

## **ASX RELEASE**



**For Immediate Release – 27 May 2019**

### **Ovoot Early Development Project (OEDP) Definitive Feasibility Study Update**

- **The Mongolian Mineral Reserve Council has approved the total Ovoot Reserves in compliance with Mongolian requirements and standards, with approval of the Mongolian compliant Ovoot Feasibility Study updated for the OEDP Pre-Feasibility Study expected shortly. These approvals become the technical basis for all other permits and enable the commencement of related environmental studies.**
- **Community engagement and initial public consultation work has been initiated as part of environmental and social impact studies, assessments and management plans. Community stakeholders have combined the Erdenet to Ovoot haul road and OEDP mine in their considerations for support.**
- **Given the expected timing of the above, the OEDP Definitive Feasibility Study is now expected to be completed before the end of calendar 2019. There is no impact on expected first washed coal production by the first half 2021.**
- **The Company has entered into a Cooperation Agreement with Ulaanbaatar Tumor Zam Joint Stock Company (UBTZ), the operator of the Trans Mongolian rail network, to guarantee rail capacity for OEDP coal transport to the Mongolian\China border.**
- **Management visited a number of coal handling and preparation plants in Beijing and Tangshan, China in the week of 13 May and identified highly efficient and low water and power consuming process options.**
- **The Company and Erdenes Tavan Tolgoi have agreed the basis of a joint study into blending options for Tavan Tolgoi and Ovoot coking coals. Preliminary analysis confirms an attractive value adding opportunity exists. This opportunity will also benefit from the recently announced commencement of the Tavan Tolgoi to Sainshand rail connection with Sainshand becoming a logical blending site.**

Mongolian metallurgical coal and infrastructure company, Aspire Mining Limited (ASX: AKM, the **Company** or **Aspire**), is pleased to provide an update on progress towards completion of a Definitive Feasibility Study for the Ovoot Early Development Project (OEDP).

As announced on 28 February 2019, the Company received the results of a Pre-Feasibility Study (PFS) for the early development of the world class Ovoot Coking Coal Project by first constructing a haul road able to deliver up to 4Mtpa of coking coal to the nearest rail head at Erdenet. From there, the coal can be railed north or south to export markets.

Aspire’s strategy is to progress with the low capital intensity road-based development to deliver early production whilst the tasks to develop the larger scale and longer term Erdenet to Ovoot Railway development continue.

**Commencement of Detailed Environmental Impact Assessment (DEIA)**

The Mongolian Mineral Reserve Council (MRC) has approved the Ovoot Reserves following the Company’s submission incorporating and consolidating all past data and information on Ovoot.

The Company has also updated and lodged with MRC for approval the Ovoot Feasibility Study incorporating the OEDP Pre-Feasibility Study information and results. The MRC approval of the Ovoot Feasibility Study is expected in the near term. These submissions and approvals are to comply with Mongolian standards and requirements.

Importantly, current MRC approvals are required before the Detailed Environmental Impact Assessment (DEIA) can be undertaken and on completion, applications for mine permits and associated approvals can be made. Terms of Reference for the DEIA are currently being discussed with a number of consulting groups.

