

ASPIRE MINING LIMITED

ACN 122 417 243

NOTICE OF ANNUAL GENERAL MEETING

TIME: 12:30pm (WST)

DATE: Thursday, 26 November 2015

PLACE: The Celtic Club Inc., 48 Ord Street, West Perth, Western Australia 6005

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on (+61 8) 9287 4555.

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TIME AND PLACE OF MEETING AND HOW TO VOTE

VENUE

The Annual General Meeting of the Shareholders to which this Notice of Meeting relates will be held at 12:30pm (WST) on Thursday, 26 November 2015 at The Celtic Club Inc., 48 Ord Street, West Perth, Western Australia 6005.

YOUR VOTE IS IMPORTANT

The business of the Annual General Meeting affects your shareholding and your vote is important.

VOTING IN PERSON

To vote in person, attend the Annual General Meeting on the date and at the place set out above.

VOTING BY PROXY

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the Annual General Meeting of Shareholders will be held at 12:30pm (WST) on Thursday, 26 November 2015 at The Celtic Club Inc., 48 Ord Street, West Perth, Western Australia 6005.

The Explanatory Statement provides additional information on matters to be considered at the Annual General Meeting. The Explanatory Statement and the Proxy Form, form part of this Notice of Meeting.

The Directors have determined pursuant to Regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the Annual General Meeting are those who are registered Shareholders at 4.00pm (WST) on 24 November 2015.

Terms and abbreviations used in this Notice of Meeting are defined in the Glossary.

AGENDA

A. ORDINARY BUSINESS

FINANCIAL STATEMENTS AND REPORTS

To receive and consider the annual financial report of the Company for the financial year ended 30 June 2015 together with the declaration of the Directors, the Directors' Report, the Remuneration Report and the Auditor's Report.

RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **non-binding resolution**:

"That for the purpose of Section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the Company's annual financial report for the financial year ended 30 June 2015."

Note: Refer to applicable voting prohibitions outlined in Section C below.

RESOLUTION 2 – RE-ELECTION OF DIRECTOR – NEIL LITHGOW

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That for the purpose of clause 13.2 of the Constitution and for all other purposes, Neil Lithgow, retires by rotation and, being eligible, is re-elected as a Director."

RESOLUTION 3 – RE-ELECTION OF DIRECTOR – HANNAH BADENACH

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That for the purpose of clause 13.2 of the Constitution and for all other purposes, Hannah Badenach, retires by rotation and, being eligible, is re-elected as a Director."

B. SPECIAL BUSINESS

RESOLUTION 4 – RATIFICATION OF ISSUE OF SHARES TO SIGNUM RESOURCES CORPORATION

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That for the purpose of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 5,000,000 Shares to Signum Resources Corporation on the terms and conditions set out in the Explanatory Statement.”

Note: Refer to applicable voting exclusions outlined in Section C below.

RESOLUTION 5 – RATIFICATION OF ISSUE OF PERFORMANCE RIGHTS TO SIGNUM RESOURCES CORPORATION

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That for the purpose of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 40,000,000 Performance Rights to Signum Resources Corporation on the terms and conditions set out in the Explanatory Statement.”

Note: Refer to applicable voting exclusions outlined in Section C below.

RESOLUTION 6 – APPROVAL FOR THE GRANT AND EXERCISE OF THE DEFAULT OPTION

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That for the purpose of ASX Listing Rule 10.1 and for all other purposes, Shareholders approve the grant of the Default Option, and any exercise of the Default Option, on the terms set out in the Explanatory Statement.”

Note: Refer to applicable voting exclusions outlined in Section C below.

The Independent Expert's Report prepared by Stantons International Securities concludes that the proposal outlined in Resolution 6 is fair and reasonable to Shareholders not associated with Noble, having regard to the current valuation of the asset the subject of Resolution 6 (as assessed by Agricola Mining Consultants Pty Ltd) and the effect of the proposal the subject of Resolution 6 on the Company. Shareholders are referred to the Independent Expert's Report attached as Annexure C to this Notice of Meeting.

RESOLUTION 7 – APPROVAL FOR THE GRANT AND EXERCISE OF THE COALRIDGE SECURITY

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That for the purpose of ASX Listing Rule 10.1 and for all other purposes, Shareholders approve the grant of the Coalridge Security, and any exercise of the Coalridge Security, on the terms set out in the Explanatory Statement.”

Note: Refer to applicable voting exclusions outlined in Section C below.

The Independent Expert's Report prepared by Stantons International Securities concludes that the proposal outlined in Resolution 7 is fair and reasonable to Shareholders not associated with Noble, having regard to the current valuation of the asset the subject of Resolution 7 (as assessed by Agricola Mining Consultants Pty Ltd) and the effect of the proposal the subject of

Resolution 7 on the Company. Shareholders are referred to the Independent Expert's Report attached as Annexure C to this Notice of Meeting.

C. VOTING PROHIBITIONS AND VOTING EXCLUSION STATEMENTS

Voting Prohibitions

In accordance with the Corporations Act, a vote on Resolution 1 must not be cast (in any capacity) by or on behalf of the following persons:

- (a) a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report; or
- (b) a Closely Related Party of such a member.

However, a person described above may cast a vote on Resolution 1 if the vote is not cast on behalf of a person described in paragraphs (a) and (b) above and the person:

- (c) does so as a proxy appointed in writing that specifies how the proxy is to vote on Resolution 1; or
- (d) the voter is the Chairman of the Meeting and the appointment of the Chairman as proxy:
 - (i) does not specify the way the proxy is to vote on Resolution 1; and
 - (ii) expressly authorises the Chairman to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

Shareholders who intend to appoint the Company's Chairman as proxy (including an appointment by default) should have regard to the information under the heading "Important information concerning proxy votes on remuneration related resolutions" below.

Voting Exclusion Statements

In accordance with the ASX Listing Rules, the Company will disregard any votes cast on the respective Resolutions by the following persons:

Resolution	Persons excluded from voting
Resolution 4 – Ratification of Issue of Shares to Signum Resources Corporation	The Company will disregard any votes cast on Resolution 4 by Signum Resources Corporation (or its nominee) and any of their associates.
Resolution 5 – Ratification of Issue of Performance Rights to Signum Resources Corporation	The Company will disregard any votes cast on Resolution 5 by Signum Resources Corporation (or its nominee) and any of their associates.
Resolution 6 – Approval for the grant and exercise of the Default Option	The Company will disregard any votes cast on Resolution 6 by Logarta and Noble, and any of its associates.
Resolution 7 – Approval for the grant and exercise of the Coalridge Security	The Company will disregard any votes cast on Resolution 7 by Noble, and any of its associates.

However, the Company need not disregard a vote on any of the Resolutions referred to in the voting exclusions above if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote in accordance with a direction on the Proxy Form.

D. PROXIES AND CORPORATE REPRESENTATIVES

Voting by proxy

Each Shareholder that is entitled to attend and vote is entitled to appoint a proxy. A proxy does not need to be a Shareholder. A Shareholder that is entitled to cast two or more votes may appoint not more than two proxies to attend and vote on their behalf. Where two proxies are appointed, each proxy should be appointed to represent a specified portion or number of the Shareholder's voting rights (failing which each appointee will be entitled to cast half the Shareholder's votes).

A Proxy Form, together with instructions on how to complete the Proxy Form, is attached.

To vote by proxy, please complete and sign the enclosed Proxy Form and return by:

- (a) post to Aspire Mining Limited, PO Box 1918, Subiaco WA 6904; or
- (b) facsimile to the Company on facsimile number (+61 8) 9388 1980; or
- (c) email to the Company at info@aspiremininglimited.com.

To be valid, a properly completed Proxy Form must be received by the Company by no later than 12:30pm (WST), 24 November 2015.

If you return your Proxy Form but do not nominate a representative, the Chairman of the AGM will be your proxy and will vote on your behalf as you direct on the Proxy Form. If your nominated representative does not attend the meeting then your proxy will revert to the Chairman of the AGM and he will vote on your behalf as you direct on the Proxy Form.

The Chairman will vote undirected proxies in favour of Resolutions 1 to 7. In respect of Resolution 1, Shareholders should refer to the important information below under the heading "Important information concerning proxy votes on remuneration related resolutions".

Corporate Representatives

A body corporate that is a Shareholder may appoint an individual as its representative at the AGM, rather than appoint a proxy, in accordance with section 250D of the Corporations Act. Where a body corporate appoints a representative, the Company requires written proof of the appointment to be lodged with the Company or presented on the day of the AGM.

E. IMPORTANT INFORMATION CONCERNING PROXY VOTES ON REMUNERATION RELATED RESOLUTIONS

The Corporations Act places certain restrictions on the ability of Key Management Personnel and their Closely Related Parties to vote on the advisory resolution to adopt the Company's Remuneration Report and resolutions connected directly or indirectly with the remuneration of the Company's Key Management Personnel. Key Management Personnel of the Company are the Company's Directors and those other persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. The Remuneration Report identifies the Company's Key Management Personnel for the financial year ended 30 June 2015. Their Closely Related Parties are defined in the

Corporations Act and include certain of their family members, dependents and companies they control.

For these reasons, Shareholders who intend to vote by proxy should carefully consider the identity of their proxy and consider appointing someone other than a member of the Key Management Personnel, as such persons may not be able to vote undirected proxies. Shareholders are also encouraged to direct their proxy as to how to vote on all Resolutions. In particular, Shareholders who intend to appoint the Company's Chairman as their proxy (including an appointment by default) are encouraged to direct the Chairman as to how to vote on all Resolutions.

If you appoint the Chairman as your proxy, you should direct the Chairman how to vote on Resolution 1. If you do not direct the Chairman how to vote in respect of Resolution 1, then by marking the box appointing the Chairman as your proxy, you will be deemed to have directed and expressly authorised the Chairman to vote your proxy in favour of Resolution 1. This express authorisation acknowledges that the Chairman may vote your proxy even if:

- (a) Resolution 1 is connected directly or indirectly with the remuneration of a member of the Key Management Personnel; and
- (b) the Chairman has an interest in the outcome of Resolution 1 and that votes cast by the Chairman for this Resolution, other than as your authorised proxy holder, will be disregarded because of that interest.

This express authorisation is included because without it the Chairman would be precluded from casting your votes as these resolutions are connected with the remuneration of Key Management Personnel.

DATED: 20 OCTOBER 2015

BY ORDER OF THE BOARD



**PHILIP RUNDELL
COMPANY SECRETARY**

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared for the information of the Shareholders in connection with the business to be conducted at the Annual General Meeting to be held at 12.30pm (WST) on 26 November 2015 at The Celtic Club Inc., 48 Ord Street, West Perth, Western Australia 6005.

The purpose of this Explanatory Statement is to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions in the Notice of Meeting.

1 FINANCIAL STATEMENTS AND REPORTS

In accordance with the Constitution, the business of the Annual General Meeting will include receipt and consideration of the Annual Financial Report of the Company for the financial year ended 30 June 2015 together with the declaration of the Directors, the Directors' Report, the Remuneration Report and the Auditor's Report.

The Company's Annual Financial Report is available on its website at www.aspiremininglimited.com.

In accordance with the Corporations Act, Shareholders who have elected to receive a hard copy of the Annual Financial Report will receive it prior to the AGM. Shareholders who did not elect to receive a hard copy of the Company's Annual Financial Report and now wish to receive it, should contact the Company Secretary on (+61 8) 9287 4555.

2 RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

The Remuneration Report is part of the Directors' Report contained in the Annual Financial Report of the Company for the financial year ending 30 June 2015.

By way of summary, the Remuneration Report sets out the Company's remuneration arrangements for the Directors and Key Management Personnel of the Company.

A reasonable opportunity will be provided for discussion of the Remuneration Report at the Annual General Meeting.

Section 250R(2) of the Corporations Act requires that at a listed company's annual general meeting, a resolution that the remuneration report be adopted must be put to shareholders. The vote on this resolution is advisory only and does not bind the Directors of the Company.

The Corporations Act provides that if 25% or more of votes that are cast are voted against the adoption of a company's remuneration report at two consecutive annual general meetings, shareholders will be required to vote at the second of those annual general meetings on a resolution (a "**spill resolution**") that another meeting be held within 90 days at which all of the Company's Directors (other than the Managing Director) who were in office at the date of the approval of the applicable directors' report must stand for re-election.

As not more than 25% of the votes cast on the resolution to adopt the Remuneration Report at the Company's 2014 annual general meeting were against the resolution, a spill resolution is not required to be considered at the 2015 Annual General Meeting even if 25% or more of the votes cast on Resolution 1 are voted against the adoption of the Remuneration Report.

3 RESOLUTIONS 2 AND 3 – RE-ELECTION OF DIRECTORS (MR NEIL LITHGOW AND MS HANNAH BADENACH)

Clause 13.2 of the Constitution requires that at each annual general meeting of the Company, one third of the Directors for the time being or, if their number is not a multiple of 3, then the number nearest one third (rounded upwards in case of doubt), shall retire from office, provided always that no Director (except a Managing Director) shall hold office for a period in excess of 3 years, or until the third annual general meeting following his or her appointment, whichever is the longer, without submitting himself or herself for re-election. A Director appointed as an additional Director during the year is not taken into account in determining the Directors who are to retire by rotation.

A Director who retires by rotation under clause 13.2 of the Constitution is eligible for re-election. The Directors to retire at an annual general meeting are those who have been longest in office since their last election, but, as between persons who became Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by drawing lots.

It has been determined that the Directors who are to retire from office in accordance with clause 13.2 of the Company's Constitution at the 2015 Annual General Meeting are Mr Neil Lithgow and Ms Hannah Badenach. Each of Mr Neil Lithgow and Ms Hannah Badenach, being eligible, seek re-election as Directors of the Company.

Mr Neil Lithgow

Neil Lithgow having last been re-elected at the Company's annual general meeting on 26 November 2013, will retire by rotation at the Annual General Meeting in accordance with clause 13.2 of the Constitution, and being eligible, will seek re-election.

Mr Lithgow is a geologist by profession with over 20 years' experience in mineral exploration, economics and mining feasibility studies, covering base metals, coal, iron ore and gold.

Mr Lithgow has previously worked for Aquila Resources Limited and Eagle Mining Corporation NL and is currently a Non-Executive Director of Bauxite Resources Limited (appointed 15 May 2006).

He is a member of the Australian Institute of Mining and Metallurgy and the Financial Services Institute of Australia.

The Directors, other than Mr Lithgow, who has an interest in Resolution 2, recommend Shareholders vote in favour of Resolution 2.

Ms Hannah Badenach

Hannah Badenach having last been re-elected at the Company's annual general meeting on 26 November 2013, will retire by rotation at the Annual General Meeting in accordance with clause 13.2 of the Constitution, and being eligible, will seek re-election.

Ms Badenach is currently Vice President of Asset Development & Operations at Noble Resources Limited.

She is a lawyer, having practiced law for several years in Asia, including two years in Mongolia, starting in 2004 with Lynch & Mahoney.

Ms Badenach has experience in management and development within Mongolia. She was Managing Director of QGX Mongol LLC from 2006, a coal explorer and developer prior to its takeover in 2008 by Mongolia Holdings Corporation. Ms Badenach is currently a Non-Executive Director of Xanadu Mines Ltd (appointed 4 October 2011).

She holds a Bachelor of Laws (Hons) and a Bachelor of Arts from the University of Tasmania.

The Directors, other than Ms Hannah Badenach, who has an interest in Resolution 3, recommend Shareholders vote in favour of Resolution 3.

4 RESOLUTION 4 – RATIFICATION OF PRIOR ISSUE OF SHARES TO SIGNUM RESOURCES CORPORATION

Background

On 29 April 2015 the Company issued 5,000,000 Shares to Signum Resources Corporation (**Signum Shares**) in connection with services rendered to the Company. Signum Resources Corporation is an advisory firm who have a background in arranging funding for large engineering projects in North Asia, and have been advising Aspire's subsidiary Northern Railways LLC since mid-2013 in relation to arrangements with China Railway Construction Corporation Group companies and Chinese financial institutions in connection with progressing Northern Railways LLC's Erdenet - Ovoot railway project in Northern Mongolia. The issue of these Signum Shares was completed within the Company's 15% capacity under Listing Rule 7.1. The Company now seeks Shareholder approval to ratify the issue of the Signum Shares so as to provide greater flexibility to issue equity securities in the future without the need to obtain prior Shareholder approval.

Requirement for Shareholder ratification

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

ASX Listing Rule 7.4 sets out an exception to ASX Listing Rule 7.1. It provides that where a company at a general meeting ratifies the previous issue of securities made without prior Shareholder approval under ASX Listing Rule 7.1 (and provided that the previous issue did not breach ASX Listing Rule 7.1), those securities will be deemed to have been made with shareholder approval for the purpose of ASX Listing Rule 7.1.

By ratifying the issue of the Signum Shares, the Company will retain greater flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

Technical information required by ASX Listing Rule 7.4

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to the issue of the Signum Shares:

- (a) 5,000,000 ordinary fully paid shares were issued under the placement.
- (b) The Signum Shares were not issued for cash consideration, but rather in part consideration for services rendered by Signum Resources Corporation in progressing the rail related activities of Aspire's subsidiary Northern Railways LLC.

- (c) The Signum Shares were issued on the same terms and conditions as the Company's existing Shares.
- (d) The Signum Shares were issued to Signum Resources Corporation within the scope of section 708 of the Corporations Act.
- (e) The Signum Shares did not raise any funds.
- (f) A voting exclusion statement in respect of Resolution 4 is included in the Notice of Meeting (refer Section C).

Directors' recommendation

The Directors recommend that Shareholders vote in favour of Resolution 4.

5 RESOLUTION 5 – RATIFICATION OF PRIOR ISSUE OF PERFORMANCE RIGHTS TO SIGNUM RESOURCES CORPORATION

Background

On 31 July 2015 the Company entered into an agreement with Northern Railways LLC's rail and financial adviser, Signum Resources Corporation, to issue Signum Resources Corporation with 40,000,000 Performance Rights as an incentive to successfully arrange the majority of the funding for Northern Railways LLC's Erdenet – Ovoot railway project. The Erdenet to Ovoot railway development is required for the future development of the Company's world class Ovoot Coking Coal Project.

The Performance Rights granted to Signum Resources Corporation only vest upon Northern Railways LLC receiving a funding offer from a reputable financial institution to fund at least 70% of the funding required to build the Erdenet to Ovoot railway on terms acceptable to Aspire (**Vesting Requirement**). The Performance Rights will be exercisable into fully paid ordinary shares in Aspire conditional upon the achievement of the Vesting Requirement by no later than 31 December 2015. The Performance Rights were issued to Signum Resources Corporation in lieu of cash payment for these services.

The Performance Rights were granted to Signum Resources Corporation within the Company's 15% capacity under Listing Rule 7.1. The Company now seeks Shareholder approval to ratify the issue of the Performance Rights so as to provide greater flexibility to issue equity securities in the future without the need to obtain prior Shareholder approval.

Requirement for Shareholder ratification

As set out above, by ratifying the issue of the Performance Rights the Company will retain greater flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

Technical information required by ASX Listing Rule 7.4

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to the issue of the Placement Shares:

- (a) 40,000,000 unlisted Performance Rights were issued.
- (b) The Performance Rights were not issued for cash consideration, but rather in part consideration for services rendered by Signum Resources Corporation

in progressing the rail related activities of Aspire's subsidiary Northern Railways LLC.

- (c) One fully paid ordinary share in Aspire will be issued for every Performance Right vested and exercised on achievement of the Vesting Requirements. The full terms and conditions of the Performance Rights are attached to this Notice as Annexure A.
- (d) The Performance Rights were issued to Signum within the scope of section 708 of the Corporations Act.
- (e) The issue of the Performance Rights did not raise any funds. The Performance Rights were granted to incentivise Signum Resources Corporation, who have experience arranging financing for large engineering projects in North Asia, to assist Northern Railways LLC to secure funding required to develop and construct the Erdenet to Ovoot railway.
- (f) A voting exclusion statement in respect of Resolution 5 is included in the Notice of Meeting (refer Section C).

Directors' recommendation

The Directors recommend that Shareholders vote in favour of Resolution 5.

6 RESOLUTIONS 6 AND 7 – APPROVAL FOR THE GRANT AND EXERCISE OF THE DEFAULT OPTION AND COALRIDGE SECURITY

The Independent Expert's Report prepared by Stantons International Securities concludes that the proposals outlined in Resolutions 6 and 7 are fair and reasonable to Shareholders not associated with Noble, having regard to the current valuations of the assets the subject of the Default Option and the Coalridge Security (as assessed by Agricola Mining Consultants Pty Ltd) and the effect of the proposals the subject of Resolutions 6 and 7 on the Company. Shareholders are referred to the Independent Expert's Report attached as Annexure C to this Notice of Meeting.

6.1 General

As announced on 16 March 2015, the Company reached agreement with Noble Resources International Pte Ltd (**Noble**), a substantial shareholder of the Company, to (amongst other things):

- grant to Logarta Limited (**Logarta**), a wholly owned subsidiary of Noble, an option to acquire Ovoot's shareholding in Coalridge where the Company has defaulted under the Facility (**Default Option**); and
- extend the repayment date for the US\$5.0 million facility which had previously been advanced to the Company by Noble (**Facility**) to enable Northern Railways LLC to pursue pre-development activities in relation to the Erdenet to Ovoot railway, on the basis that outstanding amounts under that Facility would be secured by way of a first-ranking equitable share mortgage granted by Ovoot over its 50% shareholding in the share capital of Coalridge in favour of Noble (**Coalridge Security**).

Coalridge is the incorporated joint venture company in respect of the Ekhgoviin Chuluu Joint Venture (**ECJV**), which holds a 90% interest in the Nuurstei Coking Coal Project (**Nuurstei**) located in the Khuvsgul province of Northern Mongolia.

As at the last date practicable prior to finalising this Notice of Meeting, Noble has voting power to 10.52% of the Company's issued Shares, and is therefore classified as a 'substantial holder' of the Company for the purposes of ASX Listing Rule 10.1. As the value of Coalridge fluctuates with the value of the mineral resources situated on the mining tenements owned by the ECJV, it is possible that at any point in time, a 50% interest in Coalridge could be classified as a 'substantial asset' for the purposes of ASX Listing Rule 10.1. Accordingly, to ensure that Noble is able to exercise the Coalridge Security and/or exercise the Default Option without requiring any further approvals of Shareholders, Shareholders are being asked to consider approving upfront the grant and exercise of the Default Option and the Coalridge Security for the purposes of ASX Listing Rule 10.1.

Further details in respect of these arrangements, for which the Company is seeking the approval of Shareholders, are set out below.

(a) Default Option

Ovoot has also agreed to grant Logarta the right to acquire its 50% interest in the share capital of Coalridge and any shareholder loans owing from Coalridge (or any of its subsidiaries) to Ovoot, Aspire or any other Aspire group entity, should there be an event of default under the Facility.

Under the terms of the Default Option, Logarta can only exercise the option at any time after an event of default occurs under the Facility, which option is exercisable at the fair market value of the relevant Coalridge shares and shareholder loans as determined by an independent expert. Further key terms are set out in **Annexure B**.

The Company has undertaken to use its best endeavours to seek the approval of Shareholders for the grant and exercise of the Default Option, being the subject of Resolution 6.

(b) Coalridge Security

As set out above, the Company has agreed to secure amounts payable under the Facility by way of a first-ranking equitable share mortgage granted by Ovoot over its 50% shareholding in the share capital of Coalridge in favour of Noble, being the Coalridge Security. Previously, amounts owing under this Facility were unsecured.

