



# **QUARTERLY REPORT** **Quarter Ended 30 September 2010**

## **ASX Announcement**

**29/10/2010**

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### **Directors:**

**David McSweeney** - Chairman

**David Paull** - Managing Director

**Neil Lithgow** - Non Exec Director

**Russell Lynton-Brown** - Non Exec  
 Director

**Gan-Ochir Zunduisuren** - Non  
 Exec Director

**Phil Rundell** - Company Secretary

## **HIGHLIGHTS**

- **Announcement of a maiden 330.7 mt Coal Resource for the Ovoot Coking Coal Project on 14 October 2010**
- **Strategic Partnership and Placement with SouthGobi Resources Limited formed, raising \$20.1 million through an issue of 105.7 million shares @ 19 cents**
- **First two batches of coal samples received confirming potential for high quality coking coal**
- **Tenement consolidation and commencement of drilling at Nuramt**

## **MAIDEN 330.7 mt COAL RESOURCE ANNOUNCED AT OVOOT COKING COAL PROJECT**

Aspire Mining Limited (ASX: AKM) (**Aspire** or the **Company**) announced on 14 October 2010 a maiden 330.7 mt Coal Resource for the Ovoot Coking Coal Project. The Company's independent consultant CSA Global Pty Ltd, had confirmed the following maiden Resource estimation:

**Table 1. Summary Coal Resource**

Category	Insitu Coal Resource (mt)		
	Non Oxide (mt)	Oxide (mt)	Total (mt)
<b>Measured</b>	93.3	-	<b>93.3</b>
<b>Indicated</b>	182.4	-	<b>182.4</b>
<b>Inferred</b>	30.4	24.6	<b>55.0</b>
<b>Total</b>	<b>306.1</b>	<b>24.6</b>	<b>330.7</b>

Over 80% of the Total Coal Resource is in the Measured and Indicated Category with approximately 75% of the resource being above 250 metres vertical depth (Table 2). The relatively shallow depths of the coal presents significant potential for a large scale open pit coal mine.

**Table 2. Summary Coal Resource by Depth (m)**

Category	0m to 250m Depth	Below 250m Depth	Total (mt)
	(mt)	(mt)	
Measured	70.4	22.9	93.3
Indicated	135.0	47.4	182.4
Inferred	41.9	13.1	55.0
Total	247.3	83.4	330.7

## **PLACEMENT AND STRATEGIC PARTNERSHIP WITH SOUTHGobi RESOURCES**

On 25 October 2010 the Company was pleased to announce that it had entered into a binding agreement with SouthGobi Resources (TSX: SGQ, HK: 1878) ("SouthGobi"), a leading Mongolian coal producer that encompassed a \$20.1 million placement and strategic partnership.

Under the agreement, SouthGobi will acquire a 19.9% strategic holding in Aspire through the issue of 105.7 million shares at \$0.19 per share for a total investment of \$20.1 million. This significant cash injection from SouthGobi will provide cornerstone funding and strategic partnership benefits to accelerate the exploration and development of the Ovoot Coking Coal Project through to Feasibility Study.

SouthGobi is one of the largest coal miners in Mongolia with a market capitalisation of US\$2.2 billion and cash reserves of US\$744 million as at 30 June 2010 and is a part of the Ivanhoe Group.

This transaction has numerous benefits for Aspire including increased recognition for the Company and the potential of the Ovoot Coking Coal Project in particular while retaining unencumbered control of what the Company believes is an emerging coking coal province. Through the Strategic Partnership established with SouthGobi the Company will be able to utilise the substantial technical and experience base of operating in the Mongolian coal space gained by SouthGobi over recent years.

The Placement is subject to shareholder and FIRB Approval. It is expected that a Shareholders meeting to approve the Placement will be held in early December 2010.

## **OVOOT COKING COAL PROJECT 100%**

The Ovoot Coking Coal Project comprises three contiguous exploration licenses totalling 509 square kilometres covering the majority of a large interpreted basin. As of the end of the September Quarter only 10% of this Basin has been explored.

