Aspire Mining Limited
Northern Rail Line: Unlocking Resources in Northern Mongolia and SW Siberia

UBS Coal and Iron Ore Forum Presentation

3 December 2014
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• **Financial data:** All dollar values are in Australian dollars (A$) and financial data is presented within the financial year ended 30 June unless otherwise stated.

• **Effect of rounding:** A number of figures, amounts, percentages, estimates, calculations of value and fractions in this document are subject to the effect of rounding. Accordingly, the actual calculation of these figures may differ from the figures set out in this document.
**Production Target Assumptions:** The following are key assumptions used to achieve the ODP first year target of 5Mtpa of marketable coking coal. 1) In the eight months prior to commencement of first year ODP production, a 23 million BCM waste removal programme to pre-strip overburden to top of coal; 2) A strip ratio of 7.7:1 (BCM waste: tonne of coal); 3) Preferentially targeting the Upper Seam with a relatively high proportion of low ash coal; 4) Mining of 5.2Mt of ROM coal (at a 2% moisture on an as received basis) producing 5Mt of saleable coal. This is made up of 40% of washed coal and 60% of by-pass coal meeting a 13% ash cut-off; 5) Higher ash coal totalling 2.1Mt will be washed in a 300 tonne per hour wash plant to be constructed at the Ovoot Project; and 6) Overall product yield of 90% to be achieved averaging 9% moisture for a less than 10% ash product. 7) The mine design is that used to support the announced Coal Resource and Reserve update for the Ovoot Project (refer ASX announcement dated 31 July 2013). 8) All capital and operating costs are in 2013 dollars.

**Development Timeline:** Aspire’s development timeline for its Ovoot Project relies primarily on i) the provision of a rail concession and other approvals from the Government of Mongolia for Northern Railways to build, and operate the Northern Rail Line, connecting the Ovoot Project to the Trans-Mongolian Railway at Erdenet; and ii) financing of the Northern Rail Line. The timing with respect to the grant of a rail concession is outside of the control of Aspire. Certain activities to further progress the Ovoot Project and Northern Rail Line development, and which will follow the grant of the rail concession licences, include the completion of detailed engineering work to support definitive financing negotiations. The Company’s development timeline to achieve first production by 2018/19 is indicative and assumes the grant of necessary Government licences, agreements and approvals in 2014.

**Competent Persons Statement:**
In accordance with the Australian Securities Exchange requirements, the technical information contained in this announcement in relation to the JORC code (2012) Compliant Coal Reserves and JORC Compliant Coal Resource for the Ovoot Coking Coal Project in Mongolia has been reviewed by Mr Ian De Klerk and Mr Kevin John Irving of Xstract Mining Consultants Pty Ltd.

The Coal Resources documented in this release are stated in accordance with the guidelines set out in the JORC Code, 2012. They are based on information compiled and reviewed by Mr. Ian de Klerk who is a Member of the Australasian Institute of Mining and Metallurgy (Member #301019) and is a full time employee of Xstract Mining Consultants Pty Ltd. He has more than 20 years’ experience in the evaluation of coal deposits and the estimation of coal resources. Mr. de Klerk has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration to qualify him as a Competent Person as defined in the JORC Code, 2012. Neither Mr. de Klerk nor Xstract have any material interest or entitlement, direct or indirect, in the securities of Aspire Mining Limited or any companies associated with Aspire Mining Limited. Fees for work undertaken are on a time and materials basis. Mr. de Klerk consents to the inclusion of the Coal Resources based on his information in the form and context in which it appears.

