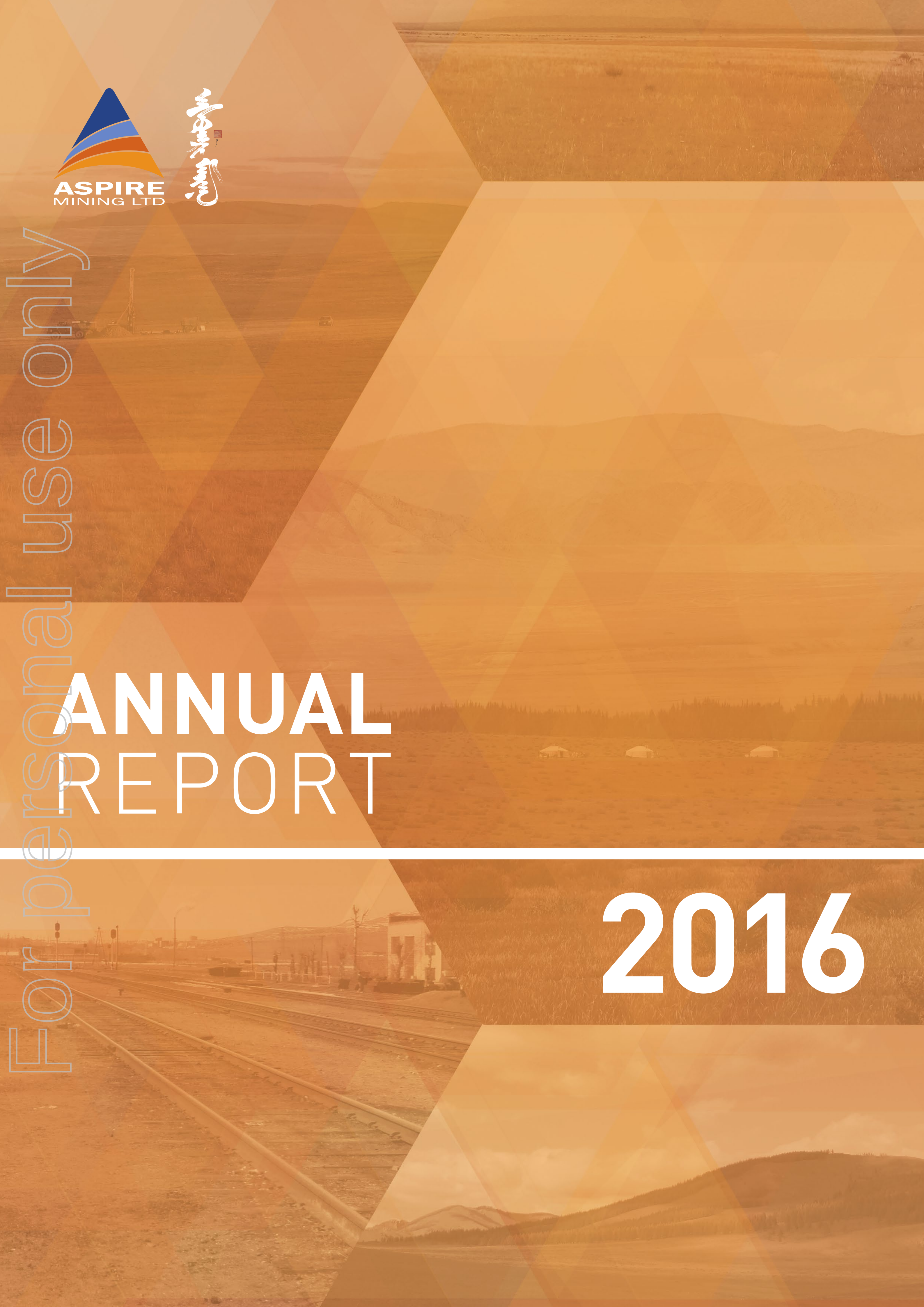

ASPIRE MINING LTD

ANNUAL REPORT

2016

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ABN 46 122 417 243

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Ms Hannah Badenach (Non-Exec Director)
Mr Neil Lithgow (Non-Exec Director)
Mr Gan-Ochir Zunduisuren (Non-Exec Director)

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FINANCIAL & SHAREHOLDER REPORTING

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INTRODUCTION

Listed on the Australian Stock Exchange, Aspire Mining Limited (ASX: AKM, Aspire or the Company) is a metallurgical coal and infrastructure company with assets located in Mongolia.

