



ASX RELEASE

For Immediate Release – 29 April 2014

QUARTERLY REPORT Quarter Ended 31 March 2014

Highlights include:

- **Ovoot Coking Coal Project recognised by Mongolian Government as a key supplier for the Sainshand Industrial Park:**
 - Non-binding MOU signed to supply Ovoot Project coking coal to Mongolia's largest industrial development complex;
 - Requires construction of Erdenet – Ovoot Project railway to facilitate future coal supply.
- **US\$1.3bn Non-Binding Expressions of Interest to Fund Northern Rail Line Received:**
 - Indicates broad interest from several parties including Noble Group;
 - Definitive financing discussions to be progressed upon grant of rail concession.
- **Working Group established with UBTZ (Mongolian Government owned rail operator) to:**
 - Identify appropriate tie-in between the Northern Rail Line and the existing Trans-Mongolian Railway;
 - Capacity coordination between Northern Rail Line and the Trans-Mongolian Railway.
- **Preliminary modelling of rail alignments further west of the Ovoot Coking Coal Project:**
 - Has identified a potentially viable and cost efficient rail path connecting rail between Russia and Mongolia;
 - The Northern Rail Line could become part of a significant link between Russia and China through Mongolia.
- **Adequate Power Supply identified for Ovoot Coking Coal Project:**
 - Letter of Intent signed with nearby Zavkhan Power Plant.

Aspire Mining Limited (ASX: AKM, “**Aspire**” or the “**Company**”) is pleased to present its March 2014 Quarterly Report to shareholders.

Aspire is focussed on identifying and developing world class coking coal assets in Mongolia and owns 100% of the Ovoot Coking Coal Project (“**Ovoot Project**”).

Aspire’s wholly owned Mongolian rail infrastructure subsidiary, Northern Railways LLC (“**Northern Railways**”) continues to focus on progressing its railway project (“**Northern Rail Line**”), which will extend a multiuse railway from Erdenet to the Ovoot Project.



Figure 1: Aspire and Northern Railways Project Locations in Mongolia

EXPLORATION

New Exploration Project Identification

There have been a number of recent reports by Mongolian Government Ministers indicating that the current moratorium for the issue of new exploration licences may be lifted by the Government of Mongolia in the near future allowing access to new exploration ground within Mongolia.

In line with its strategy to identify and develop world class metallurgical coal assets, Aspire is continually open to assess the prospectivity of potential new coking coal projects it could seek to acquire upon lifting of the exploration licence moratorium. Aspire’s exploration team has identified four exploration projects prospective for coking coal and with access to existing or proposed transport infrastructure. The team conducted field visits in April and are preparing submissions to apply for these project areas if and when the moratorium is lifted.

DEVELOPMENT – OVOOT COKING COAL PROJECT (100%)

Ovoot Project a Key Future Supply Source for Mongolia's Largest Industrial Development Project

A non-binding Memorandum of Understanding ("**Sainshand MOU**") was entered into by Aspire and the Sainshand Industrial Complex SOE, a Mongolian Government entity established with the responsibility for overseeing the development and operation of the Sainshand Industrial Park ("**Sainshand Park**"), to be constructed in southern Mongolia.

The Sainshand MOU covers an intent by the Government owned entity to enter into future agreements to purchase Ovoot Project coking coal. The Ovoot Project is identified with Tavan Tolgoi as future coal suppliers to feed the planned coke and steel plants included in the overall development plan for the Sainshand Park.

For Aspire Mining to progress the development of the Ovoot Project, the Northern Rail Line is required to be constructed.

Power Supply

The Ovoot Project is fortunate to have both power and water sources readily accessible to the Ovoot Project, both elements of which are key to a successful coal mining operation.

During the Quarter, the Company signed a non-binding Letter of Intent with the owner of the nearby Zavkhan Power Plant for the supply of 30-35 megawatts per annum of power to the Ovoot Project.

The coal fired Zavkhan Power Plant is located approximately 70 kilometres south of the Ovoot Project and is being constructed by New Asia Group LLC. Construction is expected to be completed in December quarter 2015 and power produced from the plant will feed directly into the existing 110kv power grid that runs directly through the Ovoot project licence area.

Bulk Sample Available for Customer Analysis

An additional indicative bulk sample was acquired representing the Ovoot Project Lower Seam which is the largest of the three seam packages. After confirmation of coking properties, this bulk sample was bagged and sent to ALS laboratory in Queensland for further coking and blending analysis.