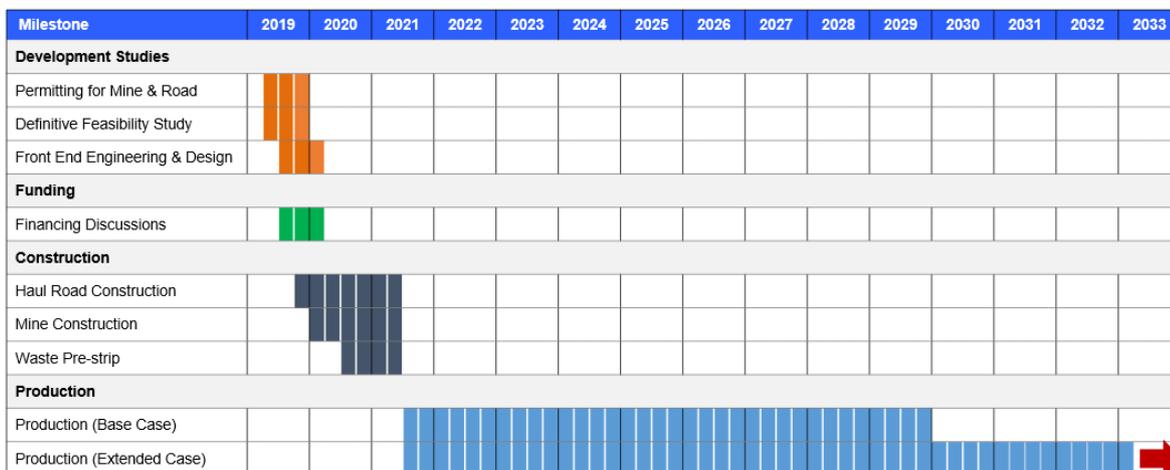
**Community Engagement**

The Company has a continuous community engagement programme to keep the local communities aware of OEDP progress while outlining the positive impacts of employment, capacity building and infrastructure. The local soum (district) and airmag (province) have decided to combine road and mine approvals at the community level into one package. This has caused a delay in the Company’s planned programme to complete the Definitive Feasibility Study for the Ovoot mine and the Erdenet to Ovoot haulage road. Given the above, the completion of the Definitive Feasibility Study is now expected to be finalised before the end of calendar 2019. The timeframe for first coal production remains mid-2021.

**Indicative Timeline**

**Aspire expects to be in OEDP production by Q2 2021 with a 15 months haul road construction period commencing in late 2019 / early 2020**

**Indicative Timeline Through Production**



**Figure 1 : Timeline to First Production**

## Transport Capacity Agreement with UBTZ

Ulaanbaatar Tumor Zam Joint Stock Company (UBTZ) is a Mongolian-Russian joint venture that owns and manages the Mongolian rail network. UBTZ had previously advised that there is up to 4 million tonnes of rail capacity on the central rail network including the Erdenet to Salkhit spur line. The OEDP is designed to access this available capacity.

On 24 May 2019 the Company and UBTZ executed a Cooperation Agreement that ensures an allocation by UBTZ to the Company of rail line capacity from Erdenet to the Mongolian-China border at Zamyn Uud. The Cooperation Agreement guarantees that up to 4 mtpa of rail line capacity will be available to Aspire in support of its OEDP requirements. Aspire is to provide the necessary wagon capacity. Wagons are available from a number of sources including leasing from UBTZ, Russian rail wagon leasing companies and purchases of new and used wagons from Russian and Chinese operators.



**Figure 2: Mr Igor Vasilievich Milostnykh, First Deputy Director of UBTZ, and Mr David Paull, Executive Chairman of Aspire Mining Limited, at the signing of the Cooperation Agreement**



**Figure 3: Ovoot to Erdenet and the rail line from Tavan Tolgoi to Sainshand**

## **Scoping Study Process Agreed for Ovoot\Tavan Tolgoi Cooperation**

In 2014, Aspire conducted initial testwork on blending Ovoot coking coal and thereafter identified a significant opportunity to value add to Tavin Tolgoi's non-coking coal resources through blending with Ovoot's "fat" coking coal<sup>1</sup>. Tavan Tolgoi is Mongolia's largest coking coal mine. With the OEDP now presenting near term production, Aspire and Tavan Tolgoi's government owner, Erdenes Tavan Tolgoi, can now take the next step in evaluating the opportunity. Tavan Tolgoi is in the middle of an IPO process planned to occur later in 2019.

Based on the results of mutually agreed blending optimisation work, a scoping study into blending options and locations will commence. The recently announced commencement of construction by the Mongolian Government of the Tavan Tolgoi to Sainshand Railway<sup>2</sup> confirms that the proposed industrial park at Sainshand<sup>3</sup> which will straddle the Trans Mongolian Rail Line would make an ideal location for a blending facility for the Ovoot\TT blend (See figure 3 for location of Sainshand and Tavan Tolgoi).

## **Coal Handling and Preparation Plant (CHPP) for the OEDP**

Aspire management spent the week of 13 to 17 May in Beijing and Tangshan meeting with CHPP design institutes, construction contractors and equipment suppliers. It is clear that in the last few years there has been significant advances in CHPP technology, particularly with respect to water and power conservation. The Company is currently agreeing a short list of potential international technology partners.

## **Funding**

As at 31 March 2019, the Company had A\$13.5 million in cash and no debt. The Company is well funded through to completion of the OEDP Definitive Feasibility Study and a decision to mine.