### **Geology**

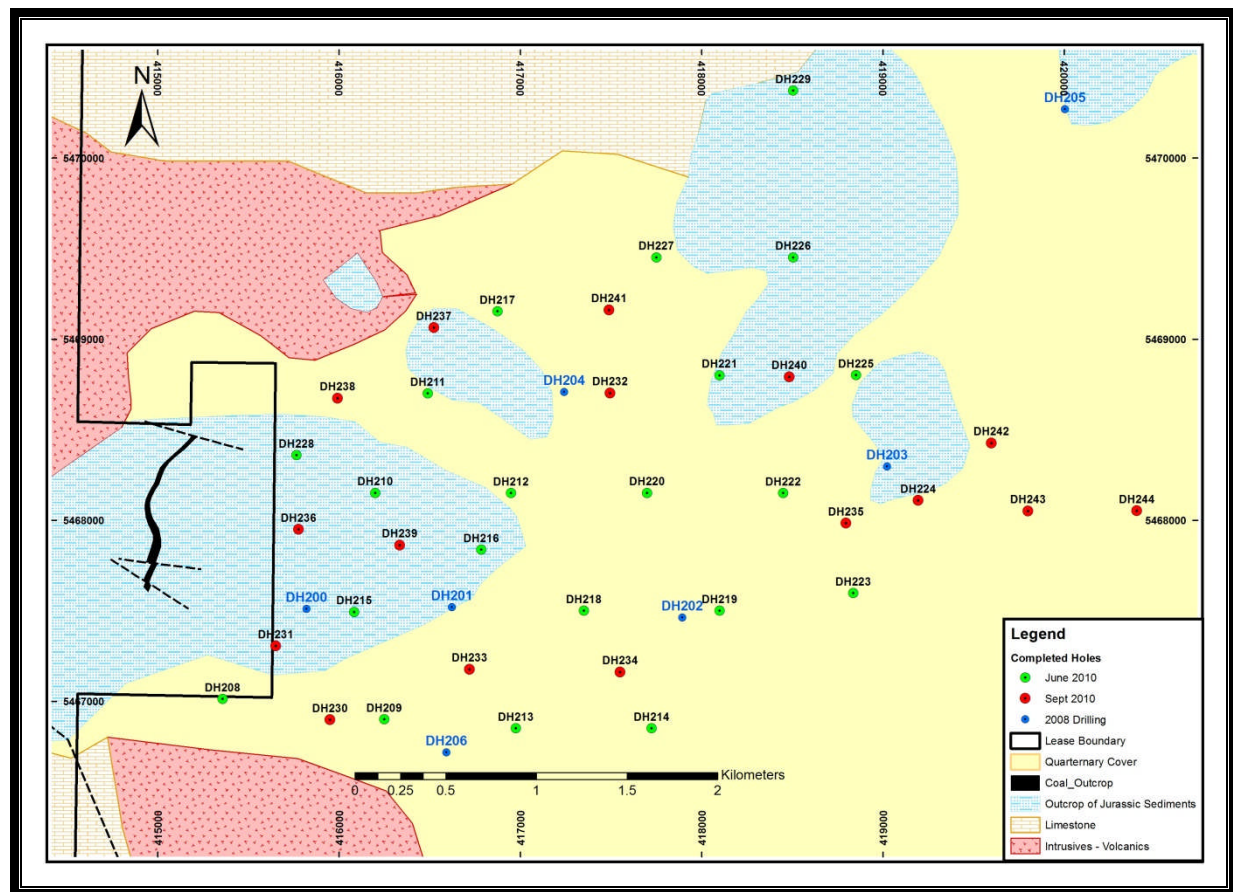
The basement consists of lower Cambrian metamorphosed sediments and limestones, Permian volcanic – sub volcanic units and Late Permian to Early Triassic granitoids. The top of basement was eroded into a paleosurface consisting of open valleys and ridges onto which was unconformably deposited Lower – Mid Jurassic coaliferous sediments. Overlying the Jurassic sequence are Neogene clays and Quaternary gravels and sands (Figure 1).

Both compressional and extensional tectonic environments are evident within the Ovoot Basin demonstrating multiple or evolving deformational events post coal deposition. Thrust and normal faulting is present with displacements of up to 40m observed. Coals bearing sediments and coal seams have been weakly deformed into broad synclinal structures plunging to the east north east.

The Jurassic Coal bearing unit consists mainly of conglomerates, minor sandstones and siltstones. The coal within the reported Ovoot Coal Resource is located largely in two thick main seams up to 40 metres in width and has more than 90% of the reported coal resource within these two seams. Splitting of the seams has been recorded with 8 splits of varying thickness. Coal seam depths intercepted from drilling range from 46 metres to 395 metres with an average dip of 6 degrees to the east. Of the coal resource, 247.3 mt of coal lies at depths less than 250 metres and has potential for a large scale open cut mine.

