

## ASX RELEASE



**For Immediate Release – 30 April 2021**

# QUARTERLY ACTIVITIES REPORT

## Quarter Ended 31 March 2021

Aspire Mining Limited (ASX: **AKM**, **Aspire**, or the **Company**) is focused on the development of metallurgical coal assets in Mongolia, principally the wholly owned Ovoot Coking Coal Project (**OCCP**), which contains a JORC 2012 compliant total Coal Reserve of 255 Mt<sup>1</sup> of high-quality (fat) coking coal.

The Company presents its Quarterly Activities Report for the quarter ending 31 March 2021 (the **Quarter**).

### Quarter Highlights

- Proposals were received from reputable engineering firms for delivery of Front End Engineering Design (FEED) studies for the Coal Handling and Preparation Plant (“CHPP”) at the Ovoot site and Erdenet Rail Terminal (“ERT”) transloading facilities. FEED studies will enable project definition to Definitive Feasibility Study status for these key sites.
- Road engineering and optimisation studies continued. An Australian logistics engineering specialist are in process of analysing tractor performance data acquired by the company to be modelled across the intended road route. Output from this will aid selection of tractors and trailers to be used and support validation of transportation cost modelling.
- In response to occurrence of COVID-19 infections reported in in Tsetserleg soum where the OCCP is located, the Company donated essential items to the local hospital to assist detection and containment.
- Prices for Mongolian coking coal imported into China continued to strengthen.
- End of quarter cash balance of AUD 34.7m (USD \$26.4m).

### OCCP Developments

#### Detailed Environmental Impact Assessment (DEIA)

Although a final draft of the DEIA report has been completed by the Company, there is a regulatory requirement for consultation with and approval by the local community prior to submitting this to the Ministry of Nature, Environment and Tourism (**MNET**) for final approval.

Amidst the evolving control measures imposed by the Government of Mongolia (**GoM**) in relation to COVID-19, an opportunity arose to schedule the necessary community meeting on 15 March 2021 to present the DEIA to the local community. Unfortunately, following detection

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<sup>1</sup> See JORC (2012) Coal Resources and Coal Reserves detailed on page 7 of this Report.

of COVID-19 infections in the Khuvsgul aimag just prior to this meeting, restrictions on public gatherings was reintroduced with immediate effect, and the planned meeting was unable to proceed.

The Company remains confident that the local community is supportive of mine development and awaits the first opportunity for the required meeting to reconvene to present its DEIA for comment and acceptance.

Meanwhile, the Company has been focusing on advancing site engineering and logistics solutions and spent \$294,000 on the Project over the Quarter.

### **CHPP and ERT Infrastructure FEED Studies**

During the Quarter, the Company completed further bulk sizing and washability test work to complete a data set that was provided to prospective CHPP design engineers.

Eight proposals were received in relation to conducting a FEED Study on CHPP infrastructure and five proposals were received in relation to conducting FEED Study on ERT infrastructure. The vendors who submitted these proposals included reputable and experienced firms with engineering and construction capability and experience, from Mongolia, Europe, China and Australia. There were also several combined national-international consortium submissions.

Within the proposals submitted, there are some significant variance in terms of conceptual designs envisaged by bidders for both facilities, and thus estimated capital and operating costs. Aspire has liaised extensively with a number of the vendors post submission to better understand the conceptual vision and assess where potential capital and operating cost savings can be targeted.

At the end of the Quarter the evaluation process to select vendors to complete both FEED Studies was in progress. A separate announcement will be made in relation to the award of these contract in the June 21 quarter.

### **Tractor performance simulation**

Correct tractor selection is a critical aspect to minimise transportation unit costs. Within the target framework of achieving a 24-hour round-trip turnaround per truck between the mine and rail terminal, these unit costs are impacted in decreasing order of magnitude by payload, tractor lifecycle unit costs (including fuel consumption) and capital pricing.

To facilitate informed decision making, a leading Australian logistics engineering specialist is in process of evaluating the performance of various potential tractors to be utilized across the intended road route. Key areas of focus include determining the maximum gross combination weight that each tractor can pull across the route within the target timeframes and the expected fuel consumption. For each tractor, key configuration details such as final drive ratios are also being investigated.

Output from this study will also be used as input into trailer design (targeting payload efficiency via optimising trailer combination within defined maximum gross combination masses) and final road design (where trade-off between road capital costs and transportation operating costs can be made).

