

## **ASX RELEASE**



**For Immediate Release – 29 July 2016**

# **QUARTERLY REPORT Quarter Ended 30 June 2016**

## **Northern Railways Investment Update**

- On 24 June 2016 the Presidents of China, Russia and Mongolia signed off on a Trilateral Programme to develop an Economic Corridor between the three countries. This programme includes the establishment of a new Northern Rail Corridor connecting China with Russia through Mongolia.
- Aspire owns 90% of Northern Railways LLC, a company that has a 30 year Concession to build, operate and transfer the Erdenet to Ovoot Railway. This Railway is specifically included in this new “Northern Rail” Economic Corridor.
- Being part of this Corridor now places the Erdenet to Ovoot Project as a priority funding project for development banks and funds established to support the build out of China’s One Belt One Road policy.
- Northern Railways LLC and its advisers continue discussions with potential funders of the feasibility study for the Erdenet to Ovoot Railway.

## **Tavan Tolgoi and Aspire to Cooperate on Blending Initiatives.**

- On 23 June 2016 the Company announced that it had entered into a Memorandum of Understanding with Erdenes Tavan Tolgoi JSC, the owner of the world class Tavan Tolgoi Coking Coal Mine, Mongolia’s largest deposit.
- The MOU contains steps to eventually complete a feasibility study to blend Ovoot Coking Coal with non-coking coals from Tavan Tolgoi to produce a blended coking coal.

## **Corporate Update**

- Seaborne metallurgical coal prices have held their March quarter gains with cuts to domestic Chinese coking coal production helping to lift Chinese domestic prices
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Aspire Mining Limited (ASX: AKM, **Aspire**, or the **Company**), focussed on the exploration and development of metallurgical coal assets in Mongolia, is pleased to present its Quarterly Activities Report to Shareholders for the period ending 30 June 2016.

The Company is the largest coal tenement holder in the Orkhon-Selenge Coal Basin in northern Mongolia. Aspire currently wholly owns the large scale, world class Ovoot Coking Coal Project (**Ovoot**), Through its 50% ownership in the Ekhgoviin Chuluu Joint Venture (**ECJV**), Aspire also holds an interest in the Nuurstei Coking Coal Project (**Nuurstei**) as well as the Erdenebulag Coal Project (**Erdenebulag**) in the south.

Northern Railways LLC (**Northern Railways**), Aspire’s Mongolian rail infrastructure subsidiary is responsible for activities associated with the commercialisation and future development of the 547 km Erdenet to Ovoot railway in northern Mongolia (**Rail Project**). The Erdenet to Ovoot railway is a part of Mongolian Rail Policy and now has been included in the “Northern Rail” Economic Corridor, a new initiative to establish an international Economic Corridor between China and Russia through Mongolia and supported by all three Governments to facilitate trade between the three nations and the wider Asian and European economies.



Figure 1: Location of Projects and New Economic Corridor

## OVOOT COKING COAL PROJECT (100%)

During the quarter, the Company was able to conclude and sign a Memorandum of Understanding (“MOU”) with Erdenes Tavan Tolgoi, the owner of the world class Tavan Tolgoi Coking Coal Mine (“TT”). This mine is by far the largest coking coal deposit in Mongolia and is currently Government owned.

As part of TT’s 30 year mine plan, significant quantities of non-coking coal are required to be mined. While some of this coal may end up in thermal coal plants, the balance is essentially not marketable. However, Aspire has been able to demonstrate that Ovoot Coking Coal, when blended with this TT non coking coal, upgrades the blended product to a marketable Primary Coking Coal under the Chinese coking coal classification system. The two coals are particularly compatible in the blending process.

The MOU includes agreement to share data and further samples, establish a working group to prepare a feasibility study based on an 8 to 10 Mtpa blending yard and in the event this study is positive, agree to enter into commercial negotiations to establish a joint venture.

This is an important development for the long term success of the Ovoot Coking Coal Project, aligning Ovoot with the very large and important TT project. It also highlights the high value in use of Ovoot Coking Coal as a blending coal and its ability to upgrade non or low caking coking coals.

## CORPORATE

### Acquisition Possibilities in the Coking Coal Market

The Company is actively reviewing acquisition possibilities in the coking coal market. The Company believes that the bottom in the coking coal market was found in the December 2015 Quarter with structural change on the supply side in China helping to improve domestic prices while adding to demand in seaborne markets. Overall, demand for steel and coking coal remains flat.