The key terms of the Facility are set out below.

Principal amount under Facility	US\$5.0 million.
Interest	9.0% per annum.
Repayment	The Principal (including any capitalised interest) is repayable on 15 March 2016, unless early repayment is made or Aspire is in default.
Security	First-ranking equitable share mortgage over Ovoot's 50% shareholding in the share capital of Coalridge.
Discharge of security	The security will be discharged at the request of Aspire if all amounts owing, or that will become owing, in respect of the Facility have been satisfied. Aspire expects this will occur upon repayment of the Facility as described above.

ASX has granted the Company a conditional waiver to allow the Company to enter into the Coalridge Security without prior Shareholder approval for the purposes of ASX Listing Rule 10.1. These conditions include restrictions on the ability of Noble to exercise its rights under the Coalridge Security and are set out in the announcement to ASX dated 29 July 2015. If Shareholders approve Resolution 7, the Company will be able to enter into the Coalridge Security without such restrictions and Noble will be able to exercise its rights under the Coalridge Security without any restriction under ASX Listing Rule 10.1.

If Shareholders do not approve the proposed grant of, or exercise of rights, under the Coalridge Security, then Aspire and Noble have agreed (at the election of Noble) to enter into good faith negotiations to put in place alternative security arrangements in relation to the Facility which do not require prior approval of Shareholders.

6.2 Requirement for Shareholder approval

ASX Listing Rule 10.1 broadly prohibits (among other things) the acquisition or disposal of a 'substantial asset' from a 'substantial holder' (or an associate of a substantial holder) without the approval of shareholders.

A 'substantial holder' is a person who, together with that person's associates, has a relevant interest in at least 10% of the total votes attached to the Company's shares. Given its shareholding in Aspire, Noble is considered to be a 'substantial holder' of the Company for the purposes of ASX Listing Rule 10.1. Logarta is an associate of Noble in respect of the Company.

A 'substantial asset' is an asset valued at more than 5% of the equity interest of the Company as set out in the latest accounts given to ASX. As the value of Coalridge fluctuates with the value of the mineral resources situated on the mining tenements owned by the ECJV, it is possible that at any point in time, a 50% interest in Coalridge (which is the subject of the Coalridge Security and the Default Option) could be classified as a 'substantial asset' for the purposes of ASX Listing Rule 10.1.

To ensure that Noble is able to exercise the Coalridge Security and/or exercise the Default Option without requiring any further approvals of Shareholders to be obtained, it was determined appropriate to seek the approval of Shareholders for the purposes of ASX Listing Rule 10.1 upfront. The Company seeks the approval for such purposes under Resolutions 6 and 7.

Independent Expert's Report

To assist Shareholders in their consideration of Resolutions 6 and 7, the Board engaged Stantons International Securities Pty Ltd (**Independent Expert**) to prepare an Independent Expert's Report to provide an opinion on whether or not:

- (a) the grant and exercise of the Default Option; and
- (b) the grant and exercise of the Coalridge Security,

are each 'fair and reasonable' to Shareholders not associated with Noble.

The Independent Expert's Report has been prepared in order to satisfy the requirements for Shareholder approval under ASX Listing Rule 10.1, and sets out a detailed independent examination of each of the transactions to enable non-associated Shareholders to assess the merits and decide whether to approve Resolutions 6 and 7.

The Independent Expert has concluded that:

- (a) the grant and any exercise of the Default Option is **fair and reasonable**; and
- (b) the grant and any exercise of the Coalridge Security is **fair and reasonable**,
to Shareholders not associated with Noble.

A complete copy of the Independent Expert's Report is included in **Annexure C** to the Notice of Meeting and is also available on the Company's website at www.aspiremininglimited.com. Shareholders who have received a copy of the Notice electronically may request a hard copy of the Independent Expert's Report from the Company at no cost by contacting the Company by telephone on +61 8 9287 4555.

Shareholders are encouraged to carefully read the Independent Expert's Report to understand its scope, the methodology of the valuation and the sources of information and assumptions made.

The Independent Expert has consented to the use of its Independent Expert's Report, and the opinion in which it contains, in the form and context used in the Notice of Meeting and Explanatory Memorandum.

6.3 Technical information required by ASX Listing Rule 10.10

A complete copy of the Independent Expert's Report is provided in **Annexure C** to the Notice of Meeting. A voting exclusion statement for Resolutions 6 and 7 are included in the Notice of Meeting (refer Section C).

6.4 Directors' recommendation

The Directors (other than Ms Badenach, whose employer is a Noble entity and has therefore decided not to make a recommendation) recommend that Shareholders vote in favour of each of Resolutions 6 and 7 (refer Section C).

7 ENQUIRIES

Shareholders are requested to contact the Company Secretary on (+61 8) 9287 4555 if they have any queries in respect of the matters set out in these documents.

GLOSSARY

\$ means Australian dollars.

AGM or **Annual General Meeting** or **Meeting** means the annual general meeting convened by the Notice.

ASX means ASX Limited.

ASX Listing Rules means the Listing Rules of ASX.

Board means the current board of directors of the Company.

Closely Related Party of a member of the Key Management Personnel means:

- a) a spouse or child of the member; or
- b) a child of the member's spouse; or
- c) a dependent of the member or the member's spouse; or
- d) anyone else who is one of the member's family and may be expected to influence the member or be influenced by the member in the member's dealings with the Company; or
- e) a company the member controls; or
- f) a person prescribed by the Corporations Regulations 2001 (Cth).

Coalridge means Coalridge Limited Company No. 163943, incorporated in the British Virgin Islands.

Coalridge Security means the first ranking equitable share mortgage over Ovoot's 50% shareholding in the share capital of Coalridge.

Company means Aspire Mining Limited (ACN 122 417 243).

Corporations Act means the *Corporations Act 2001* (Cth).

Directors mean the current directors of the Company.

ECJV means the Ekhgoviin Chuluu Joint Venture, which holds interests in Nuurstei and the Erdenebulag Coal Project.

Explanatory Statement means the explanatory statement accompanying the Notice.

Independent Expert means Stantons International Securities Pty Ltd, ABN 42 128 908 289, of Level 2, 1 Walker Avenue, West Perth WA 6005.

Independent Expert's Report means the report prepared by the Independent Expert in relation to Resolutions 6 and 7 and included in this Notice at **Annexure C**.

Key Management Personnel has the same meaning as in the accounting standards. Broadly speaking this includes those persons with the authority and responsibility for planning, directing and controlling the activities of the Company (whether directly or indirectly), and includes any directors of the Company.

Loan means the US\$5.0 million loan provided from Noble to the Company.

Logarta means Logarta Limited Co No. 1635187, incorporated in the British Virgin Islands.

Noble means Noble Resources International Pte. Ltd, incorporated in Singapore.

Notice or **Notice of Meeting** means this notice of Annual General Meeting including the Explanatory Statement and the Proxy Form.

Nuurstei means the Nuurstei Coking Coal Project, in which the Company holds an attributable equity interest of 45% through the ECJV.

Ovoot means the Company's wholly owned subsidiary, Ovoot Coking Coal Pte. Ltd, incorporated in Singapore.

Proxy Form means the proxy form accompanying the Notice.

Resolution means a resolution set out in the Notice of Meeting.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of a Share.

WST means Western Standard Time as observed in Perth, Western Australia.

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ANNEXURE A

Signum Performance Rights Terms and Conditions

The Performance Rights are subject to the following conditions and shall at all times be subject to the terms of the agreement with Signum dated 23 July 2015.

Each Performance Right must be met (as determined by the Board) on or before the date set out in the Vesting Requirements in order for the Performance Rights to vest. If each of the Vesting Requirements are not met on or before their respective key performance dates, they will lapse.

1. Each Performance Right will vest as an entitlement to one fully paid ordinary share (**Share**) in the capital of Aspire Mining Limited ACN 122 417 243 (**Company**) provided that a certain vesting condition is met.
2. There is no cash consideration payable upon the grant of a Performance Right and no amount will be payable on the vesting of a Performance Right.
3. The total number of Performance Rights will be 40,000,000 with an expiry at 5.00 pm (Perth time) on 31 December 2015.
4. The ability to exercise the relevant Performance Rights are conditional upon the following performance hurdles being satisfied (**Vesting Requirements**):
 - Upon Northern Railways LLC (**Northern Railways**) receiving Concession Agreement from the Government of Mongolia as well as the provision of an offer to fund based on that Concession Agreement from a reputable financial institution to provide debt facilities in favour of Northern Railways and the Company in relation to the construction of the Erdenet to Ovoot Railway in Northern Mongolia (**Railway**), with such debt facilities having at least a 10 year term and having a commitment amount of at least 70% of the required funding to build the Erdenet to Ovoot Railway and the Ovoot Coking Coal Project and otherwise being on terms and conditions acceptable to the Company. The Company recognizes that the offer to fund will remain conditional on a number of matters including the sourcing of sufficient equity capital in Northern Railways.
5. If the Vesting Requirements have been satisfied and the Company subsequently determines (acting reasonably) that Signum Resources Corporation (**Signum**) or any of its directors, officers or employees have engaged in fraud or dishonesty in relation to the satisfaction of those Vesting Requirements, then the Company may determine subject to any applicable laws, that any:
 - of the relevant unexercised Performance Rights immediately lapse;
 - right or entitlement to Shares that arise upon the exercise of the relevant vested Performance Rights are cancelled; and
 - Shares issued upon the exercise of the relevant vested Performance Rights are forfeited (with the Company having discretion to determine that the forfeited Shares are to be sold, transferred or otherwise disposed of and how proceeds from such disposal are to be applied).

The Performance Rights holder will have no rights to the proceeds of any forfeited Shares dealt with under this clause 5 and irrevocably and unconditionally releases the Company, its subsidiaries, officers and directors from any claim that may arise from the forfeiture or cancellation of any such rights or Shares.

6. Unless the Company determines otherwise, an unexercised Performance Right will lapse upon the earliest to occur of:
 - the Company terminating the agreement between Signum and Northern Railways (**Agreement**) pursuant to clause 13.3 of the Agreement;
 - Signum terminating the Agreement;
 - a holder purporting to transfer, assign, mortgage, charge or otherwise dispose of or encumber (in whole or in part) a Performance Right other than in accordance with clause 11;
 - the Performance Right lapsing in accordance with any of paragraphs 5 or 16; and
 - the relevant Expiry Date.
7. The Company shall notify the holder when the Vesting Requirements have been satisfied and the holder may then exercise their right to accept the vesting of the Performance Rights and be issued the Shares, following which the Company shall issue or procure to transfer the Shares within 21 days after a Performance Right is exercised, and deliver notification of the Shareholding to the holder.
8. The Company shall, within 7 days of the date of the Shares being issued, make application to ASX for quotation of the Shares.
9. Shares resulting from the vesting of the Performance Rights shall, from the date of issue, rank pari passu with all other Shares on issue.
10. Performance Rights shall not be quoted on ASX.
11. Performance Rights shall not be transferred or assigned by a holder except with the prior written consent of the Company.
12. Signum must provide the Company with at least 60 Business Days prior notice of an intention to sell any Shares acquired pursuant to the vesting of Performance Rights and the terms on which it proposes to do so, and provide the Company with a right to arrange for the orderly sale of those Shares to third parties nominated by the Company on terms that are no less favourable to Signum.
13. Subject to any right a holder may have as a holder of shares, holders of Performance Rights may only participate in new issues of securities to holders of shares if the Vesting Requirements have been satisfied and the relevant Shares have been issued prior to the record date for determining entitlements to the issue. The Company shall give notice to holders of Performance Rights (as required under the ASX Listing Rules) of any new issues of securities prior to the record date for determining entitlements to the issue.

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14. If Shares are issued pro rata to the Company's Shareholders generally by way of bonus issue (other than an issue in lieu of dividends or by way of dividend reinvestment) involving capitalisation of reserves or distributable profits, the number of Shares over which each Performance Right is exercisable may be increased by the number of Shares which the holder would have received if the Performance Right had been exercised before the record date for the bonus issue.
 15. In the event of any reorganisation (including consolidation, subdivision, reduction or return) of the issued capital of the Company, all rights of a holder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reorganisation such that Signum will be no worse off.
 16. In the event that there is a change of control event in the Company, these Performance Rights will automatically vest to the holder notwithstanding whether the Vesting Requirement has been met.
 17. During the currency of any Performance Rights and prior to vesting, holders are not entitled to participate in any new issue of securities of the company as a result of their holding Performance Rights. In addition, holders are not entitled to vote nor to receive dividends as a result of holding Performance Rights.
 18. No amendment may be made to the terms of any granted Performance Right which reduces the rights of the holder in respect of that Performance Right without the consent of the holder, other than an amendment:
 - for the purpose of complying with or conforming to present or future State or Commonwealth legislation, the Listing Rules or relevant instruments of relief granted by the ASIC governing or regulating the issue of performance rights;
 - to correct any manifest error or mistake; or
 - to take into consideration possible adverse tax implications in respect of the issue of the Performance Rights arising from, amongst others, adverse rulings from the Commissioner of Taxation, changes to tax legislation (including an official announcement by the Commonwealth of Australia) and/or change in the interpretation of tax legislation by a court of competent jurisdiction.

ANNEXURE B

Key Terms of the Default Option

Key term	Description
Conditions to the grant	The grant of the Default Option is subject to Shareholders approving the grant of the Default Option for the purposes of Listing Rule 10.1.
Underlying asset	The Default Option grants Logarta the right to: <ul style="list-style-type: none">• purchase Ovoot's holding in the share capital of Coalridge, free of all encumbrances and other third party interests; and• acquire any and all of the shareholder loans that may be owing by Coalridge or any of its subsidiaries to Ovoot, Aspire or any other Aspire group entity at the date of exercise of the call option.
Exercise price	The consideration payable by Ovoot upon the exercise of the Default Option is the fair market value of the relevant Coalridge shares and the shareholder loans as determined by an independent expert and assessed at the time that the event of default under the Facility occurs.
Exercise period	The Default Option may be exercised at any time after an event of default occurs under the Facility Agreement. An event of default will arise under the Facility in certain circumstances including: <ul style="list-style-type: none">• a failure to pay amounts payable under the loan agreement or security;• a failure to comply with any provision of the loan agreement or security;• any untrue representation, warranty or statement is made, repeated or deemed to be made in any 'Transaction Document';• any financial liability of in excess of \$150,000 is not paid when due or within any applicable grace periods;• enforcement of a security interest held by a third party;• an event of insolvency;• a material breach of any 'Transaction Document';• any 'Transaction Document' is or becomes or is claimed to be void, voidable or unenforceable or it becomes illegal to comply with;• a material adverse change in the business assets or financial condition of Ovoot which is likely to have a 'Material Adverse Effect'; or• a change of control event occurring.

Independent Expert's Report

The Independent Expert, Stantons International Securities Pty Ltd, has been requested to provide an opinion on the fairness and reasonableness to the non-associated shareholders of Aspire on the proposals with the Noble Group allowing the Noble Group to enter into the Default Option and exercise the Default Option (Resolution 6) and allow the Noble Group to acquire the remaining 50% of the shares in Coalridge (the Default Shares) and acquire the debt owed by Coalridge to Aspire (the Ovoot Shareholder Loans) in the event that Noble exercised its security rights (on failure of Aspire to repay the US\$5,000,000 Debt) and exercises the Default Option (Resolution 7).

After taking into account the factors noted in the report The Independent Expert has concluded that the Proposals the subject of Resolutions 6 and 7 outlined in this Notice of General Meeting are fair and reasonable to the Shareholders of the Company (not associated with the Noble Group) as at the date of the report.

The opinions expressed must be read in conjunction with the more detailed analysis and comments made in the report, including the 1 October 2015 valuation report on the Nuurstei Project prepared by Agricola Mining Consultants Pty Ltd, a copy of which is included in this annexure.

13 October 2015

The Directors
Aspire Mining Limited
Suite B, 431-435 Roberts Road
SUBIACO WA 6008

The Independent Expert has concluded that the Proposals the subject of Resolutions 6 and 7 outlined in this Notice of General Meeting are fair and reasonable to the Shareholders of the Company (not associated with the Noble Group) as at the date of this report.

Dear Sirs

Re: ASPIRE MINING LIMITED (ABN 46 122 417 243) ON THE PROPOSAL WITH NOBLE RESOURCES INTERNATIONAL PTE LTD ("NOBLE") RELATING TO THE POTENTIAL DISPOSAL OF THE NUURSTEI PROJECT AND THE EKHGOVIIN CHULUU JOINT VENTURE ("ECJV") AS MORE FULLY DESCRIBED BELOW - SHAREHOLDERS MEETING PURSUANT TO AUSTRALIAN SECURITIES EXCHANGE LIMITED ("ASX") LISTING RULES 10.1

1. Introduction

- 1.1 We have been requested by the Directors of Aspire Mining Limited ("Aspire" or "the Company") to prepare an Independent Expert's Report to determine the fairness and reasonableness of the proposal with Noble (refer below) as noted in Resolutions 6 and 7 of the Notice of Meeting ("the Notice") and as more fully described in the Explanatory Statement ("ES") attached to the Notice and as outlined below.
- 1.2 At the date of this report, Aspire (via a wholly owned subsidiary, Ovoot Coking Coal Pte Ltd) ("Ovoot") has a 50% shareholding interest in Coalridge Limited ("Coalridge") a company that owns a 90% interest in coal concessions/tenements in Mongolia called the Nuurstei Coking Coal Project ("Nuurstei Project") (and a 100% interest in two recently granted coal licences called the Erdenebulag Project). The remaining 50% of the shares in Coalridge are owned by Logarta Limited ("Logarta"), a wholly owned subsidiary of Noble Group Limited. Coalridge is effectively an incorporated joint venture between subsidiaries of Aspire and Noble. The incorporated joint venture is known as the Ekhgoviin Chuluu Joint Venture ("ECJV").
- 1.3 Noble and Logarta (and any other subsidiaries of Noble) for the purposes of this report are known as the Noble Group and Aspire and Ovoot (and any other subsidiaries of Aspire) are known in this report as the Aspire Group.
- 1.4 The Noble Group has lent US\$5,000,000 ("Debt") to the Aspire Group and has granted the Aspire Group an extension to repay the Debt. The Noble Group is seeking to take security by way of an equitable mortgage over the shares in Coalridge to secure the Debt ("Security"). The Debt was lent to the Aspire Group for working capital but in particular for further rail evaluation relating to Aspire's rail infrastructure subsidiary, Northern Railways LLC, also in Mongolia. The granting of security to the Noble Group over the shares in Coalridge (and effectively the ECJV and the Nuurstei Project) is considered a potential disposal of a substantial asset under ASX Listing Rule 10.1 – refer section 6 of the ES.

- 1.5 As at 7 October 2015, Noble owns 97,680,052 shares in Aspire that represents an approximate 10.52% shareholder interest in Aspire and is thus deemed a substantial shareholder for the purposes of ASX Listing Rule 10.1, being over 10%. In addition, Noble is represented on the Board of Aspire through Ms Hannah Badenach (refer below). ASX Listing Rule 10.1 provides, inter-alia, that an entity must not acquire a substantial asset from, or dispose of a substantial asset to a substantial shareholder without prior shareholder being obtained. A substantial asset is an asset valued at greater than 5% of the equity interests of a company.
- 1.6 Accordingly, the Company is seeking shareholder approval for the purpose of ASX Listing Rule 10.1 for the potential deemed disposal of a significant asset (the "Nuurstei Project") (via the grant of Security and any potential exercise of that Security in respect of Coalridge) to the Noble Group. No disposal to the Noble Group is actually taking place but in the event of default by the Aspire Group of repayment of the US\$5,000,000 Debt from Noble Group due on 15 March 2016, the Noble Group may under certain conditions exercise its security interests over Coalridge (and effectively the Nuurstei Project) to secure repayment of the US\$5,000,000 Debt.
- 1.7 Under the Amended Term Sheet, the Noble Group also has, subject to shareholder approval (refer to Resolution 6) been granted a Default Option to acquire the 50% of the shares in Coalridge held by Ovoot ("the Default Shares") and acquire the loans due by Coalridge (or any of its subsidiaries) to Ovoot, Aspire or any Aspire group entity as at the date of exercise of the Default Option ("Ovoot Shareholder Loans") in the event that Aspire defaults under the Facility Agreement (which includes amongst other things any default on payment of the US\$5,000,000 Debt).

The acquisition price payable by the Noble Group if it exercised its security as noted under the Default Option is the fair market value for the Default Shares and Ovoot Shareholder Loans). The fair market value is to be assessed by an Independent Expert (whose identity has been agreed between the parties) and is assessed at the time the event of a default occurs.

The Independent Expert is required to take into account the following considerations in assessing fair market value:

- Coalridge will be valued on a standalone basis (without any attribution of value for a control premium and ignoring any synergies or special value which may accrue to a purchaser);
- Coalridge will be valued as a going concern;
- The net tangible assets of Coalridge as disclosed in the most recent audited financial statements (if any); and
- Otherwise the valuation methodologies to be applied are to be determined by the Independent Expert using their own discretion, taking into account usual and prudent industry practices.

The Default Option may only be exercised after an event of default occurs under Clause 13.1 of the original Facility Agreement (to lend US\$5,000,000 to the Aspire Group). Further and complete details are set out in the ES attached to the Notice.

- 1.8 Stantons International Securities Pty Ltd has been requested to provide an opinion in relation to the:
- grant, and any exercise, of the Security in respect of Ovoot's shares in Coalridge; and
 - grant, and any exercise, of the Default Option in respect of the Default Shares and Ovoot Shareholder Loans.
- 1.9 The proposals are outlined in Resolutions 6 and 7 of the Notice and we are reporting on the fairness and/or reasonableness of the Proposals.

1.10 Apart from this introduction, this report considers the following:

- Summary of opinion
- Implications of the Proposal
- Corporate history and nature of business of Aspire
- Future direction of Aspire
- Valuation of the ECJV and Coalridge
- Fairness and conclusion as to fairness
- Reasonableness and conclusions of the Proposals
- Shareholder decision
- Sources of information
- Appendix A, our Financial Services Guide and the Valuation Report on the Nuurstei Project

1.11 In determining the fairness and reasonableness of the Proposal as noted above and in Resolutions 6 and 7, we have had regard for the definitions set out by the Australian Securities and Investments Commission ("ASIC") in its Regulatory Guide 111, "Content of Expert Reports". Regulatory Guide 111 states that an opinion as to whether an offer is fair and/or reasonable shall entail a comparison between the offer price and the value that may be attributed to the securities under offer (fairness) and an examination to determine whether there is justification for the offer price on objective grounds after reference to that value (reasonableness). The concept of "fairness" is taken to be the value of the offer price, or the consideration, being equal to or greater than the value of the securities in the above mentioned offer. Furthermore, this comparison should be made assuming 100% ownership of the "target" and irrespective of whether the consideration is scrip or cash.

An offer is "reasonable" if it is fair. An offer may also be reasonable, if despite not being "fair", there are sufficient grounds for security holders to accept the offer in the absence of any higher bid before the close of the offer. Although in this case the Proposals with Noble Group do not relate to a takeover offer, we have considered the general principles noted above to determine our opinions on fairness and reasonableness.