## **Sustainable Development Activities**

### **International Forest Day Campaign**

“The International Day of Forests” was established by resolution of the United Nations General Assembly to occur on 21 March each year.

According to statistics from the Food and Agriculture Organization of the United Nations (**UN FAO**), 8% of Mongolian territory is forested land, and 80% of all forest in Mongolia exists in the territory of Khuvsgul aimag. Due to global warming and human activities such as forest fires, illegal cutting of trees and overgrazing, forests are slowly disappearing. As a company

operating in Khuvsgul, we are implementing sustainable development programs to raise awareness of the importance of forests and increase citizen’s participation in protecting forests.

In support of this, the Company partnered with the National University of Mongolia (NUM) and Creative Motion LLC to promote events reaching local community stakeholders and national scientific scholars to raise awareness of the importance of forests, their restoration and management, and how doing so will help to address climate-change and biodiversity crises. The Company supported the following four main activities completed within the framework of the campaign.

### 1. Conference sponsorship at the NUM

The student research conference “Tree Sprouts” was organised by the NUM School of Forestry under the 5<sup>th</sup> Annual Conference of Forestry, with assistance from the MNET. Due to COVID-19 restrictions, the conference was held online on 5 March 2021.

### 2. Celebrating International Forest Day

In partnership with Creative Motion LLC, the Company sponsored a Facebook account titled “International Day of the Forest As part of this initiative, a series of professional posters was also developed to raise awareness of the importance of forests and warnings about destructive human behaviours towards forests.

Additionally, videos featuring interviews with scholars from the NUM and Academy of Science scientists were developed to increase public awareness. The video was shared by many Facebook account holders, reaching over 28,000 views and attracting over 1000 comments.

### 3. High School and Middle School student Art Competition

A thematic visual art drawing competition titled, “If I were a Forest” was organised among high school and middle school students in Murun soum, Khuvsgul aimag. The aim of the competition was for children to explore and learn more about forests using their own initiative. It was a challenging experience for students to express their ideas and findings visually.

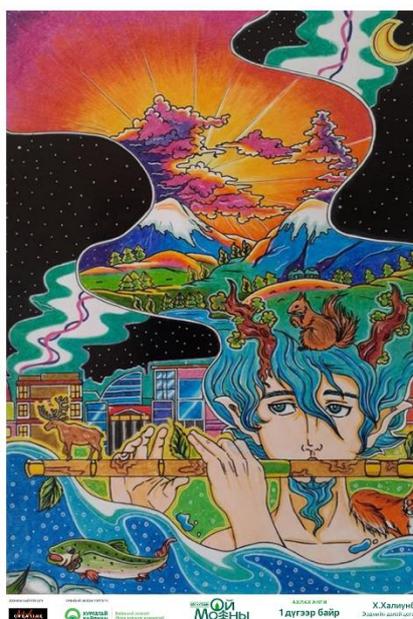


Figure 1: 1<sup>st</sup> prize winner (12<sup>th</sup> Grade category) of Art competition



Figure 2: 1<sup>st</sup> prize winners (8<sup>th</sup> Grade category) of Art competition

A small awards ceremony was held in Erdmiin Complex School in Murun, Khuvsgul. Information Officer and Company representative Mr. Enkhbayar delivered the prizes to the students, while adhering to mandatory COVID-19 controls.



*Figure 3: Award ceremony of Art Competition Titled, “If I was a Forest”, organised in Murun, Khuvsgul attended by Mr. Enkhbayar, company representative in Murun, awardees and their parents*

### **COVID-19 Response Measures**

Having avoided community transmission of COVID-19 until late in 2020, Mongolia is now unfortunately battling the significant spread of COVID-19 infections with high case numbers. By the end of the Quarter, over 500 new infections were being reported daily in Mongolia. As of 29 April 2021, a total of 34,623 cases and 96 deaths have been recorded in Mongolia, with new infections surpassing 1,300 per day. Lockdown measures have been implemented nationwide to curb this wave of infections.

Tsetserleg soum, Khuvsgul aimag officially confirmed its first cases of COVID-19 on 11 March 2021. In response to this situation, the company delivered equipment to Tsetserleg soum hospital on 28 March 2021 to support of COVID prevention and detection measures. Items donated included protective clothing, sanitizer, surgical gloves and COVID-19 rapid test kits.

Delivery of these donated materials was only possible following a demanding testing and quarantine process to obtain special permission from the National Emergency Authority to enable travel from Ulaanbaatar to Khuvsgul. Hospital management and staff expressed sincere gratitude to Company staff for their material support.