The Coal Reserves documented in this release are stated in accordance with the guidelines set out in the JORC Code, 2012. They are based on information compiled and reviewed by Mr. Kevin Irving who is a Fellow of the Australasian Institute of Mining and Metallurgy (Member #223116) and is a full time employee of Xstract Mining Consultants Pty Ltd. He has more than 35 years’ experience in the mining of coal deposits and the estimation of Coal Reserves and the assessment of Modifying Factors. Mr. Irving has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration to qualify him as a Competent Person as defined in the JORC Code, 2012. Neither Mr. Irving nor Xstract have any material interest or entitlement, direct or indirect, in the securities of Aspire Mining Limited or any companies associated with Aspire Mining Limited. Fees for work undertaken are on a time and materials basis. Mr. Irving consents to the inclusion of the Coal Reserves based on his information in the form and context in which it appears.

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.
Aspire is an emerging coking coal developer well placed to benefit from Mongolia’s changing infrastructure landscape

**Company Focus:**
“To develop World Class Coking Coal Projects in Mongolia”

- Mongolia is a *relatively under-explored* coking coal province
- Aspire is the *largest licence holder in Selenge Basin* – the largest of Mongolia’s coking coal basins with the 255Mt Ovoot Coking Coal Deposit the second largest coking coal reserve in Mongolia.
- Close to China, the world’s *largest steel industry*
- Located only 300km from Russia’s *20Bt Ulug Khem Coal Basin*
- Planned upgrade of Trans Mongolian Railway will allow capacity for Ovoot coking coal and Southern Siberian coals to travel south to China at first quartile landed cash costs
- **Rail growth to unlock** Selenge and Ulug Khem Basin potential
Recent Bi Lateral Infrastructure Agreements to Increase Mongolian Export Competitiveness

• Over 39 Agreements signed by Mongolia with Russia and China in September 2014 Quarter outlining significant infrastructure investment, and transport cooperation to facilitate trilateral trade

• Provide for the modernisation of UBTZ railway and extension of network in Mongolia to:
  - Increase trade between Mongolia-Russia and Mongolia-China to aggregate US$20 billion by 2020
  - Russia to increase transit freight through Mongolia to 20mtpa by 2020 from < 1mtpa in 2013

• Increase rail reach and volumes will decrease Mongolian transport costs

• Reduced transport costs drives long term Russian and Mongolian export competitiveness.

Key Features of Recent Rail Developments:
• Investigate increasing capacity along TMR to 100mtpa, dual, electrified track to Jining, China. Creating a world class high capacity rail system back bone

• New Rail Policy established to include the Erdenet – Ovoot – Art Suuri Rail Corridor extension (estimated capacity to deliver up to 30 Mtpa from Aspire’s Ovoot Coking Coal Project and coals from Russia’s Ulug Khem Basin)

• The Erdenet – Ovoot Railway, now a part of the Mongolian Concession List of approved projects, represents Phase 1 of the Northern Mongolian Rail Corridor

• Aspire’s infrastructure subsidiary (Northern Railways LLC) to tender for the rights to build and operate Phase 1
Northern rail line

- Part of an international rail corridor between Russia-Mongolia-China
- Connects the Ulug Khem Basin and Ovoot Project directly onto the Trans-Mongolian Railway
- Major transport corridor in Russia and Northern Mongolia (passing through Orkhon, Bulgan, Khuvsgul and Zavkhan provinces)
- Open access multiple bulk commodity users, freight and passenger
- Erdenet – Ovoot – Arts Suuri – Kyzyl Railway is the subject of MOU between Russia and Mongolia (4 September 2014)
  - Phase 1: Erdenet – Ovoot
  - Phase 2: Ovoot – Arts Suuri
  - Phase 3: Arts Suuri - Kyzyl

<table>
<thead>
<tr>
<th></th>
<th>Erdenet – Ovoot</th>
<th>Ovoot – Arts Suuri*</th>
<th>Arts Suuri – Kyzyl*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Length</td>
<td>547 km</td>
<td>214 km</td>
<td>267 km</td>
</tr>
<tr>
<td>Capacity</td>
<td>To 30 mtpa</td>
<td>15 mtpa</td>
<td>15 mtpa</td>
</tr>
<tr>
<td>Capital Cost</td>
<td>US$1,200 m</td>
<td>US$474 m</td>
<td>US$560 m</td>
</tr>
<tr>
<td>Avg slope</td>
<td>0.5 degrees</td>
<td>1.5 degrees</td>
<td>0.7 degrees</td>
</tr>
</tbody>
</table>

