

## ASX RELEASE



**For Immediate Release – 29 October 2021**

# QUARTERLY ACTIVITIES REPORT

## Quarter Ended 30 September 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** or **Project**), 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 30 September 2021 (the **Quarter**).

### Quarter Highlights

- **Stage 1 of the Coal Handling and Preparation Plant (CHPP) FEED Study was completed during the Quarter. This involved a trade-off analysis of different concepts and available technologies. Sustainability and the environment were key priorities in assessing the technologies to be employed with the Board approving moving to Stage 2 of the FEED study.**
- **Trade off analysis as part of the Erdenet Rail Terminal FEED Study was also completed with the Company selecting materials handling options that are both scalable and mitigate any environmental impacts.**
- **Truck and trailer modelling with Smedley's Engineers Pty Ltd was completed with recommendations regarding road design to be included in the detailed road design parameters.**
- **The Company continued its engagement with the local community leadership regarding the findings from the Ovoot Project's Detailed Environmental Impact Assessment (DEIA). This is an important step in the Company being able to access the approvals required to progress site based activities for the Project.**
- **In October, the Company received letters of support for the road alignment from local communities in the Khuvsgul aimag. This has enabled confirmation of the alignment with soil and other data collection activities to proceed in support of completing detailed road engineering.**
- **The Company continued to proactively engage with the local community in relation to support for local herders, healthcare and education. The trial animal feed crop was a success with 2,500 tonnes of feed being made available to local herders.**
- **Prices for coking coal continued to break records with Australian FOB premium low volatile coking coal currently quoted at US\$398/t and Mongolian Hard Coking**

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<sup>1</sup> See JORC (2012) Coal Resources and Coal Reserves detailed on pages 7 and 8 of this Report.

Coal in the main Tangshan steel making district in Northern China going for Rmb 3,400 ex VAT or US\$ 525 per tonne.

- During the Quarter the Company signed a mandate with Argonaut PCF to provide financial advice in considering the various funding alternatives available to the Company with an emphasis on non-dilutive alternatives across debt project financing facilities and non-equity hybrid funding options including royalty and profit streaming options
- End of Quarter cash balance of A\$34.4 million (US\$24.7 million).

## OCCP DFS Progress

During the Quarter, the Company continued to complete engineering and optimisation work and logistics solutions, important for completing the OCCP DFS while awaiting the necessary permits and approvals to complete pre-development work.

With recent relaxation of COVID 19 measures, the Company is able to engage with the community regarding the findings of the DEIA and receiving their feedback. The Company is aware that there is strong local support for the project and the benefits that it will bring for the local communities.

The Company has spent \$0.6 million on the Project over the Quarter and includes the FEED and road alignment consultants' costs for the Quarter and the mining licence annual fees.

## CHPP FEED Study

Sedgman Pty Ltd (Sedgman) was engaged by the Company to conduct Front End Engineering Design (FEED) Study on the Ovoot Coking Coal Project (OCCP) Coal Handling and Preparation Plant (CHPP) infrastructure, as announced to the market on 1 June 2021.

Stage 1 of CHPP FEED Study assessed plausible coal handling infrastructure solutions and appropriate processing technologies in line with simulated separation efficiencies.

Stage 1 of this FEED study has been finalised, with trade-off analysis completed comparing the use of various concepts and available technologies.

Following review of the trade-off analysis undertaken, the Board has endorsed the recommendation from management for Sedgman to proceed with Stage 2 of the FEED Study with the aim of refining the concept level designs and producing more accurate capital and operating cost estimates.

Sustainability and reduced environmental impact are of high priority in evaluating the possible concepts, and as such the concepts to be pursued in Stage 2 include:

- Reflux classifiers for fine and ultrafine coal recovery, **removing the need for use and storage of flotation chemicals** onsite.
- Filter press technology to **maximize water recovery and reuse** whilst at the same time **avoiding requirement for use of a tailings settlement pond**.
- Enclosed ROM delivery and product stockpiling facilities, that will **ensure containment of dust** potentially generated during all weather conditions.
- Use of mechanised and automated coal handling enabling product trucks to be loaded quickly, accurately and without requirement for mobile equipment which will **significantly reduce diesel consumption and emissions generated**.

Stage 2 of the FEED Study is expected to be completed within the December quarter.

## Erdenet Terminal FEED Study

In the June 2021 Quarter, O2 Mining Limited (“**O2 Mining**”) was engaged by the Company to conduct a Front End Engineering Design (“**FEED**”) Study on the Erdenet Rail Terminal (“ERT”) coal storage and transloading infrastructure (June 2021 Quarterly Activities Report released 30 July 2021).