This bulk sample will also provide preliminary marketing samples for prospective customers.

RAIL UPDATE

Underpinning the development of the Ovoot Project, a railway connecting the Ovoot Project to the Trans-Mongolian Railway at Erdenet will need to be constructed ("**Northern Rail Line**") (refer Figure 2).

Northern Railways continued to engage with the Government of Mongolia for the Northern Rail Line to be included on the official list of Concession Projects.

Non-Binding Expressions of Interest for US\$1.3 Billion of Rail Financing Received

Aspire has sourced a number of non-binding Expressions of Interest (“EOI”) from various parties including financial institutions and the Noble Group relating to non-binding interest to provide financing for the construction of the Northern Rail Line.

The EOI’s total US\$1.3 billion which covers the capital expenditure requirement highlighted in the Rail Pre-Feasibility Study completed by SMEC International in April 2013.

The Company intends to commence definitive financing negotiations immediately upon receipt of a rail concession from the Government of Mongolia.

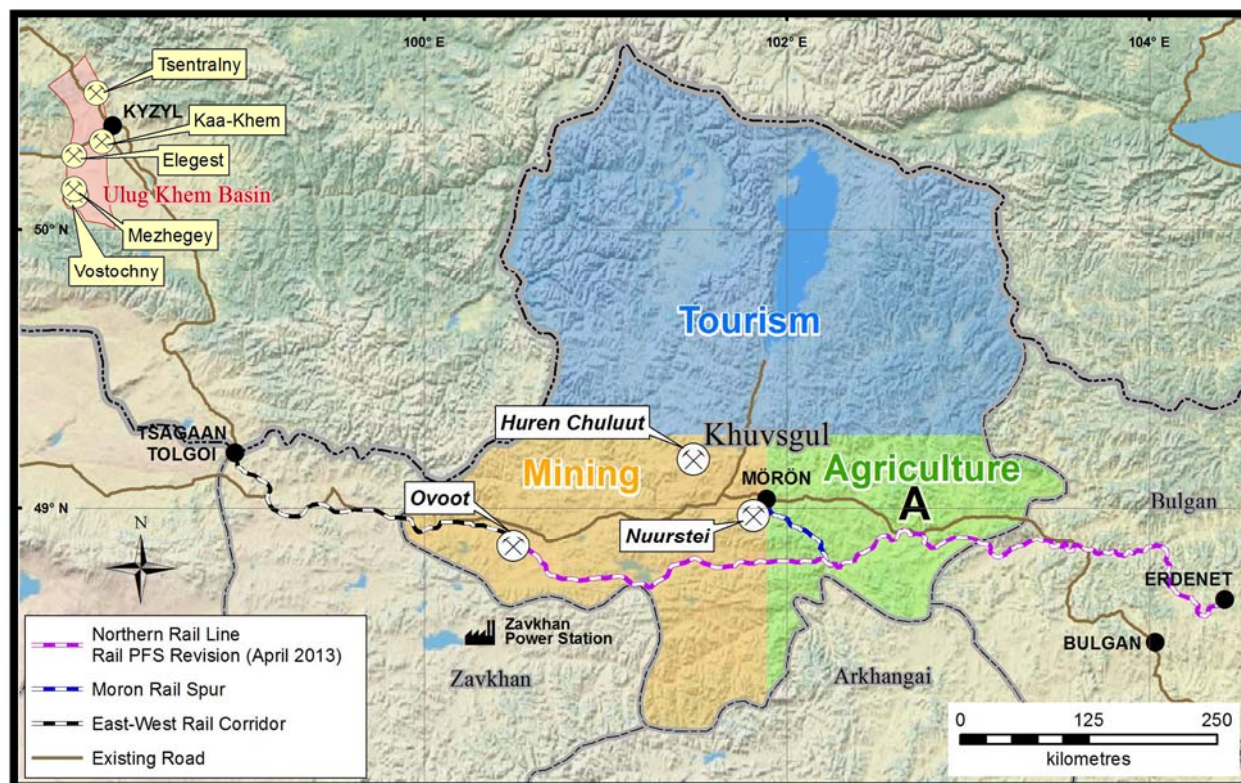


Figure 2: Northern Rail Line and Potential Connection West

Potential Rail Path Extending Rail West to Connect to Russian Coal Deposits Identified

During the Quarter, the Company performed a preliminary assessment of a rail path extending west from Ovoot through to the Russian border at Tsagaan Tolgoi and further north through to the Tuva capital of Kyzyl.

