

ASX RELEASE



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QUARTERLY REPORT Quarter Ended 30 September 2017

Northern Railways Investment Update

- Northern Railways LLC signed a binding Memorandum of Understanding with China Gezhouba Group Corporation (“CGGC”) to complete the Feasibility Study for the Erdenet to Ovoot Railway.
- CGGC will decide before 15 February 2018 whether it will fund Northern Railways through to completion of rail concession and financing conditions precedent to earn a 51% interest in Northern Railways.

Nuurstei Coking Coal Project (Now 90%).

- Aspire doubled its beneficial interest in the Nuurstei Coking Coal Project to 90% with the exercise of the option in August 2017 to acquire an additional 45% interest.
- Mining License MV-020941 granted conferring 30 year tenure.

Balance Sheet Restructure and Placement Announcement and Approval

- A placement capital raising closed on 14 August 2017 raising \$1.1 million before costs with the issue of 55.4 million shares at 2 cents per share with 55.4 million free attaching 12 month options exercisable at 2.5 cents.
- A total of A\$2.633 million in debt and obligations were converted to equity, including the US\$1 million initial option exercise consideration to increase the beneficial interest in the Nuurstei Coking Coal Project to 90%.
- The conversions were done on the same terms as the capital raising resulting in the issuance of 131.7 million shares and 131.7 million free attaching 12 month options exercisable at 2.5 cents.
- Noble Group agreed to consolidate and roll out US\$6.65 million in existing debt to August 2019.
- The placement, debt and balance sheet restructure transactions were approved at an Aspire shareholders’ meeting on 26 July 2017.

Aspire Mining Limited (ASX: AKM, **Aspire**, or the **Company**), focussed on the exploration and development of metallurgical coal assets in Mongolia and the rail infrastructure required to bring production from these assets to market, is pleased to present its Quarterly Activities Report for the quarter ending 30 September 2017.

The Company currently wholly owns 100% of the large scale, world class Ovoot Coking Coal Project (**Ovoot Project**), and now a 90% interest in the Nuurstei Coking Coal Project (**Nuurstei Project**), both located in northern Mongolia.

Northern Railways LLC (**Northern Railways**), Aspire’s Mongolian rail infrastructure subsidiary, is responsible for activities associated with the construction and commercialisation of the 549 km Erdenet to Ovoot Railway in northern Mongolia. The Erdenet to Ovoot Railway is a part of Mongolian Rail Policy included in the “Northern Rail” Economic Corridor, an 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 Aspire’s Projects and New Rail Economic Corridor

Nuurstei Coking Coal Project (90%)

During the quarter and after receiving shareholder approval at a shareholders' meeting held on 26 July 2017, the Company completed the acquisition from major shareholder, Noble Group (SGX: N21, **Noble**) of the remaining 50% interest in the corporate structure that holds a 90 % interest in the Nuurstei Project

The Company has engaged a mining contractor to provide quotes for commercial scale trial quantities of coking coal for toll washing in northern China and shipment to potential customers in the Hebei province. Preliminary indicative samples totalling 400 kgs have been provided to steel mills and the positive feedback reflects the excellent hard coking coal properties of Nuurstei. Coal sale opportunities are being negotiated.

The Company also continued to work on progressing the Nuurstei Project mine development with the issuance of mining license MV-020941 covering 860 hectares. The license area includes all known resources and resource extension areas and provides 30 year tenure over the property. Prior to mining commencing, a Definitive Environmental Impact Assessment and Management Plan will need to be lodged with the Mineral Resource Authority of Mongolia.

The Company continues to investigate the economics of mining and trucking Nuurstei Project washed coking coal. The Company has previously completed a Conceptual Mining Study over a near surface mining area with the results announced on 19 April 2017. The study concluded that there is the potential for the Nuurstei Project to become a competitive cost near term producer of coking coal with first coking coal production occurring within 12 – 15 months of the decision to mine.

Development of the Nuurstei Project will be subject to access to funding, the results of a A\$2 million drilling and sampling programme and the integration of these results into an updated geological model, new mine plan and feasibility study, and Board approval.

Substantial focus was applied to capital cost estimates for developing the Nuurstei Project. A review of local infrastructure capital and modular wash plant capital estimates from Chinese suppliers has seen the current capital cost estimate fall within a range of US\$13 – US\$14 million before working capital.