*Figure 4 : Mr Bold Batamgalan Director of Aspire overseeing delivery of supplies to Tsetserleg soum hospital following period of quarantine isolation*

As part of COVID-19 control measures, the Tsetserleg soum and Khuvsgul aimag are currently prohibiting entrance of non-residents to their respective territories. The Tsetserleg soum local government has set up a system of on-duty officers to guard the entrance posts at all four entrance/exits to the Tsetserleg soum. Company Information Officers have volunteered to assist by guarding one of the soum entrance/exit posts on a 24 hours per day, 7 days per week basis beginning 13 April 2021.

## **Market Update**

The Company intends to produce a washed low ash fat coking coal product. This coal is used to blend with other coking coals to produce coke, an essential component of producing steel using the favoured blast furnace production route.

During the Quarter, prices for Mongolian coal delivered into China remained strong as result of the continued deterioration of Beijing – Canberra relations impacting the volume of coal imported from Australia, the continued strength in the Chinese domestic steel industry driven by China’s post COVID-19 recovery stimulus, and as a consequence of export volumes being restricted as result of control measures implemented by China to limit transmission of COVID-19 from Mongolia to China.

The index price for Tianjin washed Mongolia coking coal continued strengthening from the end of Q2 FY21 highs through and into the March 21 Quarter.

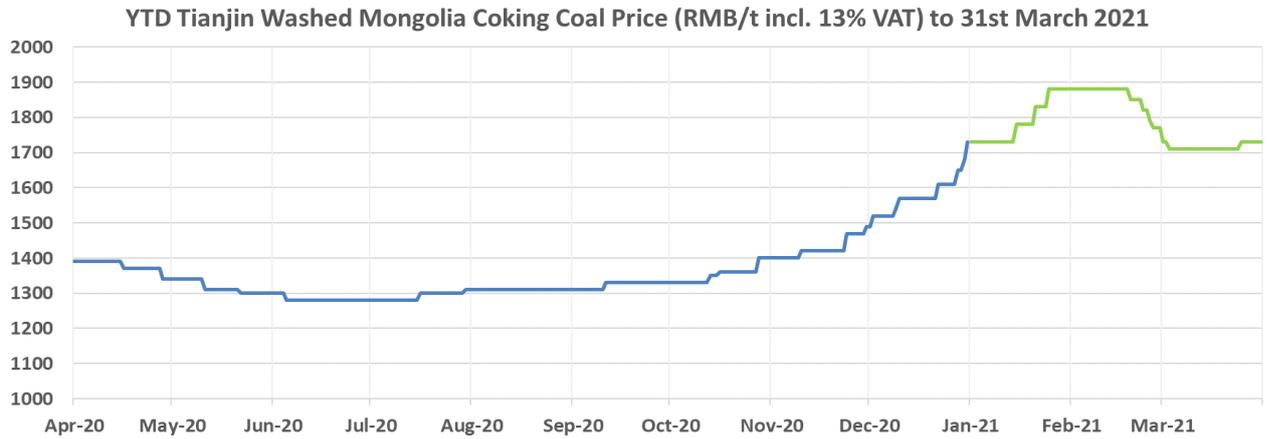


Figure 5 : Tianjin Washed Mongolian Coking Coal Price RMB/t including VAT (Source sxcoal.com)

## Corporate

As at 31 March 2021, the Company had \$34.7 million (US\$26.4 million ) in cash and term deposits.

The quarterly expenditure included payments to related parties of \$103,000 which comprised executive and non-executive directors' remuneration.

Substantial beneficial shareholders as at 31 March 2021 are:

Beneficial Shareholder	Number of Shares	% Interest
Mr Tserenpuntsag Tserendamba	266,376,470	52.47%
Noble Group	66,401,758	13.08%