The 2015/16 financial year started promisingly when in August 2015 the Company's rail subsidiary, Northern Railways LLC, was awarded a Rail Concession to build, operate and transfer the Erdenet to Ovoot Railway. This was an important milestone and came after 3 years of work to accurately define the alignment and favourable developments between Mongolia's northern and southern neighbours that supported Mongolian aspirations of becoming a transit corridor for trade between Russia and China.

Towards the end of the financial year the Erdenet to Ovoot Railway's inclusion as a part of the new Northern Rail Corridor provided confirmation of the political support from China, Russia and Mongolia for both the project and its potential role as a link in the new transit corridor. This was followed by an Expression of Interest to fund up to 75% of the engineering, procurement and construction (EPC) cost of the Erdenet to Ovoot Railway by China Development Bank.

STRATEGY

The Company's strategy is to create wealth for its shareholders by the discovery and development of metallurgical coal resource projects. This is based on the fundamental belief that metallurgical coal is a necessary long term commodity due to its essential use in blast furnace technology to produce steel, a necessary building block for industrialisation and urbanisation of the world's developing economies. With evolving efficient technologies, coke plants that use coking coal ensure that a high proportion of the carbon from this coal either ends up in the steel or in a clean burning synthetic gas, rather than in CO2 emissions.

Between 2010 and 2013, the Company discovered and evaluated the world class 100% owned Ovoot Coking Coal Project and between 2014 and 2016 acquired a 50% interest in the Ekhgoviin Chulu Joint Venture (ECJV) and evaluated the Nuurstei Coking Coal Project held 90% by the ECJV. The Company continues to hold an option to acquire the remaining 50% interest in this joint venture.

Both the Ovoot Coking Coal Project and Nuurstei Coking Coal Project are in Mongolia, a region well known for the occurrence of quality coking coal.

In the execution of this strategy it is necessary to sponsor a significant extension to the existing rail network in Mongolia to unlock the Ovoot Coking Coal Project. The Erdenet to Ovoot Railway project has now become strategically significant through its inclusion in the new transit rail corridor through Mongolia.

The completion of the Erdenet to Ovoot Railway is a medium to long term project. In the interim the Company will actively pursue near term production at Nuurstei and to acquire a near term or currently producing metallurgical coal project in a favourable jurisdiction. This will build the Company's balance sheet, financing and operational capability as it moves to develop the Ovoot Coking Coal Project. During the year the Company formed a consortium supported by private equity funds to participate in tender processes for two operating metallurgical coal mines. It is expected that there will be a number of potential sale processes over the next financial year.

WITH EVOLVING EFFICIENT TECHNOLOGIES, COKE PLANTS THAT USE COKING COAL ENSURE THAT A HIGH PROPOTION OF THE CARBON FROM THIS COAL EITHER ENDS UP IN STEEL OR IN A CLEAN BURNING SYNTHETIC GAS, RATHER THAN IN CO2 EMISSIONS

COKING COAL MARKET REVIEW

Coal is widespread throughout the world. Due to its relative availability and low costs to mine, it has been the favoured source of energy to supply base load electricity requirements. Only a small proportion of all known coal deposits have coking properties. These are found in economic quantities in a handful of geologically defined basins around the world. Coking coals also display a wide variety of quality parameters which provide different values in use.

The principal users of coking coal are blast furnace based steel mills and the petrochemical industry globally with the Chinese steel industry taking up half the world's steel demand.

The principal supply of coking coal comes from mines in northern and north eastern China. China has historically supplied all of its coking coal needs from domestic mines but from 2008 started to import some selected coking coals. The seaborne coking coal market is dominated by Australia and its Bowen Basin coal mines in Queensland. Canada, Russia, Indonesia and USA are the other larger seaborne coal suppliers although during the past few years of low coking coal prices, supplies from the USA and Indonesia have reduced. China at present also imports largely raw (non-beneficiated) coking coals from Mongolia through land based logistics corridors. The coking coal spot price appears to have bottomed in December 2015, nearly 4 years from its peak in 2011.