1.12 **In our opinion, taking into account the factors noted in this report, the Proposals as outlined in paragraphs 1.4, 1.7 and 1.8 and Resolutions 6 and 7 may, on balance, taking into account the factors referred to in 9 below and elsewhere in this report, be considered to be fair and reasonable to the shareholders of Aspire (not associated with the Noble Group) as at the date of this report.**

1.13 The opinions expressed above must be read in conjunction with the more detailed analysis and comments made in this report, including the 8 October 2015 valuation report on the Nuurstei Project prepared by Agricola Mining Consultants Pty Ltd ("Agricola") a copy of which is attached as an appendix to the Notice. The valuation report is known as the Agricola Valuation Report.

2. Implications of the Proposals

2.1 In the event that the Noble Group exercised the Security due to the failure of Aspire to repay the US\$5,000,000 Debt in March 2016 (or some other date, if the Noble Group agrees to a further extension to repay the Debt), Aspire (via Ovoot) will lose its 50% shareholding interest in Coalridge (the Default Shares) and lose the debt receivable due by Coalridge to Aspire (as Noble will acquire the Ovoot Shareholder Loans).

2.2 The ultimate fair market value potentially payable by the Noble Group under the Default Option cannot be ascertained as fair market value is assessed at the time the event of a default occurs. However, whatever is the fair market value is deducted from the US\$5,000,000 Debt to reduce the Debt amount owing by the Aspire Group to the Noble Group.

In the event that the fair market value was in excess of the US\$5,000,000 (and any unpaid interest due), the Noble Group would pay the excess amount to the Aspire Group (but noting that the Aspire Group would still lose ownership of the Default Shares and Ovoot Shareholder Loans).

3. Corporate History and Nature of Businesses

Aspire

3.1 Principal Activities and Significant Assets

Aspire is an ASX listed mineral exploration and evaluation company having achieved an ASX listing on 6 February 2007. The Aspire Group's most significant mineral interests are as follows:

- Ovoot Project – a coking coal project in Mongolia (the main project of the Aspire Group); and
- Nuurstei Project – a coking coal project in Mongolia (effective 45% interest as the Aspire Group owns 50% of Coalridge and the ECJV owns 90% of the Nuurstei Project tenements).

3.2 The Aspire Group has also, in August 2015, been awarded an exclusive concession licence by the Government of Mongolia to build and operate the 547km Erdenet to Ovoot Railway ("Rail Concession Project").

4. Future Directions of Aspire

4.1 We have been advised by the directors and management of Aspire, that:

- There are no proposals currently contemplated either whereby Aspire will acquire from or sell any projects to the Noble Group but it is noted that the Aspire Group has the Call Option to acquire the remaining 50% of Coalridge (and the debts due by Coalridge, or any of its subsidiaries to any Noble group entity) and the Noble Group is to take the Security for a US\$5,000,000 Debt over the Default Shares;
- The composition of the Aspire Board is not planned to change in the short term;
- The Company may need to raise further capital to repay the US\$5,000,000 Debt owing to the Noble Group;
- No dividend policy has been set; and
- The Company will endeavour to enhance the value of its interests in its mining assets and in particular the Ovoot Project.

5. Value of the Tenements and the value of Coalridge (the subject of the Default Option)

5.1 In order for us to assess the fairness of the Proposals with the Noble Group in relation to the Noble Group potentially exercising the Default Option, we sought an independent valuation of the Tenements owned by Coalridge. We in conjunction with the Company commissioned Agricola (Author of the Valuation Report was Malcolm Castle) to prepare a valuation report of the Tenements owned by Coalridge. The Agricola Valuation Report of 8 October 2015 should be read in its entirety and a full copy of the Agricola Valuation Report is attached as an Appendix to the Notice and ES.

The Agricola Valuation Report ascribes a range of values to the Tenements and for the purposes of our report we have referred to the low, high and mid range valuations referred to in the Agricola Valuation Report and concluded based on the preferred valuation.

5.2 We have used and relied on the Agricola Valuation Report on the Tenements and have satisfied ourselves that:

- Agricola is a suitably qualified consulting firm and has relevant experience in assessing the merits of mineral projects and preparing mineral asset valuations (also the principal author of the report Malcolm Castle is suitably qualified and experienced);

- Agricola and Malcolm Castle are independent from Aspire; and
- Agricola has to the best of our knowledge employed recognised methodologies in the preparation of the Agricola Valuation Report on the Tenements.

- 5.3 Agricola has ascribed a range of values to the Tenements at between A\$900,000 (low) and A\$1,900,000 (high) with a preferred valuation of A\$1,200,000. Using US/AUS exchange rates at 5 October 2015 of approximately AUS\$1=US\$0.70, the value of 100% of the Tenements would lie in the range of US\$630,000 (low) to US\$1,330,000 (high) with a preferred fair value of US\$840,000.

As noted above, the ECJV has a 90% interest in the Tenements and thus the Aspire Group and the Noble Group have each an effective 45% interest in the Tenements.

Thus, a 45% interest in the Tenements is valued at between \$405,000 (low) and A\$877,500 (high) with a preferred valuation of A\$540,000.

Using US/AUS exchange rates at 5 October 2015 of approximately AUS\$1=US\$0.70, the value of 45% of the Tenements would lie in the range of US\$283,500 (low) to US\$598,500 (high) with a preferred fair value of US\$378,000.

Using US/AUS exchange rates at 5 October 2015 of approximately AUS\$1=US\$0.70, the value of 90% of the Tenements would lie in the range of US\$567,000 (low) to US\$1,197,000 (high) with a preferred fair value of US\$756,000.

- 5.4 The Coalridge Group unaudited statement of financial position as at 30 June 2015 disclosed (in US dollars after conversion of Mongolian currency to US dollars) the following:

	US\$
Cash and other minor current assets	91,982
Plant and equipment/ intangibles at written down values	48,982
Capitalised exploration costs (tenements)	1,774,974
Total Assets	<u>1,915,938</u>
Less:	
Creditors and accruals	32,619
Interest owing to Noble	616,153
Interest owing to Aspire	608,772
Loans owing to Noble	6,838,797
Loans owing to Aspire	6,837,686
Total Liabilities	<u>14,934,027</u>
Net (Liabilities)	<u>(13,018,089)</u>

After substituting the capitalised exploration costs of US\$1,774,974 with the preferred Agricola valuation of approximately US\$756,000 (90% interest), the net liability position increases to approximately US\$(14,037,063).

6. Conclusion as to Fairness

- 6.1 The proposals to allow the Noble Group to potentially acquire the 50% interest in the shares in Coalridge owned by Ovoot Coking Coal Pte Ltd (the Default Shares) and allow the Noble Group to acquire the loans and interest debt due to Ovoot, Aspire and any Aspire Group entities (the Ovoot Shareholder Loans) are believed to be fair to Aspire's non-associated shareholders if the value of the consideration offered is equal to or greater than the value of the Default Shares and the Ovoot Shareholder Loans.
- 6.2 The valuation of mining interests and valuing future profitability and cash flows is extremely subjective as it involves assumptions regarding future events that are not capable of independent substantiation.

- 6.3 We make a comparison on the value of a 50% current interest in Coalridge with the potential consideration payable by the Noble Group to acquire the Default Shares and Ovoot Shareholder Loans.

	Low US\$	Preferred US\$	High US\$
Value of a 50% interest in Coalridge (Negative)	<u>\$(7,113,032)</u>	<u>\$(7,018,532)</u>	<u>\$(6,798,032)</u>
Consideration payable by the Noble Group	<u>unknown</u>	<u>unknown</u>	<u>unknown</u>

The current fair market value of the Tenements approximates US\$840,000 and 90% equates to approximately US\$756,000. If this was applied as the consideration payable by the Noble Group to acquire the Default Shares and Ovoot Shareholders Loans, the consideration payable would be fair. As the Noble Group is required to pay fair market value at the date of exercising the Default Option and this may be in March 2016, the fair market value at that date cannot now be assessed. If exploration and evaluation currently being undertaken proves a commercial saleable coal deposit, the fair market value may be far higher than that assessed by Agricola as noted above.

Noble will own the debts (Ovoot Shareholder Loans) due by Coalridge to Aspire that has a book value as at 30 June 2015 of approximately US\$7,446,458 (includes accrued interest due). However, based on the fair value of the assets of Coalridge, Coalridge does not have the financial ability to repay in full the debts due to Aspire (will be due to Noble) and Noble.

Based on current valuations of the Tenements, as the consideration potentially payable by Noble on any exercise of the Default Option by 6 March 2016 is greater than the fair market value of a 50% interest in the Default Shares and Ovoot Shareholders Loans, **the proposal as outlined in Resolution 7 is fair.**

It is noted that the security to be provided by the Aspire Group to secure the US\$5,000,000 Debt to the Noble Group is over the Default Shares and Ovoot Shareholders Loans and not the Aspire Group's major asset, the Ovoot Project and the Rail Concession Project (refer section 3 above). If an event of default occurred and the Noble Group exercised the Default Option, the Aspire Group will lose its less valuable Nuurstei Project. The Aspire Group thus is advantaged by mortgaging a lower value project. The market capitalisation as at 6 October 2015 for Aspire approximates \$15.8 million and thus after taking into account the assessed value of the Nuurstei Project by Agricola, arguably the "market" is ascribing most of the value of the Aspire Group to the Ovoot Project and the Rail Concession Project.

In our opinion, the proposed granting of the Default Option to the Noble Group as envisaged in Resolution 6 is fair to the shareholders of Aspire not associated with the Noble Group.

7. Reasonableness of the Proposals

- 7.1 We set out below some of the advantages and disadvantages and other factors pertaining to the Proposal that we considered in arriving at our conclusion on the reasonableness of the Proposals (and Resolutions 6 and 7).

Advantages

- 7.2 In the event of insolvency by Aspire, any Administrator appointed would seek to maximise value by negotiating with interested parties to acquire the Tenements or the shares in Coalridge. In most cases, under an Administration scenario, the realisable value of assets are materially less than book values and technical values ascribed by recognised valuers – investors/buyers look for buying opportunities to take advantage of the poor state of affairs of the seller. In the case of Aspire, under an insolvency arrangement (and in particular Aspire failing to pay the US\$5,000,000 Debt and accrued interest), the Noble Group has the

Default Option to acquire the Default Shares and Ovoot Shareholders Loans at fair market value which may be more than a forced sale value.

- 7.3 In the event that the fair market value of the 50% interest in the default Shares and Ovoot Shareholders Loans was in excess of the US\$5,000,000 (and any unpaid interest due), the Noble Group would pay the excess amount to Aspire (but noting that the Aspire Group would still lose ownership of the Default Shares and Ovoot Shareholder Loans).
- 7.4 The Aspire Group would be relieved from funding 50% of the exploration activities of the ECJV after the Noble Group exercised its security rights via the Default Option.

Disadvantages

- 7.5 The Aspire Group on failure to repay the Debt due to the Noble Group would lose its 50% interest in the ECJV and the right to be repaid the Ovoot Shareholders Loans (although currently the ECJV has insufficient funds to repay such loans). Even though fair market value is to be paid for the Default Shares and Ovoot Shareholders Loans, the Aspire Group would not benefit from any commercial development (if any) of the Nuurstei Project. It is noted that both the Aspire Group and the Noble Group have budgeted to fund exploration and evaluation costs on the Nuurstei Project over the next 3 to 4 months with the aim of defining a resource and/or reserves of coking coal and that ultimately a decision to mine may be made. Although an Exploration Target exists it is uncertain that resources/reserves will be established, or even may be insufficient to make a decision to mine.
- 7.6 The fair market value of the Default Shares and Ovoot Shareholders Loans after any decision to mine is made (this cannot be assured or guaranteed to occur) may be in excess of the fair market value as at the date of exercise of the Default Option and thus Aspire is missing out on the upside potential. However, if in excess of US\$5,000,000 plus any accrued interest, the Noble Group will pay the excess back to the Aspire Group. Any surplus funds can then be used by Aspire for working capital.

Other Factors

- 7.7 It is noted that the security to be provided by the Aspire Group to secure the US\$5,000,000 Debt to the Noble Group is over the Default Shares and Ovoot Shareholders Loans and not the Aspire Group's major assets, the Ovoot Project and the Rail Concession Project (refer section 3 above). If an event of default occurred and the Noble Group exercised the Default Option, the Aspire Group will lose its less valuable Nuurstei Project. The Aspire Group thus is advantaged by mortgaging a lower value project. The market capitalisation as at 6 October 2015 for Aspire approximates \$15.8 million and thus after taking into account the assessed value of the Nuurstei Project by Agricola, arguably the "market" is ascribing most of the value of the Aspire Group to the Ovoot Project and the Rail Concession Project.
- 7.8 The financial position of the Aspire Group is not strong and currently has insufficient monies to repay the Noble Group the US\$5,000,000 Debt. Unless new financing is put in place by 6 March 2016 (share equity, debt or a combination) sufficient to repay the Debt, there is a real possibility that the Aspire Group may default and thus Noble may exercise the Default Option. It is assumed that Aspire will over the coming months seek new finances in order to payout the Noble Group in March 2016 (or seek new terms with the Noble Group).

8. Conclusion as to Reasonableness

- 8.1 **After taking into account the factors referred to in 7 above and elsewhere in this report, we are of the opinion that the advantages to the existing shareholders outweigh the disadvantages and thus the Proposals as noted in paragraphs 1.8 and Resolutions 6 and 7 in the Notice are considered, on balance, to be reasonable to the existing non-associated shareholders of Aspire at the date of his report.**

9. Shareholder Decision

9.1 Stantons International Securities Pty Ltd has been engaged to prepare an Independent Expert's Report setting out whether in its opinion the Proposal is fair and reasonable and state reasons for that opinion. Stantons International Securities Pty Ltd has not been engaged to provide a recommendation to shareholders in relation to the Proposals under Resolutions 6 and 7 but we have been requested to determine whether the Proposals pursuant to Resolutions 6 and 7 are fair and/or reasonable to those shareholders not associated with Noble. The responsibility for such a voting recommendation lies with the directors of Aspire.

9.2 In any event, the decision whether to accept or reject Resolutions 6 and 7 (and all other Resolutions) is a matter for individual shareholders based on each shareholder's views as to value, their expectations about future market conditions and their particular circumstances, including risk profile, liquidity preference, investment strategy, portfolio structure and tax position.

If in any doubt as to the action they should take in relation to the Proposals under Resolutions 6 and 7 (and all other Resolutions), shareholders should consult their own professional adviser.

9.3 Similarly, it is a matter for individual shareholders as to whether to buy, hold or sell shares in Aspire. This is an investment decision upon which Stantons International Securities Pty Ltd does not offer an opinion and is independent on whether to accept the Proposals under Resolutions 6 and 7 (and all other resolutions). Shareholders should consult their own professional adviser in this regard.

10. Sources of Information

10.1 In making our assessment as to whether the Proposals as noted in paragraph 1.8 and Resolutions 6 and 7 are fair and reasonable, we have reviewed relevant published available information and other unpublished information of the Company, Coalridge and the Tenements that is relevant to the current circumstances. In addition, we have held discussions with the management of Aspire about the present and future operations of the Company. Statements and opinions contained in this report are given in good faith but in the preparation of this report, we have relied in part on information provided by the directors and management of Aspire.

10.2 Information we have received includes, but is not limited to:

- a) Drafts of Notice of Aspire and EM to 7 October 2015;
- b) Discussions with management of Aspire;
- c) Details of historical market trading of Aspire ordinary fully paid shares recorded by ASX for the period 1 January 2015 to 12 October 2015;
- d) Shareholding details of Aspire as supplied by the Company's share registry as at 18 September 2015;
- e) Audited consolidated financial statements of the Aspire Group as at 30 June 2015;
- f) Reviewed balance sheet of Aspire as at 31 December 2014;
- g) Announcements made by Aspire to the ASX from 1 January 2014 to 9 October 2015;
- h) The Amended Deed and Amended Term Sheet between Aspire, Ovoot Coking Coal Pte Ltd, Noble, Logarta Limited and Coalridge of April 2014;
- i) The independent Agricola Valuation Report of Agricola dated 8 October 2015;
- j) The estimated planned mineral expenditure on the Tenements over the next 3 to 4 months;
- k) Unaudited statement of financial position of the ECJV (in effect Coalridge) as at 30 June 2015; and
- l) Permission correspondence from Agricola allowing us to use, refer to and rely on the Agricola Valuation Report attached to the Notice.

- 10.3 Our report includes Appendix A and our Financial Services Guide attached to this report. The Agricola Valuation Report is a separate attachment to the Notice.

Yours faithfully

STANTONS INTERNATIONAL SECURITIES PTY LTD
(Trading as Stantons International Securities)



J P Van Dieren - FCA
Director

For personal use only

AUTHOR INDEPENDENCE AND INDEMNITY

This annexure forms part of and should be read in conjunction with the report of Stantons International Securities Pty Ltd dated 13 October 2015, relating to the Proposals as outlined in paragraph 1.4 of the report and Resolutions 6 and 7 in the Notice of Meeting to Shareholders and the ES proposed to be distributed to the Aspire shareholders in October 2015.

At the date of this report, Stantons International Securities Pty Ltd does not have any interest in the outcome of the Proposals. There are no relationships with Aspire and Noble other than acting as an Independent Expert for the purposes of this report. Before accepting the engagement Stantons International considered all independence issues and concluded that there were no independence issues in accepting the assignment to prepare the Independent Experts Report. There are no existing relationships between Stantons International Securities Pty Ltd and the parties participating in the transaction detailed in this report which would affect our ability to provide an independent opinion. The fee to be received for the preparation of this report is based on the time spent at normal professional rates plus out of pocket expenses and is estimated at a maximum of \$15,000. The fee is payable regardless of the outcome. With the exception of the fee, neither Stantons International Securities Pty Ltd nor John P Van Dieren have received, nor will, or may they receive, any pecuniary or other benefits, whether directly or indirectly, for or in connection with the making of this report.

Stantons International Securities Pty Ltd (or its parent entity, Stantons Audit and Consulting Pty Ltd and the authors of this report) does not hold any securities in Aspire or Noble. There are no pecuniary or other interests of Stantons International Securities Pty Ltd that could be reasonably argued as affecting its ability to give an unbiased and independent opinion in relation to the proposal. Stantons International Securities Pty Ltd and Mr J Van Dieren have consented to the inclusion of this report in the form and context in which it is included as an annexure to the Notice.

QUALIFICATIONS

We advise Stantons International Securities Pty Ltd is the holder of an Australian Financial Services Licence (no 448697) under the Corporations Act 2001 relating to advice and reporting on mergers, takeovers and acquisitions that involve securities. The directors of Stantons International Audit and Consulting Pty Ltd are the directors of Stantons International Securities Pty Ltd. Stantons International Securities Pty Ltd has extensive experience in providing advice pertaining to mergers, acquisitions and strategic for both listed and unlisted companies and businesses.

Mr John P Van Dieren, FCA, the person responsible for the preparation of this report, has extensive experience in the preparation of valuations for companies and in advising corporations on takeovers generally and in particular on the valuation and financial aspects thereof, including the fairness and reasonableness of the consideration offered.

The professionals employed in the research, analysis and evaluation leading to the formulation of opinions contained in this report, have qualifications and experience appropriate to the task they have performed.

DECLARATION

This report has been prepared at the request of the Directors of Aspire in order to assist them to assess the merits of the proposed Proposals as outlined in Resolutions 6 and 7 the ES to which this report relates. This report has been prepared for the benefit of Aspire's shareholders and does not provide a general expression of Stantons International Securities Pty Ltd opinion as to the longer term value of Aspire, Coalridge and their assets. Stantons International Securities Pty Ltd does not imply, and it should not be construed, that it has carried out any form of audit on the accounting or other records of Aspire and Coalridge. Neither the whole nor any part of this report, nor any reference thereto may be included in or with or attached to any document, circular, resolution, letter or statement, without the prior written consent of Stantons International Securities Pty Ltd to the form and context in which it appears.

DUE CARE AND DILEGENCE

This report has been prepared by Stantons International Securities Pty Ltd with due care and diligence. The report is to assist shareholders in determining the fairness and reasonableness of the Proposals set out in Resolutions 6 and 7 to the Notice and each individual shareholder may make up their own opinion as to whether to vote for or against Resolutions 6 and 7

DECLARATION AND INDEMNITY

Recognising that Stantons International Securities Pty Ltd may rely on information provided by Aspire and its officers (save whether it would not be reasonable to rely on the information having regard to Stantons International Securities experience and qualifications), Aspire has agreed:

- (a) To make no claim by it or its officers against Stantons International Securities Pty Ltd (and Stantons International Audit and Consulting Pty Ltd) to recover any loss or damage which Aspire may suffer as a result of reasonable reliance by Stantons International Securities Pty Ltd on the information provided by Aspire; and
- (b) To indemnify Stantons International Securities Pty Ltd (and Stantons International Audit and Consulting Pty Ltd) against any claim arising (wholly or in part) from Aspire or any of its officers providing Stantons International Securities Pty Ltd any false or misleading information or in the failure of Aspire or its officers in providing material information, except where the claim has arisen as a result of wilful misconduct or negligence by Stantons International Securities Pty Ltd.

A draft of this report was presented to Aspire directors for a review of factual information contained in the report. Comments received relating to factual matters were taken into account, however the valuation methodologies and conclusions did not alter.

**FINANCIAL SERVICES GUIDE
FOR STANTONS INTERNATIONAL SECURITIES PTY LTD
(Trading as Stantons International Securities)
Dated 13 October 2015**

1. Stantons International Securities ABN 42 128 908 289 and Financial Services Licence 448697 ("SIS" or "we" or "us" or "ours" as appropriate) has been engaged to issue general financial product advice in the form of a report to be provided to you.

2. **Financial Services Guide**

In the above circumstances we are required to issue to you, as a retail client a Financial Services Guide ("FSG"). This FSG is designed to help retail clients make a decision as to their use of the general financial product advice and to ensure that we comply with our obligations as financial services licensees.

This FSG includes information about:

- who we are and how we can be contacted;
- the services we are authorised to provide under our Australian Financial Services Licence, Licence No: 418019;
- remuneration that we and/or our staff and any associated receive in connection with the general financial product advice;
- any relevant associations or relationships we have; and
- our complaints handling procedures and how you may access them.

3. **Financial services we are licensed to provide**

We hold an Australian Financial Services Licence which authorises us to provide financial product advice in relation to:

- Securities (such as shares, options and notes)

We provide financial product advice by virtue of an engagement to issue a report in connection with a financial product of another person. Our report will include a description of the circumstances of our engagement and identify the person who has engaged us. You will not have engaged us directly but will be provided with a copy of the report as a retail client because of your connection to the matters in respect of which we have been engaged to report.

Any report we provide is provided on our own behalf as a financial services licensee authorised to provide the financial product advice contained in the report.

4. **General Financial Product Advice**

In our report we provide general financial product advice, not personal financial product advice, because it has been prepared without taking into account your personal objectives, financial situation or needs. You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice. Where the advice relates to the acquisition or possible acquisition of a financial product, you should also obtain a product disclosure statement relating to the product and consider that statement before making any decision about whether to acquire the product.

5. **Benefits that we may receive**

We charge fees for providing reports. These fees will be agreed with, and paid by, the person who engages us to provide the report. Fees will be agreed on either a fixed fee or time cost basis.

Except for the fees referred to above, neither SIS, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the report.

6. **Remuneration or other benefits received by our employees**

SIS has no employees and Stantons International Audit and Consulting Pty Ltd charges a fee to SIS. All Stantons International Audit and Consulting Pty Ltd employees receive a salary. Stantons International Audit and Consulting Pty Ltd employees are eligible for bonuses based on overall productivity but not directly in connection with any engagement for the provision of a report.

