

Aspire Mining Limited

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ASX RELEASE



For Immediate Release – 29 April 2022

QUARTERLY ACTIVITIES REPORT

Quarter Ended 31 March 2022

Aspire Mining Limited (ASX: **AKM**, **Aspire**, or the **Company**) is focused on the development of metallurgical coal assets in Mongolia, principally the wholly owned Ovoot Coking Coal Project (**OCCP**).

The Company presents its Quarterly Activities Report for the quarter ending 31 March 2022 (the **Quarter**).

Quarter Highlights

- **Detailed Environmental Impact Assessment (DEIA) for the Ovoot Coking Coal Project is submitted and waiting approval from the Ministry of Nature, Environment and Tourism (MNET). The Company provided detailed answers to MNET's initial review of the DEIA and is actively liaising with the MNET and anticipates that the DEIA submitted will be considered in an upcoming scheduled MNET technical committee meeting.**
- **Sedgman Pty Ltd (Sedgman) is nearing finalisation of the Front-End Engineering Design (FEED) study on the Coal Handling and Preparation Plant (CHPP) infrastructure.**
- **O2 Mining Limited (O2 Mining) has materially completed the FEED study on the Erdenet Rail Terminal (ERT) infrastructure.**
- **Letters of support have been received from the Governors of all soums (districts) through which the intended road alignment passes, which are required in support of Feasibility Study and Detailed Design submissions to made in the June 2022 quarter.**
- **The Company's financial adviser Argonaut PCF continued towards completion of a banking financial model and a financing plan, inclusive of any available minimisation of equity dilutive funding options.**
- **The Company committed to planting 10 million trees by 2030 in support of the 'One Billion Trees' initiative by the President of Mongolia.**
- **End of Quarter cash balance of A\$30.6 million (US\$22.8 million).**

OCCP DFS Progress

In order for the Company to complete the Definitive Feasibility Study for the Ovoot Coking Coal Project (OCCP), additional infill drilling around the intended starter pit location is required. For this to occur, a Detailed Environmental Impact Assessment (DEIA) is required to be approved by the Ministry of Nature, Environment and Tourism (MNET).

The required local community consultation has been undertaken and the DEIA has been submitted to the MNET. The Company is in continual communication with the MNET and is expecting that its submission will be approved in an upcoming review committee meeting.

During the Quarter, the Company progressed with the FEED studies required for CHPP and ERT infrastructure. The Company has spent \$0.71 million on the OCCP over the Quarter and includes consultant costs in relation to FEED studies and road engineering.

CHPP FEED Study

Sedgman Pty Ltd (Sedgman) was engaged by the Company to conduct a FEED study on CHPP infrastructure for the OCCP (refer *AKM (2021) Award of Contract for CHPP Study. ASX release 31 May 2021*).

During the Quarter, Sedgman completed its work on Stage 2 of the FEED study and its report to the Company is nearing finalisation.

The outputs for Stage 2 include a preliminary design and cost estimate for construction of a 350 tonne per hour CHPP, including enclosed product storage and automated truck loadout.

With ongoing supply chain disruptions, including as result of ongoing COVID-19 impacts in China and the Russia-Ukraine conflict, it is currently a difficult environment for estimating capital costs into 2023. It is expected that competitive tendering closer to commencement of construction will provide better confidence in the capital cost estimates.

Further details regarding the conclusions made in relation to this FEED study will be published in a separate announcement following receipt of the final Sedgman Report.

Erdenet Terminal FEED Study

As announced to the market on 30 July 2021 (*AKM (2021) Quarterly Activities Report. ASX release 30 July 2021*), O2 Mining was engaged by the Company to conduct a FEED study on the ERT infrastructure for the OCCP, including for a coal handling system incorporating truck unloading, coal storage and train loadout facilities.

Stage 2 work in relation to this has progressed throughout the Quarter, with finalisation of designs and development of cost estimates, further developing and optimising concepts selected at the culmination of Stage 1.