*Preliminary estimates only. Further studies need to be completed
The Northern Rail Line will create a long term competitive advantage for Russian and Mongolian coking coals

Chinese coal market is 1,250km closer for Elegest if Northern Rail Line is used rather than existing TMR connection

### Indicative cost targets

<table>
<thead>
<tr>
<th></th>
<th>Elegest (US$/t)</th>
<th>Ovoot (US$/t)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rail to Erdenet (rail opex only) Note3</td>
<td>10.79</td>
<td>5.74</td>
</tr>
<tr>
<td>Rail to Erenhot Note1 (based on 2c/t/km)</td>
<td>22.3</td>
<td>22.3</td>
</tr>
<tr>
<td>Border costs Note2</td>
<td>5.00</td>
<td>5.00</td>
</tr>
<tr>
<td>Mine gate costs Note2</td>
<td>40.00</td>
<td>45.00</td>
</tr>
<tr>
<td>+ rail depreciation Note4</td>
<td>2.00</td>
<td>2.00</td>
</tr>
<tr>
<td></td>
<td>$80.09</td>
<td>$80.04</td>
</tr>
</tbody>
</table>

Note 1: Current rail tariff along the Tran-Mongolian Railway for coal is 2.7c/t/km. Actual future tariff once capacity upgrades are completed is unknown. Example of 2c/t/km used to indicate a hypothetical future tariff.

Note 2: Estimated mine gate cost based on Aspire's Ovoot Project for first 5 years of production with the use of mine Contractors. Border costs are estimates only.

Note 3: Rail opex costs include loco and wagon maintenance, diesel and salary’s

Note 4: Rail capital cost estimates between Kyzyl – Arts Suuri – Ovoot are internal estimates only and require further studies to be completed.
Phase 1: Erdenet to Ovoot railway

- **Erdenet – Ovoot Railway:**
  - Up to 30 Mtpa Capacity (multiuser)
  - 547 km length
  - 220 km south of the Khuvsgul Lake
  - >120 km south of the defined Tourism zone in the Khuvsgul Province
  - US$1,200 million Capex estimate + contingencies
- Pre-Feasibility Study level
- To tender for Concession Agreement to build and operate Erdenet – Ovoot section
- Non-Binding Expressions of Interest received for US$1.3 bn
- Recently agreed EPC Framework Agreement with China Railways 20 Bureau Corporation
- Chinese financial institutions have commenced preliminary due diligence
- Estimated Commissioning 2018/19
Potential users of the Northern Rail Line

Projects in northern Mongolia which could access the Erdenet – Ovoot (Phase 1 railway) and additional Phases of the Northern Rail Line:

<table>
<thead>
<tr>
<th>Project</th>
<th>Est. Freight (t’s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ovoot Coking Coal</td>
<td>up to 10 mtpa</td>
</tr>
<tr>
<td>Nuurstei</td>
<td>tba</td>
</tr>
<tr>
<td>Mandal Moly</td>
<td>up to 28m lb pa</td>
</tr>
<tr>
<td>Huren Chuulut</td>
<td>up to 5 mtpa</td>
</tr>
<tr>
<td>Ulug Khem Basin (En+, TEPK, Severstal, Evraz)</td>
<td>up to 15mtpa</td>
</tr>
<tr>
<td>Asgat</td>
<td>general freight</td>
</tr>
<tr>
<td>Bayan Airag</td>
<td>general freight</td>
</tr>
</tbody>
</table>

Sources: IMC Montan presentation “Russian Coking Coal Development – An Update” dated 19-20 June 2013 for Ulug Khem full scale production tonnes estimated at 47mtpa; Origo Partners LLC website, Khuren Chuluut Iron Ore Project Investor Presentation dated September 2012
Proximity to China’s coke and steel industry and the Sea