7. **Referrals**

We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

8. **Associations and relationships**

SIS is ultimately a wholly owned subsidiary of Stantons International Audit and Consulting Pty Ltd a professional advisory and accounting practice. Stantons International Audit and Consulting Pty Ltd also trades as Stantons International that provides audit, corporate services, internal audit, probity, management consulting, accounting and IT audits.

From time to time, SIS and Stantons International Audit and Consulting Pty Ltd and/or their related entities may provide professional services, including audit, accounting and financial advisory services, to financial product issuers in the ordinary course of its business.

9. **Complaints resolution**

9.1 **Internal complaints resolution process**

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints must be in writing, addressed to:

The Complaints Officer
Stantons International Securities
Level 2
1 Walker Avenue
WEST PERTH WA 6005

When we receive a written complaint we will record the complaint, acknowledge receipt of the complaints within 15 days and investigate the issues raised. As soon as practical, and not more than 45 days after receiving the written complaint, we will advise the complainant in writing of our determination.

9.2 **Referral to External Dispute Resolution Scheme**

A complainant not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the Financial Ombudsman Service Limited ("FOSL"). FOSL is an independent company that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial services industry.

Further details about FOSL are available at the FOSL website www.fos.org.au or by contacting them directly via the details set out below.

Financial Ombudsman Service Limited
PO Box 3
MELBOURNE VIC 8007

Toll Free: 1300 78 08 08
Facsimile: (03) 9613 6399

10. Contact details

You may contact us using the details set out above.

Telephone 08 9481 3188
Fax 08 9321 1204
Email jvdieren@stantons.com.au



Malcolm Castle
Agricola Mining Consultants Pty Ltd
P.O. Box 473, South Perth, WA 6951
Mobile: 61 (4) 1234 7511
Email: mcastle@castleconsulting.com.au
ABN: 84 274 218 871

8 October 2015

The Directors
Aspire Mining Ltd
Suite B3, 431 - 435 Roberts Road
Subiaco, WA, 6008

Dear Sirs,

**Re: INDEPENDENT VALUATION OF MINERAL ASSETS at the NUURSTEI PROJECT
in MONGOLIA HELD BY ASPIRE MINING LTD**

Agricola been commissioned by the Directors of Aspire Mining Ltd (the "Company") to provide a Mineral Asset Valuation Report ("Report") of the Mineral Assets at the Nuurstei Project in Mongolia. This report serves to comment on the geological setting and exploration results on the properties and presents a Technical and Market Valuation for the exploration assets effective on 30 September 2015 based on the information in this Report.

The present status of the tenements in Mongolia is based on information made available by the Company and has not been verified by Agricola. The Report has been prepared on the assumption that the tenements are lawfully accessible for evaluation.

Scope of the Valuation Report

Agricola Mining Consultants Pty Ltd ("Agricola") prepared this Report utilising information relating to operational methods and expectations provided to them by various sources. Where possible, Agricola has verified this information from independent sources. This Report has been prepared for the purpose of providing information to the Company but Directors of Agricola accept no liability for any losses arising from reliance upon the information presented in this Report.

This mineral asset valuation endeavours to ascertain the unencumbered price which a willing but not anxious vendor could reasonably expect to obtain and a hypothetical willing but not too anxious purchaser could reasonably expect to have to pay for the property if the vendor and the purchaser had got together and agreed on a price in friendly negotiation.

This is commonly known as the *Spencer Test* after the Australian High Court decision upon which these principles are based and to which the Courts have used in their determinations of market value of a property. In attributing the price that would be paid to the hypothetical vendor by the hypothetical purchaser it is assumed that the property will be put to its “highest and best use”.

The findings of the valuation report include an assessment of the technical value (i.e. the value implied by a consideration of the technical attributes of the asset) and a market value (which considers the influences of external market forces and risk).

Applying the *Spencer test* may not be confined to a technical valuation exercise but may involve a consideration of market factors. In a highly speculative market during ‘boom’ conditions or a depressed market during ‘bust’ conditions the hypothetical purchaser may expect to pay a premium or receive a discount commensurate with the current market for mineral properties.

The main requirements of the *Valuation Report* are:

- Prepared in accordance with the VALMIN code.
- Experience and qualifications of key personnel to be set out
- Details of valuation methodologies
- Reasoning for the selection of the valuation approach adopted
- Details of the valuation calculations
- Conclusion on value as a range with a preferred value

DECLARATIONS

Relevant codes and guidelines

This report has been prepared as a technical assessment and valuation in accordance with the *Code for Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports (the “VALMIN Code”, 2005)*, which is binding upon Members of the Australasian Institute of Mining and Metallurgy (“AusIMM”) and the Australian Institute of Geoscientists (“AIG”), as well as the rules and guidelines issued by the Australian Securities and Investments Commission (“ASIC”) and the ASX Limited (“ASX”) which pertain to Independent Expert Reports (*Regulatory Guides RG111 and RG112, March 2011*).

Where mineral resources have been referred to in this report, the information was prepared and first disclosed under the *“Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (“JORC Code”)*, prepared by the Joint Ore Reserves Committee of the AusIMM, the AIG and the Minerals Council of Australia 2012. Some of the information has not been updated since the estimation date to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

Under the definition provided by the VALMIN Code, two of the properties are classified as ‘advanced exploration areas’ with identified mineral resources, which is inherently speculative in nature. The properties are considered to be sufficiently prospective, subject to varying degrees of risk, to warrant further exploration and development of its economic potential.

Sources of Information

The statements and opinion contained in this report are given in good faith and this review is based on information provided by the title holders, along with technical reports by consultants, previous tenements holders and other relevant published and unpublished data for the area. Agricola has endeavoured, by making

all reasonable enquiries, to confirm the authenticity, accuracy and completeness of the technical data upon which this report is based. A final draft of this report was provided to the Company, along with a written request to identify any material errors or omissions prior to lodgement.

In compiling this report, Agricola did not carry out a site visit to any of the Company's Project areas. Based on its professional knowledge, experience and the availability of extensive databases, an earlier Independent Geologist's Report for the Company by McElroy Bryan Geological Services (MBGS) and technical reports made available by various Government Agencies, Agricola considers that sufficient current information was available to allow an informed appraisal to be made without such a visit.

The independent valuation report has been compiled based on information available up to and including the date of this report. Consent has been given for the distribution of this report in the form and context in which it appears. Agricola has no reason to doubt the authenticity or substance of the information provided.

Qualifications and Experience

The person responsible for the preparation of this report is:

Malcolm Castle, B.Sc.(Hons), GCertAppFin (Sec Inst), MAusIMM

Malcolm Castle has over 40 years' experience in exploration geology and property evaluation, working for major companies for 20 years as an exploration geologist. He established a consulting company over 20 years ago and specializes in exploration management, technical audit, due diligence and property valuation at all stages of development. He has wide experience in a number of commodities including uranium, gold, base metals, iron ore and mineral sands. He has been responsible for project discovery through to feasibility study in Australia, Fiji, Southern Africa and Indonesia and technical audits in many countries. He has completed numerous Independent Geologist's Reports and mineral asset valuations over the last decade as part of his consulting business.

Mr Castle is a qualified and competent witness in a court or tribunal capable of supporting his valuation reports or to give evidence of his opinion of market value issues.

Mr Castle completed studies in Applied Geology with the University of New South Wales in 1965 and has been awarded a B.Sc.(Hons) degree. He has completed postgraduate studies with the Securities Institute of Australia in 2001 and has been awarded a Graduate Certificate in Applied Finance and Investment in 2004.

Competent Persons Statement

The information in this report that relates to Exploration Results and Mineral Resources of the Company has been reviewed by Malcolm Castle who is a member of the Australasian Institute of Mining and Metallurgy. Mr Castle has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as an Expert and Competent Person as defined under the VALMIN Code and in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Castle consents to the inclusion in this report of the matters based on the information in the form and context in which they appear.

Independence

Agricola or its employees and associates are not, nor intend to be a director, officer or other direct employee of the Company and have no material interest in the Projects. The relationship with the Company is solely one of professional association between client and independent consultant. The review work and this report are prepared in return for professional fees of \$6,000 plus GST based upon agreed commercial rates and the payment of these fees is in no way contingent on the results of this Report.

Valuation Opinion

Based on an assessment of the factors involved the estimate of the market value of the Nuurstei Project is in the range of A\$0.9 million to A\$1.9 million with a preferred value of A\$1.2 million.

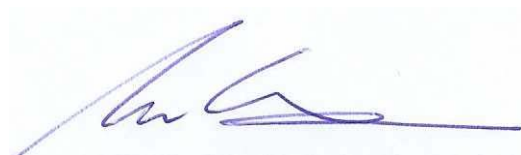
This valuation is effective on 30 September 2015 and was prepared on 8 October 2015.

The valuation is for 100% of the Nuurstei project

It is noted that the Company does not hold 100% equity in the Nuurstei Project. The matter of equity will be addresses in the Independent Expert's Report.

Background notes and details of the Valuation process adopted by Agricola are included as an appendix to this Report.

Yours faithfully



Malcolm Castle

B.Sc.(Hons) MAusIMM,
GCertAppFin (Sec Inst)

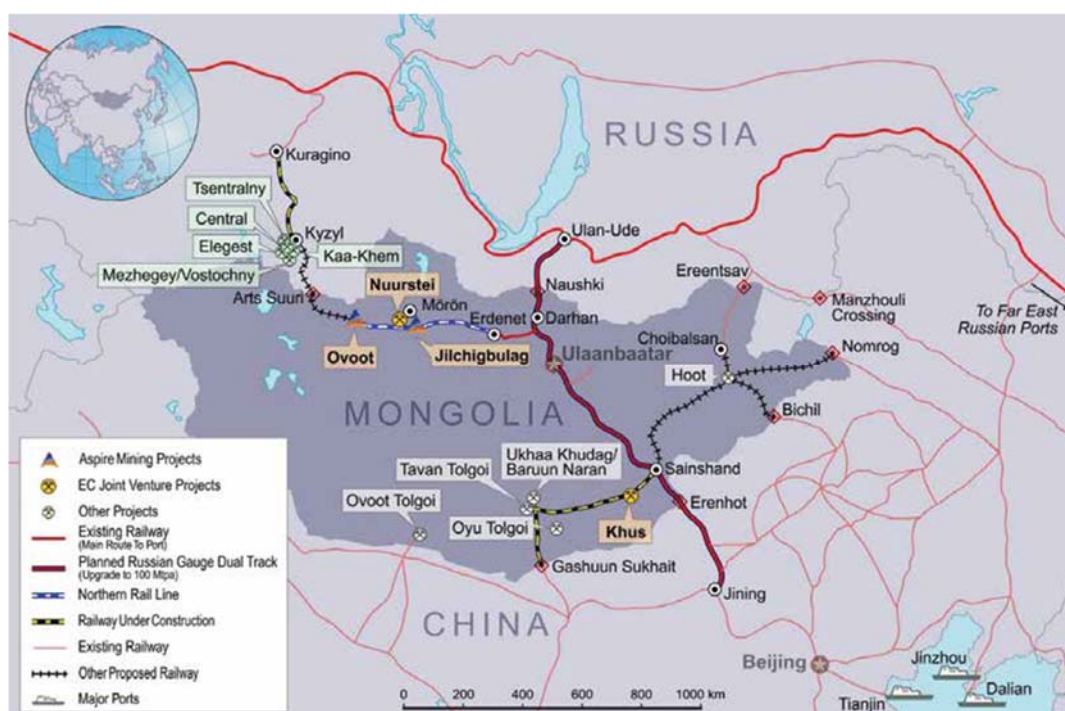
TENEMENT SCHEDULE

The mineral tenements under consideration are 13580X and 13958X which comprise the Nuurstei Project in northern Mongolia. The Company holds 50% equity in the Ekhgoviin Chuluu Joint Venture ("ECJV ") with the Noble Group. The ECJV owns a 60% interest in Nuurstei and a Mongolian vendor owns a 40% interest in Nuurstei. The ECJV has the ability to increase its interest to 90% with the remaining 10% to be free held by the Mongolian vendor. Aspire has recently secured a one year option to acquire the remaining 50% of the ECJV from the Noble Group.

This valuation is for 100% of the two tenements in the Nuurstei project.

Mongolian Tenements

Project	Region	Registered Owner	Tenement Reference	Status	Area
Mongolia Tomortiin Am	Khuvsgul Aimag,	Ekhgoviin Chuluu LLC Joint Venture (EGC).	13580X	Granted May 2011	11km2
Mongolia	Khuvsgul Aimag,	Ekhgoviin Chuluu LLC Joint Venture (EGC).	13958X	Granted May 2011	16km2



The status of the granted tenements has not been verified by Agricola, pursuant to paragraph 67 of the Valmin Code. The granted tenements are believed to be in good standing at the date of this valuation as represented by the Company. Some future events such as the grant (or otherwise) of

expenditure exemptions and plaint action may impact of the valuation and may give grounds for a reassessment.

NUURSTEI PROJECT REVIEW

Location and Access

Exploration Licence 13580X is located in the central region of Khuvsgul Aimag, northern Mongolia. It is approximately 550km northwest of Ulaanbaatar and 15km southwest of the Aimag capital Murun which is the nearest local settlement with a population of approximately 36,000.

The nearest commercial airport is at Murun with daily commercial flights connecting from Ulaanbaatar during summer months. During winter months there are three to four flights a week connecting from Ulaanbaatar. Access to the licence area by vehicle from Murun is via overland unpaved tracks and takes around 40 minutes.

The Licence is located approximately 40km north of the planned north western Mongolia rail line between Erdenet and the Arts Suuri border and 300km west of the Trans-Mongolian Railway at Erdenet.

Regional Geology

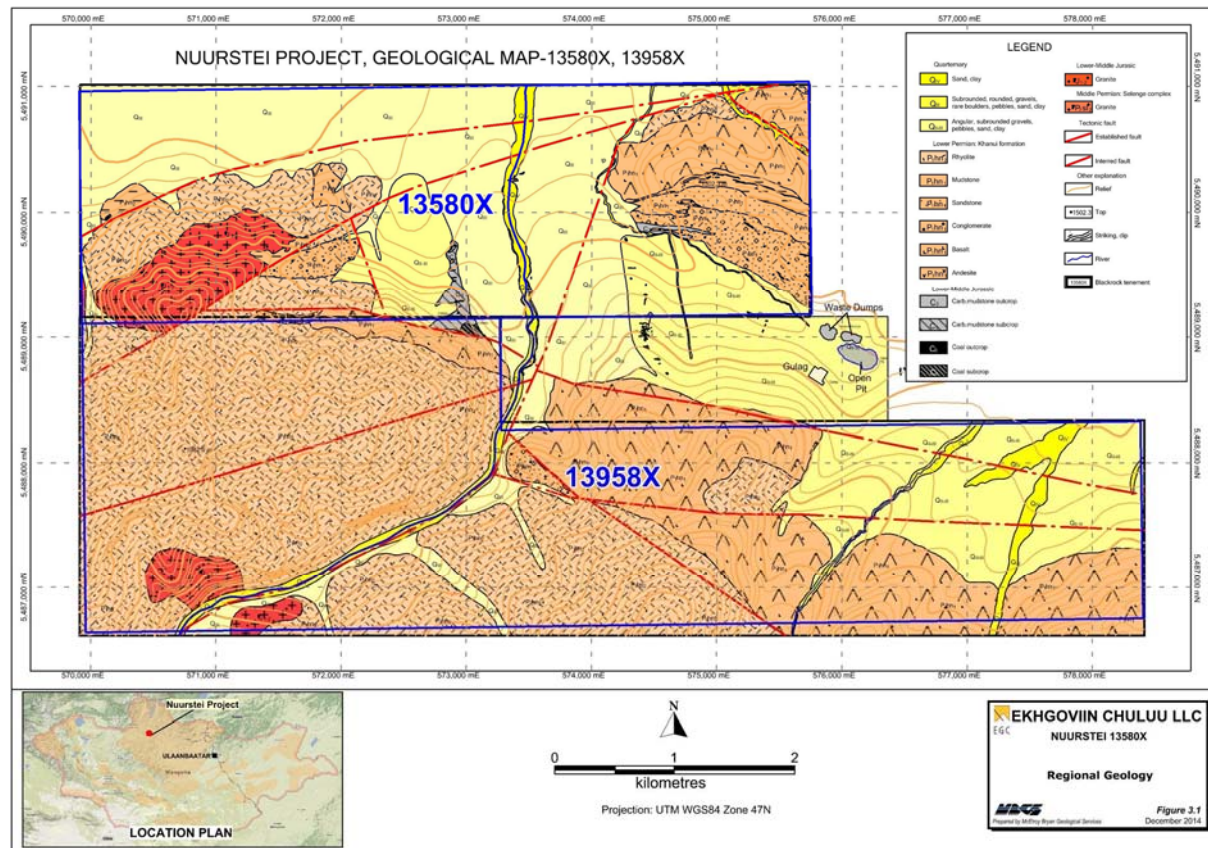
The Khuvsgul region of Mongolia has a complex geologic history. Regimes of continental accretion and Basin-and-Range style crustal extension followed by compressional folding and faulting were the main structural influences. Elongate, east-west trending mountain ranges and intervening basins dominate the region. The basins are mainly comprised of sedimentary rocks of Early to Middle Jurassic age, overlain in parts by relatively thin Recent-Quaternary gravel layers.

The Nuurstei Project lies within the Orkhon-Selenge coal-bearing basin. The basement geology consists of Precambrian metamorphic complexes overlain by Palaeozoic turbidites containing marine fossils and volcanic-plutonic rocks. Mesozoic and Cenozoic non-marine clastic rocks are preserved in a few fault-bound structures, which are scattered throughout northern Mongolia in small, isolated grabens and half-grabens.

Early-Middle Jurassic non-marine clastics host primary coal targets in northern Mongolia, including Nuurstei and Ovoot coal deposits. Other smaller deposits occur at Uilgan Gol and Egiin Gol. The coal-bearing sediments overlie Lower Permian Khanui Formation, which are of volcanic and volcanoclastic rocks origin.

The sedimentary basin stratigraphy and structure that hosts 13580X still remains largely unknown. Much of this stratigraphy is based on Mongolian-Russian Government mapping and is not locally well defined.

The 13580X exploration licence is located over a portion of an Early –Mid Jurassic sedimentary basin which contains numerous coal seams. The coal at 13580X is contained within the Mogoin Gol Formation. This Formation is overlain by superficial Quaternary sediments and underlain by Early Permian sediments and volcanics of the Khanui Formation. Exploration has focussed on areas interpreted to contain Jurassic coal-bearing sediments within 13580X. The stratigraphy of 13580X has been interpreted from exploration drilling and regional geological mapping and reconnaissance traverses.



Geology of the Nuurstei Project

The exploration program conducted in 2014 was completed in three phases which included relogging seven holes from a previous 2011 program and drilling a total of 2,801m in 17 non-core holes and one core hole.

Non-core holes were drilled to a depth of between 100-205m, and the single core hole NUDH012 to a depth of 99m (with >95% core recovery). Drill hole spacing was between 50-200m and up to 66 coal seams were identified with more than 250 individual coal plies intersected. Apparent seam thickness were recorded up to 9m, and averaging between 3-4m. The prospectivity for additional seams at Nuurstei remains possible, as the holes did not intersect basement.

Nuurstei Coal Quality

Only one hole has been drilled for core and quality results from NUDH012 categorised the coal as bituminous mid volatile coal confirming the presence after beneficiation of a quality hard coking coal displaying a high caking “G” index and low volatile matter at Nuurstei.

Exploration Target

Coal seams were correlated between holes with relatively high levels of confidence using downhole geophysics which allowed for the definition of an Exploration Target. The Exploration Target has the potential of containing a coking coal deposit for which there has been insufficient exploration to estimate a Coal Resource. The Exploration Target could contain between approximately 15mt (at 0.5m coal thickness cutoff, rounded) to approximately 25mt (at 0.1m coal thickness cutoff, rounded), down to 160m depth.

The defined Exploration Target is based on all the completed drilling that took place in 2011 and 2014. The potential quantity and quality of the deposit is conceptual in nature and there has been insufficient exploration to estimate a Coal Resource and it is uncertain if additional exploration will result in the estimation of a Coal Resource.

A total 25 holes were modelled which incorporate both 2011 and 2014 drilling data. Additional hole locations have been identified which could further add to the model to increase the Exploration Target.

Depth Interval	0.1m thickness cutoff (Mt)	0.3m thickness cutoff (Mt)	0.5m thickness cutoff (Mt)
0-20m	1.4	1.3	0.9
20-40m	3.4	3.0	2.2
40-60m	3.3	3.0	2.2
60-80m	3.3	2.9	2.2
80-100m	3.3	2.9	2.2
100-120m	3.3	2.9	2.1
120-140m	3.2	2.8	2.1
140-160m	3.2	2.8	2.2
Total (Rounded)	25	20	15

Nuurstei Exploration Target

An Exploration Target is conceptual in nature and there has been insufficient exploration to estimate a Mineral Resource in compliance with the JORC Code and it is uncertain if further exploration will result in the estimation of a Mineral Resource as defined by the JORC Code.

Details of the Exploration Target estimates and the parameters are included in the Company’s ASX Release dated 20 March 2015: “Coal Geology Report Received for Nuurstei Coking Coal Project and Exploration Planning for 2015”.

Competent Person's Statement – ASX Release

The information in this report that relates to Reporting of Exploration Results and the Exploration Target, is based on information compiled under the supervision of, and reviewed by, the Competent Person, Mr. Parbury, who is a full time employee of McElroy Bryan Geological Services, is a Member of the Australasian Institute of Mining and Metallurgy and who has no conflict of interest with Aspire Mining Limited. The reporting of exploration results for 13580X presented in this report has been carried out in accordance with the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves', The JORC Code 2012 Edition prepared by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia (JORC). Mr. Parbury has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken 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 Parbury consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The Company confirms that:

- (a) the form and context in which Mr Parbury's findings are presented have not been materially modified.
- (b) it is not aware of any new information or data that materially affects the information included in the 20 March 2015 ASX announcement relating to the exploration target estimate and that all the material assumptions and technical parameters underpinning the estimate in the ASX announcement continue to apply and have not materially changed.

The information contained in this Mineral Resource summary replicates information contained in the Company's Exploration Target Estimates.

The author of this Report is not aware of any new information or data that materially affects the information included in the Exploration Target Estimates and, in the case of mineral resources that all the material assumptions and technical parameters underpinning the estimates continue to apply and have not materially changed. The form and context in which the findings of Mr Parbury are presented have not been materially modified.

Competent Persons Statement – This Report

The information in the Nuurstei Project that relates to Exploration Targets, Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by the Company and reviewed by Malcolm Castle, a competent person who is a Member of the Australasian Institute of Mining and Metallurgy ("AusIMM"). Malcolm Castle is a consultant geologist employed by Agricola Mining Consultants Pty Ltd. Mr Castle has sufficient experience that is relevant to the style of mineralisation and type of deposits under consideration and to the activity being undertaken 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” (“JORC Code”). Malcolm Castle consents to the inclusion in this Report of the matters based on his information in the form and context in which it appears.

VALUATION ASSESSMENT

EXPLORATION TARGET VALUATION by the COMPARABLE TRANSACTIONS METHOD

An estimate of the Exploration Target on 13580X has been compiled. Agricola considers it is appropriate to compare the value the coal inventory based on the comparative transactions method.