The final report is expected to be received soon, following which further details will be in a separate announcement.

Road Design and Planning

During the Quarter, the Company's local engineering consultants, Gobi Infrastructure Partners LLC (GIP) and ICT Sain Consulting LLC (ICT), continued to progress development of the Feasibility Study and Detailed Design for the paved road to be used for hauling washed

product coal from the OCCP to the ERT in compliance with requirements of the Ministry of Road and Transport Development.

Following completion of the underlying survey work during the December 2021 quarter, all geological sample laboratory results were received during the Quarter. The Feasibility Study is close to completion and is expected to be submitted to the Science and Technology Council for review in coming weeks. Submission of the Detailed Design follows approval of the Feasibility Study expected within the June 2022 quarter.

Sustainable Development Activities

The Company continues to actively engage with the people and local government in communities local to the planned OCCP activities.

During the Quarter, the Company finalised sales of remaining livestock feed generated from the 2021 'Green Fodder Project' trial to citizens living nearby to the OCCP mining license. This program has been well received by the local community. It generated temporary local employment opportunities for community members, enabled competitively priced fodder to be acquired locally, and has assisted the local community to support their livestock over the difficult winter period. Preparations are being made to enable a similarly sized harvest in 2022.

Having sufficient feed available for livestock throughout the year promotes the possibilities of developing local dairy and meat industries, which support value adding opportunities for local herders. The Company is interested to see such opportunities prosper, as it will increase the availability of necessary goods once in operation that are able to be sourced locally.

The Company has committed to planting 10 million trees in alignment with the President of Mongolia's 'One Billion Trees' initiative, which was announced at the COP26 World Leaders Summit in Glasgow, Scotland in November 2021. This aligns with intended progressive rehabilitation work and will involve establishment of a seedling nursery in Murun (the capital city of Khuvsgul aimag) and cooperation with community and local government groups. Further details of this were announced separately on 4 April 2022 (*AKM (2022) Aspire Commits to Tree Planting Campaign. ASX Release 4 April 2022*).

Logistics and Marketing Update

There has been recent media coverage of a research report published in the scientific journal *Joule*¹ which modelled future coal market developments affecting Australian exports, including the improving rail infrastructure in Mongolia as a reason behind future weakening of both Australian thermal and coking coal imports into China.

There is a growing transformation of rail infrastructure in the south of Mongolia, as shown in Figure 1. Construction of two lines connecting the Tavan Tolgoi coalfield with the Chinese rail system are significantly advanced, with one line now in a commissioning phase.

Further, another rail line is under construction with target completion by October this year, connecting Sainshand (which sits on the existing Trans-Mongolian railway line) with the border port of Khangai – Mandal.

¹China's decarbonization and energy security plans will reduce seaborne coal imports: Results from an installation-level model: *Joule*: Volume 6, Issue 4, 20 April 2022.

The rail line between Sainshand and Khangai – Mandal will be of great benefit to bulk commodity exporters, including those situated in the north of Mongolia such as Aspire, as it is intended that the Khangai – Mandal port will be setup specifically to handle bulk commodities and thus address the current capacity bottlenecks at the existing Zamiin-Uud – Erlian port.

