Aspire Mining Limited

ABN 46 122 417 243

Annual Financial Report

30 June 2011

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CORPORATE INFORMATION

ABN 46 122 417 243

Directors
Mr David McSweeney (Non-Executive Chairman)
Mr David Paull (Managing Director)
Mr Neil Lithgow (Non-Executive Director)
Mr Gan Ochir-Zunduisuren (Non-Executive Director)
Mr Tony Pearson (Non-Executive Director)
Mr Andrew Edwards (Non-Executive Director)
Mr Mark Read (Non-Executive Director)

Company secretary
Mr Philip Rundell

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SUBIACO WA, AUSTRALIA 6008

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Share Register
Security Transfer Registrars Pty Ltd
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APPLECROSS WA 6153
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Corrs Chambers Westgarth Lawyers
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240 St Georges Terrace
PERTH WA 6000

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Auditors
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PERTH WA 6000

Securities Exchange Listing
AKM

Website
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DIRECTORS' REPORT

Your directors submit the annual financial report of the consolidated entity consisting of Aspire Mining Limited ("Company") and the entities it controlled during the financial year ended 30 June 2011.

In order to comply with the provisions of the Corporations Act, the directors report as follows:

Directors

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

Mr David McSweeney – Non-Executive Chairman
Mr David Paull – Managing Director
Neil Lithgow – Non-Executive Director
Mr Gan-Ochir Zunduisuren – Non-Executive Director
Mr Russell Lynton-Brown – Non-Executive Director (resigned 20 June 2011)
Mr Tony Pearson – Non-Executive Director (appointed 23 December 2010)
Mr Andrew Edwards – Non-Executive Director (appointed 1 July 2011)
Mr Mark Read – Non-Executive Director (appointed 1 July 2011)

Names, qualifications, experience and special responsibilities

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Mr David McSweeney

Non-Executive Chairman

Qualifications: LLB, MAICD, M.AusIMM

Mr McSweeney is an experienced mining company executive who has worked in the resources sector for over 20 years. His direct responsibilities have ranged from exploration to project management, project finance, commercial and legal structuring and corporate development.

A founder of Gindalbie Metals Ltd, Mr McSweeney was the Managing Director from 1998 until December 2006. During his time at Gindalbie, he oversaw the discovery and commissioning of two successful gold production centres and the repositioning of the company as an emerging diversified Australian iron ore producer with a market capitalisation of ~$340 million.

Mr McSweeney is also Executive Chairman of Avalon Minerals Ltd (appointed 20 December 2006), Chairman of FeCon Limited and Chairman of MSP Engineering Pty Ltd. He was a director of Bauxite Resources Limited from 20 November 2007 to 5 January 2011.

Mr McSweeney is a member of the Audit and Remuneration Committees.

Mr David Paull

Managing Director

Qualifications: B.Com, FSIA, MBA (Cornell)

Mr Paull has over 20 years' experience in resource business development and industrial minerals marketing. Mr Paull was previously Executive General Manager Business Development and Marketing where he oversaw the sale of half the world's annual tantalum concentrate requirements and two thirds of the world's lithium minerals supply. Over the last six years David has been working on private equity and seed capital opportunities in the resources sectors, biofuels, and transport services.

DIRECTORS' REPORT (continued)

Names, qualifications, experience and special responsibilities (continued)

Mr David Paull (continued)

Mr Paull holds a Bachelor of Commerce from the University of Western Australia, is a Fellow of the Financial Services Institute of Australia and has an MBA with distinction from Cornell University New York.

He is a Non-Executive Director of Pacific Wildcat Resources Corp, an industrial minerals explorer and developer listed on the TSX Ventures Exchange.

Mr Paull was appointed as Executive Director of the Company on 12 February 2010 and as Managing Director on 1 July 2010.

Mr Paul was a member of the Audit Committee during the year (resigned 30 August 2011).

Mr Russell Lynton-Brown

Non-Executive Director

Qualifications: Nil

Resigned: 20 June 2011

Mr Russell Lynton-Brown has 15 years' experience in stock broking, both retail and corporate finance, and has specialised in the resources sector. Mr Lynton-Brown has worked with international and local stock broking companies.

During the last three years, Mr Lynton-Brown has served as a director of the listed companies Pacific Ore Ltd (appointed 9 February 2007 and resigned 1 April 2011)) and Pilbara Mining Limited formerly Fortuna Minerals Limited (appointed 21 November 2008 and resigned 30 September 2009)

Mr Lynton-Brown was a member of the Audit and Remuneration Committees (resigned 20 June 2011).

Mr Neil Lithgow

Non-Executive Director

Qualifications: MSc, F.Fin, M.AusIMM

Mr Lithgow is a geologist by profession with over 20 years' experience in mineral exploration, economics and mining feasibility studies, covering base metals, coal, iron ore and gold. Mr Lithgow has previously worked for Aquila Resources Limited, Eagle Mining Corporation NL and De Grey Mining Ltd and is currently a non-executive director of Bauxite Resources Limited (appointed 15 May 2006). He is a member of the Australian Institute of Mining and Metallurgy and the Financial Services Institute of Australia.

Mr Lithgow is a member of the Remuneration Committee.

DIRECTORS' REPORT (continued)

Names, qualifications, experience and special responsibilities (continued)

Mr Gan-Ochr Zunduisuren

Non-Executive Director

Qualifications: B.Eng, MSGF (Stern)

Mr Zunduisuren has over 10 years of experience in the resource sector in Mongolia and Canada where he worked as an underground mining engineer. Mr Zunduisuren is an Executive Director and co-founder of Altai Gold LLC which is a successful gold miner in Mongolia and was a key part of the syndicate that made the Ovoot Coking Coal project discovery.

Mr Zunduisuren has had no other public company directorships in the last three years.

Mr Zunduisuren has a Degree in Mining Engineering from Mongolian University of Science and Technology and MSc in Global Finance from NYU Stern School of Business and HKUST.

Mr Tony Pearson

Non-Executive Director

Qualifications: B.Com

Appointed : 23 December 2010

Mr Pearson has approximately 15 years' experience in the resources, mining and infrastructure sectors. He is the current Vice President Corporate Development with SouthGobi Resources Limited, a leading Mongolian coal producer listed on the Toronto and Hong Kong stock exchanges.

He has previously held senior positions with the Australian Securities & Investments Commission, Citigroup's Metals and Mining Investment Banking team and Westpac Banking Corporation. During his time with Citigroup, Mr Pearson advised mining clients on capital raisings, mergers, acquisitions and divestitures, particularly for Asian and Australian mining companies. At Westpac, Mr Pearson was integral to the establishment of the bank's infrastructure and funds management business, focusing on financing and investment activities in the infrastructure and transportation sectors.

Mr Pearson has held no other public company directorships in the last three years.

Mr Pearson is a member of the Remuneration Committee.

Mr Andrew Edwards

Non-Executive Director

Qualifications: B. Com, FCA, SF Fin, GAICD

Appointed: 1 July 2011

Mr Edwards is a former senior partner of PricewaterhouseCoopers. Mr Edwards has had a distinguished career with PwC spanning 35 years in Perth, Auckland and Sydney. He served as Managing Partner of the Perth practice for five years and led the Perth Advisory business. Mr Edwards is a past National Vice President of the Financial Services Institute of Australasia (formerly Securities Institute of Australia) and past President of the Western Australian division of that Institute.

He currently serves as a Non-Executive Director of Mermaid Marine Australia Ltd (appointed 18 December 2009), Nido Petroleum Ltd (appointed 11 December 2009)and is Non-Executive Chairman of MACA Ltd (appointed 1 October 2010).

Mr Edwards is Chairman of the Audit Committee (appointed 30 August 2011).

DIRECTORS' REPORT (continued)

Names, qualifications, experience and special responsibilities (continued)

Mr Mark Read

Non-Executive Director

Qualifications: B. Eng, FAICD, FIEA, MBA (Harvard)

Appointed: 1 July 2011

Mr Read is the immediate past CEO and Managing Director of ASX listed coal engineering and technology company Sedgman Ltd. Whilst at Sedgman, Mr Read was responsible for an overseas expansion strategy that led Sedgman to position itself in emerging high-grade coal regions including Mongolia and Mozambique. Prior to his appointment as chief of Sedgman, Mr Read was Global General Manager of Mining and Metals and Executive Director of engineering services firm Sinclair Knight Merz, where he was employed for 20 years.

Mr Read is a member of the Audit and Remuneration Committees (appointed 30 August 2011).

Company Secretary

Mr Philip Rundell

Company Secretary

Qualifications: Dip BS (Accounting) ACA

Over the past 25 years Mr Rundell has worked at a Partner and Director level for Coopers & Lybrand and Ferrier Hodgson specialising in company reconstructions and corporate recovery. He has vast and diverse experience in many industries including technology, mining, earthmoving, construction, entertainment, financial services, retailing and manufacturing. For the last three years, he has provided management accounting and company secretarial services to a number of listed companies.

Interests in the Shares and Options of the Company and Related Bodies Corporate

As at the date of this report, the relevant interests of the current directors in shares and options of the Company are as follows:

Directors	Number of Fully Paid Ordinary Shares	Number of Class A Options over Ordinary Shares	Number of Performance Options over Ordinary Shares
Mr David McSweeney	13,283,962	4,716,981	10,000,000
Mr David Paull (Note 1)	1,886,792	943,396	20,000,000
Mr Neil Lithgow (Note 1)	61,000,000	29,000,000	36,000,000
Mr Gan-Ochir Zunduisuren	39,000,000	-	10,000,000
Mr Tony Pearson	-	-	
Mr Andrew Edwards	-	-	-
Mr Mark Read	-	-	-

Note 1: Mr David Paull and Mr Neil Lithgow are directors of Red Island Resources Limited, a public unlisted company, which is a beneficial owner of 49 million 5c Class A Options over ordinary shares and 49 million 5c Performance Options over ordinary shares.

There were no options granted to directors or management of the Company during or since the end of the financial year as part of their remuneration.