Of the resource drilling at Ovoot, 2 drill holes encountered oxidation in the recovered coal core at depths less than 55 metres and until further information is available the coal in this area has been classified as oxidised and is categorised Oxidised Inferred Resource within the Ovoot Coal Resource.

**Figure 1. Geology and Completed Drill Holes  
Ovoot Coking Coal Project**



## 2010 Resource Drilling Program Summary

The drilling program that commenced in April 2010 has continued through this quarter. Multi-purpose UDR600 and UDR650 rigs have been used for drilling. The initial part of most drill holes was drilled by open-hole methods with blade, roller or PCD bits or using downhole hammer until carbonaceous sediments were encountered. At this point, diamond coring was then commenced for the remainder of the hole. Most core was HQ size (63mm) but a number of PQ (85mm) cores were also taken, to provide extra material for a greater range of quality analyses.

Drill holes were located on a nominal 750 metre triangular grid, which was determined to be optimal for estimation of JORC reportable resources, then additional infill holes were drilled to confirm or resolve structure and/or stratigraphy. All but one hole were geophysically logged for density, natural gamma, resistivity/SP, caliper and sonic velocity.

Sixteen holes were completed during the quarter for 3,423 metres, comprising 2,031 metres of open hole and 1,392 metres of core.

A total of 36 holes for 7,885 metres have now been drilled in the Ovoot Coal Resource program in 2010, comprising 4,534 metres of open hole and 3,351 metres of core (Figure 1). Significant intercepts for the holes drilled this quarter are summarised in Table 3.

**Table 3. Significant Coal Intercepts in September Quarter**

Hole Details		Significant Coal Intercepts			
Number	Depth	From	To	Interval	Total Coal Seam
DH224	228.1	77.30	84.00	6.7	59.45
		114.70	115.80	1.1	
		116.80	122.80	6	
		161.50	174.10	12.6	
		182.50	215.55	33.05	
DH230	203.7	135.00	145.85	10.85	30.55
		162.90	182.60	19.7	
DH231	161.7	90.65	112.20	21.55	27.2
		133.00	138.65	5.65	
DH232	198.3	151.75	157.00	5.25	5.25
DH233	220.2	63.90	74.74	10.84	44.55
		79.00	112.71	33.71	
DH234	330.5	251.90	312.20	60.3	60.3
DH235	273	73.90	100.80	26.9	74.2
		189.70	237.00	47.3	
DH236	185	134.50	143.65	9.15	9.15
DH237	78	50.60	57.15	6.55	6.55
DH239	184	124.00	138.00	14	14
DH240	243.5	213.00	223.25	10.25	10.25
DH242	377.4	353.60	355.80	2.2	5.7
		357.00	360.50	3.5	
DH243	160.9	74.80	117.15	42.35	42.35

## Sampling and Analysis

A total of 177 samples were taken from drill core this quarter and in total 345 coal samples have now been collected and sent for analysis. Sample intervals are nominally one metre but vary to maintain geological integrity.

An outline of the coal analytical program underway is summarised below:

- Stage 1 Raw coal analysis on a subsample of each sample.
- Stage 2 Recombination of similar abutting plies and perform washability - froth flotation on the composited samples.
- Stage 3 Create simulated product composites based on Stage 2 results and run detailed coking property analyses.

Selected PQ cores are subjected to drop shatter testing, wet and dry tumbling to simulate run of mine and plant sizing before more comprehensive stage 2 and 3 treatment. These cores will also be charged in a pilot coke oven for coke strength testing.

## Raw Coal Results

To date results of 124 samples of the raw coal analysis have been received and these are summarised in Table 4.

Results of the non-oxide raw coal indicate that a high rank quality coal is present at Ovoot. Of the coal termed oxide coal, 2 drill holes recorded oxidation of the coal at depths of less than 60 metres which lies on the northern flank of the coal seam. At this stage the company has treated this area as being potentially oxidised until such time as further information is obtained.

