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Managing Director's AGM Address

The Company has endured a difficult few years due to poor coking coal markets, a lack of interest in junior resource companies and a wariness of Mongolia.

However, starting in June 2016, policy action commenced in China to reduce overcapacity in the steel industry that has seen a sustained increase in coking coal prices. The following is a Chinese domestic coking coal price for a benchmark hard coking coal over the last two years. (Source: sxcoal.com)

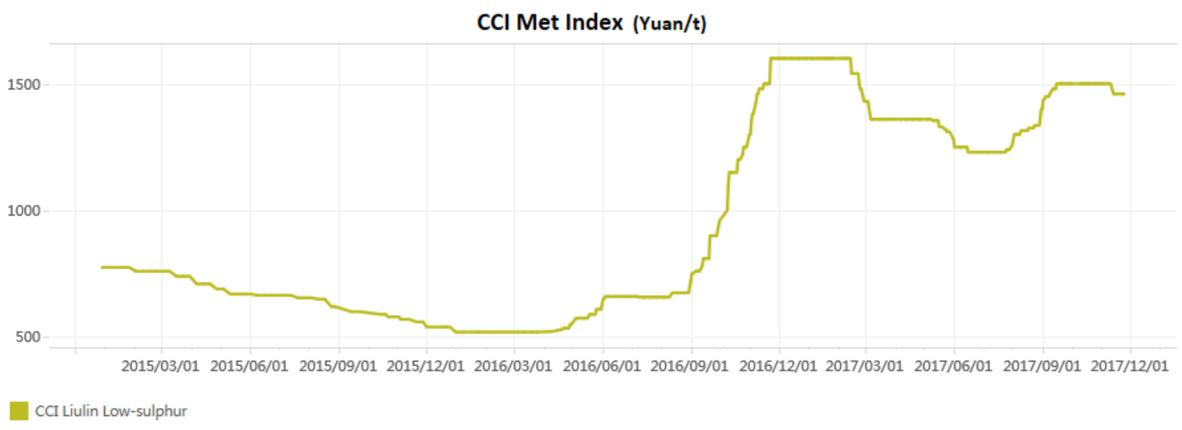

Figure 1 : Chinese domestic coking coal prices for a benchmark grade low sulphur hard coking coal. Source sxcoal.com

Current pricing using an exchange rate of RMB: USD of 6.6 and net of Chinese VAT, implies an equivalent value of US$189 per tonne.

Interestingly if you look back at the previous resources boom in 2011 and 2012, Chinese domestic coking coal prices have largely recovered to the levels seen in the boom.

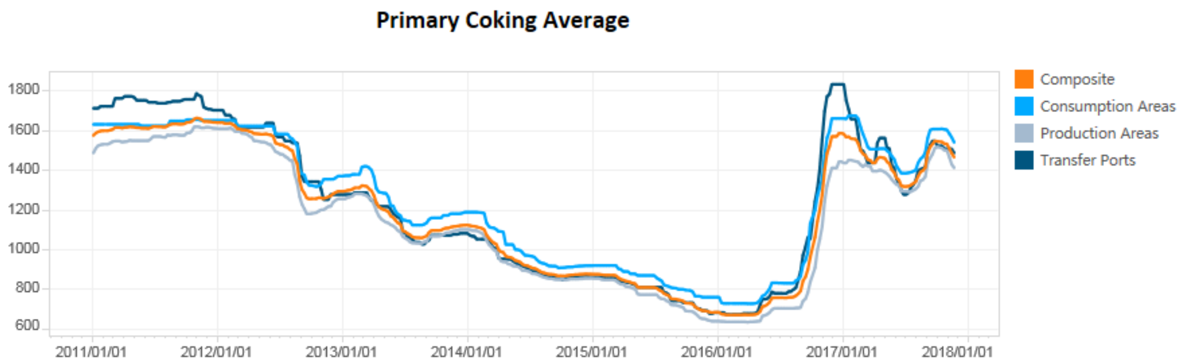

Figure 2 : Chinese coking coal prices since January 2011. Source sxcoal.com

However, Aspire's share price has not recovered over this same time frame. There are a number of differences in Aspire and its assets between now and back in 2011\12. While the company has been significantly de-risked with the issuance of a mining license for Ovoot, the granting of a rail concession in relation to the Erdeet – Ovoot Railway and the acquiistion of a new near term development property in Nuurstei, the equity market has not recognised this in terms of ascribing a meaningful value to the Company's assets.