Trade-off analysis comparing capital and operating costs as well as social and environmental impacts of alternative storage concepts and materials handling technologies have now been completed in line with Stage 1 objectives. The preferred configuration has been confirmed and further detailed evaluation has commenced.

O2 Mining is in the process of now completing the second and final phase of the FEED Study, increasing the level of detail and accuracy in design and cost estimations for the preferred infrastructure configuration. This is expected to be completed within the December 2021 quarter.

The suite of infrastructure upon which more detailed engineering and cost estimation are to be performed include the following components aimed at maximising efficiency and minimizing dust and other environmental impact and operating costs:

- Enclosed unloading stations for acceptance of coal from road trucks, which will ensure that these trucks can unload quickly whilst ensuring that any dust generated during discharge will be captured;
- Enclosed coal storage building that will protect the coal from and enable train loadout operations to continue during inclement weather, whilst also preventing discharge of dust or water from the site; and
- Automated reclaim system from coal stockpile to train loadout which will enable high speed train loading without reliance upon use of mobile equipment, and consequently reduced diesel consumption and emissions generation

The preferred location for this terminal facility has been secured adjacent to the Erdenet – Salkhit rail line, in a location where incoming truck traffic will not impact on populated areas and which has nearby high voltage mains electricity. The local government is supportive of the intended development and discussion and negotiation continues with relevant parties and stakeholders.

## Road Design and Planning

After the Quarter, the Company received letters of support for the road alignment from local communities in the Khuvsgul aimag. This has enabled confirmation of the alignment with soil and other data collection activities to proceed in support of completing detailed road engineering.

During the Quarter, Smedley’s continued to conducted analyses on several haulage combinations from reputable European manufacturers across a range of plausible gross combination masses, including in relation to start ability, gradeability, and ability to maintain speed up and down gradients expected along the intended road route from Ovoot to Erdenet.

Truck and trailer modelling with Smedley’s Engineers Pty Ltd has been completed with recommendations regarding road design to be included in the detailed road design parameters.

## Sustainable Development Activities

The Company continues to engage with the local communities in and around the Ovoot Mining License.

During the Quarter, the Company completed a trial animal feed crop at the Ovoot Project area over the summer growing season in the September Quarter 2021. This project may be substantially expanded in 2022 as part of an Asian Development Bank programme to grow more feed to ensure livestock feed security over the winter.

Having sufficient feed through the year also promotes the possibilities of developing a local dairy and meat industry, value adding for local herds.



**Figure 1: The Trial crop benefited from a good growing season over the September quarter.**



**Figure 2 : 200ha hay crop at harvest yielded approximately 2,500 tonnes.**

As part of supporting UN sustainable development goals relating to good health and wellbeing, the Company sponsored a visit from Dr Boldsai Khan Bundan, a leading Mongolian cardiac surgeon, who conducted a heart health clinic that benefited children from soums adjacent to the Ovoot Project.

## Marketing Update

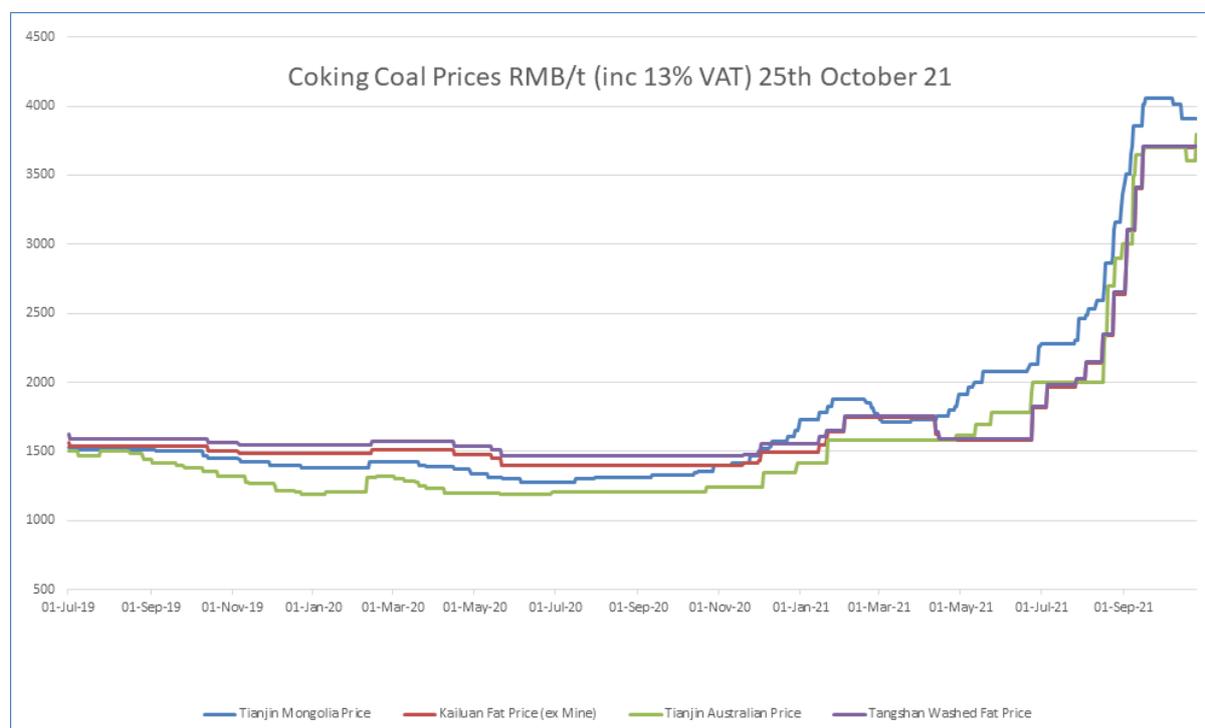
The Company intends to produce a washed low ash fat coking coal product.