**Table 4. Summary of Raw Coal Quality Analysis Results Received  
as at 30<sup>th</sup> September, 2010**

Coal Type	ARD	IM ad %	A, ad %	V, ad %	FC, ad %	St, ad %	SE, kcal/kg	CSN
Non-Oxide	1.43	0.64	17.84	27.98	53.55	1.14	6761	7.80
Oxide	1.37	4.07	12.91	23.85	59.17	0.91	6719	1.32

- All results on air dried weighted average basis for raw coal samples
- Data based on 9 holes and 124 samples
- Further 190 samples awaiting processing at lab
- Awaiting washing yield tests and coke quality tests

## **Exploration - Geophysical Surveys**

### **Magnetic Survey**

During July and August a magnetic survey was carried out by Geosan LLC overlying the western margin of the Ovoot Coal Basin. The survey covered an area of 45 km<sup>2</sup> and was undertaken at 50 metre line spacing and was completed covering the area of the Ovoot Coal Resource. The aim of the magnetic program was to better delineate the basement and structural geology interpretation for improved drill-hole planning and to better understand the locations of basement highs.

### **Seismic Survey**

Logantek LLC has been contracted to complete a 96 channel high resolution seismic survey at Ovoot and surrounding areas. The initial seismic survey will cover the Ovoot resource area extending to the south and east of the deposit. The aim of the survey is to enhance geological understanding of the Ovoot coal deposit, to identify possible extensions to the resource and to better understand geologically the Ovoot Coal Basin. As part of the regional exploration strategy the company is also focused on identifying further exploration drill targets where the coal may have been uplifted within the Ovoot Coal Basin. The survey will commence towards the end of October 2010.

### **Rail Infrastructure**

The Company has initiated the establishment of the Northern Mongolian Rail Alliance ("NMRA") and is currently registering this organisation in Mongolia as a Non-Government Organisation (NGO). The Company has received significant support from other owners of bulk commodity resources which would be able to access the proposed rail link as well as the Governor of the Khuvsgul Province who have all signed up as founding members of the NMRA.

A preliminary economic impact study of establishing the rail link will be prepared by a local consulting group over the next quarter. This will be an important first step in justifying the key economic drivers to establish this strategic piece of infrastructure.



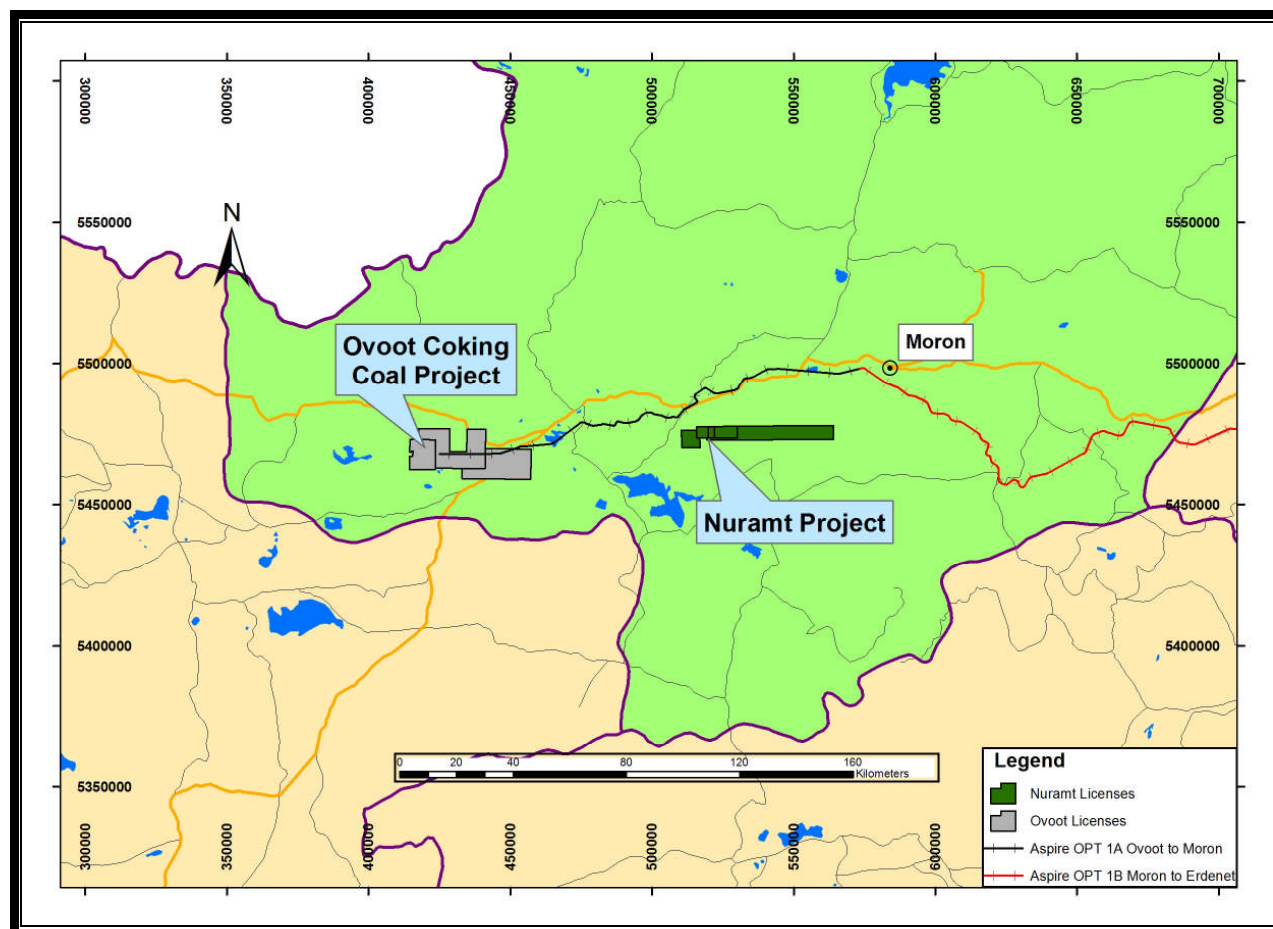
## NURAMT COAL PROJECT (100%)