Table 1: Premium hard coking coal spot price FOB Aus (Source: Wood McKenzie)

The causes of the improvement in prices lie in steady demand combined with a Chinese Government instituted limitation on the number of days per year that domestic coal mines can operate and declared the closure of 500 smaller coal mines over 2016. The enforced mine closures and operating limitations apply to both thermal and metallurgical coal mines. This tightened up the supply side and brought some Chinese steel mills into the spot cargo market, competing with Japanese and Korean mills. In July and August 2016 there were some weather related transport interruptions both in China and elsewhere which has caused short term supply issues.

While the latter weather related supply interruptions are short term, the tightening of supply of domestic Chinese coals has caused a structural change in the supply side. The Chinese Government, in response to steel mill concerns, has subsequently instituted a range of modifications to this supply limitation, increasing the maximum number of days selected mines can operate should pricing exceed certain limits and to be lowered should prices fall below certain levels.

It remains to be seen whether this new regime will be successful in reducing coking coal price volatility. However, there has been up to now, an extended period of low pricing which has deterred the recurrent investment required to maintain the existing supply base over the medium term. With a diminished ability to absorb supply shocks and given the long lead times needed to discover, evaluate and permit new coking coal mines, the risk on pricing remains to the upside until there is sufficient confidence in coal prices being achieved to attract the required new investment capital.

The Company believes that with the Ovoot Coking Coal Project ramping up to 10 Mtpa of washed coking coal production over a 5 to 10 year period, post rail commissioning, it will be in a position to help fill the supply gaps that will develop over this timeframe.

COAL PROJECTS

Figure 1: Project locations and the proposed Erdenet to Ovoot Railway forming part of the Northern Rail Corridor from the Chinese Port of Tianjin through Mongolia to Kuragino on the Trans-Siberian Railway.

OVOOT COKING COAL PROJECT (100%)

The Ovoot Coking Coal Project (Ovoot Project) is a world class asset containing 255 Mt 2012 JORC Compliant Coal Reserves which supports a 21 year mining operation producing up to 10 Mt annually of high quality "fat" coking coal. Fat coking coal is highly desirable in the Chinese market due to its excellent blend carrying characteristics and the ability to improve coke quality when blended with lower quality coals.

The commencement of production from the Ovoot Project is planned to align with the commissioning of the Erdenet to Ovoot Railway. Initially it is planned to produce 5 Mtpa from the Ovoot Project, increasing over subsequent years to full scale capacity of up to 10 Mtpa as the market develops.

While being the Company's flagship project, only minimal activities were undertaken during the period as the focus was on progressing the necessary rail connectivity.

THERE IS CONTINUED AND UNTESTED PROSPECTIVITY IN THE OVOOT BASIN TO ADD TO THE ALREADY SIGNIFICANT OVOOT PROJECT'S 255 MT COAL RESERVE BASE

Nevertheless, there were two developments that confirmed the value in the Ovoot Project.

The first is the formal recognition from Erdenes Tavan Tolgoi, the Mongolian Government controlled owner of Mongolia's largest coking coal mine of the potential to blend with Ovoot Project coking coal to add value to a range of Tavan Tolgoi coal mine products. A Memorandum of Understanding to prepare a feasibility study into a blending operation was signed and will be acted upon as soon as there is commitment to commence construction of the Erdenet to Ovoot Railway. This is an example of the high value-in-use that the Ovoot Project presents as a blending coal.

The second is the results of a high resolution gravity survey targeting a favourable anomaly identified in 2015. This work identified a prospective sub-basin directly to the south of the graben containing the Ovoot Project Coal Resource which has not been drill tested.

This is a target that will be followed up in the near future and demonstrates that there is continued and untested prospectivity in the Ovoot Basin to add to the already significant Ovoot Project's 255 Mt Coal Reserve base.

JILCHIGBULAG COAL PROJECT (100%)

The Jilchigbulag project is a 2.5 km^2 exploration licence which surrounds an existing mine lease that supplies coal for thermal purposes to the town of Moron. Minimal work was conducted at the Jilchigbulag project during the period.