DIRECTORS' REPORT (continued)

Interests in the Shares and Options of the Company and Related Bodies Corporate (continued)

At a General Meeting held on 19 August 2011, shareholders approved the Aspire Mining Limited Performance Rights Plan and the issue of Performance Rights to each of the directors in office on 19 August 2011. The Performance Rights are to be issued to those directors no later than 15 months after the date of the General Meeting.

Details of ordinary shares issued by the Company during or since the end of the financial as a result of the exercise of an option are:

Number of Shares Issued	Amount Paid Per Share
7,750,109	$0.05

There are no unpaid amounts on the shares issued.

At the date of this report unissued ordinary shares of the Company under option are:

Type	Expiry Date	Exercise Price	Number of Shares
Class A Options	12 February 2015	$0.05	96,186,842
Unlisted Options	31 December 2012	$0.15	6,000,000
Performance Options	12 February 2015	$0.05	145,000,000
Total			247,186,842

Dividends

No dividends have been paid or declared since the start of the financial year and the directors do not recommend the payment of a dividend in respect of the financial year.

Principal Activities

The principal activity of the Group during the year was the exploration for natural resources.

Review of operations

During the 2011 financial year, the Group continued its principal activity as a coal exploration and development Group focused on its coal deposit at Ovoot in Northern Mongolia.

The Group achieved substantial progress during the year by:

- Delineation of a maiden JORC compliant resource;
- Completion of an extensive drilling programme;
- Confirmation of coking coal quality;
- Establishment of an infrastructure group to pursue rail development; and
- Identification of other projects consistent with the Group strategy.

Ovoot Coking Coal Project

Aspire Mining Limited announced a maiden 330.7 million tonnes Coal Resource for the Ovoot Coking Coal Project (Table 1) in October 2010.

DIRECTORS' REPORT (continued)

Review of operations (continued)

Ovoot Coking Coal Project (continued)

Table 1: Summary Coal Resource

Category	Above 250m Depth	Below 250m Depth	Total
Measured	70.4	22.9	93.3
Indicated	135.0	47.4	182.4
Inferred	41.9	13.1	55.0
Total	247.3	83.4	330.7

Resource Drilling Program Summary

The 2010 drilling program commenced in April 2010 and was completed in October 2010. A total of 36 holes for 7,885 metres were drilled in the Ovoot Coal Resource 2010 program, comprising 4,534 metres of open hole and 3,351 metres of core. The 2011 drilling program commenced in March 2011 and to year end, a total of 67 holes for 14,806 metres have been drilled, comprising 7,677 metres of open hole and 7,129 metres of core.

Seismic Survey

A seismic survey over the Ovoot Coal Resource area and extensions was completed. The seismic data is to be used for drill hole targeting to extend the Ovoot coal seams and to design the 2011 exploration drilling program for the Ovoot and Zuun Del prospects within the Ovoot Basin.

Sampling and Analysis

All the raw coal analysis results the 2010 exploration program have been received and are summarised in Table 2.

Table 2: Summary of Raw Coal Qualities

Coal Type	IM ad %	Ash ad %	Volatiles ad %	Sulphur ad %	CSN	Energy Kcal\kg ad
Raw Coking Coal Quality (In Situ)	0.6%	19.5%	26.5%	1.2%	7.7	6,668

The raw coal results from the wide coal intersections intercepted from the 2010 drilling program continues to confirm the high quality and consistency of the Ovoot Coking Coal Resource.

Coal Washability Results

The wash yield analysis results show a theoretical wash yield of 80% to produce an 8% ash product with a CSN between 8 and 9 and volatiles at between 25% – 28% on an air dried basis. These results confirm Ovoot will produce a low ash, mid-volatile coking coal with world class fluidity and caking properties.

Staged Approach to Development Progressing

Aspire is progressing with studies for a two stage development of the Ovoot Coking Coal Project. Dependent on the outcome of those studies and Board approvals:

- Stage 1 is to demonstrate the Company's ability to deliver commercial quantities of raw coking coal consistently to a broad range of potential customers across North Asia, Russia and China markets.
- Stage 2 involves a current scenario study of the development of a 15 million tonne run of mine (ROM) open pit mine which, based on the current indicative wash yield of 80%, would produce as much as 12 million tonnes per annum of coking coal product.

DIRECTORS' REPORT (continued)

Review of operations (continued)

Rail Infrastructure

The Company has initiated the establishment of the Northern Mongolian Rail Alliance to support the resource industry's efforts to promote the development of a rail line between the provincial capital of Moron and the Trans Mongolian Railway at Erdenet.

Other Projects

The Group's business development strategy is to look for quality coal deposits and bulk commodity projects that could potentially support the construction of the rail line from Moron to Erdenet. During the year, the following projects or interests in projects were acquired as early stage exploration targets. Exploration work undertaken on these projects included seismic, mapping, drilling and sample analysis.

Nuramt Coal Project (100%)

The Nuramt Coal Project comprises three exploration licenses owned by the Group and a further two licenses which are under an option to purchase a 100% interest. All five licenses are contiguous and cover 250 square kilometres of a 35 kilometre long interpreted basin. The expenditure incurred has been expensed at year end as it is not expected to be recouped through successful development and exploration of the area of interest, or by its sale.

Shanagan Coal Project (Farm In Earning 51%)

The Shanagan Project comprises a 20 square kilometre license area and is located in Bayanjargalan Soum, approximately 150 kilometres southeast of Ulaanbaatar. The expenditure incurred has been expensed at year end as it is not expected to be recouped through successful development and exploration of the area of interest, or by its sale.

Jilchigibulag Coal Project (Option to Acquire 100%)

The project is a small 2.5 square kilometre exploration license that abuts a small coal mine that supplies coal to the town of Moron for power generation. The license area is approximately 20 kilometres south east of Moron and a short distance from the proposed Moron to Erdenet railway.

Joint Venture Interests

Zavkhan Iron Ore Project (Earn in to 70% Joint Venture)

The Company entered into a Joint Venture with a Mongolian private company to explore and develop a 6.3 square kilometre exploration license called the Zavkhan Iron Ore Project. Aspire Mining Limited can earn a 70% interest in the Project by presenting a JORC Compliant Resource within three years.

Windy Knob Bore Joint Venture, Western Australia (Interest 49%)

The Windy Knob Joint Venture located in the Murchison, 55 kilometre south of Meekatharra WA, covers prospective ground adjacent to the recent copper-zinc-gold-silver volcanogenic massive sulphide (VMS) discovery made by Silver Swan Group (ASX: SWN) at Austin. The Windy Knob carried forward expenditure has been expensed at year end as that expenditure is not expected to be recouped through successful development and exploration of the area of interest, or by its sale.

DIRECTORS' REPORT (continued)

Review of operations (continued)

Competent Person Statements

In accordance with the Australian Securities Exchange requirements, the technical information contained in this announcement in relation to the Ovoot Coking Coal Project in Mongolia has been reviewed by Mr Neil Lithgow, Non-Executive Director for Aspire Mining Limited. Mr Lithgow is a Member of the Australian Institute of Geoscientists and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves." Mr Lithgow consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.

The technical information contained in this announcement in relation to the JORC Compliant Coal Resource for the Ovoot Coking Coal Project in Mongolia has been reviewed by Mr Chris Arndt and Dr Bielin Shi of CSA Global Pty Ltd. The information in this report that relates to Mineral Resources is based on information compiled by Dr Bielin Shi, who is a member of the Australasian Institute of Mining and Metallurgy. Dr Bielin Shi has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which she is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Mineral Resources and Ore Reserves".

The information in this report that relates to Mineral Resources is based on information compiled by Dr Bielin Shi, who is a member of the Australasian Institute of Mining and Metallurgy. Dr Bielin Shi has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which she is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Mineral Resources and Ore Reserves".

Mr Arndt and Dr Shi of CSA Global Pty Ltd consent to the inclusion in the report of the matters based on this information in the form and context in which it appears.

Review of financial conditions

The Group currently has $12,021,339 (2010: $5,665,382) in cash assets which the Directors believe puts the Group in a reasonable financial position. However, additional capital will need to be raised to fund the optimal exploration of the Ovoot Coking Coal Project and other coal projects in Mongolia.

Operating results for the year

The Group made an operating loss after tax of $4,490,106 (2010: Loss $876,431). The result includes the write-off of exploration expenditure of $2,102,897.

Significant changes in the state of affairs

Since the previous Financial Report and during the financial year there has been no significant change in the state of affairs of the Group.

Significant events after balance date

There has not been any matter or circumstance that has arisen after balance date that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial periods besides those disclosed at Note 21 in the financial statements.

Likely developments and expected results

The Group will continue to explore the Ovoot Coking Coal Project along with its other projects in Mongolia.

Risk management

The Board is responsible for ensuring that risks are identified on a timely basis and that activities are aligned with the risks identified by the Board.

The Group believes that it is crucial for all Board members to be a part of this process and as such the Board has not established a separate risk management committee.

The Board has a number of mechanisms in place to ensure that management's objectives and activities are aligned with the risks identified by the Board. These include the following:

- Board approval of the annual strategic plan which includes initiatives designed to meet stakeholder needs and expectations and to manage business risk.
- The implementation of Board approved operating plans and budgets and Board monitoring of progress against these budgets.

DIRECTORS' REPORT (continued)

Corporate governance

Details of the Company's Corporate Governance policies are contained within the Corporate Governance Plan adopted by the Board.

Environmental legislation

The Company is subject to significant environmental and monitoring requirements in respect of its natural resources exploration activities.

The directors are not aware of any breaches of these requirements during the period.

Indemnification and insurance of directors and officers

The Group has agreed to indemnify all the directors and officers of the Group for any liabilities to another person (other than the Group or related bodies corporate) that may arise from their position as directors of the Group and its controlled entities, except where the liability arises out of conduct involving a lack of good faith.