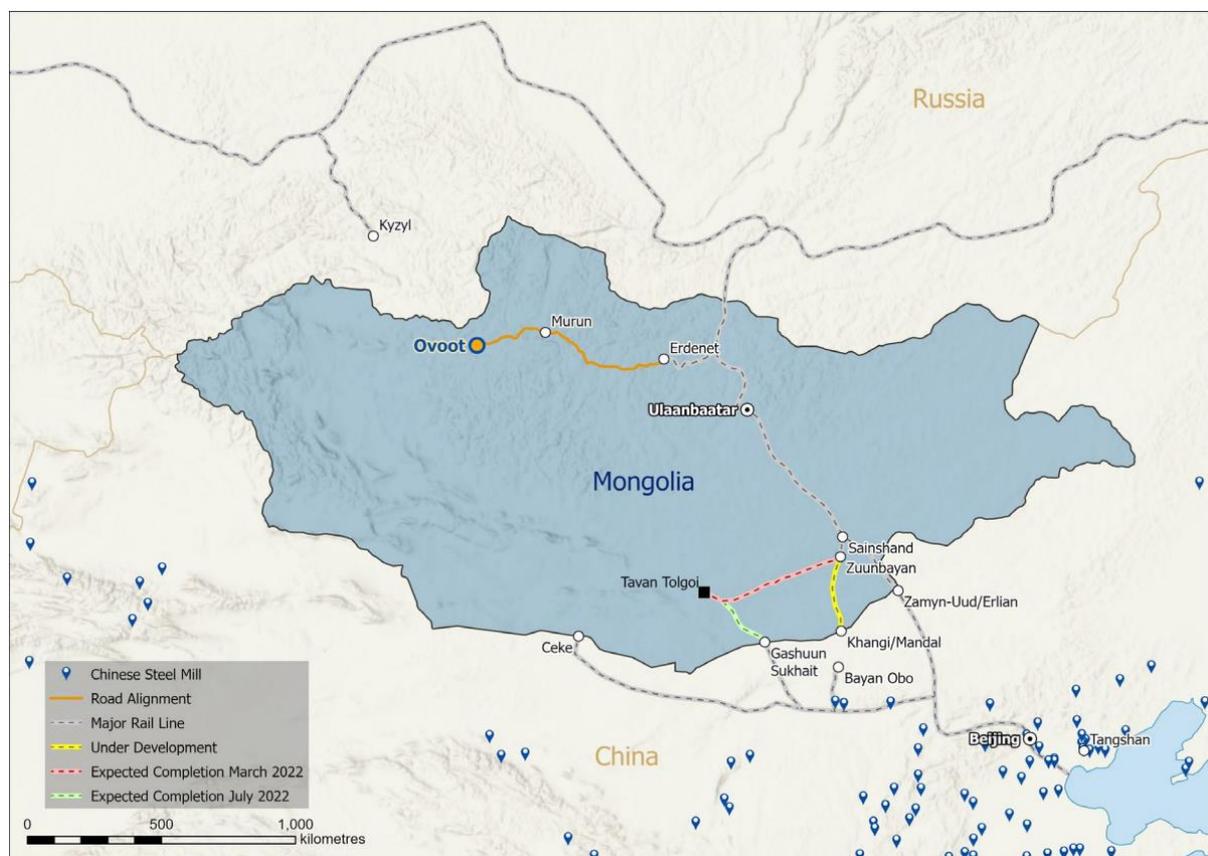


Figure 1. Mongolian rail construction in progress

Interestingly, the largest beneficiaries of the recent limitations imposed by China on the import of coking coal from Australia have been the United States, Canada and to a lesser extent Russia (refer Table 1 below). In 2021 Mongolia remained the principal source of imported coking coal into China, although the majority of this had not been benefited. This is despite severely constrained exports as a result of extended periods of border closure and restrictions between Mongolia and China due to COVID-19.

Countries	2021Mt	Market Share	2020 Mt	Change
Mongolia	14.0	25.6%	23.8	-41.2%
Russia	10.7	19.6%	6.7	59.7%
USA	10.2	18.6%	1.0	920.0%
Canada	9.3	17.0%	4.7	97.9%
Australia	6.2	11.3%	35.4	-82.5%
Others	4.2	7.7%	1.1	281.8%
Total	54.7	100.0%	72.6	-24.7%

Table 1. Chinese coal import by source country, 2020-2021 Source: GAC, Sxcoal 26 Jan 2022

Corporate

As at 31 March 2022, the Company had \$30.6 million (US\$22.9 million) in cash and term deposits. The quarterly expenditure included payments to related parties of \$0.10 million which comprised executive and non-executive directors' remuneration.