The assessment identified a 214 km path from Ovoot to Tsagaan Tolgoi along relatively flat terrain conducive to efficient rail construction and operation. From Tsagaan Tolgoi to Kyzyl, a further 275 km rail path was identified. This alignment has been able to identify a potential path through a 40km section of difficult terrain. Again this alignment is conducive to efficient rail construction and operation.

Potential Russian Users Identified for Northern Rail Line

In the event of a future rail link being constructed from the Ovoot Project via Tsagaan Tolgoi through to the Russian city of Kyzyl, the Northern Rail Line would become part of a new major international rail network and will potentially unlock the development of the very large Ulug Khem (“**Elegest**”) coking coal basin.

The Ulug Khem basin holds five core metallurgical coal projects owned by some of Russia’s largest coking coal and steel producers (refer Table 1). At full production, these projects are claimed to produce up to 47mtpa¹ of coal based on current project reserves.

Project	Owner	Estimated Reserves ²
Elegest	Tuva Energy Industrial Corporation (TEPK)	895 Mt
Kaa Khem	En+ Group	200 Mt
Mezhegey	Evrz	765 Mt
Vostochny	Evrz	Unknown
Tsentralny	Severstal	639 Mt

Table1: Major Projects in the Ulug Khem Coking Coal Basin

Accessing rail through Mongolia will provide Russian producers with a shorter delivery path to market for transport to China and even Far East Russia. Estimated internally by Aspire, kilometres transported from the Ulug Khem basin using the Mongolian Rail Corridor can be reduced by approximately 445km to Far East Russian Ports, and approximately 1,250km to China as against alternative paths to market.

Construction is underway on the 410 kilometre Kyzyl – Kuragino railway heading north from Kyzyl connecting to the Trans-Siberian Railway at Kuragino. The Kyzyl – Kuragino railway is planned to be constructed by 2018.

The Tuva Republic is located in southern central Siberia and shares a border with Mongolia to the south. Its capital city is Kyzyl which has a population of approximately 311,000 (in 2013).

Tuva is abundant in natural resources with a number of deposits ready to be explored and developed in the region including coking and thermal coal, phosphate, silver-cobalt, arsenic, gold, copper, molybdenum, rare earths, aluminium and chromium.

Connecting the Northern Rail Line from the Ovoot Project to Kyzyl would ensure that the Northern Rail Line will form an important part of a major international rail network linking China with Russia and Europe. It was recently reported in Russian media that Russian Prime Minister Medvedev supports railway transiting Mongolia. A State Duma (Russian lower house) representative has announced that steps relating to the connection to China through Mongolia is expected to be completed by the end of the year.

¹ Source: IMC Montan presentation “Russian Coking Coal Developments – An Update” dated 19-20 June 2013

² Source: Reserve estimated for Elegest, Mezhegey and Tsentralny reported by Severstal Resources presentation “Coking Coal Market Perspectives” dated May 15, 2013. Reserve estimate for Kaa Khem reported by IMC Montan presentation “Russian Coking Coal Developments – An Update” dated 19-20 June 2013.

COKING COAL MARKET UPDATE

Spot coking coal prices reached six year lows during March 2014, dropping from highs of approximately US\$300/t FOB in March 2011 to US\$106/t FOB at 17 March 2014. Benchmark contract pricing has also fallen significantly, with the April – June 2014 quarterly pricing for hard coking coal agreed at US\$120/t FOB Australia³.

The primary reason contributing to the decline in coking coal pricing relates primarily to the seaborne supply and demand fundamentals. The seaborne metallurgical coal market is currently in oversupply with many projects commissioned within the recent 12 months adding to seaborne supply. It is also expected that further supply sources will also be introduced during 2014 including BHP's Caval Ridge mine, Whitehaven's Grosvenor mine, and Rio Tinto's Kestrel mine.

It has been reported that since 2012, supply cuts have been made, mostly from Canadian and US producers. However, it has not been enough to curb the rate of supply to the slowing rate of demand.

Additionally, seaborne demand within China, the world's largest consumer of coking coal, is also competing with the increased levels of domestic coking coal production, which sees pricing at similar levels to that of seaborne hard coking coal. It is understood that at current pricing a significant proportion of Chinese coking coal production is loss making, and when combined with the Chinese Government's efforts to improve environment and safety at the cost to producers, small scale coal miners, will be required to cease production by the end of 2014.