The method requires allocating a dollar value to the Coal Resource in the ground and applying appropriate discounts for JORC Category, operating factors and average acquisition cost for mineral projects. This may also apply to well-established zones of mineralisation that have not formally been categorised under the JORC code. An additional risk weighting may be appropriate in these circumstances. Further details of the valuation approach are included in the notes attached to this Report.

The Exploration Target is assumed to encapsulate all the value for eastern half of 13580X. A separate value for exploration potential for the western half of the tenements is warranted where wide spaced drilling has encountered coal seams.

Coking coal prices have dropped to new lows, bringing Australian suppliers down to sell for US\$93 per tonne. Such prices have not been seen since 2004, representing a 70 per cent fall from market highs of US\$330 per tonne at the height of the boom in 2011.

An average price for the Nuurstei Exploration Target has been selected at **AU\$100.00**.

Base Value

A discount factor is applied to the contained value to recognise the JORC category and allow for resource risk.

Resource Category Discounts	
Measured Resource	80%
Indicated Resource	70%
Inferred Resource	60%
Exploration Target	45%
Material Inventory	30%

Allowances for operating factors are also included in the assessment. Higher discounts for Recovery and Mining are included in view of the depth on the material inventory and the likelihood of underground mining.

Operations Factors	Nuurstei
Recovery	70%
Mining	70%
Processing	70%
Rail	50%
Port	50%
Capex	75%
Marketing	75%
Total Operating Discount	5%

The base value for the project is estimated by multiplying the contained value by the discount factors.

$$\text{Base Value} = [\text{Contained Value}] * [\text{Resource Discount}] * [\text{Operating Discounts}]$$

Discounted Base Value A\$M	Nuurstei
Measured	-
Indicated	-
Inferred	-
Exploration Target	28.94
Material Inventory	-
Total	28.94
A\$ per tonne	\$1.45

The Average Acquisition cost is estimated to be in the range of 2.5% to 5.6% with a preferred value of 3.4% of the discounted base value in accordance with the Spencer Test where the unencumbered price is agreed between a willing but not anxious vendor and purchaser.

Technical Value

$$\text{Technical Value} = [\text{Base Value}] * [\text{Average Acquisition Cost\%}]$$

Total Project Technical Value, A\$M	Nuurstei
Low	0.78
High	1.62
Preferred	1.01
% of contained value	0.05%
A\$ per tonne	\$0.05

EXPLORATION POTENTIAL VALUATION by the GEOFACTOR RATING METHOD

The projects in Mongolia are classed as exploration projects. Several methods of valuation are available for such projects where a Mineral Resource has not yet been estimated in accordance with the JORC code. These include the use of valuations based on past exploration expenditure and valuations based on perceived prospectivity.

Exploration projects can be extremely variable and the use of comparable transactions is unlikely to produce a statistical spread of values for “similar” projects. This method can be used where a Mineral Resource has been estimated. The *Prospectivity Exploration Multiplier (PEM)* is based on past expenditure while the Kilburn Geoscience Rating (*Geo-factor Rating*) is based on opinions of the prospectivity hence tenements can have marked variation in value between the methods.

The 'Geo-factor Rating' method of valuation for exploration tenements is the preferred valuation method for the Company's current tenements as it focuses on the future prospectivity of the area.

The Geo-factor Rating method systematically assesses four key technical attributes of a tenement to arrive at a series of factors that are multiplied together to produce a prospectivity rating. The Basic Acquisition Cost (BAC) is the important input to the method and it is calculated by summing the application fees, annual rent, work required to facilitate granting (e.g. native title, environment etc) and statutory expenditure for a period of 12 months. This is usually expressed as average expenditure per square kilometre. Equity and grant status are also taken into account. Each factor then multiplied serially to the BAC. The 'Base Value' is multiplied by the prospectivity rating to establish the overall technical value of each mineral property. Further details of the valuation approach are included in the notes attached to this Report.

Base Value

This represents the exploration cost for the current period of the tenements. The current Base Acquisition Cost (BAC) for exploration projects or tenements at a similar stage is the average expenditure for the first year of the licence tenure. This is considered to be a **BAC of AU\$400 to AU\$450 per square kilometre.**

The BAC is based on calculations of exploration expenditures and other costs in the first year of tenure. Agricola's experience has confirmed this range to be appropriate for many parts of the world where exploration or valuations have been carried out.

Many overseas jurisdictions such as Mongolia do not specify a minimum expenditure commitment but require that sufficient work be completed in the first year to allow granting of the tenement into the second year. This usually requires preparation of a report with results of exploration carried out. This is appropriate for early work of desktop studies, field visits rock chip sampling and general research. Agricola believes an Australian company would consider this reasonable for the first phase of work in any country.

A company may well choose to spend more than that and higher budgets are usually based on significant previous encouragement such as scout drilling, aeromagnetic targets etc. The BAC is designed for grass roots projects where no earlier work is available and only regional selection information is available.

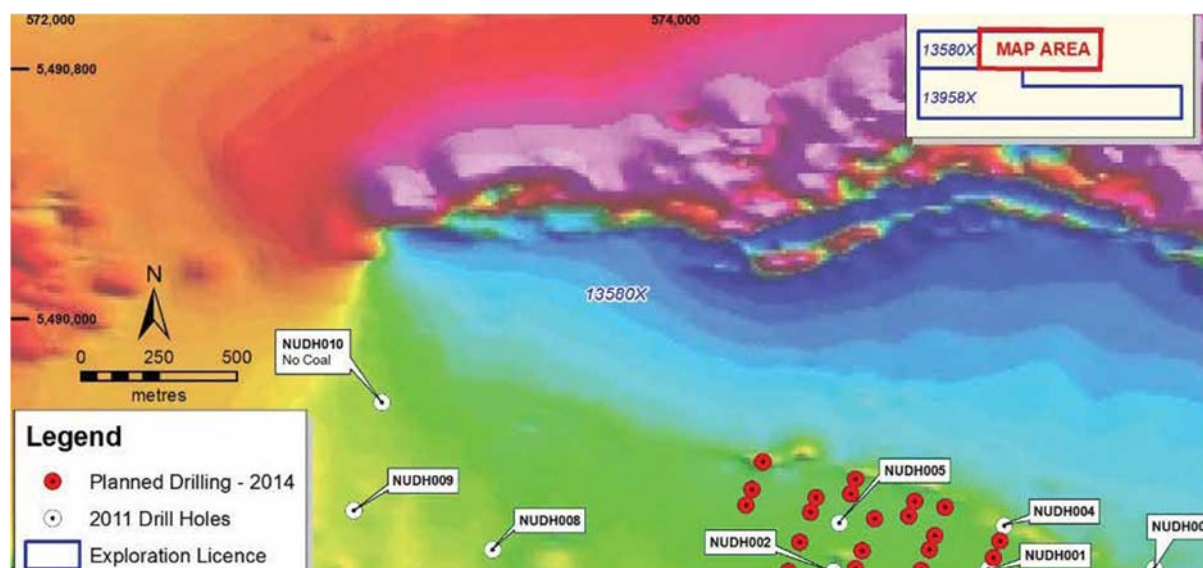
Where the Company in earlier work programs has received encouragement from earlier work then that aspect is addressed in the geofactors, which tend to upgrade the BAC based on earlier results and perceived prospectivity.

The assessment of base value is based on the equity and status at 30 September 2015 for the various tenements as shown in the following table.

$$\text{Base Value} = [\text{Area}] * [\text{Grant Factor}] * [\text{Equity}] * [\text{Base Acquisition Cost}]$$

ASPIRE MINING LTD		Tenement Factors	
Project	Equity	Km ²	Status
Nuurstei			
13580X	100%	5.50*	Granted
13958X	100%	16.00	Granted

** Applies to the Western Half of 13580X*



Nuurstei 2014 Drilling Locations

Prospectivity Assessment Factors

An assessment of the prospectivity of tenements was carried out. This includes a consideration of

- Regional mineralisation, old and current workings and the validity of conceptual models.
- Local mineralisation within the tenements and the application of conceptual models within the tenements.
- Identified anomalies warranting follow up within the tenements.
- The proportion of structural and lithological settings within the tenements and difficulty encountered by cover rocks and other factors.

	Rating	Address - Off Property	Mineralisation - On Property	Anomalies	Geology
Low	0.5	Very little chance of mineralisation, Concept unsuitable to environment	Very little chance of mineralisation, Concept unsuitable to environment	Extensive previous exploration with poor results - no encouragement	Unfavourable lithology over >75% of the tenement
Average	1	Indications of Prospectivity, Concept validated	Indications of Prospectivity, Concept validated	Extensive previous exploration with encouraging results - regional targets	Deep alluvium Covered favourable geology (40-50%)
	2	Significant RC drilling leading to advance project status	RAB &/or RC Drilling with encouraging intercepts reported	Several well defined surface targets with some RAB drilling	Exposed favourable lithology (60-70%)
High	3	Resource areas identified	Advanced Resource definition drilling - early stage	Several significant subeconomic targets - no indication of volume	Highly prospective geology (80 - 100%)

Further details can be found in the notes attached to this Report.

Assessments in each category are based on a set scale (see above and the notes attached to the report) and are multiplied together to arrive at a "prospectivity index.

$$\text{Prospectivity Index} = [\text{Off Site Factor}] * [\text{On Site Factor}] * [\text{Anomaly Factor}] * [\text{Geology Factor}]$$

ASPIRE MINING LTD		Prospectivity Factors							
Project	Off Site		On Site		Anomaly		Geology		
	Low	High	Low	High	Low	High	Low	High	
Nuurstei									
13580X	2.00	2.10	1.50	1.60	1.50	1.60	2.50	2.60	
13958X	1.50	1.60	1.25	1.35	1.50	1.60	2.50	2.60	

Technical Value

An estimate of technical value has been compiled for the tenements based on the base acquisition cost, area, grant status, equity and ratings for prospectivity.

$$\text{Technical Value} = [\text{Base Value}] * [\text{Prospectivity Index}]$$

ASPIRE MINING LTD		Technical Value, A\$M		
Project		Low	High	Preferred
Nuurstei				
13580X		0.03	0.04	0.03
13958X		0.05	0.07	0.06
Total		0.07	0.10	0.09

Comparison with Yardstick (Rule of Thumb) Method

Agricola considered a yardstick (Rule-of-Thumb method) is based upon conversion of comparable sales data to a unit area (per km² or per ha). A significant database of prior valuations has been compiled over the past few years of exploration projects at the exploration stage (where mineral resources have not yet been estimated. This includes valuations carried out by the 'Prospectivity Enhancement Multiplier' (PEM) method, the geo Factor Method and, in some cases actual sales.

The comparison of yardstick and Geo Factor methods below is considered to an adjustment of the main valuation and is displayed as the technical value per square kilometre. Prior expenditures for the tenements in Mongolia are not available in any meaningful form as much of the work was carried out by prior explorers and would need to be taken into account to use the PEM method effectively. The mix of tenements has changed significantly to produce the current tenement schedule, which adds a complication to ascribing historical expenditure to particular tenements or projects.

On this basis the PEM method was not considered appropriate as a comparative valuation method as set out in Regulatory Guide 111: *Content of expert reports* (RG 111) at RG 111.65 which considers that *"an expert should, where possible, use more than one valuation methodology. We consider this reduces the risk that the expert's opinion is distorted by its choice of methodology. We also consider that an expert should compare the figures derived from using the different methodologies and comment of any differences."*

Agricola considers that the expectation of future gain is the main driver for mineral asset valuation of exploration projects as it endeavours to ascertain the unencumbered price which a willing but not anxious vendor could reasonably expect to obtain and a hypothetical willing but not too anxious purchaser could reasonably expect to have to pay for the property if the vendor and the purchaser had got together and agreed on a price in friendly negotiation (the Spencer Test). The Geo Factor rating method addresses this expectation and, in the absence of past exploration expenditure that can be related to individual projects, is the most appropriate method available.

A review of technical value (which is not influenced by market conditions) of exploration areas carried out by Agricola over the last few years suggests that ground without resources can be categorized as a matter of convenience into four groups:

- Advanced exploration areas located in a well mineralised area near existing mineral deposits with significant potential attract values well above \$2000 per square kilometre
- Exploration areas along strike or structurally related to estimated mineral resources. Such areas attract values in the range \$1200 to \$2000 per square kilometre.
- Exploration areas in known mineral fields. Such areas attract values in the range of \$700 to \$1300 per square kilometre.
- Exploration areas in green fields or early exploration domains remote from mineral resources. Such areas attract values in the range of \$400 to \$800 per square kilometre.

$$\text{Yardstick Value} = \text{Technical Value} / \text{project Area}$$

ASPIRE MINING LTD		\$ per square km	
Nuurstei	km ²	Low	High
13580X	5.50	4,540	6,360
13958X	16.00	2,810	4,060

Based on the values estimated in this report, the tenements fall in the ranges shown in the table above, which are considered to be reasonable based on the high prospectivity of Mongolia for coal mineralization, the encouraging wide spaced drilling and the adjacent Exploration Target.

SUMMARY OF TECHNICAL VALUE

ASPIRE MINING LTD			
Project	Summary Technical Value, A\$M		
Nuurstei	Low	High	Preferred
Exploration Target	0.78	1.62	1.01
Exploration Potential	0.07	0.10	0.09
Total	0.85	1.72	1.10

MARKET VALUE

In arriving at a fair market value for a particular exploration tenement, Agricola has considered the current market for exploration properties in Australia and overseas. It is considered appropriate to apply a significant discount to the technical value of the exploration potential of the tenements.

Country factors and current market for exploration properties have been considered for Mongolia. Assessment of Country Risk and the Business Climate has been provided by a specialist firm (source: www.coface.com). The rating for Mongolia is 'C' for country risk and 'C' for business climate, which are considered to be low. This rating will affect the market factor in assessing market value.

Mongolia's strengths include: Exploitation of mining of colossal mineral resources and Proximity of two economic giants, China and Russia. Weaknesses include: Economy vulnerable to fluctuations in raw materials prices, High poverty and unemployment rates, Internal political disputes and Alarming level of corruption.

High quality coking coals are in particular high demand by Chinese users within a blend primarily due to the low ratio of these coals in China's own reserves and the growing requirement for higher quality coking coals in the coke industry. High quality coking coals are increasing in demand faster than their low quality counterparts as China trends towards the use of larger blast furnaces to achieve higher productivity, use of advanced technology and balancing environmental concerns.

Growing rail and other infrastructure developments in Mongolia following the tripartite agreements signed between Russia-Mongolia-China will significantly improve Mongolia's infrastructure landscape, allow the more efficient transport of commodities across the border and present a nearby supply source of quality future metallurgical coal for Chinese users.

The current market value for mineral projects world wide is considered to be depressed though the presence of an exploration target at the Nuurstei Project is a positive factor A ready market for coking coal appears to be available which gives support to a **market premium factor of 10%** has been applied to the technical value of the Exploration Target and a market discount of 20% has been applied to the Technical Value of the exploration potential.

$$\text{Market Value} = [\text{Technical Value}] * [\text{Adjusted Market Factor}]$$

ASPIRE MINING LTD		Market Value, A\$M		
Nuurstei	Market Factor	Low	High	Preferred
Exploration Target	110%	0.86	1.78	1.11
Exploration Potential	80%	0.06	0.08	0.07
Total		0.92	1.86	1.18

VALUATION OPINION

Based on an assessment of the factors involved the estimate of the market value of the Nuurstei Project is in the range of A\$0.9 million to A\$1.9 million with a preferred value of A\$1.2 million.

This valuation is effective on 30 September 2015 and was prepared on 8 October 2015.

The valuation is for 100% equity in the Nuurstei project.

It is noted that the Company does not hold 100% equity in the Nuurstei Project. The matter of equity will be addresses in the Independent Expert's Report.

Background notes and details of the Valuation process adopted by Agricola are included as an appendix to this Report.



MINERAL ASSETS VALUATION FOR EXPLORATION TENEMENTS

M. Castle – Updated 15 May 2015

Agricola Mining Consultants Pty Ltd (“Agricola”) has prepared these notes as background to the Independent Valuation Report. The appendix is general in nature and references to Western Australia are an example of exploration expenditures. They are appropriate for other states and other countries based on Agricola’s experience in many areas of Australia and elsewhere. Parts of these notes may be repeated for clarity in the main report.

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THE MEANING OF VALUE – SCOPE OF THE REPORT

A Mineral asset valuation should endeavour to ascertain the price that a willing but not anxious vendor could reasonably expect to obtain and a hypothetical willing but not too anxious purchaser could reasonably expect to have to pay for the property if the vendor and the purchaser had got together and agreed on a price in friendly negotiation.

The test for determining the market value is based on the consideration of a hypothetical negotiation, namely, what is the price that a willing but not anxious purchaser would have to offer to induce a willing but not anxious vendor to sell the property rather than the price which an anxious vendor would obtain upon a forced sale. This is the price that a hypothetical prudent purchaser

would entertain, if he desired to purchase it for the most advantageous purpose for which the property was adapted.

This test contemplates a prudent purchaser who has informed himself or herself of all of the relevant attributes and advantages that the property enjoyed which means not just being conversant with the property in its existing state but also any profitable uses to which it might be put. This embodies the concept of the highest and best use of the property.

JUDICIAL INTERPRETATION

The High Court cast light on the ordinary meaning of 'market value' in 1907 in [Spencer v. The Commonwealth of Australia](#). In this case, the Commonwealth had compulsorily acquired land for a fort at North Fremantle in Western Australia.

In discussing the concept of market value, Griffith CJ commented (page 432) that:

... the test of value of land is to be determined, not by inquiring what price a man desiring to sell could have obtained for it on a given day, i.e. whether there was, in fact, on that day a willing buyer, but by inquiring: What would a man desiring to buy the land have had to pay for it on that day to a vendor willing to sell it for a fair price but not desirous to sell?

Isaacs J subsequently expanded on the concept (page 441):

... to arrive at the value of the land at that date, we have ... to suppose it sold then, not by means of a forced sale, but by voluntary bargaining between the plaintiff and a purchaser willing to trade, but neither of them so anxious to do so that he would overlook any ordinary business consideration. We must further suppose both to be perfectly acquainted with the land and cognisant of all circumstances which might affect its value, either advantageously or prejudicially, including its situation, character, quality, proximity to conveniences or inconveniences, its surrounding features, the then present demand for land, and the likelihood as then appearing to persons best capable of forming an opinion, of a rise or fall for what reasons so ever in the amount which one would otherwise be willing to fix as to the value of the property.

In this case, the High Court recognised the principles of:

- the willing but not anxious vendor and purchaser
- a hypothetical market
- the parties being fully informed of the advantages and disadvantages associated with the asset being valued (in the specific case, land)
- both parties being aware of current market conditions.

This is commonly known as the *Spencer test* after the High Court decision upon which these principles are based and to which the Courts have used in their determinations of market value or property. (*Spencer v Commonwealth* (1907) 5 CLR 418 at 432 per Griffiths CJ and 441 per Isaacs J.).

Although the *Spencer test* is based on both a hypothetical vendor and a hypothetical purchaser and therefore the market value from either hypothetical party's point of view should be the same, in some cases emphasis has been placed on what would be the best price which the vendor could hope to obtain.

The question as of "special value" of particular property has often been raised in cases. However in reality this is only part of the *Spencer test* that in attributing the price that would be paid to the hypothetical vendor by the hypothetical purchaser it is to be assumed that the property will be put to its "highest and best use".

Applying the *Spencer test* may not be confined to a technical valuation exercise but may involve a consideration of market factors. In a highly speculative market during 'boom' conditions or a depressed market during 'bust' conditions the hypothetical purchaser may expect to pay a premium or receive a discount commensurate with market conditions.

The *Spencer test* has been applied in stamp duty cases in determining the value of the dutiable property.

These principles apply equally to mineral assets

REGULATORY AUTHORITIES

Mineral asset valuations are prepared in accordance with the *Code for Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports (the "VALMIN Code", 2005)*, which is binding upon Members of the Australasian Institute of Mining and Metallurgy ("AusIMM") and the Australian Institute of Geoscientists ("AIG"), as well as the rules and guidelines issued by the Australian Securities and Investments Commission ("ASIC") and the ASX Limited ("ASX") which pertain to Independent Expert Reports (*Regulatory Guides RG111, 2011 and RG112, 2011*).

Where mineral resources have been referred to in this report, the classifications are consistent with the *"Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves ("JORC Code")*, prepared by the Joint Ore Reserves Committee of the AusIMM, the AIG and the Minerals Council of Australia, effective 2012.

THE VALMIN CODE, 2005

The main requirements of the *Valuation Report* are

- *Prepared in accordance with the VALMIN code.*
- *Details of valuation methodologies*
- *Reasoning for the selection of the valuation approach adopted*
- *Details of the valuation calculations*

- *Conclusion on value*

- *Experience and qualifications of key personnel to be set out*

Transparency - The report needs to explain how the valuation was done and the assumptions used in calculating the value. The objective is to provide sufficient information that other people can come up with the same answer. Transparency and Transparent means that the Material data and information used in (or excluded from) the Valuation of a Mineral Property, the assumptions, the Valuation approaches and methods, and the Valuation itself must be set out clearly in the Valuation Report, along with the rationale for the choices and conclusions of the Qualified Valuer.

Materiality - This means the valuer has to ensure that all important data that could have a significant impact on the valuation is included in the report. Materiality and Material refer to data or information which contribute to the determination of the Mineral Property value, such that the inclusion or omission of such data or information might result in the reader of a Valuation Report coming to a substantially different conclusion as to the value of the Mineral Property. Material data and information are those, which would reasonably be required to make an informed assessment of the value of the subject Mineral Property.

Competence - The valuer must be competent at doing valuations. The person needs to be an expert in the particular exploration target being evaluated. Typically the person needs at least 5 years' experience in that commodity. *For Example:*

Competent Persons Statement

The information in this report that relates to Exploration Results and Mineral Resources of the Company has been reviewed by Malcolm Castle who is a member of the Australasian Institute of Mining and Metallurgy. Mr Castle has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as an Expert and Competent Person as defined under the VALMIN Code and in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Castle consents to the inclusion in this report of the matters based on the information in the form and context in which they appear.

Independence - The valuer must act in a professional manner and not favour the buyer or the seller. In other words the price must be set at a "fair market value". To achieve independence, the valuer must not receive any special benefit from doing the study. This subject is addressed fully in RG112 (112.42). Independence or Independent means that, other than professional fees and disbursements received or to be received in connection with the Valuation concerned, the Qualified Valuer or Qualified Person (as the case requires) has no pecuniary or beneficial (present or contingent) interest in any of the Mineral Properties being valued, nor has any association with the Commissioning Entity or any holder(s) of any rights in Mineral Properties which are the subject of the Valuation, which is likely to create an apprehension of bias. The concepts of "Independence" and "Independent" are questions of fact. For example, where a Qualified Valuer's fees depend in whole

or in part on an understanding or arrangement that an incentive will be paid based on a certain value being obtained, such Qualified Valuer is not Independent.

Reasonableness - in reference to the Valuation of a Mineral Property, while not specifically mentioned in VALMIN, 2005, is a requirement in other jurisdictions. It means that other appropriately qualified and experienced valuers with access to the same information would value the property at approximately the same range. A Reasonableness test serves to identify Valuations, which may be out of step with industry standards and industry norms. It is not sufficient for a Qualified Valuer to determine that he or she personally believes the value determined is appropriate without satisfying an objective standard of proof

Methodology - The decisions as to the valuation methodology or methodologies to be used and the content of the Report are solely the responsibility of the Expert or Specialist whose decisions must not be influenced by the Commissioning Entity. The Expert or Specialist must state the reasons for selecting each methodology used in the Report. Methods chosen must be rational and logical and be based upon reasonable grounds.