The Ovoot “Fat” Coal is rare in terms of what is available in the Chinese market. The following are the G and Y results for a number of “Fat” Coking coals available in China based on data available on the SXCoal.com web site. The higher the number the better and it is noted that Ovoot has the highest G Index and second highest Y number available on that database.

The Ovoot “Fat” Coking Coal will be used in coke batches at between 5% and 10% of the batch because of the very strong G and Y indexes of Ovoot Fat Coking Coal that give a very high value in use.

The index price for Tianjin washed Mongolia coking coal continued strengthening strongly through the September Quarter 2021 to all time highs. The FOB price for Australian Prime low vol coking coal was US\$398 per tonne at 25 October 2021 and the equivalent price in Tianjin at US\$510 per tonne on a CIF basis. The FOB discount remains materially higher than what shipping and receipt port charges would normally indicate confirming that the dislocation in the coking coal market continues.

Note that the Pre-Feasibility Study for the Ovoot Early Development<sup>2</sup> Project assumed a price of US\$150 per tonne at Erlian on the China\Mongolian border.



**Figure 3 : Tianjin Coking Coal Prices for selected brands in Rmb/t including VAT (Source sxcoal.com)**

<sup>2</sup> See ASX announcement 11 November 2019. The Company confirms that it is not aware of any new information or data that materially affects the Pre-Feasibility Study or the information included in the announcement.

## Corporate

The Appendix 5B Quarterly Cash Flow Report is attached.

As at 30 September 2021, the Company had \$34.4 million (US\$24.7 million) in cash and term deposits.

Exploration expenditure incurred on the Project in the Quarter totalled \$0.581 million which includes the FEED and road alignment consultants' costs for the Quarter and the mining licence annual fees.

The quarterly expenditure included payments to related parties of \$0.12 million which comprised executive and non-executive directors' remuneration.

Substantial beneficial shareholders as at 30 September 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

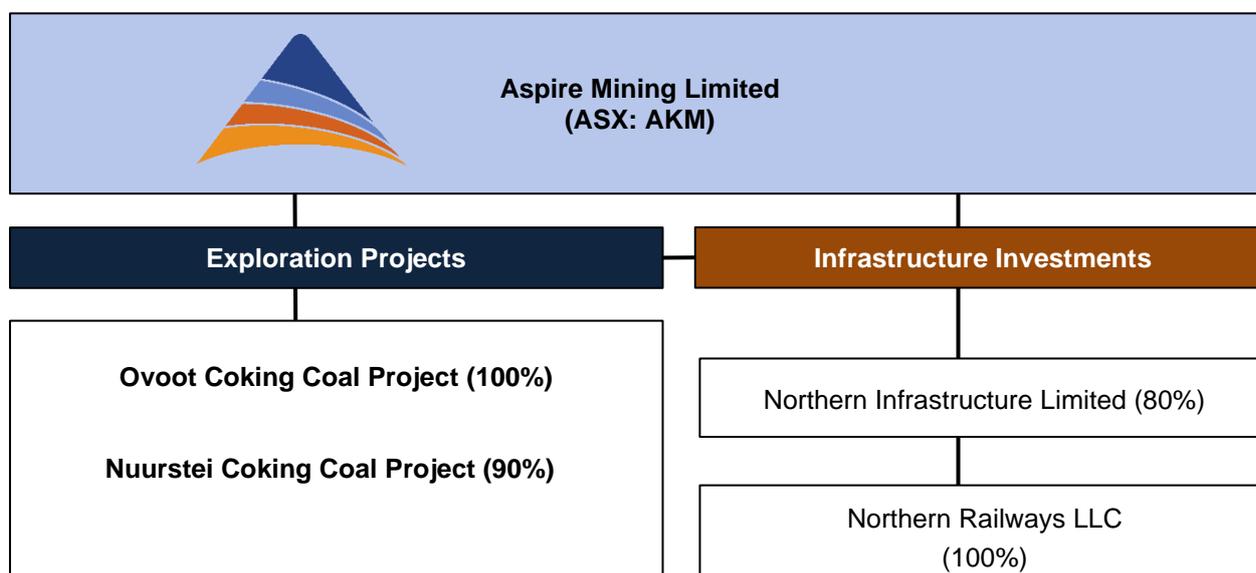
The securities on issue at 30 September 2021 were:

Security	No. on issue
Quoted Ordinary Shares	507,636,985

Interests in mining and exploration tenements at 30 September 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 Aad (%)	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 engineering, permitting and financing the Ovoot Coking Coal Project with the intention to mine coking coal by open pit, wash it on site for trucking the washed coking coal to a Company owned terminal facility in Erdenet for delivery to customers in China and Russia via the existing Mongolian rail network.

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

#### **Corporate**

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Achit – Erdene Darambazar Managing Director	Aspire Mining Ltd	+976 7011 6828

## Appendix 5B

### Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

ASPIRE MINING LIMITED

ABN

46 122 417 243

Quarter ended ("current quarter")

30 September 2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers		
1.2 Payments for		
(a) exploration & evaluation (if expensed)		
(b) development		
(c) production		
(d) staff costs	(223)	(223)
(e) administration and corporate costs	(296)	(296)
1.3 Dividends received (see note 3)		
1.4 Interest received	7	7
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Government grants and tax incentives		
1.8 Other – GST and other taxes	(10)	(10)
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(522)</b>	<b>(522)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) entities		
(b) tenements		
(c) property, plant and equipment	(71)	(71)
(d) exploration & evaluation (if capitalised)	(581)	(581)
(e) investments		
(f) other non-current assets		

## Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities		
	(b) tenements		
	(c) property, plant and equipment		
	(d) investments		
	(e) other non-current assets		
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other (provide details if material)		
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(652)</b>	<b>(652)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)		
3.2	Proceeds from issue of convertible debt securities		
3.3	Proceeds from exercise of options		
3.4	Transaction costs related to issues of equity securities or convertible debt securities		
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings		
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)	(5)	(5)
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>(5)</b>	<b>(5)</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	34,174	34,174
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(522)	(522)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(652)	(652)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(5)	(5)

## Mining exploration entity or oil and gas exploration entity quarterly cash flow report

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (3 months) \$A'000</b>
4.5	Effect of movement in exchange rates on cash held	1,365	1,365
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>34,360</b>	<b>34,360</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	4,923	5,898
5.2	Call deposits	29,437	28,276
5.3	Bank overdrafts		
5.4	Other (provide details)		
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>34,360</b>	<b>34,174</b>

**6. Payments to related parties of the entity and their associates**

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

**Current quarter  
\$A'000**

120

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

## Mining exploration entity or oil and gas exploration entity quarterly cash flow report

<b>7. Financing facilities</b>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities		
7.2 Credit standby arrangements		
7.3 Other (please specify)		
7.4 <b>Total financing facilities</b>		
7.5 <b>Unused financing facilities available at quarter end</b>		
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (Item 1.9)	(522)
8.2 Capitalised exploration & evaluation (Item 2.1(d))	(581)
8.3 Total relevant outgoings (Item 8.1 + Item 8.2)	(1,103)
8.4 Cash and cash equivalents at quarter end (Item 4.6)	34,360
8.5 Unused finance facilities available at quarter end (Item 7.5)	-
8.6 Total available funding (Item 8.4 + Item 8.5)	34,360
8.7 <b>Estimated quarters of funding available (Item 8.6 divided by Item 8.3)</b>	31
8.8 If Item 8.7 is less than 2 quarters, please provide answers to the following questions:	
1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: N/A	
2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer: N/A	
3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
Answer: N/A	

## Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.



Sign here: .....

Print name: Phil Rundell  
Company Secretary

Date: 29 October 2021

Authorised by: Audit and Risk Committee  
(Name of body or officer authorising release – see note 4)

### Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.