The Nuurstei Project is located in northern Mongolia and is 10 kilometres south from the Khuvsgul airmag capital of Moron. It also lies in close proximity to a sealed road to the Erdenet connection to the Trans Mongolian Railway. The Nuurstei Project is also well placed to be an early user of the proposed Northern Rail Corridor that includes extension of the rail from Erdenet to the Ovoot Project and then further northwest to the Russian city of Kyzyl. The use of rail from Nuurstei to Erdenet as opposed to the current trucking plan will indicatively save an estimated US\$7 – US\$9\tonne on transport costs to the Mongolian\Chinese border.

Ovoot Coking Coal Project (100%)

The Company continues to progress the Erdenet to Ovoot Railway to provide an efficient path for the Ovoot Coking Coal Project to reach steel mills in China, Russia and Eastern Europe.

The Company's total project area including mining license and exploration land holdings totals 134 square kilometres.

The Company has identified two holes outside the current resource model, each according to gravity surveys have the potential to provide valuable geological data that will assist in future exploration drilling. This work will be done before the end of the calendar year, subject to funding.

Northern Railways LLC (90%)



Mongolian registered Northern Railways LLC is the responsible entity progressing the development of the 549 kilometre Erdenet to Ovoot railway project in northern Mongolia (Rail Project) 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 granted in August 2015. The time frame for completing the conditions precedent in the Concession Agreement has subsequently been extended to August 2018.

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

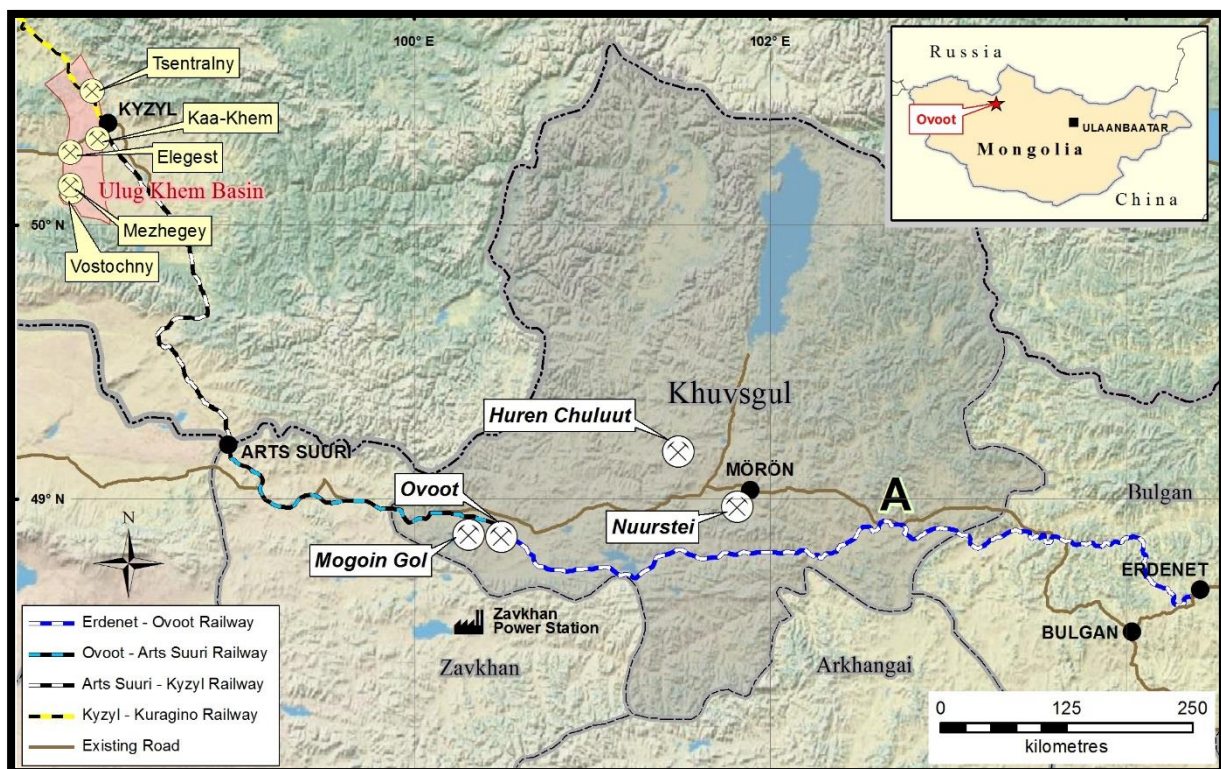


Figure 2: Northern Railways Rail Project forms part of a planned international trade corridor between Russia, Mongolia and China

In January 2017, the company received the First Stage Feasibility Study from China Railways Corporation subsidiary, First Survey and Design Institute, which confirmed that the Railway was both technically and financially feasible.