Argonaut PCF has continued to work on a banking financial model and a comprehensive financing plan for the OCCP. Execution of the financing plan will commence as soon as permitting allows. This plan minimises the amount of equity capital that the Company will need to contribute to fully fund the OCCP. An information memorandum and data room are currently being prepared.

Substantial beneficial shareholders as at 31 March 2022 are:

Beneficial Shareholder	Number of Shares	% Interest
Mr Tserenpuntsag Tserendamba	266,376,470	52.47%
Noble Group	66,401,758	13.08%

Capital Structure

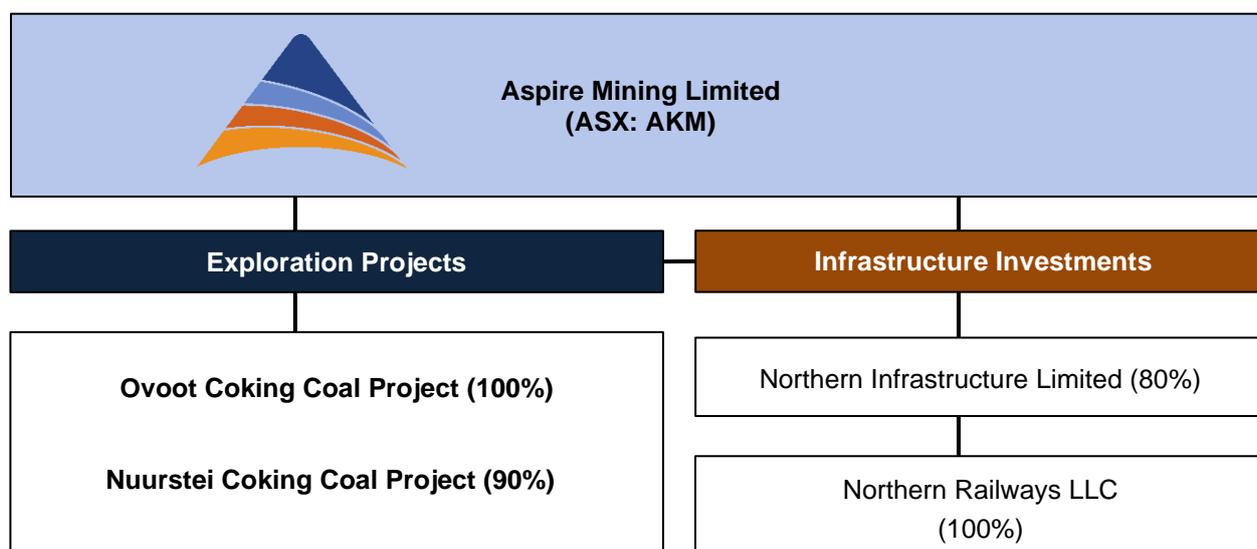
The securities on issue at 31 March 2022 were:

Security	No. on issue
Quoted Ordinary Shares	507,636,985

Interests in mining and exploration tenements at 31 March 2022

Tenement	Location	Attributable Equity
Ovoot MV-017098	Mongolia	100%
Nuurstei MV-020941	Mongolia	90%

Group Investment Structure



This announcement is authorised for release by the Managing Director.

- Ends -

Forward Looking Statements

This report contains forward-looking information which is based on the assumptions, estimates, analysis and opinions of management and engaged consultants made in light of experience and perception of trends, current conditions and expected developments, as well as other factors believed to be relevant and reasonable in the circumstances at the date that such statements are made, but which may prove to be incorrect.

Assumptions have been made by the Company regarding, among other things: the price of coking coal, the timely receipt of required governmental approvals, the accuracy of capital and operating cost estimates, the completion of a feasibility studies on its exploration and development activities, the ability of the Company to operate in a safe, efficient and effective manner and the ability of the Company to obtain financing as and when required and on reasonable terms. Readers are cautioned that the foregoing list is not exhaustive of all factors and assumptions which may have been used by the Company.