AKM Share Price: May 2010 to 27 October 2017

Figure 3 : Aspire share price with volume since May 2010 . Source : Bloomberg

Capital Raising and Debt Reduction to Allow for Development of the Nuurstei Coking Coal Project

In order to capture the value offered by this improved coking coal market pricing, we need to move quickly into production. The Nuurstei Coking Coal Project provides that opportunity being a high grade hard coking coal Resource with access to a road to truck to the existing rail service with the capacity to transport this coal through to end customers.

To enable the funding of the Nuurstei Project development, the Company initiated a fully underwritten 6 for 5 rights issue to raise a gross $16.5m along with a reduction of the Noble debt through a series of transactions from US$6.65m to US$1.8m. The Company can now press ahead with the A$2 million drilling and sampling programme as a first step to bringing the Nuurstei Coking Coal Mine into production within an anticipated 18 months.

The renounceable rights issue provides the shareholders with the ability to subscribe for more than their entitlements and is seen as a fair way for all shareholders to participate given the significant dilution involved in the equity raising. This fund raising and debt reduction de-risks the company substantially and provides a path to realising value from the Company's significant asset base.

Nuurstei Focused on Delivering Hard Coking Coal into the Tangshan Market

The end objective for the Nuurstei Project is to rail coal down Mongolia's central line where it will be unloaded at Erenhot to be reloaded onto trucks for delivery into the Tangshan Market.

Figure 4 : Export Route for Nuurstei and Ovoot Coking Coal into the major Chinese Steel Producing Regions.

Using the Erlian rail border point has advantages over other Mongolian\Chinese border points as it is closer to the main consumers of coking coal around the Hebei Province and the city of Tianjin. This is the region which also receives seaborne traded coals which the Nuurstei coking coal can be benchmarked off. In these regions there has been a very significant emphasis on improving quality and reducing impurities on all of the steel industry inputs. The market will welcome the Nuurstei high quality low impurity hard coking coal.

While Nuurstei takes priority, the company will also be able to consider, post commencement of mining at Nuurstei, further early development options at the world class Ovoot Coking Coal Project with ability to beneficiate this coal at the Nuurstei wash plant as capacity allows.

Rail Project Progressing with Help of One Belt One Road

While the focus is to get into near term production, the Company continues to progress the Erdenet – Ovoot Rail Project through Aspire subsidiary, Northern Railways LLC's recent agreement with China Gezhouba Group Corporation to fund the Rail Feasibility Study and potentially all of Northern Railways LLC's expenses through to the end of the Concession Agreement predevelopment period to earn a 51% interest in that Company.

The 19th Communist Party Congress concluded in Beijing last month and the signature policy was clearly the continued development of China's One Belt One Road Policy. In June 2016 the Northern Rail Corridor between China and Russia through Mongolia and passing past Aspire's Ovoot Coking Coal Project, was identified by the three governments as a priority project under the One Belt One Road Policy.

The building out of the supporting infrastructure for trade combined with streamlining cross border rules and regulations, is aimed at boosting trade between China, Europe, the Middle East and Central Asia. It is real as the following recent rail statistics show.

In 2013 just 8 trains travelled between China and Europe. In 2017 to date that number is now 467 trains. The target out of China is believed to be 5,000 trains by 2020. Mongolia is aiming to grow its share of this rapidly expanding trade flow to 20%. That means 1,500 trains a year through Mongolia to support China\Russia\Europe trade. As a point of reference the Ovoot Coking Coal Project at full capacity requires 1,250 trains a year to move 10 million tonnes per annum.

Figure 5 : One Belt One Belt Rail Corridors

There are currently three rail corridors that support rail based trade from China to Europe. The most heavily used which moves two thirds of rail based trade between China and Europe, travels through Kazakhstan to the south of Mongolia. The second rail corridor by-passes Mongolia going around to the west of the country carrying a quarter of trade. At present less than 10% of Europe China trade passes through Mongolia.

The growth in rail based trade is expanding at enormous rates. Rail capacity has to expand to meet this growing demand.

Given these exciting developments I look forward to reporting real progress on developing Aspire's suite of very valuable assets in Mongolia over 2018.

David Paull
Managing Director