In the June 2017 Quarter, Northern Railways LLC signed a non-binding MOU with the China Gezhouba Group Corporation (“CGGC”) to work together to advance the Erdenet – Ovoot Railway Project. In October 2017 the Company announced that Northern Railways LLC had now signed a binding MOU whereby CGGC will complete the Erdenet – Ovoot Feasibility Study, which would otherwise be at a cost to the Company of US\$5.5 million. Under the MOU, CGGC has agreed to complete the second and final stage of the Rail Bankable Feasibility Study by 31 March 2018. In return, Northern Railways has agreed to seek to include CGGC along with China Railways Construction Bureau 20 Group to jointly work on the design, procurement and construction of the project. If CGGC is not included in the design, procurement and construction of the rail project, NR has agreed to compensate CGGC for the work performed on the Feasibility Study.

The MOU also sets out a pathway for the development of the Erdenet to Ovoot Railway Project as well as the potential extension of that project from Ovoot through to the Mongolian/Russian border. To this end, CGGC have expressed a willingness, on a best efforts basis, to:

- assist Northern Railways to seek investors to fund the Northern Rail Corridor, as well as support Northern Railways efforts to extend the Northern Rail Corridor to eventually connect to Russia at the Arts Suuri border; and
- assist Aspire source investment to fund the development of the Ovoot Coking Coal Project.

The MOU also provides the framework by which CGGC can provide additional equity investment in Northern Railways to fund the company through to meeting the outstanding conditions precedent for the Erdenet – Ovoot Rail Concession and for EPC funding, with such additional equity investment proposed to be made on or before 15 February 2018. Outstanding conditions precedent for the Erdenet – Ovoot Rail Concession and for EPC funding include a Definitive Environmental Impact Assessment and Management Plan, land access agreements, commercial agreement negotiations and owners' costs.

In the event that CGGC were to provide such funding to Northern Railways, the MOU contemplates that CGGC would acquire a 51% equity interest in Northern Railways during this predevelopment stage. CGGC's equity interest in Northern Railways post EPC funding would be expected to dilute below 50% once the project moves into the development phase as a result of the significant new investment required to fund the development of the project.

CGGC is a large Chinese state owned construction company with branches in 99 companies and with broad experience in hydro power, bridges, railways and ports. Attracting such a prominent Chinese state owned company reflects the high importance that the Erdenet – Ovoot Railway has for China's One Belt One Road initiative.

CORPORATE

At the General Meeting held on 26 July 2017, the Shareholders of the Company approved the following resolutions:

- the exercise of the Option by the Company to acquire from Noble the other 50% interest to provide 100% shareholding in the incorporated entity that holds 90% of the Nuurstei Project; and
- the making of a public offer of the Company's securities pursuant to a prospectus issued under the Corporations Act to issue up to 200,000,000 fully paid ordinary Shares in the Company at an issue price of \$0.02 per Share, together with one free attaching Option for every Share subscribed for, to raise up to \$4,000,000 (exclusive of oversubscriptions); and
- the satisfaction of the cash consideration payable to Noble on the exercise of the ECJV Option of US\$1,000,000 by the issue of Shares and Options at the same price and on the same terms and conditions as those being offered under the Prospectus; and
- the satisfaction of certain loan interest that will become due to Noble through the issue of Shares and Options at the same price and on the same terms as those being offered under the Prospectus; and
- the satisfaction of amounts owing to two other lenders through the issue of Shares and Options at the same price and on the same terms as those being offered under the Prospectus,

The capital raising was closed on 14 August 2017 with \$1.1 million in cash being raised and a further A\$2.6 million in debt and other obligations being converted into equity.

Cash Position

At 30 September 2017, Aspire had A\$0.4 million cash at bank.

Debt Position

At 30 September 2017, the Company had a fully drawn US\$6.65 million long term facility with Noble Group expiring on 19 August 2019. There was also a fully drawn short term loan facility of A\$250,000.

