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ASX RELEASE

For Immediate Release – 12 August, 2015

Mongolian Government Resolves to Grant 30 Year Concession for Erdenet – Ovoot Railway to Northern Railways

- **The Government of Mongolia's Cabinet has authorised its Investment Agency to execute a Concession Agreement with Northern Railways with the support of China Railway Construction Corporation subsidiaries CR20G and FSDI.**
- **Northern Railways will have the exclusive right to build and operate for 30 years the 547 km Erdenet – Ovoot railway. The Concession will allow up to 5 years to construct the railway followed by 30 years of operation after which 100% of the base railway infrastructure will be transferred to the Government of Mongolia.**
- **The Erdenet – Ovoot railway forms part of an important connection with Russia, and the new trilateral Economic Corridor supported by the Governments of China, Russia and Mongolia to facilitate increased trade between Euro-Asian economies.**
- **Upon execution of the Concession Agreement, Northern Railways will need to satisfy a number of conditions precedent over the next 18 months including the completion of EPC contract negotiations with CR20G, completion of the rail bankable feasibility study with FSDI, and arrange financing.**

Mongolian metallurgical coal explorer and infrastructure company Aspire Mining Limited (ASX: AKM, the **Company** or **Aspire**), is pleased to announce that a resolution was passed by the Cabinet of the Government of Mongolia (**GOM**) on 10 August 2015 authorising the Mongolian Government's Investment Agency to execute the Concession Agreement (**Concession Agreement**) with Aspire's subsidiary Northern Railways LLC (**Northern Railways**) to build and operate the Erdenet to Ovoot railway (**Rail Project**) in northern Mongolia.

The Concession Agreement is for a period of 30 years with 100% of the base railway structure to be transferred to the GOM at the end of the concession term. The Concession Agreement will be executed by the parties as soon as logistically possible following final edits to be incorporated into the agreement. Key terms of the Concession Agreement are shown in Table 1.

Northern Railways will have the exclusive right to build and operate the 547 km Rail Project to extend Mongolia's national rail network from Erdenet to Aspire's Ovoot Coking Coal Project (**Ovoot Project**), which represents the first stage of a new rail connection linking Mongolia to Russia. A Pre-Feasibility Study has been completed on the Rail Project with an estimated capital cost to construct of US\$1.2bn.

The Concession Agreement represents a major milestone in the future development of the Ovoot Project as it now has a defined path to market by rail. The Ovoot Project is planned to initially produce 5 Mtpa and increasing to produce up to 10 Mtpa of high quality coking coal over a 21 year life of mine, based on a 255 Mt JORC Compliance Probable Coal Reserve (refer ASX Announcement dated 13 August 2013 and Quarterly Report for the period ended 31 December 2013).

Northern Railways negotiations for the Concession Agreement were supported by a consortium comprising Aspire, and China Railway Construction Corporation (**China Railways**) subsidiaries, China Railway 20 Bureau Group Corporation (**CR20G**) and China Railway First Survey & Design Institute (**FSDI**).

Northern Railways will work exclusively with CR20G and FSDI to complete the bankable feasibility study and negotiate the terms of the EPC contract to be awarded to CR20G.

China Railways is a Fortune 500 listed company, and China's largest rail construction organisation. Through its various subsidiary companies China Railways are involved in the development of a number of rail projects along the planned Economic Corridor spanning between Russia, Mongolia and China, including the Erdenet to Ovoot railway and the construction of the Kuragino to Kyzyl railway which will eventually connect with the Erdenet to Ovoot railway (refer Figure 1).



Figure 1: Erdenet – Ovoot railway forming part of the Mongolian rail policy forming part of the trilateral Economic Corridor between Russia, Mongolia and China

The Rail Project plays an important part in the establishment of an Economic Corridor through Mongolia, the subject of a trilateral agreement signed by the Presidents of China, Russia and Mongolia in July 2015. The Economic Corridor through Mongolia is primarily aimed at improving trade by

reducing regulation, improving capacity at borders and to improve road and rail infrastructure to meet increased demand for transport services. This Economic Corridor links closely with Chinese policies to establish a New Silk Road to improve Euro-Asian trade, and Russia's policy of establishing a Euro-Asian economic zone.

Northern Railways has recently commenced a scoping study over the planned railway extending from Ovoot to the Russian border approximately 180 km north of Ovoot and further to the Russian town of Kyzyl to complete this connection. The scoping study is expected to be completed in the September 2015 Quarter.

The Erdenet to Ovoot railway will be open access and will be a catalyst for the further development of non-resource industries in northern Mongolia including agriculture, livestock, light engineering and tourism.

Background

- On September 4, 2014, the Russian president Mr Vladimir Putin signed a number of agreements with the Mongolian President Mr Tsakhia Elbegdorj concerning cooperation on trade and rail infrastructure, in particular investigating a new rail connection between Mongolia and Russia extending from Erdenet to Ovoot to the Arts Suuri border in Mongolia, and then potentially connecting on the Russian side to the Russian city of Kyzyl.
- In October 2014, the Mongolian National Rail Policy was amended to include a new "northern railway" extending from the current terminus at Erdenet through to the Mongolian/Russian border at Arts Suuri.
- In November 2014, the Erdenet to Ovoot section of the northern railway was added to the Concession List of Approved Projects available for a Public-Private-Partnership with the GOM.
- In late March 2015, the GOM instructed its Investment Agency to enter into a direct negotiation for a concession with Northern Railways over the Erdenet to Ovoot section of this new railway connection with Russia.