**END**

## **Ovoot Coal Reserves and Resources**

The technical information and competent persons statements for the Ovoot Coal Reserves and Resources are reported in the Company's ASX announcements dated 2 November 2012, 31 July 2013 and 30 January 2014 (December 2013 Quarterly Activities Report) which are available to view on the Company's website and the ASX Announcements platform. The Company confirms that it is not aware of any new information or data that materially affects the information included in the announcements, and that all material assumptions underpinning the estimates continue to apply and have not materially changed.

## **OEDP Pre-Feasibility Coal Reserves**

The OEDP Pre-Feasibility Report and technical information and competent persons statements for the OEDP Reserves are reported in the Company's ASX announcements dated 28 February and 1 March 2019 which are available to view on the Company's website and the ASX Announcements platform. The Company confirms that it is not aware of any new information or data that materially affects the information included in the announcements, and that all material assumptions underpinning the estimates continue to apply and have not materially changed.

<sup>1</sup> Refer ASX Announcement 23 June 2016

<sup>2</sup> Source: Reported in Mongolian Business News 22 May 2019 confirmed in Mongolian Cabinet Resolution 135 dated 23 May 2019

<sup>3</sup> Refer ASX Announcement 9 April 2016

## **Forward Looking Statements**

This report contains forward-looking information which is based on the assumptions, estimates, analysis and opinions of management and engaged consultants made in light of experience and perception of trends, current conditions and expected developments, as well as other factors believed to be relevant and reasonable in the circumstances at the date that such statements are made, but which may prove to be incorrect.

Assumptions have been made by the Company regarding, among other things: the price of coking coal, the timely receipt of required governmental approvals, the accuracy of capital and operating cost estimates, the completion of a feasibility studies on its exploration and development activities, the ability of the Company to operate in a safe, efficient and effective manner and the ability of the Company to obtain financing as and when required and on reasonable terms. Readers are cautioned that the foregoing list is not exhaustive of all factors and assumptions which may have been used by the Company.

Although management believes that the assumptions made and the expectations represented by such information are reasonable, there can be no assurance that the forward-looking information will prove to be accurate.

Forward-looking information involves known and unknown risks, uncertainties, and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any anticipated future results, performance or achievements expressed or implied by such forward-looking information. Such factors include, among others, the actual market price of coking coal, the actual results of current exploration, the actual results of future exploration, changes in project parameters as plans continue to be evaluated, as well as those factors disclosed in the Company's publicly filed documents. Readers should not place undue reliance on forward-looking information.

## **About Aspire Mining Limited**

Aspire Mining Limited is on the ASX (ASX: AKM) 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 Project) which is the second largest coking coal project by reserves in Mongolia.

Aspire is targeting early production of washed coking coal from the Ovoot Project via a truck and rail operation to end markets within 12 to 15 months of final operational and Board approvals (the Ovoot Early Development Project). Operational expansion can occur following the construction of the Erdenet to Ovoot Railway being progressed by Aspire's subsidiary, Northern Railways LLC (Northern Railways).

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

The proximity of the Nuurstei Project to existing infrastructure (town, road, rail and services) also provides an excellent opportunity to assess the economics of a road-based operation prior to the construction of the Erdenet to Ovoot Railway. However, that assessment is currently on hold with the focus on the Ovoot Early Development Plan.

Dependent on that further analysis of the results of an additional 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 then later have access to the new Erdenet to Ovoot Railway two years from commencement of the rail construction.

### **About Northern Railways LLC**

Northern Railways LLC (Northern Railways) is a Mongolian registered rail infrastructure company, mandated to pursue the development of the Erdenet to Ovoot Railway, and is supported by a consortium consisting of Aspire Mining, China Gezhouba Group 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 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 to be a multi-user rail line and 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 the concession conditions precedent, other studies to support applications for licenses, permits and approvals, the EPC contract and railway construction.

In October 2017, Northern Railways entered into a binding contract with China Gezhouba Group (CGGC) to complete the Bankable Feasibility Study for the Erdenet to Ovoot Railway and provide CGGC with an opportunity to fund Northern Railways LLC to complete the rail concession and funding conditions precedent for additional equity in Northern Railways LLC. The Feasibility Study has been completed (refer ASX announcements 22 March 2018 and 4 June 2018). A capacity guarantee from the operators of the Mongolian railway network is required by CGGC to progress further funding.

### **For more information contact:**

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