MYANGAN COAL PROJECT (100%)

The Myangan licence was acquired in 2015 and is located in Mongolia's western province of Uvs. Preliminary work has been conducted on the licence which included trenching and samples taken for quality analysis.

Figure 2: Nuurstei Project proximity to existing rail infrastructure and Moron, capital of the Khuvsgul province in Mongolia's north.

EKHGOVIIN CHULUU JOINT VENTURE (50% WITH OPTION TO INCREASE TO 100%)

The Ekhgoviin Chuluu Joint Venture (ECJV) is a 50/50 joint venture between Aspire and Singapore listed commodities trader Noble Group (SGX: N21). The ECJV holds interests in several coal licences in both north and south Mongolia. The ECJV's most advanced project is the Nuurstei Coking Coal Project (Nuurstei Project). The ECJV has a 90% ownership interest in the Nuurstei Project with the remaining 10% held by a Mongolian vendor.

Aspire has the option to buy out Noble's 50% interest in the ECJV for $1m cash plus a royalty payable on future coal production from the Nuurstei Project. The option expires in March 2017, and if exercised, would result in Aspire owning 100% of the ECJV.

Nuurstei Coking Coal Project (ECJV 90%)

The Nuurstei Project is located in northern Mongolia and is 10 kilometres south from the Khuvsgul provincial capital of Moron. The Nuurstei Project also lies in close proximity to a sealed road connecting to the east to Erdenet city and a connection to the Trans Mongolian Railway. The Nuurstei Project is also well placed to be an early user of the proposed Northern Railway Corridor Project which extends rail from Erdenet to Aspire's Ovoot Coking Coal Project and then further northwest to the Russian city of Kyzyl.

The Nuurstei Project is viewed as a low capital cost starter project to operate in conjunction with the much larger Ovoot Coking Coal Project which is 160 kilometres further to the west and assist with developing logistical capabilities and market development for coking coals from northern Mongolia.

Given its strategic position close to the town of Moron, power, a sealed road and existing rail at Erdenet, the Nuurstei Project could be a near term development opportunity for the ECJV.

Nuurstei Project JORC Coal Resources			
Bench Name	**Indicated (Mt)**	**Inferred (Mt)**	**Total (Mt)**
BOC – BOW	0.41	0.5	0.91
BOW – 50 m	1.18	1.5	2.68
50 m – 100 m	1.72	2.3	4.02
100 m – 150 m	1.1	2.1	3.2
150 m – 200 m	0.34	1.7	2.04
TOTAL	**4.75**	**8.1**	**12.85**

*Table 2: Summary of Indicated and Inferred Coal Resources at 50m Depth Increments as of 31 December 2015 *Note: BOW is base of weathering profile.*

During the year, the ECJV completed resource drilling and some coal quality test work that identified a 2012 JORC Code compliant 4.7 Mt Indicated Resource and an 8.1 Mt Inferred Resource. The Coal Resource is down to 180 metres from surface and is in a large number of steeply dipping coal seams. There is the potential to convert more of the Inferred Resources to Indicated with additional seam sampling and washability test work.

Preliminary open pit modelling indicates that a majority of resources may report to a low strip ratio open pit. The amount of additional sampling required to maximise conversion of Inferred to indicated Resources is currently being evaluated. The ECJV is also preparing a scoping study and an application for a mining license. Further work may not result in establishment of Nuurstei Project JORC compliant reserves.

Although the scale will be modest in comparison with the Ovoot Project, there are a number of important strategic reasons why developing the Nuurstei Project will add value to the Company and the Ovoot Project. It will assist in building the Company's operating capability before having to establish the much larger Ovoot Project. It will be the first user of rail and will essentially provide a commercial scale pilot project to identify issues through the supply chain to customer delivery. The required wash plant will also be designed in a modular fashion so that it can be moved and potentially provide additional wash plant capacity at the Ovoot Project once the Nuurstei Project reserves are exhausted.

The ECJV was successful in applying for additional exploration licenses in the South Gobi region of Mongolia during the year. As the Company and the ECJV were conserving cash through the year, there was little on-the-ground activity.