During the financial year the Group paid a premium in respect of a contract insuring the directors and officers of the Company and its controlled entities against any liability incurred in the course of their duties to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The Company has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an Officer or auditor of the Company or of any related body corporate against a liability incurred as such an Officer or auditor.

Remuneration Report (audited)

This report outlines the remuneration arrangements in place for directors and senior management of Aspire Mining Limited (the "Company" and its controlled entities) for the financial year ended 30 June 2011.

The following persons acted as directors during or since the end of the financial year:

Mr David McSweeney	(Non-Executive Chairman)
Mr David Paull	(Managing Director)
Mr Neil Lithgow	(Non-Executive Director)
Mr Gan-Ochir Zunduisuren	(Non-Executive Director)
Mr Tony Pearson	(Non-Executive Chairman – appointed 23 December 2010)
Mr Andrew Edwards	(Non-Executive Director – appointed 1 July 2011)
Mr Mark Read	(Non-Executive Director – appointed 1 July 2011)
Mr Russell Lynton-Brown	(Non-Executive Director – resigned 20 June 2011)

The following persons acted as executives during the financial year:

Mr Phil Rundell	(Company Secretary and Chief Financial Officer – appointed 12 February 2010)
Mr Kerry Griffin	(Mongolian Country Manager – services agreement from 1 August 2010 to 20 June 2011)
Mr Fergus Campbell	(Chief Operating Officer – appointed 7 February 2011)
Mr Glen Ainsworth	(Mongolian Country Director – appointed 19 May 2011)
Mr Iestyn Broomfield	(Exploration Manager – appointed 31 May 2011)

DIRECTORS' REPORT (continued)

Remuneration Report (audited) (continued)

Remuneration philosophy

The performance of the Group depends upon the quality of the directors and executives. The philosophy of the Group in determining remuneration levels is to:

- set competitive remuneration packages to attract and retain high calibre employees;
- link executive rewards to shareholder value creation; and
- establish appropriate, demanding performance hurdles for variable executive remuneration.

Remuneration committee

The Remuneration Committee of the Board of Directors of the Group is responsible for determining and reviewing compensation arrangements for the director and the senior management team.

The Remuneration Committee assesses the appropriateness of the nature and amount of remuneration of directors and senior executives on a periodic basis by reference to relevant employment market conditions with an overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and executive team.

Remuneration structure

In accordance with best practice Corporate Governance, the structure of non-executive director and executive remuneration is separate and distinct, other than Performance Rights are available to be issued to executive and non-executive directors under the Aspire Mining Limited Performance Rights Plan.

Non-executive director remuneration

The Board seeks to set aggregate remuneration at a level that provides the Group with the ability to attract and retain directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders.

The ASX Listing Rules specify that the aggregate remuneration of non-executive directors shall be determined from time to time by a general meeting. The latest determination was at the General Meeting held on 19 August 2011 when shareholders approved an aggregate remuneration for non-executive directors of up to $600,000 per year.

The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst directors is reviewed annually. The Board considers advice from external consultants as well as the fees paid to non-executive directors of comparable companies when undertaking the annual review process.

Each director receives a fee for being a director of the Company.

The remuneration of non-executive directors for the period ended 30 June 2011 is detailed in the Remuneration of directors and named executives section of this report in Table 3.

Senior manager and executive director remuneration

Remuneration consists of fixed remuneration and Company Options and Performance Rights (as determined from time to time).

Fixed Remuneration

Fixed remuneration is reviewed annually by the Remuneration Committee. The process consists of a review of relevant comparative remuneration in the market and internally and where appropriate, external advice on policies and practices. The Committee has access to external, independent advice where necessary.
Fixed remuneration is paid in the form of cash payments.

The fixed remuneration component of the Group and Company executives is detailed in Table 3.

DIRECTORS' REPORT (continued)

Remuneration Report (audited) (continued)

Employment Contracts

The Company has a Consultancy Agreement with 2Rs Pty Ltd, a company associated with Mr David Paull (Agreement) effective as from 1 July 2010. Under the Agreement, as varied, Mr Paull is engaged by the Company to provide services to the Group in the capacity of Managing Director. 2Rs Pty Ltd is paid an annual fee of $500,000 from 1 January 2011. He is also entitled to an offer of Performance Rights exercisable on achievement of performance milestones. The Consultancy Agreement continues unless terminated in accordance with the relevant provisions of the Service Agreement. The Services Agreement contains standard termination provisions under which the Group must give a minimum three months' notice of termination, or alternatively, payment in lieu of service.

The Company has an agreement with Bluesky Minerals LLC, a company associated with Mr Gan-Ochir Zunduisuren, for a twelve month term from 2 February 2011. Under this agreement, Mr Zunduisuren provides assistance with business development opportunities in Mongolia and general advice and support. Bluesky Minerals LLC is paid a monthly fee of US$15,000.

The Company has an Employee Services Agreement with Mr Fergus Campbell for a two year term commencing on 7 February 2011 unless extended on 6 months' notice by either party, or terminated on up to three (3) months' notice depending on the circumstances. Mr Campbell is employed as Chief Operating Officer at an annual remuneration of $384,801, with a tenure bonus and an offer of Performance Rights on achievement of performance milestones. The salary is to be reviewed annually.

The Company has an Employee Services Agreement with Mr Glen Ainsworth for a two year term commencing 21 July 2011 unless extended on 6 months' notice by either party, or terminated on up to two (2) months' notice depending on the circumstances. Mr Ainsworth is employed as Country Director with specific responsibilities for health, safety, environment and community at an annual remuneration of US$280,000. The salary is to be reviewed annually.

The Company has an engagement letter with Mr Iestyn Broomfield for an unlimited term unless terminated on one (1) months' notice by either party. Mr Broomfield is employed as Exploration Manager at an annual remuneration of $234,350.

The Company had an Employee Services Agreement with Mr Kerry Griffin for a 24 month term commencing 1 August 2010 unless terminated on up to nine (9) months' notice depending on the circumstances. The Employee Services Agreement was terminated on 20 June 2011 and the termination entitlement met by the Company.

Options

During the period ended 30 June 2011, there were no Options that were granted, vested or lapsed as part of director remuneration.

Performance Rights

On 19 August 2011 shareholders approved the introduction of the Aspire Mining Limited Performance Rights Plan.

Remuneration of directors and named executives

Table 3: Directors' and named executives remuneration for the year ended 30 June 2011

	Short-term employee benefits	Post-employment benefits	Equity	Other	Total	%
	Salary & Fees	Superannuation	Options			Performance Related
Mr David Paull	363,500	-	-	-	363,500	-
Mr David McSweeney	45,385	4,085	-	-	49,470	-
Mr Neil Lithgow	34,038	3,067	-	-	37,105	-
Mr Gan-Ochir Zunduisuren	37,777	-	-	-	37,777	-
Mr Russell Lynton-Brown	28,962	2,607	-	-	31,569	-
Mr Tony Pearson	16,979	-	-	-	16,979	-
Mr Phil Rundell	64,145	-	-	-	64,145	-
Mr Kerry Griffin	298,484	10,176	-	-	308,660	-
Mr Fergus Campbell	154,921	6,078	-	-	160,999	-
Mr Glen Ainsworth	17,955	-	-	-	17,955	-
Mr Iestyn Broomfield	10,265	-	-	-	10,265	-
Total	**1,072,411**	**26,013**	**-**	**-**	**1,098,424**	**-**

Table 4: Directors' and named executives remuneration for the year ended 30 June 2010

	Short-term employee benefits	Post-employment benefits	Equity	Other	Total	%
	Salary & Fees	Superannuation	Options			Performance Related
Mr David Paull	50,000	-	-	-	50,000	-
Mr David McSweeney	10,000	900	-	-	10,900	-
Mr Neil Lithgow	7,500	675	-	-	8,175	-
Mr Gan-Ochir Zunduisuren	7,500	-	-	-	7,500	-
Mr Russell Lynton-Brown	35,000	-	-	-	35,000	-
Mr Klaus Eckhof	12,500	-	-	-	12,500	-
Mr Mathew Walker	61,913	5,571	-	-	67,484	-
Mr James Robinson	35,319	-	-	-	35,319	-
Total	**219,732**	**7,146**	**-**	**-**	**226,878**	**-**

DIRECTORS' REPORT (continued)

Directors' Meetings
The number of meetings of directors held during the year and the number of meetings attended by each director were as follows:

	Director Meetings	
Director	**Attended**	**Eligible to Attend**
Mr David McSweeney	11	14
Mr David Paull	14	14
Mr Neil Lithgow	14	14
Mr Russell Lynton Brown	13	14
Mr Gan-Ochir Zunduisuren	14	14
Mr Tony Pearson	4	4

In addition, eight (8) circular resolutions were signed by the board during the period.

Two (2) meetings of the Audit Committee and one (1) meeting of the Remuneration Committee were held during the year with all members of those committees present.

Proceedings on behalf of the Company
No person has applied to the court under Section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings. No proceedings have been brought or intervened in on behalf of the Company with leave of the court under Section 237.

Auditor Independence and Non-Audit Services
Section 307C of the Corporations Act 2001 requires the auditors, HLB Mann Judd, to provide the directors of the Company with an Independence Declaration in relation to the audit of the annual report. This Independence Declaration is set out on page 15 and forms part of this directors' report for the year ended 30 June 2011.

Non-Audit Services
No non-audit services were provided by the auditor or any entity associated with the auditor during the year. Details of amounts paid or payable to the auditor for non-audit services provided during 2010 by the auditor are outlined in Note 22 to the financial statements.

Signed in accordance with a resolution of the directors.

David Paull
Director
Dated this 29 September 2011

HLB Mann Judd

Accountants | Business and Financial Advisers

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Aspire Mining Limited for the year ended 30 June 2011, 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 audit; and

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

This declaration is made in respect of Aspire Mining Limited.

