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## ASX RELEASE



**For Immediate Release – 20 February, 2017**

### **Northern Railways and Ulaanbaatar Railways JSC sign Cooperation Agreement.**

- **Ulaanbaatar Railways JSC (“UBTZ”) is a Mongolian and Russian Government Joint Venture which manages all railway operations in Mongolia and owns the Trans Mongolian Railway.**
- **UBTZ and Northern Railways have signed an MOU to cooperate and negotiate on:**
  - **Access to the UBTZ rail network from Erdenet;**
  - **Technical specifications of rolling stock required on the UBTZ Rail Network;**
  - **Management of transport operations along the Erdenet to Ovoot Railway and integration into Trans Mongolian Rail traffic;**
  - **Maintenance of the Erdenet to Ovoot Railway post commissioning; and**
  - **Cooperation on the rehabilitation of the Erdenet to Salkhit spur line that connects onto the Trans Mongolian Railway.**

Mongolian metallurgical coal explorer and infrastructure company, Aspire Mining Limited (ASX: AKM, the **Company** or **Aspire**), has, through its rail subsidiary, Northern Railways LLC (“**Northern Railways**”), signed a Memorandum of Understanding (“**MOU**”) with Ulaanbaatar Railways JSC (“**UBTZ**”) to cooperate on a number of matters to progress the commercialisation of the Erdenet to Ovoot Railway.

The signing occurred during a conference in Ulaanbaatar sponsored by UBTZ focusing on developments that will see substantial freight volume growth through to 2030.

The Company announced on 9 January 2017 that it had received the First Stage Feasibility Study from China Railway First Survey and Design Institute Group Co Ltd which confirmed that the Erdenet to Ovoot Railway is both financially and technically feasible.

Northern Railways has now signed the MOU with UBTZ to progress a number of key commercial agreements required to support construction funding of the Erdenet to Ovoot Railway. These include the commercial terms upon which the Erdenet to Ovoot Railway users can access the UBTZ line to move freight through to end markets in Mongolia, south to China or north to Russia. This would encompass a capacity nomination regime and long term tariff structures. It is expected that the Erdenet to Ovoot Railway users will become the largest users of UBTZ rail services over time.

Commercial agreement will also be needed in respect of UBTZ’s traffic management and line maintenance capabilities as well as cooperating on the rehabilitation of the Erdenet to Salkhit spur line that connects onto the main line. This is a 164 km line that has limited capacity availability to absorb the substantially higher capacity that will be required to service the Erdenet to Ovoot Railway users and will require significant rehabilitation over time.



Figure 1: Mr Ganbat Badarch, Director of Northern Railways LLC, (left) and Mr Jigjidnyamaa Damdinsuren, Chairman of Ulaanbaatar Railways JSC, signing the Memorandum of Understanding on 17 February 2017.

Aspire’s Managing Director, Mr David Paull, said that “a close working relationship between Northern Railways and UBTZ will be essential for the successful development of the Northern Rail Corridor which will add significant long term demand for UBTZ’s rail services”.

**END**

## **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 is the 100% owner of the world class Ovoot Coking Coal Project (Ovoot Project) which is the second largest coking coal project by reserves in Mongolia. The Ovoot Project development is dependent on the construction of the Erdenet to Ovoot Railway which is being progressed by Aspire's subsidiary, Northern Railways LLC (Northern Railways). Northern Railways was granted a rail concession in August 2015 and is progressing the negotiations and completion of a bankable feasibility study, funding, EPC contract, applications for licenses, permits and approvals to commence railway construction.

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

Aspire also 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 which has announced an initial JORC Compliant resource.

## **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 549km 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 the Northern Rail Corridor through Mongolia, the subject of a trilateral program agreed by the Presidents of China, Russia and Mongolia. The Northern Rail Corridor through Mongolia is primarily aimed at improving trade by reducing regulation, improving capacity at borders and to improve road and rail infrastructure to meet this increased demand for transport services. The Northern Rail Corridor through Mongolia links closely with Chinese policies to establish a New Silk Road to improve Euro-Asian trade, and Russia's policy of establishing a Euro-Asian economic zone.

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

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

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