Notes: Capacity of Erdenet – Ovoot Railway could be increased from nominal 22mtpa capacity as additional freight usage required. Upgrades to Trans-Mongolian Railway to dual, electrified track to subject of feasibility studies currently being completed as agreed between Russian Railways and Mongolia’s Ministry of Transportation 4th September 2014.
Seaborne HCC cost curve

Russian/Mongolian cost target to China through Erdenet – Ovoot Railway

Source: Credit Suisse, Wood Mackenzie
FDI and GDP growth turning with pipeline of developments

- Significant infrastructure investment, and transport cooperation between China-Mongolia-Russia will facilitate the development of these development projects

**Backlog of FDI Opportunities:**

<table>
<thead>
<tr>
<th>Project Description</th>
<th>Value (bn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>OT (Underground)</td>
<td>$4.2</td>
</tr>
<tr>
<td>Sinopec Coal – Liquids Plant</td>
<td>$3.1</td>
</tr>
<tr>
<td>Erdenet – Ovoot Rail</td>
<td>$1.2</td>
</tr>
<tr>
<td>Ovoot – Arts Suuri Rail</td>
<td>$0.5</td>
</tr>
<tr>
<td>Tsagaan Suvarga Cu/Moly</td>
<td>$0.8</td>
</tr>
<tr>
<td>Copper Smelter (Khenti)</td>
<td>$0.4</td>
</tr>
<tr>
<td>CHPS Power Plant</td>
<td>$1.2</td>
</tr>
<tr>
<td>Zamyn Uud Logistics Centre</td>
<td>$0.1</td>
</tr>
<tr>
<td>Current rail upgrades</td>
<td>$5.2</td>
</tr>
<tr>
<td>Amgalan Thermal Power Plant</td>
<td>$0.1</td>
</tr>
<tr>
<td>TT Development*</td>
<td>$3.0</td>
</tr>
<tr>
<td>Rail Upgrade TMR to 100 mtpa</td>
<td>$?</td>
</tr>
<tr>
<td>Rosneft and Gazprom gas pipelines (gas supply for both Mongolia and China)</td>
<td>$?</td>
</tr>
<tr>
<td>Darkhan Steel Plant</td>
<td>$?</td>
</tr>
<tr>
<td>Rashant Fuel Farm</td>
<td>$?</td>
</tr>
<tr>
<td>+ US$19.8 bn</td>
<td></td>
</tr>
</tbody>
</table>

**Mongolian FDI and GDP Growth**

- OT Investment Agreement
- Strategic Foreign Investment law (SEFIL) restrictions implemented
- SFIL repealed
- New Investment Law adopted
- New Minerals Law
- New Petroleum Law

Source: Bank of Mongolia, Asian Development Bank

*Initial IPO estimate in 2012 for the Western Tsankhi block
Why invest in Mongolian rail and coal.... ?

<table>
<thead>
<tr>
<th>Optimum Timing - Market</th>
<th>Optimum Timing - Politically</th>
<th>Ovoot Coking Coal Project</th>
<th>Northern Rail Line (and Erdenet – Ovoot Railway)</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Coal price cycle turning</td>
<td>• Russian refocus to Asia – to benefit Mongolia</td>
<td>• World-class scale – delivering Fat Coal to China</td>
<td>• Key to unlocking major coking coal provinces in Russia and Northern Mongolia</td>
</tr>
<tr>
<td>• Mongolian sentiment turning</td>
<td>• China looking to increase trade with Eurasia – to benefit Mongolia</td>
<td>• Now sits along major international rail corridor</td>
<td>• Receiving support from Russia, Mongolia and China</td>
</tr>
</tbody>
</table>

Rail Capacity and Reach

- World Class Coking Coal Deposits

Low cost coking coal delivered to China and Seaborne markets
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