Perth, Western Australia
29 September 2011

N G NEILL
Partner, HLB Mann Judd

HLB Mann Judd (WA Partnership) ABN 22 193 232 714
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Email: hlb@hlbwa.com.au. Website: http://www.hlb.com.au

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2011

	Note	2011 $	2010 $
Other income	2	488,119	70,326
Consultants and corporate costs		(459,768)	(83,255)
Accounting and audit fees		(61,130)	(49,230)
Amortisation expense		(8,980)	-
Depreciation expense		(16,253)	(355)
Directors' fees		(495,779)	(197,374)
Employee benefits expense		(665,389)	(11,853)
Exploration expenditure written off		(2,102,897)	(280,915)
Realised exchange gain on settlement of deferred consideration	13	328,649	-
Unrealised exchange loss		(57,003)	-
Travel expenses		(322,203)	(40,963)
Other expenses	2	(1,117,472)	(285,812)
Loss before income tax expense		(4,490,106)	(879,431)
Income tax expense	3	-	-
Net loss for the year		(4,490,106)	(879,431)
Other comprehensive income			
Exchange differences on translation of foreign operations		(692,123)	22,465
Net change in fair value of available-for-sale-assets		16,000	-
Other comprehensive income for the year net of tax		(676,123)	22,465
Total comprehensive loss		(5,166,229)	(856,966)
Basic loss per share (cents per share)	4	(0.93)	(0.40)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2011

	Note	2011 $	2010 $
Current Assets			
Cash and cash equivalents	8	12,021,339	5,665,382
Trade and other receivables	9	332,464	99,919
Available for sale assets	10	167,000	-
Total Current Assets		12,520,803	5,765,301
Non-Current Assets			
Deferred exploration and evaluation expenditure	11	16,379,283	11,516,031
Property plant and equipment	14	227,997	5,625
Intangible asset	15	78,704	-
Total Non-Current Assets		16,685,984	11,521,656
Total Assets		**29,206,787**	**17,286,957**
Current Liabilities			
Trade and other payables	12	891,876	311,260
Deferred settlement	13	-	3,368,430
Total Current Liabilities		891,876	3,679,690
Non-Current Liabilities		-	-
Total Liabilities		**891,876**	**3,679,690**
Net Assets		**28,314,911**	**13,607,267**
Equity			
Issued capital	6	39,156,503	19,258,064
Reserves	7	188,952	889,641
Accumulated losses	7	(11,030,544)	(6,540,438)
Total Equity		**28,314,911**	**13,607,267**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2011

	Issued Capital	Accumulated losses	Foreign Currency Translation Reserve	Option Reserve	Asset revaluation reserve	Total Equity
	$	$	$	$	$	$
Balance at 1 July 2009	7,331,631	(5,796,959)	-	609,233	-	2,143,905
Shares issued during the year	11,453,152	-	-	-	-	11,453,152
Loss for the period	-	(879,431)	-	-	-	(879,431)
Exchange differences arising from translation of foreign operations	-	-	22,465	-	-	22,465
Expiry of options	473,281	135,952	-	(609,233)	-	-
Recognition of option based payments	-	-	-	867,176	-	867,176
Balance at 30 June 2010	19,258,064	(6,540,438)	22,465	867,176	-	13,607,267
Balance at 1 July 2010	19,258,064	(6,540,438)	22,465	867,176	-	13,607,267
Shares issued during the year	19,873,873	-	-	-	-	19,873,873
Loss for the period	-	(4,490,106)	-	-	-	(4,490,106)
Exchange differences arising from translation of foreign operations	-	-	(692,123)	-	-	(692,123)
Transfer on exercise of options	24,566	-	-	(24,566)	-	-
Revaluation of available-for-sale assets	-	-	-	-	16,000	16,000
Balance at 30 June 2011	39,156,503	(11,030,544)	(669,658)	842,610	16,000	28,314,911

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2011

	Note	2011 $	2010 $
Cash flows from operating activities			
Interest received		477,494	60,689
Interest expense		(3,497)	-
Payments to suppliers and employees		(2,991,013)	(312,652)
Net cash used in operating activities	8	(2,517,016)	(251,963)
Cash flows from investing activities			
Payments for exploration and evaluation expenditure		(7,576,717)	(1,145,099)
Payments for acquisition of subsidiary	8	-	(892,831)
Purchase of non-current assets		(238,624)	(5,980)
Purchase of intangible asset		(87,684)	-
Payment of deferred consideration		(2,948,640)	-
Net cash used in investing activities		(10,851,665)	(2,043,910)
Cash flows from financing activities			
Net proceeds from issue of shares		19,881,167	6,953,152
Net cash provided by financing activities		19,881,167	6,953,152
Net increase in cash and cash equivalents		6,512,486	4,657,279
Cash and cash equivalents at the beginning of the period		5,665,382	1,008,103
Effect of foreign exchange rate fluctuations on cash held		(156,529)	-
Cash and cash equivalents at the end of the period	8	12,021,339	5,665,382

The accompanying notes from part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and Interpretations and complies with other requirements of the law.

The financial report has also been prepared on a historical cost basis. Cost is based on the fair values of the consideration given in exchange for assets.

The financial report is presented in Australian dollars.

The Company is a listed public Company, incorporated in Australia and operating in Mongolia. The Group's principal activity is mineral exploration and development.

(b) Going concern

The financial statements have been prepared on the going concern basis, the validity of which depends upon the positive cash and working capital positions.

At balance date, the Group had cash and cash equivalents of $12,021,339 and an excess of current assets over current liabilities of $11,628,927.

Notwithstanding the positive working capital and cash position at balance date, the Company has forecast that it will need to seek additional funding in the coming year in order to meet its planned exploration expenditure for the next 12 months from the date of signing of these financial statements. These arrangements are expected to include a capital raising.

The Directors are confident that the additional funding will be obtained. However, if the Company is unable to raise further funding through a capital raising or entering into the sale or joint venture of assets, it would be able to defer certain exploration expenditure such that the Company will remain a going concern for at least the period up to 12 months from the date of signing of the financial report.

(c) Adoption of new and revised standards

Changes in accounting policies on initial application of Accounting Standards

In the year ended 30 June 2011, the Group has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for the current annual reporting period.

It has been determined by the Group that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to the Group accounting policies.

The Group has also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the year ended 30 June 2011. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change necessary to Group accounting policies.

(d) Statement of Compliance

The financial report was authorised for issue on 29 September 2011.

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

(e) Basis of Consolidation

The consolidated financial statements comprise the financial statements of Aspire Mining Limited ("Company" or "Parent") and its subsidiaries as at 30 June each year (the "Group"). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Basis of Consolidation (continued)

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. Control exists where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing when the Group controls another entity.

Business combinations have been accounted for using the acquisition method of accounting (refer Note 1(o)).

Unrealised gains or transactions between the Group and its associates are eliminated to the extent of the Group's interests in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

When the Group ceases to have control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint controlled entity or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

(f) Critical accounting judgements and key sources of estimation uncertainty

The application of accounting policies requires the use of judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions are recognised in the period in which the estimate is revised if it affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Share-based payment transactions:

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an external valuer using a Black and Scholes model, using the assumptions detailed in Note 7.

The Group measures the cost of cash-settled share-based payments at fair value at the grant date using the Black and Scholes formula taking into account the terms and conditions upon which the instruments were granted, as discussed in Note 7.

Exploration and evaluation costs carried forward

The Group's accounting policy for exploration and evaluation expenditure is set out at 1(w). The application of this policy necessarily requires management to make certain estimates and assumptions as to future events and circumstances, in particular, the assessment of the expectation that exploration costs incurred can be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves. The estimates and assumptions may change as new information becomes available. If, after having capitalised expenditure under the policy, it is concluded that the expenditure incurred is unlikely to be recovered by future exploitation or sale, then the relevant capitalised amount will be written off to the profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of Aspire Mining Limited.

(h) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Interest income

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

(i) Cash and cash equivalents

Cash comprises cash at bank and in hand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(j) Trade and other receivables

Trade receivables are measured on initial recognition at fair value. Trade receivables are generally due for settlement within periods ranging from 15 days to 30 days.

Impairment of trade receivables is continually reviewed and those that are considered to be uncollectible are written off by reducing the carrying amount directly. An allowance account is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original contractual terms. Factors considered by the Group in making this determination include known significant financial difficulties of the debtor, review of financial information and significant delinquency in making contractual payments to the Group.

The amount of the impairment loss is recognised in the statement of comprehensive income within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Derecognition of financial assets and financial liabilities

(i) Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a Group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired;
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either:
  - (a) has transferred substantially all the risks and rewards of the asset, or
  - (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration received that the Group could be required to repay.

When continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the Group's continuing involvement is the amount of the transferred asset that the Group may repurchase, except that in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, the extent of the Group's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

(ii) Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(l) Foreign currency translation

The functional and presentation currency of Aspire Mining Limited is Australian dollars. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance date.

All exchange differences in the consolidated financial report are taken to profit or loss with the exception of differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity. These are taken directly to equity until the disposal of the net investment, at which time they are recognised in profit or loss.

Tax charges and credits attributable to exchange differences on those borrowings are also recognised in equity.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

The functional currency of the foreign operations, Khurgatai Khairkhan LLC is Mongolian Tugriks (MNT).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Foreign currency translation (continued)

As at the balance date the assets and liabilities of this subsidiary are translated into the presentation currency of Aspire Mining Limited at the rate of exchange ruling at the balance date and its statement of comprehensive income is translated at the weighted average exchange rate for the year.

The exchange differences arising on the translation are taken directly to the foreign currency translation reserve in equity.

On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in profit or loss.

(m) Income tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance date.

Deferred income tax is provided on all temporary differences at the balance date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.
Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(o) Business combinations

The acquisition method of accounting is used to account for all business combinations, including business combinations involving entities or business under common control, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are expenses as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified as either equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

(p) Impairment of assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Impairment of assets (continued)

recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

An assessment is also made at each balance date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

(q) Trade and other payables

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Company becomes obliged to make future payments in respect of the purchase of these goods and services.

