAL INSTRUMENTS

The Directors consider that the carrying value of the financial assets and liabilities as recognised in the Condensed Statement of Financial Position approximate their fair values.

NOTE 12: CONTINGENT LIABILITIES

There has been no change in contingent liabilities since the last annual reporting date.

NOTE 13: SEGMENT REPORTING

Segment information is presented in the interim financial statements in respect of the consolidated entity's geographical segments, which are the primary basis for segment reporting. The consolidated entity operates in a single business segment, namely natural resources exploration.

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly income earning assets, interest income, corporate assets and corporate expenses.

The consolidated entity operated in distinct geographical segments, Australia, Mongolia and Singapore. These segments were determined based on the location of the consolidated entity's assets and liabilities.

Geographical segments

	Australia	**Mongolia**	**Singapore**	**Total**
	$	**$**	**$**	**$**
31 December 2017				
Segment income	6,671	1,864	-	8,535
Segment administrative expenses	(520,497)	(416,358)	(11,347)	(948,202)
Segment interest	(27,984)	-	(389,087)	(417,071)
Segment share based payments	(143,421)	-	-	(143,421)
Segment exploration impairment	-	(16,460)	-	(16,460)
Segment income tax benefit/(expense)	-	(186)	-	(186)
Segment result	(685,231)	(431,140)	(400,434)	(1,516,805)
Loss from ordinary activities after related income tax expense				(1,516,805)
Segment assets	8,448,965	39,889,946	3,131	48,342,042
Segment liabilities	403,505	35,850	3,476,395	3,915,750
31 December 2016				
Segment income	837	2,279	-	3,116
Segment administrative expenses	(541,667)	(428,167)	(7,397)	(977,231)
Segment interest	(340,886)	-	(318,159)	(659,045)
Segment share based payments	(111,612)	-	-	(111,612)
Segment exploration impairment	-	(1,143,215)	-	(1,143,215)
Segment income tax benefit/(expense)	-	(885,978)	-	(885,978)
Segment result	(993,328)	(2,455,200)	(325,556)	(3,774,084)
Loss from ordinary activities after related income tax expense				(3,774,084)
Segment assets	1,072,906	36,948,234	8,531	38,029,671
Segment liabilities	3,294,833	34,217	7,525,102	10,854,152

NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2017

NOTE 13: EVENTS SUBSEQUENT TO REPORTING DATE

Subsequent to the balance date, announcements have been made informing the market that:

1) contractors and consultants have been engaged to undertake the Nuurstei Coking Coal Project drilling and analysis programme;
2) China Gezhouba Group International Engineering Co Ltd has been added to Erdenet to Ovoot Northern Rail consortium as joint EPC; and
3) Northern Railways LLC, Aspire and CGGC have agreed to extend the option period for CGGC investment into Northern Railways LLC for three months to 15 May 2018.

There have been no other significant events subsequent to the reporting date requiring disclosure in this report.

DIRECTORS' DECLARATION

In the opinion of the Directors of Aspire Mining Limited ('the company'):

1. The financial statements and notes thereto, are in accordance with the Corporations Act 2001 including:

    a. complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

    b. giving a true and fair view of the consolidated entity's financial position as at 31 December 2017 and of its performance for the half-year then ended.

2. there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is signed in accordance with a resolution of the Board of Directors made pursuant to s.303 (5) of the Corporations Act 2001.

David Paull
Managing Director
12 March 2018

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Aspire Mining Limited

Report on the Condensed Interim financial report

Conclusion

We have reviewed the accompanying interim financial report of Aspire Mining Limited ("the company") which comprises the condensed consolidated statement of financial position as at 31 December 2017, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory notes, and the directors' declaration, for the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of Aspire Mining Limited is not in accordance with the *Corporations Act 2001* including:

(a) giving a true and fair view of the Group's financial position as at 31 December 2017 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Directors' responsibility for the interim financial report

The directors of the company are responsible for the preparation of the interim financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the interim financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2017 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

HLB Mann Judd (WA Partnership) ABN 22 193 232 714

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HLB Mann Judd

A review of an interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

Perth, Western Australia
12 March 2018

Norman Glad

N G Neill
Partner