Given the Company’s view that metallurgical coal prices have formed a base, the Company continues to review acquisition opportunities for existing and near production coking coal projects both in Australia and Mongolia in cooperation with a consortium which includes funding provided by Asian based funds.

### Cash Position

Aspire had A\$0.42 million cash as at 30 June 2016.

Corporate overheads continue to be kept to a minimum while still maintaining a small project team in Mongolia capable of taking the rail project forward immediately on feasibility funding being received.

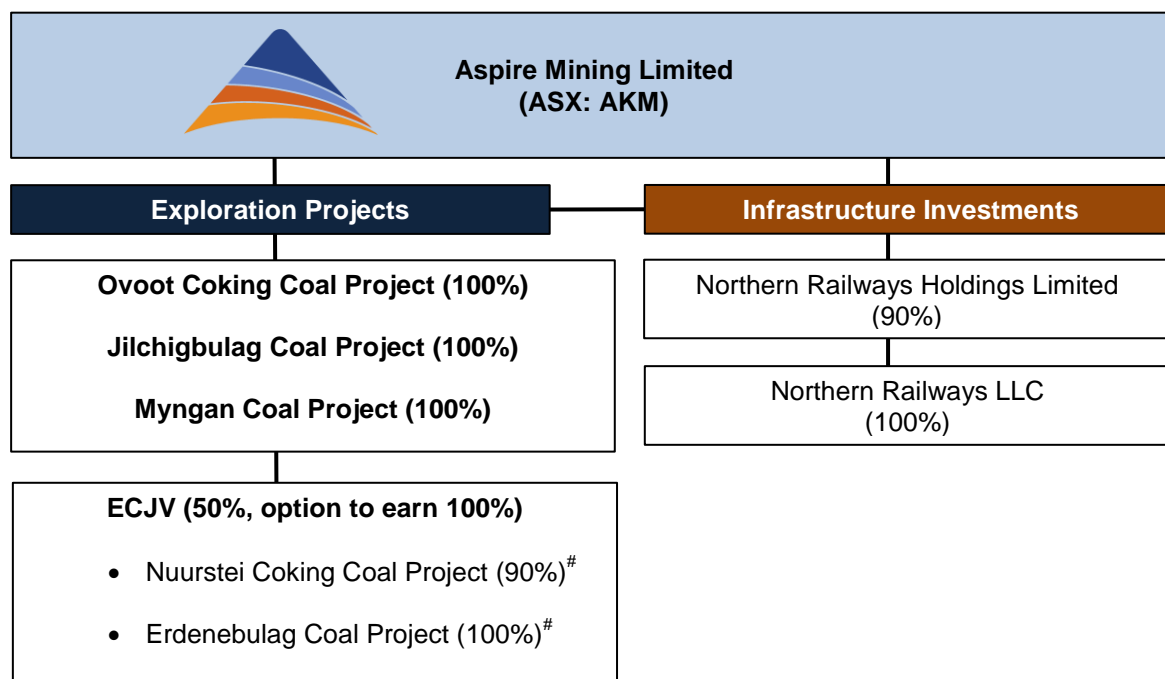
### Capital Structure at 30 June 2016:

<b>Security</b>	<b>No. on issue</b>
Quoted Ordinary Shares	928,288,306
Quoted Options	188,912,500
Unlisted Performance Rights	44,000,000

**Interests in mining and exploration tenements at 30 June 2016:**

Tenement	Location	Attributable Equity
<b>Ovoot</b> MV017098 017003X	Mongolia	100% 100%
<b>Hurimt</b> 14510X 14637X	Mongolia	100% 100%
<b>Jilchigbulag</b> 12816X	Mongolia	100%
<b>Myngan</b> 17922X	Mongolia	100%
<b>Nuurstei (ECJV)</b> 13958X 13580X	Mongolia	45% 45%
<b>Erdenebulag (ECJV)</b> 18294X 18304X	Mongolia	50% 50%

**Group Investment Structure**



#Ekhgoviin Chuulu Joint Venture assets

# NORTHERN RAILWAYS LLC



Mongolian registered Northern Railways LLC is the responsible entity progressing the development of the 547 kilometre Erdenet to Ovoot railway project in northern Mongolia (refer Figure 4). The Rail Project will be implemented under a private-public-partnership with the Government of Mongolia which has granted Northern Railways the exclusive right to build and operate the Rail Project under the terms agreed within the Concession Agreement which was executed in September 2015.