(r) Property, plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets as follows:

Plant and equipment – over three (3) years

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

(i) Impairment

The carrying values of plant and equipment are reviewed for impairment at each balance date, with recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired.

The recoverable amount of plant and equipment is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For an asset that does not generate largely independent cash inflows, recoverable amount is determined for the cash-generating unit to which the asset belongs, unless the asset's value in use can be estimated to be close to its fair value.

An impairment exists when the carrying value of an asset or cash-generating units exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) Property, plant and equipment (continued)

For plant and equipment, impairment losses are recognised in the income statement in the cost of sales line item.

(ii) Derecognition and disposal

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

(s) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the Statement of Comprehensive Income net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

(t) Share-based payment transactions

The Group provides benefits to employees (including senior executives) of the Group in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions). The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. In valuing equity-settled transactions, account is taken of any performance conditions, and conditions linked to the price of the shares of Aspire Mining Limited (market conditions) if applicable.

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired, and (ii) the Group's best estimate of the number of equity instruments that will ultimately vest. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The Statement of Comprehensive Income charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) Share-based payment transactions (continued)

Cash settled transactions:

The cost of cash-settled transactions is measured initially at fair value at the grant date using the Black-Scholes formulae taking into account the terms and conditions upon which the instruments were granted. This fair value is expensed over the period until vesting with recognition of a corresponding liability. The liability is re-measured to fair value at each balance date up to and including the settlement date with changes in fair value recognised in profit or loss.

(u) Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(v) Earnings per share

Basic earnings per share is calculated as net profit or loss attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit or loss attributable to members of the parent, adjusted for: costs of servicing equity (other than dividends) and preference share dividends; the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

(w) Exploration and evaluation

Exploration and evaluation expenditures in relation to each separate area of interest are recognised as an exploration and evaluation asset in the year in which they are incurred where the following conditions are satisfied:

i) the rights to tenure of the area of interest are 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 are continuing.

Exploration and evaluation assets are initially measured at cost and include acquisition of rights to explore, studies, exploratory drilling, trenching and sampling and associated activities and an allocation of depreciation and amortisation of assets used in exploration and evaluation activities. General and administrative costs are only included in the measurement of exploration and evaluation costs where they are related directly to operational activities in a particular area of interest.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(w) Exploration and evaluation (continued)

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The recoverable amount of the exploration and evaluation asset (for the cash generating unit(s) to which it has been allocated being no larger than the relevant area of interest) is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years.

Where a decision has been made to proceed with development in respect of a particular area of interest, the relevant exploration and evaluation asset is tested for impairment and the balance is then reclassified to development.

(x) Parent entity financial information

The financial information for the parent entity, Aspire Mining Limited, disclosed in Note 24 has been prepared on the same basis as the consolidated financial statements.

NOTE 2: REVENUES AND EXPENSES

	2011 $	2010 $
(a) Revenue		
Interest income	475,542	70,326
Sundry income	12,577	-
Interest income	488,119	70,326
(b) Other Expenses		
Interest expense	3,497	-
Legal fees	157,756	19,490
Profit on sale of tenements	(17,993)	-
Media, promotion and investor relations	219,790	-
Recruitment fees	106,000	-
Rental expenses	101,240	53,381
Share options issues for services	-	125,721
Other	547,180	73,920
	1,117,472	285,812

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

NOTE 3: INCOME TAX

Income tax recognised in profit or loss

The prima facie income tax expense on pre-tax accounting loss from operations reconciles to the income tax expense in the financial statements as follows:	2011 $	2010 $
Accounting loss before tax	(4,490,106)	(879,431)
Income tax benefit calculated at 30%	(1,347,032)	(263,829)
Accrued expenses/(income)	7,104	(10,870)
Other non-deductible expenses	108,640	37,612
Exploration & tenement expenses	(1,991,676)	(280,915)
Exploration & tenement expenses written off	630,869	48,027
Deductions available over more than one year	(78,129)	-
Income tax benefit not brought to account	2,670,224	469,975
Income tax expense	-	-

The tax rate used in the above reconciliation is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian tax law. There has been no change in this tax rate since the previous reporting period.
The Group has tax losses arising in Australia of $5,331,912 (2010: $3,475,641), the tax benefit of which has not been brought to account and are available subject to confirmation of the same business test. There are unrecorded deferred tax liabilities of approximately $681,777 relating to capitalised exploration claimed for tax.

NOTE 4: EARNINGS PER SHARE

	2011 Cents per share	2010 Cents per share
Basic loss per share:		
Continuing operations	(0.93)	(0.40)
Earnings used in calculation of basic earnings per share	(4,490,106)	(879,431)
The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share is as follows:	483,265,739	222,400,651

As losses have been incurred to date, no dilutive earnings per share has been disclosed.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

NOTE 5: SEGMENT INFORMATION

	Continuing operations		Total
	Australia	Mongolia	
	$	$	$
Year ended 30 June 2011			
Total segment revenue	487,762	357	488,119
Segment net operating loss after tax	(2,516,535)	(1,973,571)	(4,490,106)
Interest revenue	475,185	357	475,542
Interest expenses	(3,497)	-	(3,497)
Depreciation and amortisation	(6,196)	(19,037)	(25,233)
Segment assets	12,149,495	17,057,292	29,206,787
Segment liabilities	(443,149)	(448,727)	(891,876)
Cash flow information			
Net cash flow from operating activities	(1,634,358)	(882,658)	(2,517,016)
Net cash flow from investing activities	(2,984,395)	(7,867,270)	(10,851,665)
Net cash flow from financing activities	19,881,167	-	19,881,167
Year ended 30 June 2010			
Total segment revenue	70,326	-	70,326
Segment net operating loss after tax	(869,115)	(10,316)	(879,431)
Interest revenue	70,326	-	70,326
Depreciation and amortisation	(355)	-	(355)
Segment assets	6,762,772	10,524,185	17,286,957
Segment liabilities	(3,408,578)	(271,112)	(3,679,690)
Cash flow information			
Net cash flow from operating activities	(241,647)	(10,316)	(251,963)
Net cash flow from investing activities	(956,308)	(1,087,602)	(2,043,910)
Net cash flow from financing activities	6,953,152	-	6,953,152

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

NOTE 6: ISSUED CAPITAL AND RESERVES

	2011 $	2010 $
Ordinary shares		
Issued and fully paid	41,077,292	20,094,407
Less share issue costs	(1,920,789)	(836,343)
	39,156,503	19,258,064

Movements in ordinary shares on issue

	2011 No	2011 $	2010 No	2010 $
At 1 July	425,563,049	19,258,064	125,000,000	7,331,631
Share issued at 2.65c on 12 February 2010	-	-	100,000,000	2,650,000
Share issued at 3c on 12 February 2010	-	-	150,000,000	4,500,000
Share issued at 5c on 31 March 2010 upon the exercise of options	-	-	563,049	28,152
Share issued at 5c on 25 October 2010 upon the exercise of options	-	-	50,000,000	4,500,000
Share issued at 5c on 25 October 2010 upon the exercise of options	37,499	1,875	-	-
Share issued at 5c on 1 December 20100 upon the exercise of options	500,000	25,000	-	-
Share issued at 19c on 23 December 2010	105,860,186	20,113,435	-	-
Share issued at 5c on 25 October 2010 upon the exercise of options	1,712,610	85,630	-	-
Share issued at 48.33c on 20 January 2010[1]	425,480	205,635	-	-
Share issued at 5c on 25 January 2011 upon the exercise of options	500,000	25,000	-	-
Share issued at 64.38c on 4 February 2011[1]	124,220	79,973	-	-
Share issued at 5c on 17 March 2011 upon the exercise of options	1,000,000	50,000	-	-
Share issued at 69.14c on 28 March 2011[1]	248,439	171,771	-	-
Share issued at 5c on 3 May 2011 upon the exercise of options	4,000,000	200,000	-	-
Share issue costs written back	-	-	-	473,281
Share issue costs	-	(1,084,446)	-	(225,000)
Transfer from Option Premium Reserve on exercise of options	-	24,566	-	-
At 30 June 2011	539,971,483	39,156,503	425,563,049	19,258,064

[1]Issued pursuant to the top-up provisions of the Placement Agreement between SouthGobi Resources Limited and the Company.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

NOTE 7: ACCUMULATED LOSSES AND RESERVES

Accumulated losses

Movements in accumulated losses are as follows:

	2011 $	2010 $
Balance at beginning of financial year	(6,540,438)	(5,796,959)
Net loss for the year	(4,490,106)	(879,431)
Expiry of options transferred from reserves	-	135,952
Balance at end of financial year	(11,030,544)	(6,540,438)

Reserves

	Unlisted option reserve $	Foreign currency translation reserve $	Asset revaluation reserve $	Total $
At 30 June 2009	609,233	-	-	609,233
Currency translation differences	-	22,465	-	22,465
Expiry of options transferred	(609,233)	-	-	(609,233)
Share-based payments	867,176	-	-	867,176
At 30 June 2010	867,176	22,465	-	889,641
Currency translation differences	-	(692,123)	-	(692,123)
Exercise of options transferred	(24,566)	-	-	(24,566)
Revaluation of available for sale assets	-	-	16,000	16,000
At 30 June 2011	842,610	(669,658)	16,000	188,952

Nature and purpose of reserves

Unlisted option reserve

The unlisted option reserve records items recognised on valuation of director, employee and contractor share options.

Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

Asset revaluation reserve

The asset revaluation reserve is used to record changes in the fair value of available-for-sale-assets.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

NOTE 7: ACCUMULATED LOSSES AND RESERVES (continued)

The following table illustrates the number (No.) and weighted average exercise prices of and movements in share options issued during the year:

	2011 No.	2011 Weighted average exercise price	2010 No.	2010 Weighted average exercise price
Outstanding at the beginning of the year	255,436,951	0.052	45,499,995	0.20
Granted during the year	-	-	256,000,000	0.052
Exercised during the year	(7,750,109)	0.05	(563,049)	0.05
Expired during the year	-	-	(45,499,995)	0.20
Outstanding at the end of the year	247,686,842	0.052	255,436,951	0.052
Exercisable at the end of the year	247,686,842	0.052	225,436,951	0.052

The number and details of the options unexercised at 30 June 2011 are:

	Number	Grant date	Expiry date	Exercise price $ per option	Fair value at grant date $ per option
Un-listed options	6,000,000	28/06/2010	31/12/2012	0.15	0.021
Class A options[1]	96,686,842	12/02/2010	12/02/2015	0.05	0.007
Performance Options[1,2]	145,000,000	12/02/2010	12/02/2015	0.05	-

[1]These options form part of acquisition costs of Khurgatai Khairkhan LLC. The share issue was based on the fair value of the asset which was determined by an independent valuation of Zephyr Consulting Group Pty Ltd.

[2]No value was attached to these options on settlement of this transaction as the likelihood that they would vest was remote. The options vested following the announcement in October 2010 of a JORC Compliant Coal Resource.

The following are the inputs to the model used for the year ended 30 June 2010:

Expiry Date	12/02/2015
Dividend yield (%)	-
Expected volatility (%)	60%
Risk-free interest rate (%)	6.5%
Expected life of option (years)	2.6
Exercise price (cents)	15
Grant date share price (cents)	10

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of options granted were incorporated into the measurement of fair value, other than the assessment of the likelihood of the Performance Options vesting.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

NOTE 8: CASH AND CASH EQUIVALENTS

	2011 $	2010 $
Cash at bank and on hand	4,001,339	1,665,382
Short-term deposits	8,020,000	4,000,000
	12,021,339	5,665,382

Cash at bank earns interest at floating rates based on daily bank deposit rates.

Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

All cash was available for use, and no restrictions were placed on the use of it at any time during the period, other than $20,000 is on deposit as cash backed security against the business use credit card limit.

Reconciliation of loss for the year to net cash flows from operating activities

Loss for the year	(4,490,106)	(879,431)
Change in net assets and liabilities:		
Change in trade and other receivables	(134,727)	(64,802)
Changes in trade and other payables	269,326	262,814
Profit on sale of tenements	(17,993)	-
Amortisation	8,980	-
Depreciation Expense	16,253	355
Tenements/exploration written off	2,102,897	280,915
Share options issued for services	-	125,721
Realised exchange gain on settlement of deferred consideration	(328,649)	-
Unrealised exchange loss	57,003	22,465
Net cash used in operating activities	(2,517,016)	(251,963)

Acquisition of Entities

During 2011, 100% owned subsidiaries, Northern Railways LLC, Ovoot Coal LLC, Chilchig Gol LLC, Urd Hutlaga Uul LLC and ASTS LLC, were incorporated to hold tenements, licenses or be parties to joint venture interests. None of those subsidiaries have operated during the year and their assets compromise only cash at bank from the issue of the capital in those subsidiaries, as such they are accounted for as asset acquisitions, rather than business combinations.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

NOTE 8: CASH AND CASH EQUIVALENTS (continued)

During 2010, a 100% interest in Khurgatai Khairkhan LLC was acquired. Details of this transaction are:

	2010 $
Purchase consideration consisting of:	
Cash consideration	892,831
Convertible note	5,238,739
Deferred settlement consideration	3,368,430
Total consideration	9,500,000
Cash consideration	892,831
Cash outflow	892,831
Assets and liabilities held at acquisition date:	
Total assets	341,727
Total liabilities	(2,066)
	339,661
Revaluation of Exploration Expenditure Reserve	9,160,339
	9,500,000

Non-cash Financing and Investing Activities:

Share issue as part of consideration for the purchase of Khurgatai Khairkhan LLC:

- 150,000,000 shares were issued at $0.03,
- 50,000,000 Class A Options exercisable at $0.05 on or before 12/2/15
- 120,000,000 Performance Options with exercise price of 5 cents and an expiry date of 5 years were issued. The options vested following the announcement in October 2010 of a JORC Compliant Coal Resource. No value was attached to these options at settlement as the likelihood that they would vest was considered remote, and
- 30,000,000 Performance Options with exercise price of 5 cents and an expiry date of 5 years and escrowed for 12 months were issued. The options vested following the announcement of a JORC Compliant Coal Resource. No value was attached to these options at settlement as the likelihood that they would vest was considered remote.

The share issue was based on the fair value of the asset which was determined by an independent valuation of Zephyr Consulting Group Pty Ltd.

NOTE 9: CURRENT TRADE AND OTHER RECEIVABLES

	2011 $	2010 $
GST recoverable	91,889	64,102
Prepayments	201,115	24,947
Accrued Interest	8,917	10,870
Tenant overheads contribution	13,533	-
Insurance recovery	12,894	-
Other	4,116	-
	332,464	99,919

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

NOTE 10: AVAILABLE FOR SALE ASSETS

	30 June 2011 $	30 June 2010 $
Available-for-sale investments carried at fair value (i):		
Listed shares	167,000	-
	167,000	-

(i) Available-for-sale investments consist of investments in ordinary shares, and therefore have no fixed maturity date or coupon rate.

The assets have been realised subsequent to year end (refer to Note 21).

NOTE 11: DEFERRED EXPLORATION AND EVALUATION EXPENDITURE

	2011 $	2010 $
Costs carried forward in respect of:		
Exploration and evaluation phase – at cost		
Balance at beginning of year	11,516,031	1,149,131
Expenditure incurred / (written off)		
Ovoot Coking Coal Project	5,173,384	10,559,722
Nuramt	932,998	-
Nuramt write-off	(932,998)	-
Jilchigbulag	410,752	-
Shanagan	259,192	-
Shanagan write-off	(259,192)	-
Zavkhan	235,424	-
Windy Knob Tenement	87,405	2,163
Windy Knob Tenement – write-off	(910,706)	-
Honeymoon Well Tenement	-	(169,139)
Tuckanarra Tenement Sale	(125,148)	23,305
Hood Tenement	-	(56,830)
Mt Way	-	(182)
Black Tank Well Sale	(7,859)	7,861
Total exploration expenditure	16,379,283	11,516,031

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

NOTE 11: DEFERRED EXPLORATION AND EVALUATION EXPENDITURE (continued)

	2011 $	2010 $
Total expenditure incurred and carried forward in respect of specific projects -		
Ovoot Coking Coal	15,733,107	10,559,722
Jilchigbulag	410,752	-
Shanagan	-	-
Zavkhan	235,424	-
Windy Knob Tenement	-	823,301
Tuckanarra Tenement	-	125,147
Black Tank Well	-	7,861
Total exploration expenditure	16,379,283	11,516,031

The recoupment of costs carried forward in relation to areas of interest in the exploration and evaluation phases is dependent on the successful development and commercial exploitation or sale of the respective areas. The expenditure incurred on the Nuramt, Shanagan and Windy Knob interests has been written-off and expensed at year end as it is not expected to be recouped through successful development and exploration of the area of interest, or by its sale of those interests.

On 27 August 2010 it was announced that Agreement had been reached with Doray Minerals Limited to purchase the Group’s Tuckanarra and Black Tank Well Projects. Consideration was 200,000 fully paid shares in Doray Minerals Limited. These shares were issued on 31 August 2010.

NOTE 12: TRADE AND OTHER PAYABLES (CURRENT)

	2011 $	2010 $
Trade payables	732,785	11,765
Accrued expenses	52,891	299,495
Corporate credit card	16,845	-
Payroll accruals	73,068	-
Provision for annual leave	16,287	-
	891,876	311,260

Trade payables are non-interest bearing and are normally settled on 30 day terms.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

NOTE 13: DEFERRED SETTLEMENT (CURRENT)

	2011 $	2010 $
Acquisition cost Ovoot Coking Coal Project	-	3,368,430
	-	3,368,430

As part of the acquisition price for Khurgatai Khairkhan LLC, a deferred payment of US$3 million was payable on or before 12 February 2011. Aspire Mining Limited negotiated a discount of US$72,000 on early settlement of the obligation on 23 December 2010. The strengthening of the AUD against the USD over the period also provided an exchange gain on the transaction.

NOTE 14: PROPERTY, PLANT AND EQUIPMENT

	Furniture & Fittings $	Office equipment $	Motor Vehicles $	Total $
Year ended 30 June 2011				
At 1 July 2010, net of accumulated depreciation and impairment	2,198	3,427	-	5,625
Additions	35,579	100,098	102,948	238,625
Depreciation charge for the year	(3,150)	(13,103)	-	(16,253)
At 30 June 2011, net of accumulated depreciation and impairment	34,627	90,422	102,948	227,997
At 30 June 2011				
Cost				244,605
Accumulated depreciation				(16,608)
Net carrying amount				227,997
Year ended 30 June 2010				
At 1 July 2009, net of accumulated depreciation and impairment	-	-		-
Additions	2,309	3,671	-	5,980
Depreciation charge for the year	(111)	(244)	-	(355)
At 30 June 2010, net of accumulated depreciation and impairment	2,198	3,427	-	5,625
At 30 June 2010				
Cost				5,980
Accumulated depreciation				(355)
Net carrying amount				5,625

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

NOTE 15: INTANGIBLE ASSET

	Exploration software $
Year ended 30 June 2011	
At 1 July 2010, net of accumulated amortisation and impairment	-
Additions	87,684
Amortisation for the year	(8,980)
At 30 June 2011, net of accumulated amortisation and impairment	78,704
At 30 June 2011	
Cost	87,684
Accumulated amortisation	(8,980)
Net carrying amount	78,704

NOTE 16: FINANCIAL INSTRUMENTS

	2011 $	2010 $
Financial assets		
Receivables	131,350	99,919
Available for sale assets	167,000	-
Cash and cash equivalents	12,021,339	5,665,382
	12,319,689	5,765,301
Financial liabilities		
Trade creditors	891,876	311,260
Deferred settlement	-	3,368,430
	891,876	3,679,690

The following table details the expected maturities for the Group's non-derivative financial assets. These have been drawn up based on undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the Group anticipates that the cash flow will occur in a different period.