Although management believes that the assumptions made and the expectations represented by such information are reasonable, there can be no assurance that the forward-looking information will prove to be accurate.

Forward-looking information involves known and unknown risks, uncertainties, and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any anticipated future results, performance or achievements expressed or implied by such forward-looking information. Such factors include, among others, the actual market price of coking coal, the actual results of current exploration, the actual results of future exploration, changes in project parameters as plans continue to be evaluated, as well as those factors disclosed in the Company's publicly filed documents. Readers should not place undue reliance on forward-looking information.

About Aspire Mining Limited

Aspire Mining Limited (ASX: AKM) is 100% owner of the world-class Ovoot Coking Coal Project, and 90% owner of the Nuurstei Coking Coal Project, both located in Khuvsgul aimag (province) of north western Mongolia.

The Company is focused upon engineering, permitting, and financing the Ovoot Coking Coal Project with the intention to mine coking coal by open pit, wash it on site for trucking the washed coking coal to a Company owned terminal facility in Erdenet for delivery to customers in China and Russia via the existing Mongolian rail network.

For more information contact:

Corporate

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Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

ASPIRE MINING LIMITED

ABN

46 122 417 243

Quarter ended ("current quarter")

31 March 2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers		
1.2 Payments for		
(a) exploration & evaluation (if expensed)		
(b) development		
(c) production		
(d) staff costs	(189)	(749)
(e) administration and corporate costs	(311)	(926)
1.3 Dividends received (see note 3)		
1.4 Interest received	-	42
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Government grants and tax incentives		
1.8 Other – GST and other taxes	(16)	(40)
1.9 Net cash from / (used in) operating activities	(516)	(1,673)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities		
(b) tenements		
(c) property, plant and equipment	6	(121)
(d) exploration & evaluation (if capitalised)	(711)	(1,856)
(e) investments		
(f) other non-current assets		

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities		
	(b) tenements		
	(c) property, plant and equipment		
	(d) investments		
	(e) other non-current assets		
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other (provide details if material)		
2.6	Net cash from / (used in) investing activities	(705)	(1,977)
3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)		
3.2	Proceeds from issue of convertible debt securities		
3.3	Proceeds from exercise of options		
3.4	Transaction costs related to issues of equity securities or convertible debt securities		
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings		
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)		(10)
3.10	Net cash from / (used in) financing activities		(10)
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	32,850	34,174
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(516)	(1,673)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(705)	(1,977)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	(10)

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	(971)	144
4.6	Cash and cash equivalents at end of period	30,658	30,658

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	26,323	28,378
5.2	Call deposits	4,335	4,472
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	30,658	32,850

6. Payments to related parties of the entity and their associates

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

Current quarter \$A'000
101

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities		
7.2 Credit standby arrangements		
7.3 Other (please specify)		
7.4 Total financing facilities		
7.5 Unused financing facilities available at quarter end		
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	(516)
8.2 Capitalised exploration & evaluation (Item 2.1(d))	(711)
8.3 Total relevant outgoings (Item 8.1 + Item 8.2)	(1,227)
8.4 Cash and cash equivalents at quarter end (Item 4.6)	30,658
8.5 Unused finance facilities available at quarter end (Item 7.5)	-
8.6 Total available funding (Item 8.4 + Item 8.5)	30,658
8.7 Estimated quarters of funding available (Item 8.6 divided by Item 8.3)	25
8.8 If Item 8.7 is less than 2 quarters, please provide answers to the following questions:	
1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: N/A	
2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer: N/A	
3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
Answer: N/A	

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.



Sign here:

Print name: Phil Rundell
Company Secretary

Date: 29 April 2022

Authorised by: Audit and Risk Committee
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.