The Nuramt Coal Project comprises three exploration licenses owned by the Company and a further two licenses which are under an option to purchase a 100% interest. All five licenses are contiguous and cover 250 square kilometres of a 35 kilometre long interpreted basin.

### Exploration

The Nuramt Coal Project is located approximately 30-70 kilometres southwest of Moron, 12 kilometres south of the main road and adjacent to the proposed rail line from the Ovoot Coking Coal Project to Moron (Figure 3).

**Figure 3. Nuramt Project Location**



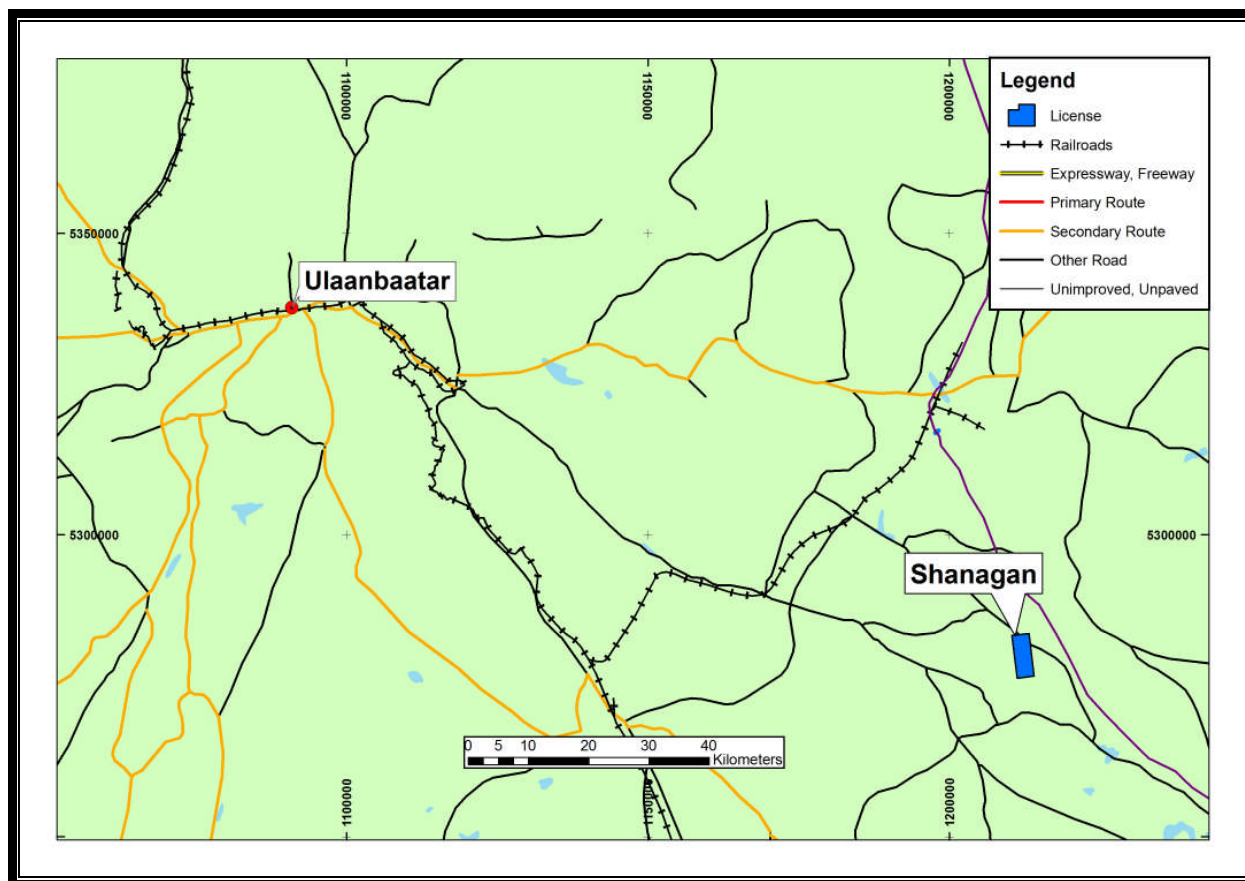
In the Nuramt Project, Coaliferous Jurassic sediments are contained within Triassic sediments in a 35 kilometre long valley bounded to the north and south by various structurally emplaced igneous and volcanic units. The project area has been the subject of significant exploration work in the 1980's in and around a prominent coaliferous outcrop.