The Expert or Specialist should make use of valuation methods suitable to the Mineral or Petroleum Assets under consideration. Selection of the appropriate valuation method will depend on, inter alia:

- (a) the purpose of the Valuation;
- (b) the development status of the Mineral or Petroleum Assets;
- (c) the amount and reliability of relevant information;
- (d) the risks involved in the venture; and
- (e) the relevant market conditions for commodities.

The Expert or Specialist should choose, discuss and disclose the selected valuation method(s) appropriate to the Mineral Assets under consideration in the Report, stating the reasons why the particular valuation methods have been selected in relation to those factors and to the adequacy of available data. It may also be desirable to discuss why a particular valuation method has not been used. The disclosure should give a sufficient account of the valuation methods used so that another Expert could understand the procedure used and assess the Valuation. Should more than one valuation method be used and different valuations result, the Expert or Specialist should comment on the reasons for selecting the Value adopted.

REGULATORY GUIDES RG111 AND RG112, MARCH 2011

It is not the Australian Securities and Investment Commission – ASIC's role or intention to limit the expert's exercise of skill and judgment in selecting the most appropriate method or methods of valuation. However, it is appropriate for the expert to consider:

- (a) the discounted cash flow method;

- (b) the amount which an alternative acquirer might be willing to offer if all the securities in the target company were available for purchase;

ASIC does not suggest that this list is exhaustive or that the expert should use all of the methods of valuation listed above. The expert should justify the choices of valuation method and give a sufficient account of the method used to enable another expert to replicate the procedure and assess the valuation. It may be appropriate for the expert to compare the values derived by more than one method and to comment on any differences.

The complex valuations in an expert's report necessarily contain significant uncertainties. Because of this an expert who gives a single point value will usually be implying spurious accuracy to his or her valuation. An expert should, however, give as narrow a range of values as possible. An expert report becomes meaningless if the range of values is too wide. An expert should indicate the most probable point within the range of values if it is feasible to do so.

The expert should carry out sufficient enquiries or examinations to establish reasonable grounds for believing that any profit forecasts, cash flow forecasts and unaudited profit figures that are used in the expert's report, and have been prepared on a reasonable basis. If there are material variations in method or presentation the expert should adjust for or comment on them in the report.

The expert should discuss the implications to his or her valuation if:

- (a) the current market value of the subject of the report is likely to change because of market volatility (for example, boom or depression); or
- (b) the current market value differs materially from that derived by the chosen method.

THE JORC CODE, 2012

The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves ('the JORC Code') is a professional code of practice that sets minimum standards for Public Reporting of minerals Exploration Results, Mineral Resources and Ore Reserves.

The JORC Code provides a mandatory system for the classification of minerals Exploration Results, Mineral Resources and Ore Reserves according to the levels of confidence in geological knowledge and technical and economic considerations in Public Reports.

The JORC Code was first published in 1989, with the most recent revision being published late in 2012. Since 1989 and 1992 respectively, it has been incorporated in the Listing Rules of the Australian and New Zealand Stock Exchanges, making compliance mandatory for listing public companies in Australia and New Zealand.

The current edition of the JORC Code was published in 2012 and after a transition period the 2012 Edition came into mandatory operation from 1 December 2013.

Changes to the JORC Code 2012

- Table 1 reporting on an 'if not, why not?' basis – Clauses 2, 5, 19, 27, 35 and the introduction of Table 1.

- Competent Person Attributions – Clause 9
- Exploration Targets – Clause 17
- Pre-Feasibility required for Ore Reserves – Clause 29
- Technical Studies definitions – Clause 37-40
- Annual Reporting – Clause 15
- Metal Equivalents – Clause 50
- *In situ* values – Clause 51
- Additional guidance on reporting in Table 1

VALUATION METHODOLOGY FOR EXPLORATION TENEMENTS

FAIR MARKET VALUE OF MINERAL ASSETS

Mineral assets include, but are not limited to, mining and exploration tenements held or acquired in connection with the exploration, the development of, and the production from those tenements together with all plant, equipment and infrastructure owned or acquired for the development, extraction and processing of minerals in connection with those tenements.

Mineral assets classification	
Exploration areas	<p>Mineralisation may or may not have been identified, but where a mineral resource has not been defined. Available information includes exploration results such as outcrop sampling, assays of drill hole intersections, geochemical results and geophysical survey results.</p> <p><i>Valuation Methods: Geoscience Factor, Prospectivity Enhancement Multiplier, Yardstick (Rule of Thumb).</i></p>
Advanced exploration areas	<p>Mineral resources have been identified and their extent estimated (possibly incompletely). This includes properties at the early stage of assessment. Available information includes estimates of Exploration Targets, Inferred Resources, Indicated Resources, Measured Resources in accordance with the JORC Code 2012 and the exploration results from the surrounding area or prospect used to compile the estimates. Additional value for exploration potential in the immediate area is not considered to be warranted.</p> <p><i>Valuation Methods: Comparable Transactions. Yardstick (Rule of Thumb)</i></p>
Pre-development projects	<p>A positive development decision has not yet been made. This includes properties where a development decision has been negative, properties on care and maintenance and properties held on retention titles. Available information includes Mineral Resource estimates in accordance with the JORC Code and a scoping study. If a recent and valid Pre Feasibility Study has been prepared an Ore Reserve may have been estimated with due regard to modifying factors.</p>

	<i>Valuation Methods: Comparable Transactions, Discounted Cash Flow (if Ore Reserves have been estimated)</i>
Development projects	Committed to production, but which, are not yet commissioned or not initially operating at design levels. Available information includes a Feasibility Study with supporting technical studies. <i>Valuation Methods: Discounted Cash Flow.</i>
Operating Mines	Mineral properties, particularly mines and processing plants, which have been fully commissioned and are in production. <i>Valuation Methods: Discounted Cash Flow.</i>

Agricola's preferred valuation method is shown in bold type.

The value of a mineral asset usually consists of two components,

- The underlying or Technical Value (or stand alone value) which is an assessment of a mineral asset's future net economic benefit under a set of appropriate assumptions, excluding any premium or discount for market, strategic or other considerations.
- The Market Component, which is a premium relating to market, strategic or other considerations which, depending on circumstances at the time, can be either positive, negative or zero.

When the technical and market components of value are combined the resulting value is referred to as the market value. A consideration of country risk should also be taken into account for overseas projects.

The value of mineral assets is time and circumstance specific. The asset value and the market premium (or discount) changes, sometimes significantly, as overall market conditions, commodity prices, exchange rates, political and country risk change.

Valuation is based on a calculation in which the geological prospectivity, commodity markets, financial markets, stock markets and mineral property markets are assessed independently.

Valuation of exploration properties is exceptionally subjective. If an economic resource is subsequently identified then a new valuation will be dramatically higher, or possibly lower. Alternatively if expenditure of further exploration dollars is unsuccessful then it is likely to decrease the value of the tenements. There are a number of generally accepted procedures for establishing the value of exploration properties and, where relevant, the use of more than one such method to enable a balanced analysis and a check on the result has been undertaken. The value will always be presented as a range with the preferred value identified. The preferred value need not be the median value, and will be determined by the Independent Valuer based on his experience.

The Independent Valuer, when determining a value for a mineral asset, must assess a range of technical issues prior to selection of a valuation methodology. Often this will require seeking advice from a specialist in specific areas. The key issues are:

- geological setting and style of mineralisation
- level of knowledge of the geometry of mineralisation in the district

- results of exploration including geological mapping, costeaning and drilling of interpretation of geochemical anomalies
- parameters used to identify geophysical and remote sensing data anomalies
- location and style of mineralisation identified on adjacent properties
- appropriate geological models
- mining history, including mining methods
- location and accessibility of infrastructure
- milling and metallurgical characteristics of the mineralisation

In addition to these technical issues the Independent Expert needs to make a judgement about the market demand for the type of property, commodity markets, financial markets and stock markets. The technical value of a property should not be adjusted by a “market factor” unless there is a marked discrepancy between the technical value and the market value. When this is done the factor should be clearly identified.

Where there are identified Ore Reserves it is appropriate to use financial analysis methods to estimate the net present value (“NPV”) of the properties. This technique (the DCF Method) has deficiencies, which include assessment of only a very narrow area of risk, namely the time value of money given the real discount rate, and the underlying assumption that a static approach is applicable to investment decision making, which is clearly not the case.

When assessing value of exploration properties with no identified Ore Reserves it is inappropriate to prepare any form of financial analysis to determine the net present value. The valuation of exploration tenements or licences, particularly those without identified resources, is highly subjective and a number of methods are appropriate to give a guide as discussed below.

All of these valuation methods are relatively independent of the location of the mineral property. Consequently the valuer will make allowance for access to infrastructure etc when choosing a preferred value. It is observed that the Prospectivity Exploration Multiplier (“PEM”) is heavily based on the expenditure; while the Geoscience Factor is more heavily based on opinions of the prospectivity hence tenements can have marked variation in value between the methods. If the Geoscience Factor assessment is high and the PEM is low it indicates effective well focused exploration, if the Geoscience Factor is low and the PEM high it suggests that the tenement is considered to have lower prospectivity.

Truly Comparable Transactions are rare for early stage properties without defined drill targets. This is natural in a recession, as companies focus on brownfields exploration. Inflated prices paid for property in fashionable areas should not be discounted because they reflect the true market value of a property at the transaction date. If however, the market sentiment is not so buoyant then adjustments must be made.

Methodologies commonly used for the valuation of early stage or exploration assets in order of the evidentiary value provided by each include:

CONTEMPORANEOUS TRANSACTIONS IN THE ASSET

Where a transaction has taken place around the valuation date in the mineral asset in question, this provides the best evidence of value. This may occur when a body of mineralisation or confined geological domain is split by a tenement boundary and one part is sold.

If a property in the recent past was the subject of an arms-length transaction, for either cash or shares (i.e. from a company whose principal asset was the mineral property) then this forms the most realistic starting point, provided that the deal is still relevant in today's market. Complicating matters is the knowledge that properties rarely change hands for cash, except for liquidation purposes, estate sales, or as raw exploration property when sold by an individual prospector, or entrepreneur.

Any underlying royalty or net profits interests or rights held by the original vendor of the claims should be deducted from the resultant property value before determination of the company's interest. Also, reductions in value should be made where environmental, legal or political sensitivities could seriously retard the development of exploration properties.

It should be noted again that exploration is cyclical, and in periods of low metal prices there is often no market, or a market at very low prices, for ordinary exploration acreage (inventory property) unless it is combined with a significant mineral deposit, or with other incentives.

DCF VALUE

Where a financial model has been prepared which considers the exploration results to date, the costs involved in taking the project to production and the probability-weighted returns expected from the project, in the absence of a contemporaneous transaction in the actual exploration interest, this provides the best evidence as to the value of the exploration interest. This method requires that a reasonable estimate can be made of expected cash flows. In accordance with the JORC Code 2012, the estimation of an Ore Reserve must be based on a Pre Feasibility Study or a Feasibility Study. The DCF Method, therefore, is only possible then these studies are available and an Ore Reserve has been estimated. **(DCF Method – see below)**

CONTEMPORANEOUS TRANSACTIONS IN COMPARABLE ASSETS

Where a transaction has taken place recently in an Asset of similar prospectivity in a similar or comparable mineral market, this provides evidence of value in the absence of an actual transaction or a financial model for the exploration interest. The comparison is typically made on the basis of a value per unit of contained resource. **(Comparable Transactions Method – see below)**

POTENTIAL FOR FURTHER DISCOVERIES

The Geoscience Factor method provides the most appropriate approach to utilise in the technical valuation of the *exploration potential* of mineral properties on which there are no defined resources. Kilburn, a Canadian mining engineer was concerned about the haphazard way in which exploration tenements were valued. He proposed an approach that essentially requires the valuer to justify the key aspects of the valuation process in a systematic and defensible manner. The valuer must specify

the key aspects of the valuation process and must specify and rank aspects that enhance or downgrade the intrinsic value of each property. The intrinsic value is the base acquisition cost ("BAC"), which is the average cost incurred to acquire a base unit area of mineral tenement and to meet all statutory expenditure commitments for a period of 12 months. Different practitioners use slightly differing approaches to calculate the BAC and its use with respect to different tenement types.

The Geoscience Factor method systematically assesses and grades four key technical attributes of a tenement to arrive at a series of multiplier factors. The multipliers are then applied serially to the BAC of each tenement with the values being multiplied together to establish the overall technical value of each mineral property. A fifth factor, the market factor, is then multiplied by the technical value to arrive at the fair market value.

The successful application of this method depends on the selection of appropriate multipliers that reflect the tenement prospectivity. Furthermore, there is the expectation that the outcome reflects the market's perception of value, hence the application of the market factor. **(Geoscientific Factor Method – see below)**

PAST EXPENDITURE

Where the other methods cannot be used, a valuer could also consider *previous exploration expenditure*, and apply a multiple to this based on its effectiveness and the valuer's judgment as to the prospectivity of the project based on the results as at the valuation date. The application of this method is very subjective, and is best used for very early stage exploration interests without resources or significant drilling results. **(Prospectivity Enhancement Method – see below)**

YARDSTICK (RULE OF THUMB) METHOD

A Rule-of-Thumb method sometimes used for valuing Mineral Assets without identified Resources is based upon conversion of comparable sales data to a unit area (per km² or per ha). It is probably the most difficult comparative tool to justify.

SHARE MARKET TRADING IN COMPANIES HOLDING COMPARABLE EXPLORATION INTERESTS

Where information on the exploration tenements is not directly observable, valuers sometimes consider the recent share market trading in companies holding comparable exploration interests. This method may require the valuer to apportion the value of the company between its various assets, to determine the proportion of the enterprise value of the company that should be attributed to the comparable exploration interest. Once the valuer has estimated the proportion of the market capitalization or enterprise value of the company that should be attributed to the comparable exploration interest, the value per unit of contained resource or the value per km² of tenement approaches can be applied. This typically provides weak evidence of the value of specific exploration interests due to the difficulty in apportioning the enterprise value of a listed company to

specific exploration interests, and the likelihood that the share price may include other 'noise' unrelated to the exploration interest.

Market Capitalisation (MCap) and Enterprise Value (EV: Mcap + Debt – Cash) are often used in comparable transaction valuations, often quoted as EV per unit of Resource or reserve. These measures say *nothing* about the technical value of individual mineral assets and are usually influenced by many commercial and emotional factors both within and external to the Company.

It is fair to assume that a company's share price is a reflection of the market value of the company and this is strongly influenced by the market value of mineral assets in the light of current market conditions. If a 'willing but not anxious buyer' were to make an offer for the company based on share price, appropriate due diligence has been completed and the offer may also include a premium for control.

MCap per unit and EV per unit for peer group companies may be a satisfactory measure of 'reasonableness' of the market value of the bundle of assets and should be viewed in that light and not as a direct measure of technical value.

VALUATION OF DEVELOPMENT PROJECTS BY DISCOUNTED CASH FLOW METHODS

Agricola believes that the Discounted Cash Flow/Net Present Value method should never be applied to the valuation of a Mineral Property that is only at an exploration stage, based on the hypothetical cash flows from a postulated exploitation scenario. Valuers tend to consider before or after tax values only in the context of the DCF/NPV Method, with a general preference for determinations of after-tax value.

Of course, some owners can use tax losses and structure their affairs to minimise the impact of corporate taxes, but others cannot do so. Hence, it should be clearly stated on what taxation basis the fair market value is determined. This is another reason why care must be taken when using project sales data as a comparable basis for assessing value. The 'comparable' projects may be in different places subject to different taxation regimes, in any event.

Discounted cash flow analysis

A discounted cash flow ("DCF") analysis determines the Technical Value of a project by approximating the value if it were developed under the prevailing economic conditions.

Once a Mineral Resource has been assessed for mining by considering revenues and operating costs, the economically viable component of the resource becomes the Ore Reserve. When this is scheduled for mining, and the capital costs and tax regime are considered, the net present value ("NPV") of the project is established by discounting future annual cash flows using an appropriate discount rate.

The resulting 'classical' NPV has several recognised deficiencies linked to the fact that the approach assumes a static approach to investment decision making, however the NPV represents a fundamental approach to valuing a proposed or on-going mining operation and is widely used within the mining industry.

In terms of cash flow analysis, the DCF valuation technique is the most commonly used valuation tool. The technique has specific strengths over the methods considered in the market and cost approaches. These include its ability to consider the effects of royalties, leases, taxation and financial gearing on the resulting cash flow. In addition, the beneficial impact of unredeemed capital balances, assessed losses, depreciation and amortization on free cash flows can also be modelled.

Compiling cash flows on resources categorized as inferred, or those with even less geoscientific confidence (which in some cases are referred to as inventory), is prohibited by some international codes. It is only under exceptional circumstances that many securities exchanges will accept such cash flows and the effect of cash flow contributions from inferred resources on project performance should be demonstrated separately from those derived from other resource and reserve categories.

The DCF method is used to produce numerous quantitative results. On its own and as an investment tool, it is based on the principle that for any initial investment, the investor will look to the future cash flows of that entity to provide a minimum return. This return will be at least a predetermined return over the investor's hurdle rate for that investment. The hurdle rate represents the minimum return of a project, below which the decision to invest or develop a new project will be negative, and above which the project will be developed. The hurdle rate should always be greater than the cost of capital for the investor.

For a mining project, in a macroeconomic environment that is sufficiently favourable and stable for this method to be applied, the critical input data will generally be incorporated in a life of mine (LoM) plan. The LoM plan, such as that accompanying a pre-feasibility, feasibility or a bankable feasibility study, will include:

- reserve and resource estimates in accordance with the JORC Code
- forecast mining schedules of tonnage on a daily, monthly or annual basis
- forecast grade profiles and associated recoveries from a processing facility. This, together with the tonnage profile, allows the valuer to calculate the volume of saleable product
- estimated working costs, preferably unitized to either an amount per tonne mined or milled or an amount per unit of metal or product sold
- forecast capital expenditure profiles over the life of the operation, including ongoing or sustainable capital expenditure amounts and
- rehabilitation liabilities or trust fund contributions, retrenchment costs, plant metal lock-up and any other specific factor that will impact on costs or revenue.

Changes in working capital balances are generally calculated based on historical balance ratios, applied to forecast revenues and working costs. They impact on short term cash flows and therefore must be modelled into the cash flows. Naturally, any working capital locked up during the life of the operation will be released at the end of this life.

Once the economic inputs have been assumed, the DCF can be determined. This is often stated as

EBITDA (Earnings before Interest, Taxation, Depreciation and Amortisation) and is frequently taken as the technical value of the project, subject to a consideration of sensitivity to the assumptions.

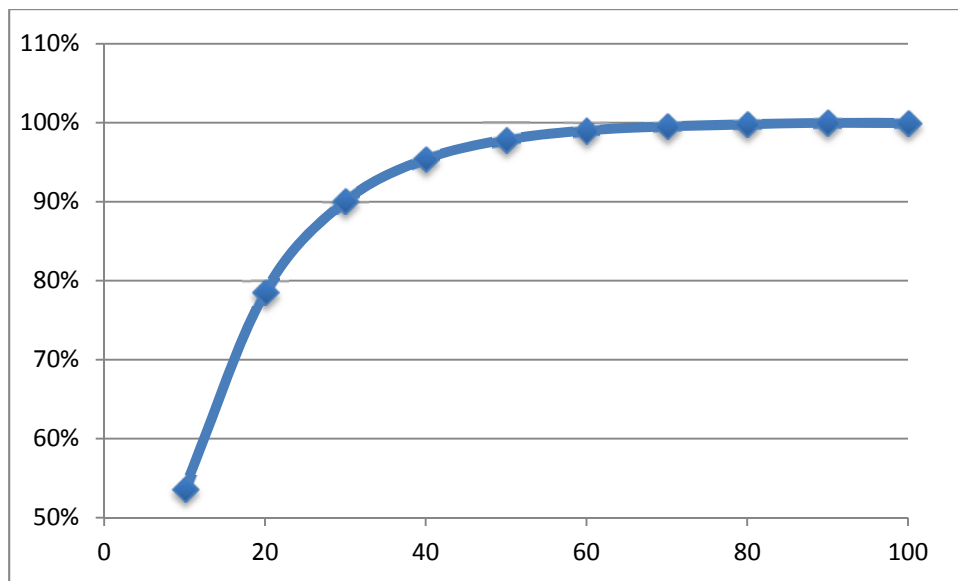
The resultant cash flow is then used to derive the net present value (NPV) of the operation at a predetermined discount rate or a range of discount rates. The derived NPV, on which the return on investment can be calculated, is used as a proxy for the operation's implicit value. This is often compared with the value or returns the market attributes to the operation, if it is a listed entity, or compared with other investment opportunities in order to optimize investment or development schedules.

In any cash flow determination, the impact of inflation on the final result cannot be overstated. One only has to consider the effect of taxation as applied to real taxable income as opposed to being levied against nominal taxable income. Converting the final cash flows to real money terms, the values derived from two similar cash flows will be quite different. The unredeemed capital balance will last longer in the real terms case, incorrectly enhancing the value of the same project. The real cash flow lines in Table X must be compared to recognize the impact of taxation on real and nominal cash flows.

As a result of the difficulty in obtaining agreement on appropriate inflation forecasts to use in the specific valuation of a project, valuers often exclude a forecast on inflation rates. This in itself may be construed as an inflation assumption, in that inflation is taken to be zero per cent per year. However, this reflects an ideal world, which is unrealistic.

The resulting 'classical' NPV has several recognised deficiencies linked to the fact that the approach assumes a static approach to investment decision making, assumption into the future which cannot be verified with any confidence and limited mine life. However the NPV represents a fundamental approach to valuing a proposed or on-going mining operation and is widely used within the mining industry.

As example of the shortcomings of the DCF Method a conceptual cash flow was modeled and NPV estimated at 8% over different time periods with the following outcome over 100 years:



Percent of maximum NPV from 10 to 100 years.

The estimated NPV reached a maximum value in 60 years and no amount of future income adds to this value.

VALUATION OF RESOURCES BY COMPARABLE TRANSACTIONS

When only a resource or defined body of mineralisation has been outlined and its economic viability has still to be established (i.e. there is no ore reserve) then a **Comparable Transactions** approach is usually applied, often stated as a percentage of metal value. This can be applied to Mineral Resource estimates and Exploration Targets in accordance with the JORC code with appropriate discounts for risk in the different Mineral Resource categories and operational factors to differentiate between deposits.

Agricola Mining Consultants prefers the comparable transactions approach where mineral resources have been estimated. The DCF method is inappropriate because there is no Pre Feasibility or Feasibility Study available and no Ore Reserves has been (or can be) estimated under the JORC Code. The Geoscientific Factor method (potential for further discoveries) and Past Expenditure methods are appropriate for exploration ground that is not advanced enough to estimate mineral resources. The contemporaneous transactions over adjacent ground may be appropriate but the absence of such information the only viable method (in Agricola's opinion) is to compare the sale of other deposits on a 'dollar per unit' basis for the mineral resource estimated in accordance with the JORC Code. Agricola is not aware of a method to cross check the valuation for the technical value (as apposed to the Market value) under these circumstances except by comparison with earlier valuations.