SOCIAL INVESTMENT ACTIVITIES

University Scholarship for Local Students

The Company has continued with its scholarship programme to provide scholars selected from within local communities surrounding the Ovoot Project, the opportunity to study a Bachelor degree of their choice at a Mongolian university. There are currently 12 students in the programme with the first four participants having recently graduated.

RAIL INFRASTRUCTURE INVESTMENT

Northern Railways LLC (Northern Railways) is the Mongolian rail infrastructure subsidiary owned 90% by Aspire and 10% by Singapore listed Noble Group (SGX: N21).

Northern Railways is charged with building the rail connectivity from Erdenet to Ovoot to access markets for Ovoot Project coking coal.

In August 2015, Northern Railways was granted a Concession to build, operate and transfer 100% of the Erdenet to Ovoot Railway to the Government of Mongolia after 30 years of use. As part of the Concession, Northern Railways is able to own and operate the rolling stock fleet to support movement on the Railway.

While the Concession was granted to Northern Railways, it was on the basis of support from a Consortium that included China Rail Construction Corporation Bureau 20 Group ("CRCB20G") and First Design Institute ("FSDI"), both subsidiaries of China Railways Construction Corp, one of the world's largest rail construction companies. Under the Concession Agreement, CRCB20G is the nominated EPC Contractor and FSDI the nominated engineering and design company.

The Erdenet to Ovoot Railway Project is a 547 km long extension of the existing Mongolian Rail network extending to the Company's Ovoot Coking Coal Project. The Railway will be open access and as of June 2016 was included to be part of the new Northern Rail Corridor, connecting Beijing with the Trans-Siberian Railway through Mongolia. Apart from the Company's coking coal from the Ovoot Project and Nuurstei Project, the Northern Rail Corridor will support the export of a range of products from resource projects in Northern Mongolia and Russia's Tuva Province, as well as providing an efficient path for transit freight between Europe and China. The initial capacity of the single line is expected to be 12 Mtpa with the ability to increase this to 30 Mtpa with the addition of by-pass loops.

In 2013 Northern Railways completed a Pre-Feasibility Study which defined the alignment and estimated the rail infrastructure construction cost at US$1.2bn plus contingencies. A Rail Feasibility Study is currently being undertaken by FSDI, the first stage of which is expected to be completed by the end of December 2016 with the final stage being completed around mid-2017.

Figure 3: Aspire Managing Director, David Paull, shaking hands with Prime Minister of Mongolia, Jargaltulgyn Erdenebat.

THE NORTHERN RAIL CORRIDOR WILL SUPPORT THE EXPORT OF A RANGE OF PRODUCTS FROM RESOURCE PROJECTS IN NORTHERN MONGOLIA AND RUSSIA'S TUVA PROVINCE, AS WELL AS PROVIDING AN EFFICIENT PATH FOR TRANSIT FREIGHT BETWEEN EUROPE AND CHINA

The Company has budgeted a total of US$15 million to complete the pre-development work required in the Rail Concession. These costs include the Rail Feasibility Study, environmental permitting, land access, owners engineer review, legals and Company overheads. The Company arranged a US$2m short term loan in August 2016 in order to commence the Rail Feasibility Study and flora and fauna surveys needed to support permitting and the preparation of the Environmental Management Plan. The objective is for Northern Railways to source the balance of the required funding through non-recourse debt and/or equity.

Under the Concession Agreement, Aspire is to retain at least a 33.3% interest in Northern Railways post rail construction funding. Northern Railways is looking to build a consortium of equity funding partners with the debt component provided by development bank support for the EPC contractor. In September 2016 the China Development Bank provided an Expression of Interest to fund up to 75% of the EPC contract cost. CRCB20G has agreed to support Northern Railways funding from Chinese investors and banks.

Northern Railways has been able to complete a number of important pre-development milestones during the year. An agreement was reached with UBTZ JSC, the current operator of the Mongolian rail system, for the connection point for the new rail line at Erdenet. Northern Railways was also granted a Construction License, a precursor for a number of permits and approvals.

Northern Railways will be working on obtaining a Land Lease Agreement early in the 2017 calendar year which will in turn allow Northern Railways to negotiate Land Access Agreements with local communities. The grant of the Land Lease Agreement has been delayed due to a potential competing overlapping use for the land needed on entry to the Erdenet connection point.