## Capital Structure

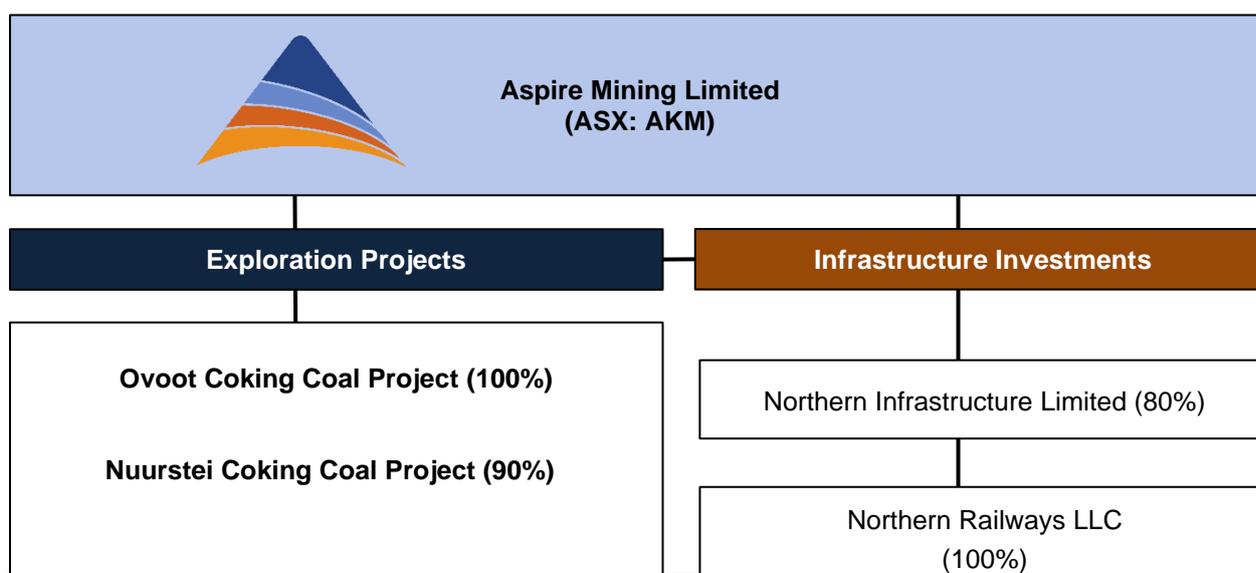
The securities on issue at 31 March 2021 were:

Security	No. on issue
Quoted Ordinary Shares	507,636,985
Unlisted Performance Rights	2,294,998

Interests in mining and exploration tenements at 31 March 2021

Tenement	Location	Attributable Equity
Ovoot MV-017098	Mongolia	100%
Nuurstei MV-020941	Mongolia	90%

## Group Investment Structure



## JORC (2012) Coal Resources and Coal Reserves

### Ovoot Coal Resources

JORC Code Resource	Ovoot Open Pit	Ovoot Underground	Total (Mt)
Measured	197.0	0.0	197.0
Indicated	46.9	25.4	72.3
Inferred	9.2	2.6	11.8
Total	253.1	27.9	281.0

### Ovoot Coal Reserves

JORC Code Reserves	Probable (Mt) (Mar = 2.0%)	Total (Mt)	Marketable (Mt) (Mar = 9.5%)
Open Pit	247	247	182
Underground	8	8	6
Total	255	255	188

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 2013 (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.

## Ovoot OEDP Reserves

The OEDP Coal Reserves have been confirmed as:

Category	ROM Reserve (Mt) (M <sub>ad</sub> )	ROM Reserve (Mt) (M <sub>ar</sub> = 2.0%)	ROM Ash A <sub>ad</sub> (%)	ROM CSN (#)
Probable Ore Reserve Open Pit OEDP Plus OEDP Extension	53.8	54.9	18.0	8.5

Category	Marketable Reserve (Mt) Mar = 10.0%	Product Ash A <sub>ad</sub> (%)	Product CSN (#)
Probable Product Reserve Open Pit OEDP Plus OEDP Extension	46.2	10.5	8.5

The 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.

## Nuurstei Coal Resources

JORC Code Resources	Mt
Indicated	4.75
Inferred	8.1
Total (Mt)	12.85

The technical information and competent persons statements for the Nuurstei Coal Resources is taken from the Company's ASX announcement dated 13 April 2016 which is 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 announcement, and that all material assumptions underpinning the estimates continue to apply and have not materially changed.

This announcement is authorised for release by the Managing Director.

**- Ends -**

## 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 (ASX: AKM) is 100% owner of the world-class Ovoot Coking Coal Project, and 90% owner of the Nuurstei Coking Coal Project, both located in Khuvsgul aimag (province) of north western Mongolia. The company is focused upon permitting, engineering and financing the Ovoot Coking Coal Project based on trucking washed coking coal from Ovoot, accessing an initial open pit Reserve of 53.8 Mt of coking coal.

The Company intends to truck washed coking coal 560 kilometres to a Company owned terminal at Erdenet then deliver to customers in China and Russia via the existing Mongolian rail network.

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

#### **Corporate**

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