With metal projects the Comparable Transactions method requires allocating a dollar value to resource tonnes or ounces in the ground. The dollar value must take into account a number of aspects of the resources including:

- The confidence in the resource estimation (the JORC Category)
- The quality of the resource (grade and recovery characteristics)
- Possible extensions of the resource in adjacent areas
- Exploration potential for other mineralisation within the tenements
- Presence and condition of a treatment plant within the project
- Proximity of infrastructure, development and capital expenditure aspects

This approach can be taken with metals or bulk commodities sold on the spot market and where current price can be estimated with appropriate adjustments for impurities if required. Value is estimated as a percentage of contained value once appropriate discounts for uncertainty relating to resource categorisation are taken into account.

Resource Category Discounts	
Measured Resource	80%
Indicated Resource	70%
Inferred Resource	60%
Exploration Target	45%

An example of appropriate discounts for operational factors is included below but these must be considered on a case-by-case basis.

Operations Factors	Base Metals	Iron Ore	Coal	Gold	Rare Earths
Recovery	75%	75%	70%	95%	60%
Mining	75%	90%	75%	90%	100%
Processing	80%	70%	70%	95%	50%
Rail	80%	90%	70%	95%	75%
Port	80%	90%	50%	100%	90%
Capex	80%	70%	75%	90%	50%
Marketing	75%	80%	75%	100%	75%
Total Operating Discount	17%	21%	7%	69%	7%

MERGERS AND ACQUISITIONS ACTIVITY

A recent review of Mergers and Acquisitions over the last eight years covering the mining boom, the GFC and the recovery phase of the Mining Market indicates the price paid for gold assets.

Merger and Acquisitions Activity (CAD)									
	2006	2007	2008	2009	2010	2011	2012	2013	2014
Gold Price	\$709	\$778	\$920	\$1,154	\$1,277	\$1,590	\$1,665	\$1,488	\$1,303
Producing Assets*	\$74	\$94	\$115	\$89	\$207	\$202	\$200	\$121	\$120
Percent of Price	10.40%	12.10%	12.50%	7.70%	16.20%	12.70%	12.00%	8.10%	9.20%
Exploration Assets*	\$54	\$28	\$31	\$29	\$71	\$90	\$47	\$23	\$17

Percent of Price	7.60%	3.60%	3.40%	2.50%	5.60%	5.70%	2.80%	1.50%	1.30%
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*Estimated price paid per ounce of gold in the ground, updated December 31, 2014

Source: <http://www.ibkcapital.com/capital-market-highlights/merger-acquisition-activity/>

The information is based on Canadian experience and closely replicates values reported in Australia and similar metal markets elsewhere. The 'Apparent Acquisition Cost' ("AAC") for gold projects lies in the range of 1.5% to 7.6% of the gold price at the time. The data set does not differentiate between resource categories or variations in deposits type and individual assessment. It is implicit that this has been taken into account with risk related discounts. Information on sales internationally has shown a pattern for AAC. For the purpose of valuation the Average Acquisition Cost for the lower, preferred and higher value is selected at the 25th, 50th and 75th percentiles of the spread of values.

AAC Percentiles 2006 - 2014 - Exploration Assets

Percentile	10%	25%	50%	75%	90%
AAC	1.5%	2.5%	3.4%	5.6%	6.1%

AAC Percentiles 2006 - 2014 - Producing Assets

Percentile	10%	25%	50%	75%	90%
AAC	8.0%	9.2%	12.0%	12.5%	13.4%

The AAC method percentiles are derived from Canadian Merger and Acquisitions activity in the gold industry. The original database provided \$/ounce values for producing and non-producing asset sales for a period of years and Agricola has recalculated this as a percentage of metal value so it can be related to current metal prices in other metals. The quoted prices are based on enterprise value (EV - Market Capitalisation plus debt minus cash) so they cannot be directly compared to technical value. A "top-down" approach is often taken to determine technical value (for example for stamp duty assessment) where company specific elements such as cash, debt, goodwill, database value etc are deducted from the EV. Agricola prefers a "bottom-up" approach in this Report where discount factors for resource category and operating factors are assessed for each deposit.

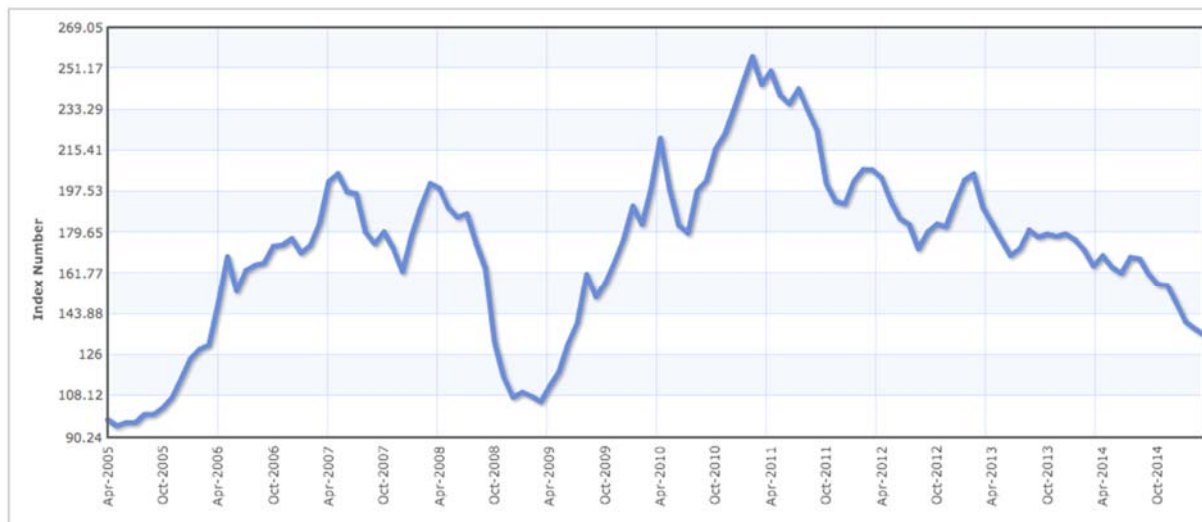
This, of course, is a subjective decision and AAC percentiles are used in conjunction with the resource category discounts and operational factors to 'normalise' the rates for gold acquisitions to other metals. In the absence of a useful database of project sales for other metals this is considered to be a reasonable proxy for sales in most metal projects (the combination of AAC, discounts and

Operational factors). Mineral asset sales are related to the current mineral price (or contained value) which is provided by the M & A database over the period 2006 - 2013 through a period of boom and bust and the valuation method is realistic when adjusted by factors that relate specifically to the metal involved and more specifically to the individual deposits.

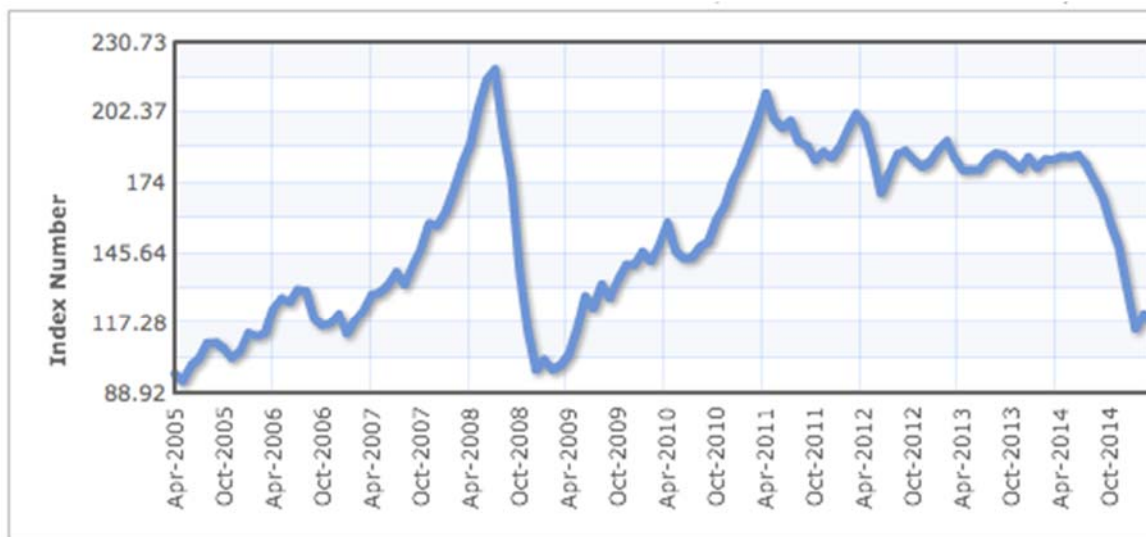
SENSITIVITY TO METAL PRICE

Valuation of mineral resources is estimated at a specific date as stated in the report and metal prices are estimated from current information available at that time. Metal markets may be quite volatile from time to time and it is appropriate to consider the effect of variations in metal price (which may change on a daily basis).

The two charts below represent the Commodity Metal Price index and the Commodity Price Index over the last decade. Both charts show a marked decline in 2008/09 (GFC) and a similar decline in recent years.



Description: Commodity Metals Price Index, 2005 = 100, includes Copper, Aluminum, Iron Ore, Tin, Nickel, Zinc, Lead, and Uranium Price Indices



Description: Commodity Price Index, 2005 = 100, includes both Fuel and Non-Fuel Price Indices

There is an obvious need for reassessment of value if there is a significant change in metal/oxide prices.

GEOSCIENCE FACTOR METHOD

The Geoscience Factor method attempts to convert a series of scientific opinions about a subject property into a numeric evaluation system. The success of this method relies on the selection of multiplying factors that reflect the tenement's prospectivity.

Agricola Mining Consultants prefers the Geoscientific Factor method (potential for further discoveries) for exploration ground that is not advanced enough to estimate mineral resources. The contemporaneous transactions over adjacent ground may be appropriate but the absence of such information the only viable method (in Agricola's opinion) is to compare the sale of other deposits on a 'dollar per unit' basis for the mineral resource estimated in accordance with the JORC Code. Agricola uses Past Expenditure and yardstick (Rule of Thumb) methods as an appropriate way of cross checking the reasonableness of the valuation.

The Geoscience Factor method is essentially a technique to define a value based on geological prospectivity. The method appraises a variety of mineral property characteristics:

- location with respect to any off-property mineral occurrence of value, or favourable geological, geochemical or geophysical anomalies;
- location and nature of any mineralisation, geochemical, geological or geophysical anomaly within the property and the tenor (grade) of any mineralisation known to exist on the property being valued;
- geophysical and/or geochemical targets and the number and relative position of anomalies on the property being valued;

- geological patterns and models appropriate to the property being valued.

It is recognised that application of this method can be highly subjective, and that it relies almost exclusively on the geoscience ratings adopted by the valuer. As such, it is good practice for valuers using this method to provide sufficient discussion supporting their selection of the various multiplying factors to allow another suitably qualified geoscientist to assess the appropriateness of the factors selected.

The successful application of this method depends on the selection of appropriate multipliers that reflect the tenement prospectivity. Furthermore, there is the expectation that the outcome reflects the market's perception of value, hence the application of the market factor. Agricola Mining Consultants prefers the Geoscience Factor approach because it endeavours to implement a system that is systematic and defensible. It also takes account of the key factors that can be reasonably considered to impact on the exploration potential. The keystone of the method is the BAC, which provides a standard base from which to commence a valuation. The acquisition and holding costs of a tenement for one year provides a reasonable, and importantly, consistent starting point. Presumably when a tenement is pegged for the first time by an explorer the tenement has been judged to be worth at least the acquisition and holding cost.

It may be argued that on occasions an EL may be converted to a ML expediently for strategic reasons rather than based on exploration success, and hence it is unreasonable to value such a ML starting at a relatively high BAC compared to that of an EL.

It has also been argued that the method is a valuation-by-numbers approach. In Agricola's opinion, the strength of the method is that it reveals to the public, in the most open way possible, just how a tenement's value was systematically determined. It is an approach that lays out the subjective judgements made by the valuer.

AREA

The area of a tenement is usually stated in terms of square kilometres as a matter of convenience and consistency. A graticular boundary (or block) system was introduced for exploration licences in mid 1991 in W.A. and a block is defined as one minute of latitude by one minute of longitude. The square kilometres contained within a block varies from place to place. For instance, at Kunnanurra (Latitude 15 deg. S) one block equals 3.31 square kilometres, at Mt Isa (Latitude 20 deg. S) one block equals 3.22 square kilometres. at Carnarvon or Bundaberg (Latitude 25 deg. S) one block equals 3.11 square kilometres and at Albany or Adelaide (Latitude 35 deg. S) one block equals 2.81 square kilometres.

Prospecting Licences and Mining Leases are granted in Hectares (100 hectares equals one square kilometre).

BASIC ACQUISITION COST

The Basic Acquisition Cost ("BAC") is the important input to the Geoscience Factor Method and it is estimated by summing the annual rent, statutory expenditure for a period of 12 months and

administration fees for a first stage exploration tenement such as an Exploration Licence(the first year holding cost).

The notes are general in nature and references to Western Australia are an example of exploration expenditures. they are appropriate for other states and other countries based on Agricola's experience in many areas of Australia and elsewhere.

The current holding cost for exploration projects is considered to be the average expenditure for the first year of the licence tenure. Exploration Licences in Western Australia, for example, attract a minimum annual expenditure for the first three years of \$300 per square kilometre per year with a minimum of \$20,000 and annual rent of \$46.80. A 15% administration fee is taken into account to imply a holding cost of \$400 per square kilometre. A similar approach based on expenditure commitments could be taken for Prospecting Licences and Mining Leases (effective 1 July 2014). The Benchmark minimum expenditure for Exploration Licences in the Northern Territory is \$10,000 plus \$150 per block.

In Western Australia (from February 2006), an application for a Mining Lease required either a mining proposal or a statement describing when mining is likely to commence; the most likely method of mining; and the location, and the area, of land that is likely to be required for the operation of plant, machinery and equipment and for other activities associated with those mining operations. A mineralisation report is also required that has been prepared by a qualified person.

The mineralisation report must be completed by a qualified person and shall contain information of sufficient standard and detail to substantiate, to the satisfaction of the Director Geological Survey, that significant mineralisation exists within the ground applied for. A 'qualified person' means a person who is a member of the Australasian Institute of Mining and Metallurgy (AusIMM) or the Australian Institute of Geoscientists (AIG). Significant mineralisation means a deposit of minerals located during exploration activities and that there is a reasonable expectation that those minerals will be extracted by mining operations.

The implication of the mineralisation report suggests that Mining leases should be valued on the body of significant mineralisation (usually a Mineral Resource estimated in accordance with the JORC Code) and not on the basis of prospectivity. The preferred method for valuing resources is by comparable transactions (Market Based).

The Mineral Resources are assumed to encapsulate all the value for the tenements or prospects on which they occur and the exploration results considered for the estimate. A separate value for exploration potential for this tenement is not considered warranted.

It is recognised that further exploration potential may exist within the tenement boundaries but when a mineral resource has already been estimated in accordance with the JORC Code a hypothetical willing but not too anxious purchaser would be unlikely to consider additional value for surrounding untested ground. The possibility of undrilled extensions to mineral resources may be considered in the market factor assessment.

Mining Leases granted prior to 2006 and Prospecting Licences may not have a mineralisation report available and may cover old workings or simply an expedient or strategic method of securing ground at the expiry of an Exploration Licence rather than based on exploration success. While these Licences carry all the obligations set out in the Mining Act, from a valuation point of view they are equivalent to Exploration Licences and it is unreasonable to value such these MLs (or PLs) starting at a relatively high holding cost compared to that of an EL where only exploration results are available. These tenements should be considered on the basis of a **BAC of \$400 to \$450**. To value these areas at the higher levels may not be considered to be reasonable under the VALMIN Code.

TENEMENT STATUS

Uncertainty may exist where a tenement is in the application stage. Competing applications may be present where a ballot is required to determine the successful applicant or Native Title issues and negotiations may add to the risk of timely grant. Other issues may also be present such as state parks or forestry and wildlife reserves, competing land use and compensation agreements. There is an inherent risk that the tenement may not be granted and this needs to be recognised in the base value assessment. A 'grant factor' of zero may be applied where there is no realistic chance of approval (e.g. sacred sites) and where no significant impediments are known the factor may increase to about 60% to reflect delays and compliance with regulations.

EQUITY

The equity a Company may hold in a tenement through joint venture arrangements or royalty commitments may be addressed in assessing base Value but it is often considered at the end of a valuations report.

GEOSCIENCE FACTORS

The multipliers or ratings and the criteria for rating selection across these four factors are summarised in the following table.

The selection of factors from the table must be tempered with an eye to the reasonableness of the outcome and an awareness of the inherent exploration risks in achieving progress to the next level. Some exploration licences are overly large and may cover several domains of prospective (or entirely unprospective) ground and this should be recognised in the Geology Factor. A conservative approach is considered mandatory.

Estimate of project value is carried out on a tenement-by-tenement basis and uses four calculations as shown below. The value estimate is shown as a range with a preferred value.

$$\text{Base Value} = [\text{Area}] * [\text{Grant Factor}] * [\text{Equity}] * [\text{Base Acquisition Cost}]$$

$$\text{Prospectivity Index} = [\text{Off Site Factor}] * [\text{On Site Factor}] * [\text{Anomaly Factor}] * [\text{Geology Factor}]$$

$$\text{Technical Value} = [\text{Base Value}] * [\text{Prospectivity Index}]$$

$$\text{Market Value} = [\text{Technical Value}] * [\text{Market Premium/Discount Factor}]$$

GEO-FACTOR RATING CRITERIA - GUIDELINES

	Rating	Address - Off Property	Mineralisation - On Property	Anomalies	Geology
Low	0.5	Very little chance of mineralisation, Concept unsuitable to environment	Very little chance of mineralisation, Concept unsuitable to environment	Extensive previous exploration with poor results - no encouragement	Unfavourable lithology over >75% of the tenement
	0.75				Unfavourable lithology over >50% of the tenement
Average	1	Indications of Prospectivity, Concept validated	Indications of Prospectivity, Concept validated	Extensive previous exploration with encouraging results - regional targets	Deep alluvium Covered favourable geology (40-50%)
	1.5	RAB Drilling with some scattered results	Exploratory sampling with encouragement, Concept validated	Several early stage targets outlined from geochemistry and geophysics	Shallow alluvium Covered favourable geology (50-60%)
	2	Significant RC drilling leading to advance project status	RAB &/or RC Drilling with encouraging intercepts reported	Several well defined surface targets with some RAB drilling	Exposed favourable lithology (60-70%)
	2.5	Grid drilling with encouraging results on adjacent sections	Diamond Drilling after RC with encouragement	Several well defined surface targets with encouraging drilling results	Strongly favourable lithology (70-80%)
High	3	Resource areas identified	Advanced Resource definition drilling - early stage	Several significant subeconomic targets - no indication of volume	Highly prospective geology (80 - 100%)
	3.5	Along strike or adjacent to known mineralisation at Pre-Feasibility Stage	Resource areas identified	Subeconomic targets of possible significant volume - early stage drilling	

PROSPECTIVITY ENHANCEMENT MULTIPLIER ("PEM")

Various valuation methods exist which make reference to historical exploration expenditure. One such method is based on a 'multiple of historical exploration expenditure'. Successful application of this method relies on the valuer assessing the extent to which past exploration expenditure is likely to lead to a target resource being discovered, as well as working out the appropriate multiple to apply to such expenditure.

Another such method is the 'appraised value method'. When adopting this approach, the valuer should only account for meaningful past exploration expenditure plus warranted future expenditures. Warranted future expenditures reflect a reasonable and justifiable exploration budget to test the identified potential of the target.

PEM Factors Used in this valuation method

PEM Range	Criteria
0.2 – 0.5	Exploration (past and present) has downgraded the tenement prospectivity, no mineralisation identified
0.5 – 1.0	Exploration potential has been maintained (rather than enhanced) by past and present activity from regional mapping
1.0 – 1.3	Exploration has maintained, or slightly enhanced (but not downgraded) the prospectivity
1.3 – 1.5	Exploration has considerably increased the prospectivity (geological mapping, geochemical or geophysical)
1.5 – 2.0	Scout Drilling has identified interesting intersections of mineralisation
2.0 – 2.5	Detailed Drilling has defined targets with potential economic interest.
2.5 – 3.0	A resource has been defined at Inferred Resource Status, no feasibility study has been completed
3.0 – 4.0	Indicated Resources have been identified that are likely to form the basis of a prefeasibility study
4.0 – 5.0	Indicated and Measured Resources have been identified and economic parameters are available for assessment.

When historical expenditure approaches are adopted, it is good practice for valuers to provide full transparency in relation to all historical exploration expenditure on the subject property, details of those expenditures selected for use in the method (including details in relation to warranted future expenditures), and justification for any multiples applied.

Past expenditure on a tenement and/or future committed exploration expenditure can establish a base value from which the effectiveness of exploration can be assessed. Where exploration has produced documented results, a PEM can be derived which takes into account the valuer's judgment of the prospectivity of the tenement and the value of the database.

Future committed exploration expenditure is discounted to 60% by some valuers to reflect the uncertainty of results and the possible variations in exploration programmes caused by future undefined events. Expenditure estimates for tenements under application are often discounted to

60% of the estimated value by some valuers to reflect uncertainty in the future granting of the tenement. The PEM Factors are defined in the table.

YARDSTICK (RULE OF THUMB) METHOD

A Rule-of-Thumb method sometimes used for valuing Mineral Assets without identified Resources is based upon conversion of comparable sales data to a unit area (per km² or per ha). It is probably the most difficult comparative tool to justify. This Method has found greater acceptance in North America, where tenement sizes appear to be smaller and where there are many more transactions forming a deep and liquid market than elsewhere. In addition, dealing in tenements is not discouraged by the mining legislation, especially in the US with its historic focus on property rights. It is used in Canada and Australia, though to a much lesser extent.

In Australia, many State jurisdictions grant large exploration tenements (say 300km² maximum) on a graticular block system. This means a tenement is usually larger than geometrically necessary to cover the specific geologically prospective terrane. Also, most jurisdictions here require periodic significant reductions in the tenement's size, so it is common to apply for more area than is actually needed to provide for this obligatory reduction. The sale of exploration tenements to third parties is discouraged (although sales, particularly if interests, certainly occur) because the basis of grant is that the applicants will carry out the granted tenement's exploration obligations themselves. The State sees itself as the centralised, timely distributor of exploration rights, not the free market.

That said, some valuers still attempt to use this Rule-of-Thumb (based upon area) in Australia with an emphasis on market value. A review of technical value (which is not influenced by market conditions) of exploration areas carried out by Agricola over the last few years suggests that ground without resources can be categorized as a matter of convenience into three groups:

- Exploration areas along strike or structurally related to estimated mineral resources. Such areas attract values in the range \$1200 to \$2000 per square kilometre.
- Exploration areas in known mineral fields. Such areas attract values in the range of \$700 to \$1300 per square kilometre.
- Exploration areas in green fields or early exploration domains remote from mineral resources. Such areas attract values in the range of \$400 to \$800 per square kilometre.

ADJUSTMENTS TO THE TECHNICAL VALUE – MARKET VALUE

Mineral Assets are often bought and sold at a price that is different than their technical value or stand-alone value. To the extent that it exists, the amount of the transacted value differs from the technical value is often described as the 'acquisition premium or discount'.