A preliminary drilling program has been planned for early December 2010 Quarter with the aim of collecting samples for initial quality assessment and to gain some idea as to a potential resource size. This drilling will also enable calibration for follow up and exploration seismic surveys to occur before next season's drilling program and to enable detailed exploration planning for 2010.

## SHANAGAN (Farm In Earning 51%)

The Shanagan Project comprises a 20 square kilometre license area and is located in Bayanjargalan Soum, approximately 150 kilometres southeast of Ulaanbaatar (Figure 4). The Shanagan project is approximately 35 kilometres from the nearest rail link.

**Figure 4. Shanagan Project Location**



An initial work program has been designed which will be carried out in the middle of the December Quarter 2010. The aim of the work to be carried out is to gather reliable quality data for coal identified in sediments dated as being Upper Permian. Samples collected to date have come from oxidised coal outcrops which have recorded high calorific energy values. A drilling program is planned to determine coal thicknesses and coal quality. Drilling is to be carried out with RC then followed by diamond drilling to collect samples for full analysis (including coke evaluation).



## West Australian Exploration Projects

### ***Windy Knob Joint Venture (49%)***

The Windy Knob Joint Venture located in the Murchison, 55 km south of Meekatharra WA, covers prospective ground adjacent to the recent copper-zinc-gold-silver volcanogenic massive sulphide (VMS) discovery made by Silver Swan Group (ASX: SWN) at Austin.

During the Quarter EMU Nickel NL (ASX: EMU) completed a 4 hole drilling programme to test geophysical anomalies. Encouraging anomalous base metal grades were intersected over relatively narrow widths.

### ***Tuckenarra and Black Tank Well Projects***

During the Quarter the Company sold its interest in these projects to Doray Minerals Ltd for 200,000 fully paid shares in that company.

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## Competent Persons Statement

*In accordance with the Australian Stock Exchange requirements, the technical information contained in this announcement in relation to the Ovoot Coking Coal Project in Mongolia has been reviewed by Mr Kerry Griffin – Country Manager for Aspire Mining Limited in Mongolia. Mr Griffin 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 Griffin consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.*

*The technical information contained in this announcement in relation to the JORC Compliant Coal Resource for the Ovoot Coking Coal Project in Mongolia has been reviewed by Mr Chris Arndt and Dr Bielin Shi of CSA Global Pty Ltd. The information in this report that relates to Exploration Results is based on information compiled by Mr Chris Arndt, Mr Arndt is a Fellow of the Australasian Institute of Mining and Metallurgy 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".*

### **Competent Persons Statement (continued)**

*The information in this report that relates to Mineral Resources is based on information compiled by Dr Bielin Shi, who is a member of the Australasian Institute of Mining and Metallurgy. Dr Bielin Shi has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which she is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Mineral Resources and Ore Reserves".*

*Mr Arndt and Dr Shi of CSA Global Pty Ltd consent to the inclusion in the report of the matters based on this information in the form and context in which it appears.*