	Weighted average effective interest rate	Less than 1 month	1 – 3 Months	3 months – 1 year	1 – 5 years	5+ years
	%	$	$	$	$	$
2011						
Non-interest bearing		496,022	-	-	-	-
Variable interest rate instruments	0.05	3,656,666	-	-	-	-
Fixed interest rate instruments	5.30	-	4,000,000	4,020,000	-	-
		4,152,689	4,000,000	4,020,000	-	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

NOTE 16: FINANCIAL INSTRUMENTS (continued)

	Weighted average effective interest rate	Less than 1 month	1 – 3 Months	3 months – 1 year	1 – 5 years	5+ years
	%	$	$	$	$	$
2010						
Non-interest bearing	-	287,301	-	-	-	-
Variable interest rate instruments	3.25	1,478,000	-	-	-	-
Fixed interest rate instruments	5.25	1,000,000	2,000,000	1,000,000	-	-
		2,765,301	2,000,000	1,000,000	-	-

The following table details the Group's remaining contractual maturities for its non-derivative financial liabilities. These are based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

	Weighted average effective interest rate	Less than 1 month	1 – 3 Months	3 months – 1 year	1 – 5 years	5+ years
	%	$	$	$	$	$
2011						
Non-interest bearing	-	891,876	-	-	-	-
Variable interest rate instruments	-	-	-	-	-	-
Fixed interest rate instruments	-	-	-	-	-	-
		891,876	-	-	-	-
2010						
Non-interest bearing	-	311,260	-	3,368,430	-	-
Variable interest rate instruments	-	-	-	-	-	-
Fixed interest rate instruments	-	-	-	-	-	-
		311,260	-	3,368,430	-	-

NOTE 17: FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group has exposure to the following risks from the use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents the information about the Group's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital. The Board has overall responsibility for the establishment and oversight of the risk management framework. The Board reviews and agrees policies for managing each of these risks as summarised below. The Group's principal financial instruments comprise cash and short term deposits. The main purpose of the financial instruments is to earn the maximum amount of interest at a low risk to the Group. The Group also has other financial instruments such as receivables and creditors which arise directly from its operations. For the years ended 30 June 2011 and 2010, it has been the Group's policy not to trade in financial instruments.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

NOTE 17: FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(a) Credit risk management

Credit risk refers to the risk that a counter-party will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group only transacts with entities that are rated the equivalent of investment grade and above. This information is supplied by independent rating agencies where available and, if not available, the Group uses publicly available financial information. The Group’s exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee annually.

The Group does not have any significant credit risk exposure to any single counterparty or any Group of counterparties having similar characteristics. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

The carrying amount of financial assets recorded in the financial statements, net of any allowance for losses, represents the Group’s maximum exposure to credit risk without taking account of the value of any collateral obtained.

(b) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board, who have built an appropriate liquidity risk management framework for the management of the Group’s short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves and banking by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The Group did not have any undrawn facilities at its disposal as at balance date.

(c) Interest rate risk management

The Group is exposed to interest rate risk as the Group deposits the bulk of the Group’s cash reserves in Term Deposits with the National Australia Bank (“NAB”). The risk is managed by the Group by maintaining an appropriate mix between short term and medium-term Deposits. The Group’s exposures to interest rate on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

Interest rate sensitivity

At 30 June 2011, the effect on loss and equity as a result of changes in the interest rate, with all other variable remaining constant would be as follows:

	2011	2010
Change in Loss	$	$
Increase in interest rate by 1%	80,000	19,000
Decrease in interest rate by 1%	(80,000)	(19,000)
Change in Equity		
Increase in interest rate by 1%	80,000	19,000
Decrease in interest rate by 1%	(80,000)	(19,000)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

NOTE 17: FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(d) Foreign currency risk management

The Group undertakes certain transactions denominated in foreign currencies hence exposures to exchange rate fluctuations arise. The Group does not manage these exposures with foreign currency derivative products. The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the balance date explained in Australian dollars are as follows:

	Liabilities		Assets	
	2011	2010	2011	2010
	$	$	$	$
US Dollars	-	3,368,430	3,719,202	-
Mongolian Tugriks	448,727	-	182,070	159,158

Foreign currency sensitivity analysis

The Group is exposed to US Dollar (USD) and Mongolian Tugrik currency fluctuations.

The following table details the Group's sensitivity to a 10% increase and decrease in the Australian dollar against the relevant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represent management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where the denomination of the loan is in a currency other than the currency of the lender or the borrower. A positive number indicates an increase in profit or loss and other equity where the Australian Dollar strengthens against the respective currency. For a weakening of the Australian Dollar against the respective currency there would be an equal and opposite impact on the profit and other equity and the balances below would be negative.

	2011	2010
	$	$
	USD Impact	
Profit or Loss	371,920	336,843
	Mongolian Tugriks Impact	
Profit or Loss	19,413	15,160

(e) Market risk

Market risk is the risk that changes in market prices such as foreign exchange rates, interest rates and equity prices will affect the Group's income or value of the holdings of financial instruments. The Group is exposed to movements in market interest rates on short term deposit. The Group does not have short or long-term debt, and therefore this risk is minimal. The Group limits its exposure to credit risk by only investing in liquid securities and only with counterparties that have acceptable credit ratings.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

NOTE 18: COMMITMENTS AND CONTINGENCIES

Remuneration Commitments

The Group has entered into remuneration commitments with all the directors and key management personnel of the Group which were in effect throughout the financial year. The Group also employs consultants who are contracted under standard consultancy rates.

Exploration Commitments

The Group had certain commitments to meet minimum expenditure requirements on the mineral exploration assets it has an interest in. Outstanding exploration commitments are as follows:

	2011	2010
	$	$
Within a year	41,080	79,000
Later than one year but not later than five years	2,294,620	21,000

NOTE 19: DIVIDENDS

The directors of the Group have not declared any dividend for the year ended 30 June 2011.

NOTE 20: CONTINGENT LIABILITIES

There were no contingent liabilities as at 30 June 2011.

NOTE 21: EVENTS SUBSEQUENT TO REPORTING DATE

On 1 July 2011 Messrs Andrew Edwards and Mark Read were appointed Non-Executive Directors of the Company.

On 19 August 2011 the shareholders of the Company approved the adoption of the Aspire Mining Company Performance Rights Plan and the issue of Performance Rights to the directors of the Company. The vesting of the Performance Rights granted to directors is subject to achievement of performance milestones. Performance Rights can be issued to the directors and employees at the discretion of the directors. At the reporting date, no Performance Rights have been issued.

In August 2011 the Company realised $239,920 for the 200,000 fully paid shares held in Doray Minerals Limited it received in August 2010 as the consideration on sale of the Tuckanarra and Black Tank Well Projects.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

NOTE 22: AUDITOR'S REMUNERATION

The auditor of Aspire Mining Limited and Northern Railways LLC is HLB Mann Judd.

	2011 $	2010 $
Amounts received or due and receivable by HLB Mann Judd for:		
An audit or review of the financial reports	34,350	20,700
Other Services	-	8,000
	34,350	28,700

Other services provided by HLB Mann Judd in 2010 related to the preparation of the Independent Experts Report included in the 7 January 2010 Notice of Meeting to Shareholders to approve the Ovoot Coking Coal Project Acquisition.

The auditor of Khurgatai Khairkhan LLC and its direct subsidiaries is Onch Audit LLC, Mongolia.

	2011 $	2010 $
Amounts received or due and receivable by Onch Audit LLC for:		
An audit or review of the financial reports	12,380	-
Other Services	-	-
	12,380	-

NOTE 23: DIRECTORS AND EXECUTIVES DISCLOSURES

(a) Details of Key Management Personnel

Mr David McSweeney	(Non-Executive Chairman)
Mr David Paull	(Managing Director)
Mr Neil Lithgow	(Non-Executive Director)
Mr Gan-Ochir Zunduisuren	(Non-Executive Director)
Mr Tony Pearson	(Non-Executive Director – appointed 23 December 2010)
Mr Russell Lynton-Brown	(Non-Executive Director – resigned 26 June 2011)
Mr Andrew Edwards	(Non-Executive Director – appointed 1 July 2011)
Mr Mark Read	(Non-Executive Director – appointed 1 July 2011)
Mr Phil Rundell	(Company Secretary and Chief Financial Officer)
Mr Kerry Griffin	(Country Manager, Mongolia – service agreement from 1 August 2010 to 20 June 2011)
Mr Fergus Campbell	(Chief Operating Officer – appointed 7 February 2011)
Mr Glen Ainsworth	(Country Director, Mongolia – appointed 19 May 2011)
Mr Iestyn Broomfield	(Exploration Manager, Mongolia – appointed 31 May 2011)

Key management personnel remuneration has been included in the Remuneration Report section of the Directors' Report.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

NOTE 23: DIRECTORS AND EXECUTIVES DISCLOSURES (continued)

(b) Option holdings of Key Management Personnel – Class A Options exercisable at 5 cents on or before 12 February 2015.

	Balance at beginning of period	Granted	Exercised	Expired	Balance at end of period
2011					
Mr David Paull (Note 1)	943,396	-	-	-	943,396
Mr David McSweeney	4,716,981	-	-	-	4,716,981
Mr Neil Lithgow (Note 2(a))	29,000,000	-	-	-	29,000,000
Total	34,660,377	-	-	-	34,660,377
2010					
Mr David Paull (Note 1)	-	943,396		-	943,396
Mr David McSweeney	-	4,716,981	-	-	4,716,981
Mr Neil Lithgow (Note 2(a))	-	29,000,000	-	-	29,000,000
Total	-	34,660,377	-	-	34,660,377

Note 1: Mr David Paull and Mr Neil Lithgow are directors of Red Island Resources Limited a public unlisted company which is a beneficial owner of 49 million 5c Class A options over ordinary shares.