The first stage of the Rail Feasibility Study is funded and is due for completion by the end of December 2016. This will provide amongst other things a construction schedule, bill of quantities and a more current capital estimate. This will allow for a period of value engineering and assessment before the final stage of the Feasibility Study commences.

Subject to further funding, Northern Railways will look to have the Feasibility Study and the Definitive Environmental Impact Assessment completed in 2017 prior to closing funding arrangements.

IMPORTANT DISCLOSURE INFORMATION

INTERESTS IN MINING AND EXPLORATION TENEMENTS

Tenement	Location	Attributable Equity (at 30 June 2016)
Ovoot	Mongolia	
MV017098		100%
017003X		100%
Hurimt	Mongolia	
14510X		100%
14637X		100%
Jilchigbulag	Mongolia	
12816X		100%
Myangan	Mongolia	
17922X		100%
Nuurstei (ECJV)	Mongolia	
13958X		45%
13580X		45%
Erdenebulag (ECJV)	Mongolia	
18294X		50%
18304X		50%

JORC COAL RESOURCE AND RESERVES

Ovoot Project JORC Coal Reserves (JORC 2012 Compliant)[1, 2, 3]			
Reserves	**Coal Reserve (adb) ROM Mt**	**Coal Reserve (arb, 2% moisture) ROM Mt**	**Marketable Coal Reserve (arb, 9.5% moisture) Mt**
Probable – Open Pit	243	247	182
Probable – UG	8	8	6
TOTAL	**251**	**255**	**188**

Ovoot Project JORC Coal Resources (JORC 2012 Compliant)[1, 2, 3]

Seam	Resource Category	Total (Mt)	Ash (adb) (%)	Raw CSN
Main Area				
Upper	Measured	77.4	19.0	6.9
Lower	Measured	102.1	26.5	6.2
OVB	Measured	17.5	35.1	6.4
		197.0		
Upper	Indicated	9.8	19.0	7.4
Lower	Indicated	28.1	30.7	6.0
OVB	Indicated	9.0	31.1	6.7
		46.9		
Upper	Inferred	1.1	20.4	7.4
Lower	Inferred	3.0	32.0	6.0
Coal above BOW (Thermal)	Inferred	5.1	28.7	-
		9.2		
Total Main Area		253.1		
NE UG Area				
Upper	Indicated	18.2	26.9	8.0
Lower	Indicated	7.2	23.2	8.0
		25.4		
Upper	Inferred	1.1	34.7	7.5
Lower	Inferred	1.5	23.4	8.0
		2.6		
Total NE UG Area		**27.9**		
GRAND TOTAL		**281.0**		

Notes:

1. *For full JORC 2012 disclosure in relation to the Ovoot Project JORC 2012 Coal Resources and Reserves, refer the Company's Quarterly Report for the period ended 31 December 2013. The Company is not aware of any new information or data that materially affects the information included in this December 2013 Quarterly Report. All material assumptions and technical parameters underpinning the estimates in the December 2013 Quarterly Report continue to apply and have not materially changed.*
2. *There have been no changes to the JORC 2012 Coal Resources and Reserves reported in the Company's 2015 Annual Report.*
3. *Ovoot Projects's Resource and Reserve estimates have been estimated by independent third parties (Xstract Mining Consultants Pty Ltd) and are reported in accordance to the JORC 2012 Code. Various visual and statistical checks were made to validate the results.*

Competent Persons Statement – Ovoot Coking Coal Project

In accordance with the Australian Securities Exchange requirements, the technical information contained in this announcement in relation to the JORC Code (2012) Compliant Coal Reserves and JORC Compliant Coal Resource for the Ovoot Coking Coal Project in Mongolia has been reviewed by Mr Ian De Klerk and Mr Kevin John Irving of Xstract Mining Consultants Pty Ltd.