Next Steps

Following the execution of the Concession Agreement, Northern Railways will work with the Consortium to raise funding for construction of the base rail structure and negotiate other key agreements and permits which are conditions precedent to commencing construction under the Concession Agreement.

The granting of this concession is also further evidence that the Government of Mongolia is working vigorously to address falling Foreign Direct Investment (**FDI**), following the agreement with Rio Tinto and Turquoise Hill Resources to progress the second stage of the Oyu Tolgoi Copper Gold Mine in May 2015, and the recent granting of a Concession to build CHPP5, a new US\$1.3 billion heating and power plant.

Table 1: Key Terms of the Concession Agreement

<p>Operation</p>	<ul style="list-style-type: none"> Northern Railways will build and operate the Rail Project for the Term and provision has been made to allow Northern Railways to enter into leasing arrangements and other commercial agreements to facilitate the operation of the Erdenet to Ovoot railway such as accessing rolling stock, wagons and locomotives. Northern Railways have the right to set and charge tariffs providing that they are not discriminatory to users.
<p>Conditions Precedent</p>	<p>Northern Railways must achieve the following in order to commence construction of the Rail Project within 18 months of execution of the Concession Agreement:</p> <ul style="list-style-type: none"> Rail Bankable Feasibility Study has been completed and the EPC contract has been executed, All licences, permits, and approval have been granted to Northern Railways by GOM. The GOM will support and assist Northern Railways to achieve the required licences, approvals and permits from the relevant Mongolian authorities, Connection to the existing railway at Erdenet is agreed, Financing agreements have been executed and finance becomes unconditional, Tax stabilisation certificate has been granted to Northern Railways, and All contracts required for the commencement of construction have been executed.
<p>Term</p>	<p>Construction period of up to five (5) years, followed by a 30 year operational period.</p>
<p>Ownership Post Concession Term</p>	<p>100% of share capital of Northern Railways will be vested in the GOM following the end of the 30 year operational term and all rights with respect to ownership and operation of the Rail Project will vest to the GOM.</p> <p>All rolling stock and additional infrastructure items that have been constructed which does not form part of the base railway structure will remain owned by separate rail management company.</p>

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About Aspire Mining Limited

Aspire Mining Limited is listed on the ASX (ASX: AKM) and is the largest coal tenement holder in Mongolia's Northern provinces and is focused on identifying, exploring and developing quality coking coal assets. Aspire currently owns a 50% interest in and is the operator of the Ekhgoviin Chuluu Joint Venture (ECJV), and has an option to increase its ownership to 100% of the ECJV. The ECJV owns a 90% interest in the Nuurstei Coking Coal Project (Nuurstei), and following a successful 2014 exploration program is planning to conduct additional exploration work through 2015 with the aim of identifying a JORC 2012 coal resource and defining coal quality across the deposit. Depending on the results of the 2015 program, future positive economic studies, funding and the grant of necessary approvals and licenses, Nuurstei could commence a road based production operation as early as 2016, and access the new Erdenet to Ovoot railway as early as two years from commencement of its construction.

Aspire is also the owner of the world class Ovoot Coking Coal Project (Ovoot) which is the second largest coking coal project by reserves in Mongolia. The Ovoot project development is dependent on the construction of the Erdenet to Ovoot railway which is being progressed by Northern Railways LLC (Northern Railways). Northern Railways has been granted a rail concession in August 2015 and is progressing the negotiations and completion of a bankable feasibility study, funding, EPC contract, applications for licences, permits and approvals to commence railway construction.

Production from the Ovoot project can coincide with the commissioning of the Erdenet to Ovoot railway.

About Northern Railways LLC

Northern Railways LLC (Northern Railways) is a Mongolian registered rail infrastructure Company, and mandated to pursue the development of the Erdenet to Ovoot railway, is supported by a consortium consisting of Aspire Mining, and subsidiaries of fortune 500 listed China Railway Construction Corporation – China Railway 20 Bureau Group Corporation (CR20G) and China Railway First Survey & Design Institute (FSDI).

The Erdenet – Ovoot railway extends 547 km between the town of Erdenet to Aspire's Ovoot Project, which connects northern Mongolia to China and international markets. In accordance with Mongolian National Rail Policy, the Erdenet – Ovoot Railway is a multi-user rail line and will be available for the transport of bulk materials, agricultural and general freight from the region to export markets including China, Russia and seaborne markets.

The Erdenet to Ovoot railway will play an important part in the establishment of an Economic Corridor through Mongolia, the subject of a trilateral agreement signed by the Presidents of China, Russia and Mongolia. The Economic Corridor through Mongolia is primarily aimed at improving trade by reducing regulation, improving capacity at borders and to improve road and rail infrastructure to meet this increased demand for transport services. This Economic Corridor through Mongolia links closely with Chinese policies to establish a New Silk Road to improve Euro-Asian trade, and Russia's policy of establishing a Euro-Asian economic zone.

Production Assumptions for Initial 5 Mtpa from the Ovoot Coking Coal Project

The following are key assumptions used to achieve the ODP first year target of 5 Mtpa 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 Quarterly Report for the period ended 31 December 2013). 8) All capital and operating costs are in 2013 dollars.

Competent Persons Statement – Ovoot Coking Coal Project

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 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 2012 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.

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