Northern Railways LLC is currently owned 90% by Aspire and 10% by the Noble Group.

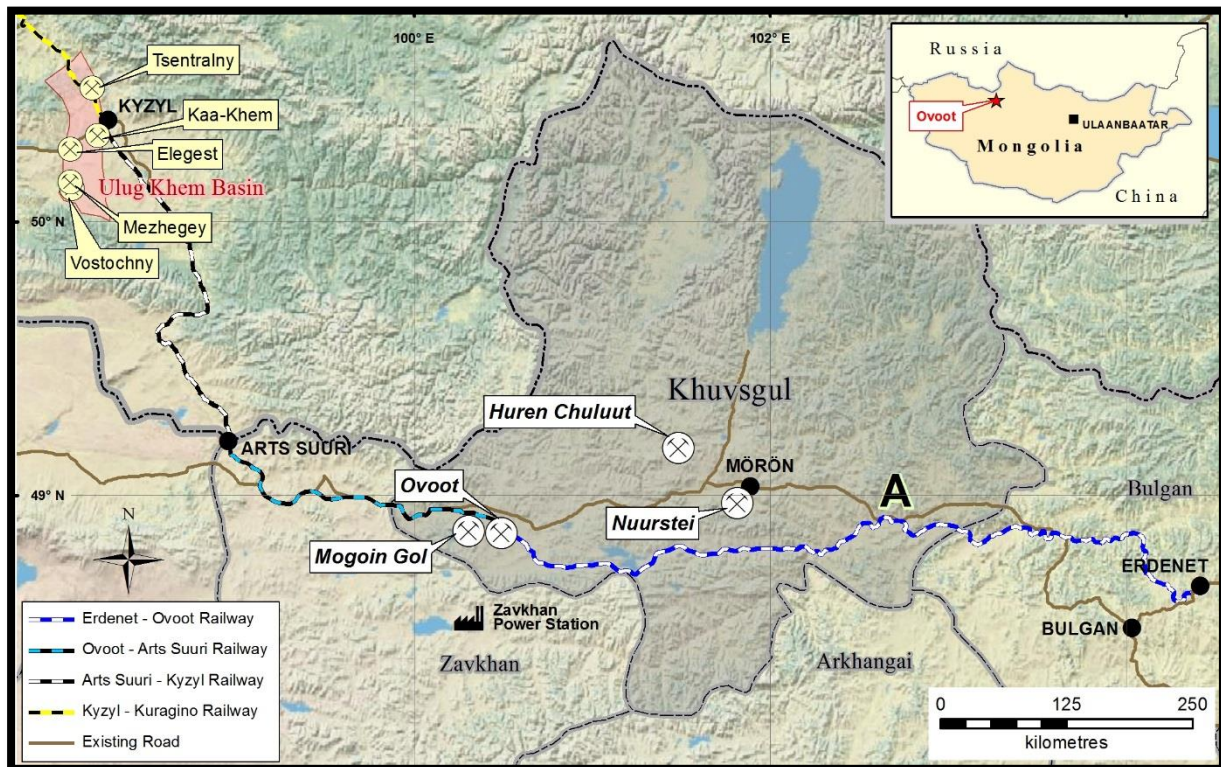


Figure 2: Northern Railways Rail Project forms part of a planned international trade corridor between Russia, Mongolia and China

## **Inclusion in New “Northern Rail Economic Corridor”**

It was confirmed in late June 2016 that the Company’s Erdenet to Ovoot Rail project is included in a programme to develop a new “Northern Rail” Economic Corridor which was agreed by the Governments of China, Russia and Mongolia.

Called the “Northern Rail Corridor”, the programme identifies a 3,500km rail path connecting the seaport of Tianjin to the Trans-Siberian Railway at Kuragino. Approximately 2,100 kilometres of this rail corridor already exists and Aspire’s rail subsidiary, Northern Railways LLC, has been awarded a Rail Concession from the Mongolian Government to build, operate and transfer a 547 kilometre section of the Northern Rail Corridor from Erdenet to Aspire’s Ovoot Coking Coal Project. Northern Railways LLC is owned 90% by Aspire and 10% by the Noble Group.