(c) Option holdings of Key Management Personnel – Performance Options exercisable at 5 cents on or before 12 February 2015.

	Balance at beginning of period	Granted	Exercised	Expired	Balance at end of period
2011					
Mr David Paull (Note 1)	20,000,000	-	-	-	20,000,000
Mr David McSweeney	10,000,000	-	-	-	10,000,000
Mr Neil Lithgow (Note 2(b))	36,000,000	-	-	-	36,000,000
Mr Gan-Ochir Zunduisuren (Note 4)	10,000,000	-	-	-	10,000,000
Total	76,000,000	-	-	-	76,000,000
2010					
Mr David Paull (Note 1)	-	20,000,000	-	-	20,000,000
Mr David McSweeney	-	10,000,000	-	-	10,000,000
Mr Neil Lithgow (Note 2(b))	-	36,000,000	-	-	36,000,000
Mr Gan-Ochir Zunduisuren (Note 4)	-	10,000,000	-	-	10,000,000
Total	-	76,000,000	-	-	76,000,000

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

NOTE 23: DIRECTORS AND EXECUTIVES DISCLOSURES (continued)

(d) Shareholdings of Key Management Personnel

	Balance at beginning of period	Granted	On- and off-Market movements	Balance on retirement	Balance at end of period
2011					
Mr David Paull (Note 1)	1,886,792	-	-	-	1,886,792
Mr David McSweeney (Note 3)	14,283,962	-	-	-	14,283,962
Mr Neil Lithgow (Note 2(a))	58,000,000	-	2,000,000	-	60,000,000
Mr Gan-Ochir Zunduisuren (Note 4)	48,000,000	-	(9,000,000)	-	39,000,000
Mr Russell Lynton-Brown (Note 5)	4,240,001	-	(2,000,000)	(2,240,001)	-
Mr Fergus Campbell (Note 6)	-	-	592,326	-	592,326
Total	126,410,755	-	(8,407,674)	(2,240,001)	115,763,080
2010					
Mr David Paull (Note 1)	-	1,886,792		-	1,886,792
Mr David McSweeney (Note 3)	-	14,283,962	-	-	14,283,962
Mr Neil Lithgow (Note 2(a))	-	58,000,000	-	-	58,000,000
Mr Gan-Ochir Zunduisuren (Note 4)	-	48,000,000	-	-	48,000,000
Mr Russell Lynton-Brown (Note 5)	4,240,001	-	-	-	4,240,001
Mr Fergus Campbell	-	-	-	-	-
Total	4,240,001	122,170,754	-	-	126,410,755

Note: Mr David Paull and Mr Neil Lithgow are directors of Red Island Resources Limited, a public unlisted company, which is a beneficial owner of 49 million 5c Class A Options and 49,000,000 5c Performance Options over ordinary shares.

Note 1: Options and Shares held in 2Rs Pty Ltd ATF The Paull Family Trust. Mr Paull is a Director of 2Rs Pty Ltd.

Note 2(a): Options and Shares held in Spectral Investments Pty Ltd. Mr Lithgow is a director of Spectral Investments Pty Ltd.

Note 2(b): Options held in name of Big Fish Nominees Pty Ltd. Mr Lithgow is a director of Big Fish Nominees Pty Ltd.

Note 3: 4,500,000 shares held in the name of Brookman Resources Pty Ltd ATF David McSweeney Superannuation Fund. Mr McSweeney is a Director of Brookman Resources Pty Ltd and is a beneficiary of the David McSweeney Superannuation Fund.

Note 4: Options in the name of GZ Capital LLC of which Mr Zunduisuren is the sole director. 38,000,000 shares were held in the name of GZ Capital LLC until transferred to HSBC Custody Nominees Australia Limited in June 2011. Mr Zunduisuren remains the beneficial owner of the shares. 1,000,000 shares are held by Dorisuren Bayaambatseren, a spouse of Mr Zunduisuren.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

NOTE 23: DIRECTORS AND EXECUTIVES DISCLOSURES (continued)

(d) Shareholdings of Key Management Personnel (continued)

Note 5:

(a) 80,001 shares held in the name of Russell Lynton Brown.

(b) 2,080,000 shares held in the name of Husif Nominees Pty Ltd <RC Lynton-Brown Family A/c>; Mr Lynton-Brown is a director and controlling shareholder.

(c) 40,000 shares held in the name of Mrs Joanne Marie Lynton-Brown, a spouse of Mr Lynton-Brown and an associate for this purpose.

(d) 40,000 shares held in the name of Mr Russell Lynton-Brown & Mrs Rosemary Beeck ATF R Lynton-Brown Super A/c. Mr Lynton-Brown is a beneficiary.

Note 6: Shares held in name of Snowleigh Investments Pty Ltd. Mr Campbell is the sole director and shareholder of Snowleigh Investments Pty Ltd. Snowleigh Investments had acquired 59,126 shares (held at 30 June 2010) prior to the appointment of Mr Campbell to the Company.

(e) Related Party Disclosures

1. Disclosure of interest in rental services agreements with Retyre Pty Ltd DAPRB Pty Ltd
   - David Paull is a director and part owner of Retyre Pty Ltd and DAPRB Pty Ltd
   - Services provided include office space.
   - For the periods July 2010 to October 2010 and November 2010 to June 2011 Retyre Pty Ltd and DAPRB Pty Ltd, respectively, provided the Company with office space on a monthly bases. The amounts were charged at commercial market rates. The Company paid Retyre Pty Ltd and DAPRB Pty Ltd $14,636 and $40,945 respectively for rent and outgoings (2010: $17,937).
2. Disclosure of interest in Agreement with Bluesky Minerals LLC
   - Gan-Ochir Zunduisuren is a director and owner of Bluesky Minerals LLC.
   - Services provided include project identification services.
   - Services are provided on a retainer basis of US$15,000 (2010: US$2,000) a month.
   - The Group had paid US$171,800 for these services during the year (2010: US$7,666).

(f) Subsidiaries

The consolidated financial statements include the financial statement of Aspire Mining Limited and the subsidiaries noted in the following table:

		% Equity Owned		Investment	
Name	**Country of incorporation**	**2011**	**2010**	**2011**	**2010**
Khurgatai Khairkhan LLC	Mongolia	100%	100%	$9,428,158	$9,500,000
Northern Railways LLC	Mongolia	100%	-	$97,408	-
Ovoot Coal LLC	Mongolia	100%	-	-	-
Chilchig Gol LLC	Mongolia	100%	-	-	-
Urd Hutlga UUL LLC	Mongolia	100%	-	-	-
ASTS LLC	Mongolia	100%	-	-	-

Aspire Mining Limited is the ultimate Australian parent entity and ultimate parent of the Group. Transactions between these parties involved the provision of funding for operations. As at 30 June 2011 an amount of $9,736,541 was owed by Khurgatai Khairkhan LLC to the Company (2010:$740,922).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

NOTE 24: PARENT ENTITY DISCLOSURES

Financial position

	30 June 2011 $	30 June 2010 $
Assets		
Current assets	12,114,311	5,626,635
Non-current assets	9,560,751	11,377,059
Total assets	21,675,062	17,003,694
Liabilities		
Current liabilities	443,149	3,408,577
Non-current liabilities	-	-
Total liabilities	443,149	3,408,577
Equity		
Issued capital	39,156,503	19,258,065
Reserves	858,610	867,176
Accumulated losses	(18,783,200)	(6,530,124)
Total equity	21,231,913	13,595,117

Financial performance

	Year ended 30 June 2011 $	Year ended 30 June 2010 $
Loss for the year	(12,253,076)	(869,117)
Other comprehensive income	16,000	-
Total comprehensive loss	(12,237,076)	(869,117)

DIRECTORS' DECLARATION

In the opinion of the directors of Aspire Mining Limited ('the Company'):

1. The financial statements and notes thereto, as set out on pages 16 to 49, are in accordance with the Corporations Act 2001 including:

   a. giving a true and fair view of the consolidated entity's financial position as at 30 June 2011 and of its performance for the year then ended; and

   b. complying with Accounting Standards and Corporations Regulations 2001; and

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.

3. The financial statements and notes are in accordance with International Financial Standards issued by the International Accounting Standards Board.

4. This declaration has been made after receiving the declarations required to be made to the directors in accordance with Section 295A of the Corporations Act 2001 for the financial year ended 30 June 2011.

This declaration is signed in accordance with a resolution of the Board of Directors.

David Paull
Managing Director
29 September 2011

HLB Mann Judd

Accountants | Business and Financial Advisers

INDEPENDENT AUDITOR'S REPORT

To the members of Aspire Mining Limited

Report on the Financial Report

We have audited the accompanying financial report of Aspire Mining Limited ("the company"), which comprises the statement of financial position as at 30 June 2011, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration for the consolidated entity. The consolidated entity comprises the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the 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 financial report that is free from material misstatement, whether due to fraud or error.

In Note 1(d), the directors also state, in accordance with Accounting Standard AASB 101: *Presentation of Financial Statements*, that the consolidated financial report complies with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Matters relating to the electronic presentation of the audited financial report

This auditor's report relates to the financial report and remuneration report of Aspire Mining Limited for the financial year ended 30 June 2011 included on Aspire Mining Limited's website. The company's directors are responsible for the integrity of the Aspire Mining Limited website. We have not been engaged to report on the integrity of this website. The auditor's report refers only to the financial report and remuneration report identified in this report. It does not provide an opinion on any other information which may have been hyperlinked to/from the financial report. If users of the

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financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report and remuneration report to confirm the information contained in this website version of the financial report.

Independence

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

Auditor's Opinion

In our opinion:

(a) the financial report of Aspire Mining Limited is in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2011 and of its performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1(d).

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2011. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion, the Remuneration Report of Aspire Mining Limited for the year ended 30 June 2011 complies with section 300A of the *Corporations Act 2001*.

HLB Mann Judd

HLB MANN JUDD
Chartered Accountants

Norman Glad

N G NEILL
Partner

Perth, Western Australia
29 September 2011