The concept of market value implies the construction of a hypothetical transaction between willing, knowledgeable, but not anxious buyers and sellers. Therefore, when assessing the market value of resource projects, it is likely that valuers will consider whether it is appropriate to make an adjustment to the technical value of the project to reflect any observed 'acquisition premium or discount', or other adjustments. Such adjustments can either be implicit or explicit in the valuation method chosen. However, care should be taken not to treat as acquisition premium or discount

something that is properly part of technical value, such as where assumed forward values for commodity prices are reflected in the technical value.

Particularly when valuing early stage exploration and development projects the technical value may be assessed for a project with reference to parameters that may be above or below those present in the financial markets as at the valuation date. Consequently, when applying these exploration valuation methods, it may be appropriate to reflect a series of high level adjustments to the technical value to account for differences in market conditions relative to those embedded within the method itself.

However, other valuation methods (particularly the DCF valuation method) are able to explicitly reflect a series of parameters that may apply to future financial market expectations. This is particularly the case if valuers adopt commodity price, exchange rate, inflation rate, and discount rate parameters which are forecast with reasonable confidence, and resource to reserve conversion, cost structure and capital expenditure parameters which are consistent with the expectations in the market. Doing so will limit the need to make further adjustments to the resulting stand alone value to account for such factors as 'market considerations'.

To the extent that valuers choose to apply further adjustments to their assessed stand alone value, it is good practice to clearly identify how they have applied the adjustments are applied, and the rationale for doing so.

GLOSSARY OF TERMS

'Minerals Industry' (also Extractive Industry) – Defined as encompassing those engaged in exploring for, extracting, processing and marketing **'Minerals'**.

'Price' – The amount paid for a good or service and it is a historical fact. It has no real relationship with 'Value', because of the financial motives, capabilities or special interests of the purchaser; and the state of the market at the time.

Personal Property – Covers all items other than **'Real Estate'** and may be tangible (like a chattel or goods) or intangible (like a patent or debt). It has a moveable character.

'Real Property' – A non-physical, legal concept and it includes all the rights, interests and benefits related to the ownership of **'Real Estate'** and normally recorded in a formal document (eg, deed or lease). The rights are to sell, lease, enter, bequeath, gift, etc. There may be absolute single or partial ownership (subject to limitations imposed by Government, like taxation, planning powers, appropriation, etc). These rights may be affected by restrictive covenants or easements affecting title; or by security or financial interests, say conveyed by mortgages.

'Real Estate' – A physical concept, including land and all things that are a natural part of the land (eg, trees and Minerals). In addition it includes all things effectively permanently attached by people (eg, buildings, site improvements, and permanent physical attachments, like cooling systems and lifts) on, above or below the ground.

VALUATION AND VALUE

'Value' (also Valuation which is the result of determining 'Value') - The estimated likely future 'Price' of a good or service at a specific time, but it depends upon the particular qualified type of value (eg 'Market Value', 'Salvage Value', 'Scrap Value', 'Special Value', etc). There is also a particular value for tax and rating, or insurance purposes.

'Market Value' (IVS Definition) – The result of an objective Valuation of specific identified ownership rights to a specific asset as at a given date. It is the value in exchange not **'Value-in-Use'** set by the market place. It is the *"estimated amount for which a property should be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had acted knowledgeably, prudently, and without compulsion"*.

'Fair Value' (IVS definition) – An accountancy term used for values envisaged to be derived under any and all conditions, not just those prevailing in an open market for the normal orderly disposal of assets. Being a transaction price it reflects both existing and alternative uses, too. It is also a legal term for values involved in dispute settlements which may not also meet the strict **'Market Value'** definition. Commonly, it reflects the service potential of an asset ie, value derived by DCF/NPV analysis, not merely the result of comparable sales analysis. It is still the *"amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction"*.

'Highest-and-Best-Use' – for physical property, it is the reasonably probable and legal use of property, which is physically possible, appropriately supported and financially feasible, that results in the highest value. In the case of personal property, it is the same with the additional qualification that the highest value must be in the appropriate market place, consistent with the purpose of the appraisal. It may be, in volatile markets, the holding for a future use.

'Value-in-Use' – in contrast to **'Highest-and-Best-Use'**, it is the specific value of a specific tangible asset that has a specific use to a specific user. It is not market-related. The focus is on the value that a specific property contributes to the enterprise of which it is a part (being part of a **'Going Concern Valuation'**). It measures the contributory value of a specified asset(s) used within that specific enterprise, although it is not the **'Market Value'** for that individual asset. It is the Value-to-the-Owner/Entity/Business in accountancy terms and may be the lower of net current replacement cost and its recoverable amount. It is also the net present value of the expected future net cash flows from the continued use of that asset, plus its disposal value at the end of its useful life (**'Scrap Value'**). At the **'Valuation Date'**, there must be recognition of its existing use by a particular user. This is in contrast to the alternative reasonable use to which an asset might be put by unspecified owner(s).

'Going Concern Value' – A business valuation concept rather than one relating to individual property valuation. It is the value of an operating business/enterprise (ie one that is expected to continue operating) as a whole and it includes goodwill, special rights, unique patents or licences, special reserves, etc. Apportionment of this total value may be made to constituent parts, but none of these components constitute a basis for **'Market Value'**.

'Forced Sale Value' (Liquidated Value) – The amount reasonably expected to be received from the sale of an asset within a short time frame for completion that is too short to meet the **'Market Value'** definition. This definition requires a reasonable marketing time, having taken into account the asset's nature, location and the state of the market). Usually it also involves an unwilling seller and buyers who have knowledge to the disadvantage of the seller.

'Market Capitalization' - The total dollar market value of all of a company's outstanding shares. Market capitalization is calculated by multiplying a company's shares outstanding by the current market price of one share. The investment community uses this figure to determine a company's size, as opposed to sales or total asset figures. Frequently referred to as "market Cap" or MCap

'Enterprise Value - EV' - A measure of a company's value, often used as an alternative to straightforward market capitalization. Enterprise value is calculated as market cap plus debt, minority interest and preferred shares, minus total cash and cash equivalents. In the event of a buyout, an acquirer would have to take on the company's debt, but would pocket its cash. EV differs significantly from simple market capitalization in several ways, and many consider it to be a

more accurate representation of a firm's value.

'Market Premium' - A control premium is an amount that a buyer is usually willing to pay over the current market price of a publicly traded company in order to acquire a controlling share in that company. The reason the buyer of a controlling interest is willing to offer a premium over the price currently established by other market participants is the additional prerogatives of control, including electing the company directors, firing and hiring key employees, declaring and distributing dividends, divesting or acquiring additional business assets, and entering into merger and acquisition transactions. The opposite of control premium is the minority discount.

'Investment Value' (Worth) – this is the value of a specific asset to a specific investor(s) for identified investment objectives or criteria. It may be higher or lower than 'Market Value' and is associated with 'Special Value'.

'Property-with-Trading-Potential' – refers to the valuation of specialised property (eg, hotel, petrol station, restaurant, etc) that is sold on an operating or going concern basis. It recognises that assets other than land and buildings are to be included in the 'Market Value' and it is often difficult to separate the component values for land and property.

'Special Value' – An extraordinary premium over and above the 'Market Value', related to the specific circumstances that a particular prospective owner or user of the property attributes to the asset. It may be a physical, functional or economic aspect or interest that attracts this premium. It is associated with elements of 'Going Concern Value' or 'Investment Value' since it also represents synergistic benefits. In a strict sense it could apply to very specialised or special purpose assets which are rarely sold on the open market, except as part of a business, because their utility is restricted to particular users. In some circumstances, it may be the lower value given by 'Value –in–Use'.

'Salvage Value' – The expected value of an asset at the end of its economic life (ie, being valued for salvage disposal purposes rather than for its originally intended purpose). Hence, it is the value of property, excluding land, as if disposed of for the materials it contains, rather than for its continued use, without special repairs or adaptation.

'Scrap Value' (Residual Value) – The remaining value (usually a net value after disposal costs) of a wasting asset at the end of a prescribed or predictable period of time (usually the end of its effective life) that was ascertained upon acquisition.

'Valuation Date' - Means the reference date to which a Valuation applies. Depending on the circumstances, it could be different to the date of completion or signing of the Valuation Report or the cut-off date of the available data (VALMIN Code,).

'Valuer' (also Valuer [Canada] or Appraiser [USA]) – Either the 'Expert' or 'Specialist' (Qualified Person in Canada) who is the natural person responsible for the Valuation to determine the 'Fair Market Value' after consideration of the technical assessment of the 'Mineral Asset' and other relevant issues. They must have demonstrable 'Competence' (and 'Independence', when required).

JORC CODE

'Competent Person' - A 'Competent Person' is a minerals industry professional who is a Member or Fellow of The Australasian Institute of Mining and Metallurgy, or of the Australian Institute of Geoscientists, or of a 'Recognised Professional Organisation' (RPO), as included in a list available on the JORC and ASX websites. These organisations have enforceable disciplinary processes including the powers to suspend or expel a member. A Competent Person must have a minimum of five years relevant experience in the style of mineralisation or type of deposit under consideration and in the activity which that person is undertaking. If the Competent Person is

preparing documentation on Exploration Results, the relevant experience must be in exploration. If the Competent Person is estimating, or supervising the estimation of Mineral Resources, the relevant experience must be in the estimation, assessment and evaluation of Mineral Resources. If the Competent Person is estimating, or supervising the estimation of Ore Reserves, the relevant experience must be in the estimation, assessment, evaluation and economic extraction of Ore Reserves. (JORC 2012)

‘Independent/Independence’ – Means that the person(s) making the Valuation have no **‘Material’** pecuniary or beneficial (present or contingent) interest in any of the **‘Mineral Assets’** being assessed or valued, other than professional fees and reimbursement of disbursements paid in connection with the assessment or Valuation concerned; or any association with the commissioning entity, or with the owners or promoters (or parties associated with them) likely to create an apprehension of bias. Hence, they must have no beneficial interest in the outcome of the transaction or purpose of the technical assessment/Valuation of the **‘Mineral Asset’** (VALMIN Code). ASIC RG112, which deals with the Independence of Expert Reports, provides more detail on this concept. (JORC 2012)

‘Exploration results’ - Exploration Results include data and information generated by mineral exploration programmes that might be of use to investors but which do not form part of a declaration of Mineral Resources or Ore Reserves. The reporting of such information is common in the early stages of exploration when the quantity of data available is generally not sufficient to allow any reasonable estimates of Mineral Resources. Examples of Exploration Results include results of outcrop sampling, assays of drill hole intersections, geochemical results and geophysical survey results. (JORC 2012)

‘Exploration Target’ - An Exploration Target is a statement or estimate of the exploration potential of a mineral deposit in a defined geological setting where the statement or estimate, quoted as a range of tonnes and a range of grade (or quality), relates to mineralisation for which there has been insufficient exploration to estimate a Mineral Resource. Any such information relating to an Exploration Target must be expressed so that it cannot be misrepresented or misconstrued as an estimate of a Mineral Resource or Ore Reserve. The terms Resource or Reserve must not be used in this context. (JORC 2012)

‘Inferred Mineral Resource’ - An ‘Inferred Mineral Resource’ is that part of a Mineral Resource for which quantity and grade (or quality) are estimated on the basis of limited geological evidence and sampling. Geological evidence is sufficient to imply but not verify geological and grade (or quality) continuity. It is based on exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. An Inferred Mineral Resource has a lower level of confidence than that applying to an Indicated Mineral Resource and must not be converted to an Ore Reserve. It is reasonably expected that the majority of Inferred Mineral Resources could be upgraded to Indicated Mineral Resources with continued exploration. (JORC 2012)

‘Indicated Mineral Resource’ - An ‘Indicated Mineral Resource’ is that part of a Mineral Resource for which quantity, grade (or quality), densities, shape and physical characteristics are estimated with sufficient confidence to allow the application of Modifying Factors in sufficient detail to support mine planning and evaluation of the economic viability of the deposit. Geological evidence is derived from adequately detailed and reliable exploration, sampling and testing gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes, and is sufficient to assume geological and grade (or quality) continuity between points of observation where data and samples are gathered. An Indicated Mineral Resource has a lower level of confidence than that applying to a Measured Mineral Resource and may only be converted to a Probable Ore Reserve. (JORC 2012)

‘Measured Mineral Resource’ - A ‘Measured Mineral Resource’ is that part of a Mineral Resource for which quantity, grade (or quality), densities, shape, and physical characteristics are estimated with confidence sufficient to allow the application of Modifying Factors to support detailed mine planning and final evaluation of the economic viability of the deposit. Geological evidence is derived from detailed and reliable exploration, sampling and testing gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes, and is sufficient to confirm geological and grade (or quality) continuity between points of observation where data and samples are gathered. A Measured Mineral Resource has a higher level of confidence than that applying to either an Indicated Mineral Resource or an Inferred Mineral Resource. It may be converted to a Proved Ore Reserve or under certain circumstances to a Probable Ore Reserve. (JORC 2012)

‘Modifying Factors’ - are considerations used to convert Mineral Resources to Ore Reserves. These include, but are not restricted to, mining, processing, metallurgical, infrastructure, economic, marketing, legal, environmental, social and governmental factors. (JORC 2012)

‘Scoping Study’ - A Scoping Study is an order of magnitude technical and economic study of the potential viability of Mineral Resources. It includes appropriate assessments of realistically assumed Modifying Factors together with any other relevant operational factors that are necessary to demonstrate at the time of reporting that progress to a Pre-Feasibility Study can be reasonably justified. A Scoping Study must not be used as the basis for estimation of Ore Reserves. (JORC 2012)

‘Pre Feasibility Study’ - A Preliminary Feasibility Study (Pre-Feasibility Study) is a comprehensive study of a range of options for the technical and economic viability of a mineral project that has advanced to a stage where a preferred mining method, in the case of underground mining, or the pit configuration, in the case of an open pit, is established and an effective method of mineral processing is determined. It includes a financial analysis based on reasonable assumptions on the Modifying Factors and the evaluation of any other relevant factors which are sufficient for a Competent Person, acting reasonably, to determine if all or part of the Mineral Resources may be converted to an Ore Reserve at the time of reporting. A Pre- Feasibility Study is at a lower confidence level than a Feasibility Study. (JORC 2012)

‘Feasibility Study’ - A Feasibility Study is a comprehensive technical and economic study of the selected development option for a mineral project that includes appropriately detailed assessments of applicable Modifying Factors together with any other relevant operational factors and detailed financial analysis that are necessary to demonstrate at the time of reporting that extraction is reasonably justified (economically mineable). The results of the study may reasonably serve as the basis for a final decision by a proponent or financial institution to proceed with, or finance, the development of the project. The confidence level of the study will be higher than that of a Pre- Feasibility Study. (JORC 2012)

VALMIN CODE

‘Mineral(s)’ – Any naturally occurring material found in or on the Earth’s crust, that is useful to and/or has a value placed on it by mankind. The term specifically includes coal, shale and materials used in building and construction, but excludes crude oil and natural gas (VALMIN Code).

‘Mineral Asset(s)’ (Resource Assets or Mineral Properties) - All property including, but not limited to ‘Real Property’, intellectual property, mining and exploration tenements held or acquired in connection with the exploration, the development of and the production from those tenements; together with all plant, equipment and infrastructure owned or acquired for the development, extraction and processing of Minerals in connection with those tenements. Most can be classified as ‘Exploration Areas’, ‘Advanced Exploration Areas’, ‘Pre-Development Projects’, ‘Development

Projects' or 'Operating Mines' (VALMIN Code).

'Operating Mines' – Mineral Properties, particularly mines and processing plants, which have been fully commissioned and are in production (VALMIN Code).

'Development Projects' – Mineral Properties which have been committed to production, but which are not yet commissioned or not operating at design levels (VALMIN Code).

'Advanced Exploration Areas' and 'Pre-development Projects' – Mineral Properties where Mineral Resources have been identified and their extent estimated (possibly incompletely) but where a positive development decision has not been made. Mineral Properties at the early assessment stage, those for which a development decision has been negative, those on care and maintenance and those held on retention titles are all included in this category if Mineral Resources have been identified. This is even if no further valuation or technical assessment work, delineation or advanced exploration is being undertaken (VALMIN Code).

'Exploration Areas' – Mineral Properties where mineralisation may or may not have been identified, but where a Mineral Resource has not been identified (VALMIN Code).

'Fair Market Value' (Market Value or Value) – The object and result of the Valuation. It is the estimated amount of money (or the cash equivalent of some other consideration) for which the 'Mineral Asset' should change hands on the 'Valuation Date'. It must be between a willing buyer and a willing seller in an 'arm's length' transaction in which each party has acted knowledgeably, prudently and without compulsion. It is usually comprised of two components, the underlying or 'Technical Value' and a premium or discount, relating to market, strategic or other considerations (VALMIN Code,).

'Technical Value' – An assessment of a 'Mineral Asset's' future net economic benefit at the 'Valuation Date' under a set of assumptions deemed most appropriate by the 'Valuer', excluding any premium or discount to account for market, strategic or other considerations (VALMIN Code,).

'Expert' – Means a 'Competent' (and 'Independent', where relevant) natural person who prepares and has overall responsibility for the Valuation Report. He/she must have at least 10 years of relevant 'Minerals Industry' experience, using a relevant 'Specialist' for specific tasks in which he/she is not 'Competent'. An 'Expert' must be a corporate member of an appropriate, recognised professional association having an enforceable Code of Ethics, or explain why not (VALMIN Code).

'Specialist' – Means a 'Competent' (and 'Independent', where relevant) natural person who is retained by the 'Expert' to provide subsidiary reports (or sections of the Valuation Report) on matters on which the 'Expert' is not personally expert. He/she must have at least 5 years of suitable and preferably recent 'Minerals Industry' experience relevant to the subject matter on which he/she contributes. A 'Specialist' must be corporate member of appropriate, recognised professional association having an enforceable Code of Ethics, or explain why not (VALMIN Code).

'Material/Materiality' - with respect to the contents and conclusions of a relevant Report, it means data and information of such importance that the inclusion or omission of the data or information concerned might result in a reader of the Report reaching a different conclusion than might otherwise be the case. 'Material' data (or information) is that which would reasonably be required in order to make an informed assessment of the subject of the Report. The Australian Society of Accountants' Standard AAS5 indicates that 'Material' data (or information) is such that the omission or inclusion of it could lead to changes in total value of greater than 10% (between 5% and 10% it is discretionary). Also the Supreme Court of New South Wales has stated that something is 'Material' if it is significant in formulating a decision about whether or not to make an investment or accept an offer (VALMIN Code).

'Transparent/Transparency' - as applied to a valuation it means, as in the Concise Oxford Dictionary,

“easily seen through, of motive, quality, etc”. It applies to the factual information used, the assumptions made and the methodologies applied, all of which must be made plain in the Report (VALMIN Code).

‘Competence’ – it means having relevant expertise, qualifications and experience (technical or commercial), as well as, by implication, the professional reputation so as to give authority to statements made in relation to particular matters. (VALMIN Code).

VALUATION REFERENCES

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PROXY FORM

**APPOINTMENT OF PROXY
ASPIRE MINING LIMITED
ACN 122 417 243
ANNUAL GENERAL MEETING**

I/We

of

being a Shareholder of Aspire Mining Limited entitled to attend and vote at the Annual General Meeting, hereby

Appoint

Name of proxy

OR

☐

the Chair of the Annual General Meeting as my/our proxy; or

failing the attendance of the person named as proxy or, if no person is named, the Chairman of the Annual General Meeting, or the Chairman's nominee, to vote in accordance with the following directions, or, if no directions have been given, as the proxy sees fit, at the Annual General Meeting to be held at The Celtic Club, 48 Ord Street, West Perth, Western Australia, on 26 November 2015 at 12.30pm (WST) and at any adjournment thereof.

Where I/we have appointed the Chairman as my/our proxy (whether by direction or default), I/we acknowledge that Resolution 1 relates to the remuneration of Key Management Personnel, and that the Chairman intends to vote any undirected proxies in favour of Resolution 1. I/ we expressly authorise the Chairman of the Meeting to exercise my/our proxy in relation to Resolution 1 even though Resolution 1 is connected directly or indirectly with the remuneration of a member of the Key Management Personnel and the Chairman has an interest in the outcome of Resolution 1 and that votes cast by the Chairman for this Resolution, other than as my/our authorised proxy holder, will be disregarded because of that interest.

Voting on Business of the Annual General Meeting

	FOR	AGAINST	ABSTAIN
Resolution 1 – Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 – Re-election of Director – Mr Neil Lithgow	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 – Re-election of Director – Ms Hannah Badenach	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4 – Ratification of Issue of Shares to Signum Resources Corporation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5 – Ratification of Issue of Performance Rights to Signum Resources Corporation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6 – Approval for the grant and exercise of the Default Option	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7 – Approval for the grant and exercise of the Coalridge Security	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote all available proxies in favour of each item of business.

Please note: If you mark the abstain box for the Resolution, you are directing your proxy not to vote on the Resolution on a show of hands or on a poll and your votes will not to be counted in computing the required majority on a poll.

If two proxies are being appointed, the proportion of voting rights this proxy represents is: _____ %

Signature of Member(s):

Date: _____

Individual or Member 1

Member 2

Member 3

Sole Director/Company Secretary

Director

Director/Company Secretary

Contact Name: _____ **Contact Ph (daytime):** _____

Instructions for Completing 'Appointment of Proxy' Form

1. **(Appointing a Proxy):** A Shareholder entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two proxies to attend and vote on a poll on their behalf. The appointment of a second proxy must be done on a separate copy of the Proxy Form. Where more than one proxy is appointed, each proxy must be allocated a proportion of the member's voting rights. If a Shareholder appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half the votes. A duly appointed proxy need not be a Shareholder of the Company.
2. **(Direction to Vote):** A Shareholder may direct a proxy how to vote by marking one of the boxes opposite each item of business. In deciding whether to direct the proxy how to vote, Shareholder should read carefully the sections headed "Proxies and Corporate Representatives" and "Important information concerning proxy votes on remuneration related resolutions" in the Notice of Meeting. Where a box is not marked, then subject to the restrictions imposed on voting on Resolution 1 and Resolution 4, the proxy may vote as they choose. Where more than one box is marked on an item the vote will be invalid on the Resolution that item relates to.
3. **(Signing Instructions):**
 - **(Individual):** Where the holding is in one name, the Shareholder must sign.
 - **(Joint Holding):** Where the holding is in more than one name, all of the Shareholders must sign.
 - **(Power of Attorney):** If you have not already provided the Power of Attorney with the registry, please attach a certified copy of the Power of Attorney to this Proxy Form when you return it.
 - **(Companies):** Where the company has a sole director who is also the sole company secretary, that person must sign. Where the company (pursuant to Section 204A of the Corporations Act) does not have a company secretary, a sole director can also sign alone. Otherwise, a director jointly with either another director or a company secretary must sign. Please sign in the appropriate place to indicate the office held.
4. **(Attending the Meeting):** Completion of a Proxy Form will not prevent individual Shareholders from attending the Annual General Meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy Form and attends the Annual General Meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the member is present at the Annual General Meeting.
5. **(Return of Proxy Form):** To vote by proxy, please complete and sign the enclosed Proxy Form and return by:
 - (a) post to Aspire Mining Limited, PO Box 1918, Subiaco WA 6904; or
 - (b) facsimile to the Company on facsimile number (+61 8) 9388 1980; or
 - (c) email to the Company at info@aspiremininglimited.com.

so that it is received not later than 12:30pm (WST) on 24 November 2015.

Proxy forms received later than this time will be invalid.