The Northern Rail Corridor requires the completion of additional rail developments from Erdenet to Ovoot (547 kms) to Arts Suuri (200 kms) to Kyzyl (260 kms) and to Kuragino (410 kms) for a total of 1,414 kms. Each of these rail developments will be subject to identifying their commercial feasibility. Two-way trade freight along this Northern Rail Corridor will provide a long term demand for fast efficient rail freight services.



Figure 3: Erdenet – Ovoot railway forming part of the Northern Rail Corridor from the Chinese Port of Tianjin through Mongolia to Kuragino on the Trans Siberian Railway

The establishment of this Northern Rail Corridor confirms that the Erdenet to Ovoot Railway has advanced from being a rail connection to a large coking coal project, to now being part of an important new trade infrastructure route.

It is also the Company’s understanding that Aspire is the only listed public company with a significant interest in this new rail corridor.

Funding for the rail feasibility study and the additional work required for final permitting and approvals continues to be sought by Northern Railways. Discussions with potential financiers for that funding are continuing.

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### **About Aspire Mining Limited**

Aspire Mining Limited is listed on the ASX (ASX: AKM) and is the largest coal tenement holder in Mongolia's Northern provinces and is focused on identifying, exploring and developing quality coking coal assets. Aspire currently owns a 50% interest in and is the operator of the Ekhgoviin Chuluu Joint Venture (ECJV), and has an option to increase its ownership to 100% of the ECJV. The ECJV owns a 90% interest in the Nuurstei Coking Coal Project (Nuurstei). Depending on the further analysis of the results of the 2015 program, future positive economic studies, funding and the grant of necessary approvals and licenses, Nuurstei could commence a road based production operation and access the new Erdenet to Ovoot railway as early as two years from commencement of its construction.

Aspire is also the owner of the world class Ovoot Coking Coal Project (Ovoot Project) which is the second largest coking coal project by reserves in Mongolia. The Ovoot project development is dependent on the construction of the Erdenet to Ovoot railway which is being progressed by Northern Railways LLC (Northern Railways).

Production from the Ovoot Project can coincide with the commissioning of the Erdenet to Ovoot Railway.

### **About Northern Railways LLC**

Northern Railways LLC (Northern Railways) is a Mongolian registered rail infrastructure company mandated to pursue the development of the Erdenet to Ovoot Railway, and is supported by a consortium consisting of Aspire Mining, and subsidiaries of Fortune 500 listed China Railway Construction Corporation – China Railway 20 Bureau Group Corporation (CR20G) and China Railway First Survey & Design Institute (FSDI).

The Erdenet to Ovoot Railway extends 547 km between the town of Erdenet to Aspire's Ovoot Project, which connects northern Mongolia to China and international markets. In accordance with Mongolian National Rail Policy, the Erdenet to Ovoot Railway is a multi-user rail line and will be available for the transport of bulk materials, agricultural and general freight from the region to export markets including China, Russia and seaborne markets.

The Erdenet to Ovoot Railway will play an important part in the establishment of a new Northern Rail Economic Corridor through Mongolia, the subject of a trilateral programme agreed by the governments of China, Russia and Mongolia. This Economic Corridor through Mongolia links closely with Chinese policies to establish a New Silk Road to improve Euro-Asian trade, and Russia's policy of establishing a Euro-Asian economic zone.

In August 2015, Northern Railways was granted an exclusive 30 year concession by the Mongolian Government to build and operate the Erdenet to Ovoot Railway. Northern Railways is now progressing negotiations for the required funding for the completion of a bankable feasibility study and other studies necessary to support applications for licences, permits and approvals, and negotiations for the EPC contract.

### **About Ekhgoviin Chuluu Joint Venture**

The Ekhgoviin Chuluu Joint Venture (ECJV) is currently a 50/50 joint venture arrangement between Aspire and Singapore listed Noble Group (SGX: N21, Noble). Aspire is the operator of the ECJV and has an option to purchase Noble's 50% interest, exercisable by March 2017. The ECJV owns a 90% interest in the Nuurstei Coking Coal Project (Nuurstei) located in northern Mongolia and a 100% interest in the Erdenebulag Coal Project located in the South Gobi region of Mongolia.

Nuurstei's close proximity to existing infrastructure (town, road, rail and services) provides an excellent opportunity to assess the economics of a road-based operation, prior to the completion of the Erdenet to Ovoot railway construction.

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