It is encouraging that the general consensus of nine analysts indicate long term prices averaging US\$186/t nominal⁴. Given the size and life of mine profile of the Ovoot Project, a long term approach is adopted by the Company with respect to its development planning.

CORPORATE

Participation in Mongolian Government Organised Re-Discover Mongolia Forum, Sydney

Aspire's Managing Director David Paull was invited to attend an investment summit organised by the Mongolian Ambassador to Australia in March 2014. Held in Sydney, the "Rediscover Mongolia" investment summit included presentations by the Mongolian Minister for Foreign Affairs His Excellency Mr Bold Luvsanvandan, which discussed the Mongolian Government's policies on supporting foreign investment, and the improvements being made to laws and regulations in Mongolia to demonstrate that support.

These changes have included:

- The enactment of the new Investment Legislation⁵ in November 2013 removing restrictions for investment (refer Aspire's Quarterly Report for the period ending December 2013 for a summary);
- Changes to Mongolia's Mineral Policy drafted in January 2014 to be presented at the spring session of Parliament, which includes attractive measures to encourage investment into the resources sector;
- Agreements between the Governments of Mongolia, Russia and China to upgrade rail, road and other infrastructure to support growth of exports for the resources and other industries (refer Aspire's Quarterly Report for the period ending December 2013 for a summary).

³ TEX Report

⁴ Wood Mackenzie, Citi, Bank of America Merrill Lynch, Goldman Sachs, BMO Capital Markets, Morgan Stanley, Credit Suisse, UBS and BHP Billiton.

⁵ Mongolian Law on Investment dated 3 October 2013

Aspire Mining was specifically invited to present at the forum highlighting the scale of the Ovoot Coking Coal Project and Northern Rail Line and its economic and social significance to Mongolia.

Cash Position and Reduced Overhead Expenditure

Aspire had AU\$4.6 million cash as at 31 March 2014.

Overheads and expenditure continue to be tightly controlled while awaiting movement on rail approvals.

Capital Structure at 31 March 2014:

Security	No on issue
Quoted Ordinary shares	658,247,056
Unquoted 5c Options (expire 12 Feb 15)	96,186,842
Unquoted 5c Performance Options (expire 12 Feb 15)	145,000,000
Unquoted Performance Rights	3,827,500

Interests in mining tenements at 31 March 2014:

Tenement	Location	Equity
Ovoot MV017098 13636X 017003X	Mongolia	100% 100% 100%
Hurimt 14510X 14637X	Mongolia	100% 100%
Jilchigbulag 12816X	Mongolia	100%

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ABOUT ASPIRE MINING LIMITED

Aspire is listed on the ASX (Code: AKM) and owns 100% of the Ovoot Coking Coal Project in northern Mongolia. Aspire completed a Pre-Feasibility Study (PFS) for the Ovoot Project in May 2012, a PFS Revision in December 2012 and was granted its Mining Licence in August 2012. Aspire is targeting first production of 5Mtpa at the Ovoot Project in 2017/18 subject to funding, approvals, licenses and construction of rail infrastructure. Aspire's wholly owned subsidiary Northern Railways LLC is currently continuing to progress the development of railway which will connect the Ovoot Project directly to the existing Mongolian rail network. For the key assumptions used to achieve the first year target of 5mtpa of marketable coking coal, refer to December 2013 Quarterly Report announced 31 January 2014.

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 2017/18 is indicative and assumes the grant of necessary Government licences, agreements and approvals in 2014.

ABOUT NORTHERN RAILWAYS LLC

Northern Railways LLC ("Northern Railways") is the Mongolian registered rail infrastructure subsidiary of Aspire Mining Limited, established as the entity to focus on developing railway infrastructure in northern Mongolia.

Northern Railways is in charge of the advancement of an extension to the existing Trans-Mongolian Railway of approximately 547 kilometers from the current terminus at Erdenet through to the Ovoot Coking Coal Project ("Northern Rail Line"), thereby connecting the northern Mongolian Khuvsgul, Bulgan, and Orkhon provinces to the existing Trans-Mongolian rail network. In accordance with Mongolian National Rail Policy, the multi-user rail line will be available for the transport of bulk materials, agricultural and general freight and passengers from the region to export markets including China, Russia and seaborne markets.

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