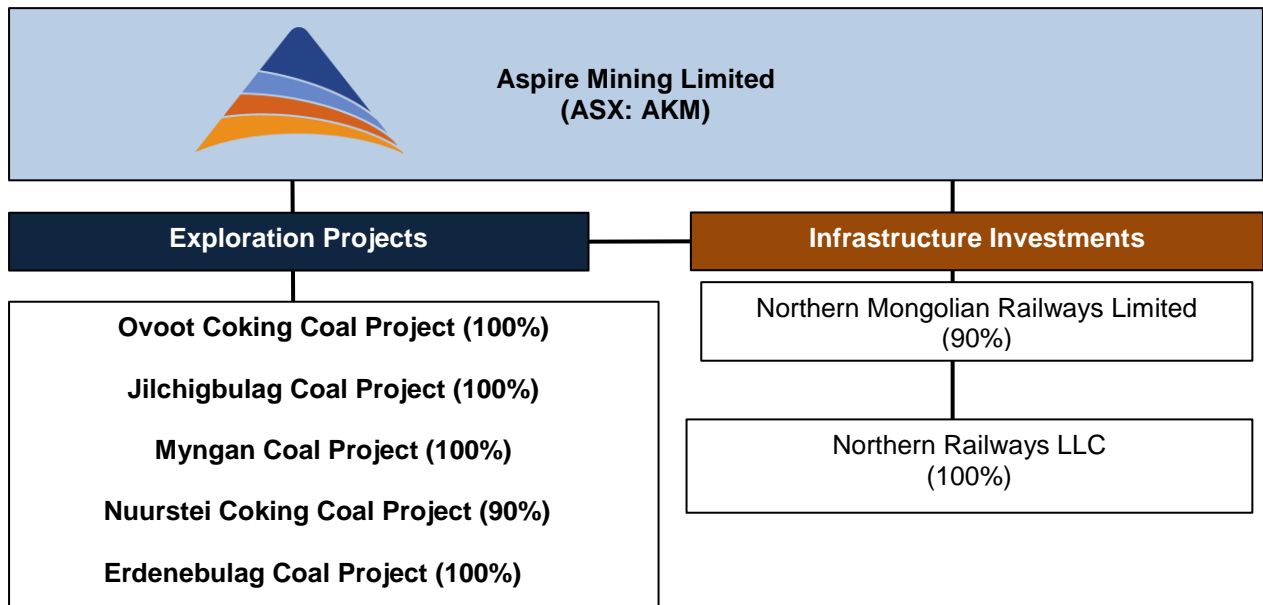
Capital Structure at 30 September 2017

Security	No. on issue
Quoted Ordinary Shares	1,138,128,421
Unlisted Performance Rights	48,500,000
Unlisted Options (2.5c expiring August 2019)	187,093,450

Interests in mining and exploration tenements at 30 June 2017

Tenement	Location	Attributable Equity
Ovoot MV017098 017003X	Mongolia	100% 100%
Hurimt 14510X 14637X	Mongolia	100% 100%
Jilchigbulag 12816X	Mongolia	100%
Myngan 17922X	Mongolia	100%
Nuurstei (ECJV) MV-020941 13958X 13580X	Mongolia	90% 90% 90%
Erdenebulag (ECJV) 18294X	Mongolia	100%

Group Investment Structure



-Ends-

Forward-looking statements: This announcement contains certain “forward-looking statements”. The words “anticipate”, “believe”, “expect”, “project”, “forecast”, “estimate”, “likely”, “intend”, “should”, “could”, “may”, “target”, “plan”, “consider”, “foresee”, “aim”, “will” and other similar expressions are intended to identify forward-looking statements. Indications of, and guidance on capital expenditure, operating expenditure and financial position and performance are also forward-looking statements. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are outside the control of Aspire and Northern Railways.

About Aspire Mining Limited

Aspire Mining Limited is listed on the ASX (ASX: AKM) with mining and exploration licences in Mongolia’s Northern provinces and is focused on identifying, exploring and developing quality coking coal assets.

Ovoot Coking Coal Project (100%)

Aspire is also the owner of the world class Ovoot Coking Coal Project (Ovoot Project). The full realisation of the Ovoot Project is dependent on the construction of the Erdenet to Ovoot Railway which is being progressed by Northern Railways LLC (Northern Railways).

Nuurstei Coking Coal Project (90%)

On 26 July 2017, the Company’s shareholders approved the increase in the ownership interest from 50% to 100% in the corporate entity that has a 90% interest in Nuurstei Coking Coal Project (Nuurstei Project) located in northern Mongolia.

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

Depending on the further analysis of the results of an intended 2017 drilling program, future positive economic studies, funding and the grant of necessary approvals and licenses, the Nuurstei Project could commence a road based production operation and access the new Erdenet to Ovoot Railway two years from commencement of its construction.

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 549 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.

In October 2017 Northern Railways entered into a binding contract with China Gezhouba Group Corporation (CGGC) to complete the Bankable Feasibility Study for the Erdenet to Ovoot Railway. CGGC will also decide by 15 February 2018 whether it wishes to commit to funding all of the rail concession and funding conditions precedent for the rail project which would then earn CGGC a 51% interest in Northern Railways LLC.

For more information contact:

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