The Coal Resources at Ovoot Project documented in this release are stated in accordance to the JORC Code, 2012. They are based on information compiled and reviewed by Mr. Ian de Klerk who is a Member of the Australasian Institute of Mining and Metallurgy (Member #301019) and is a full time employee of Xstract Mining Consultants Pty Ltd. He has more than 20 years' experience in the evaluation of coal deposits and the estimation of coal resources. Mr. de Klerk has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration to qualify him as a Competent Person as defined in the JORC Code, 2012. Neither Mr. de Klerk nor Xstract have any material interest or entitlement, direct or indirect, in the securities of Aspire Mining Limited or any companies associated with Aspire Mining Limited. Fees for work undertaken are on a time and materials basis. Mr. de Klerk consents to the inclusion of the Coal Resources based on his information in the form and context in which it appears.

The Coal Reserves at Ovoot Project documented in this release are stated in accordance with the guidelines set out in the JORC Code, 2012. They are based on information compiled and reviewed by Mr. Kevin Irving who is a Fellow of the Australasian Institute of Mining and Metallurgy (Member #223116) and is a full time employee of Xstract Mining Consultants Pty Ltd. He has more than 35 years' experience in the mining of coal deposits and the estimation of Coal Reserves and the assessment of Modifying Factors. Mr. Irving has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration to qualify him as a Competent Person as defined in the JORC Code, 2012. Neither Mr. Irving nor Xstract have any material interest or entitlement, direct or indirect, in the securities of Aspire Mining Limited or any companies associated with Aspire Mining Limited. Fees for work undertaken are on a time and materials basis. Mr. Irving consents to the inclusion of the Coal Reserves based on his information in the form and context in which it appears.

Production Target Assumptions – Ovoot Coking Coal Project

The following are key assumptions used to achieve the Ovoot Development Plan first year target of 5 Mtpa of marketable coking coal:

1. *In the eight months prior to commencement of first year ODP production, a 23 million BCM waste removal programme to pre-strip overburden to top of coal;*
2. *A strip ratio of 7.7:1 (BCM waste: tonne of coal);*
3. *Preferentially targeting the Upper Seam with a relatively high proportion of low ash coal;*
4. *Mining of 5.2Mt of ROM coal (at a 2% moisture on an as received basis) producing 5Mt of saleable coal. This is made up of 40% of washed coal and 60% of by-pass coal meeting a 13% ash cut-off;*
5. *Higher ash coal totalling 2.1Mt will be washed in a 300 tonne per hour wash plant to be constructed at the Ovoot Project;*
6. *Overall product yield of 90% to be achieved averaging 9% moisture for a less than 10% ash product;*
7. *The mine design is that used to support the announced Coal Resource and Reserve update for the Ovoot Project (refer Quarterly Report for the period ended 31 December 2013); and*
8. *All capital and operating costs are in 2013 dollars.*

Nuurstei Project JORC Total Coal Resources (JORC 2012 Compliant) 1, 2, 3

Potential Mining Method	Depth Interval (m)	Measured (A)			Indicated (B)			(A+B)	Inferred		
		Tonnes (mt)	Quality		Tonnes (mt)	Quality		Tonnes (mt)	Tonnes (mt)	Quality	
			CV (kcal/kg)	Ash (%)		CV (kcal/kg)	Ash (%)			CV (kcal/kg)	Ash (%)
OC	BOC – BOW	-			0.41			0.41	0.5		
OC	BOW – 50	-			1.18			1.18	1.5		
OC	50 – 100	-			1.72			1.72	2.3		
-	100 – 150	-			1.10			1.10	2.1		
-	150 – 200	-			0.34			0.34	1.7		
Total		-	-	-	4.75	-	36%	4.75	8.1	-	-
Total Resources (Rounded)		-	-	-	**4.8**	-	**36%**	**4.8**	**8**	-	-

Notes:

1. *For full JORC 2012 disclosure in relation to the Nuurstei Project JORC 2012 Coal Resources and Reserves, refer to the Company's ASX Announcement dated 13 April 2016. The Company is not aware of any new information or data that materially affects the information included in this ASX Announcement. All material assumptions and technical parameters underpinning the estimates in the ASX Announcement continue to apply and have not materially changed.*
2. *There have been no changes to the JORC 2012 Coal Resources reported in the April 2016 Announcement.*
3. *Nuurstei Project's Resource estimates have been estimated by independent third parties (McElroy Bryan Geological Services and are reported in accordance to the JORC 2012 Code. Various visual and statistical checks were made to validate the results.*

Competent Persons Statement – Nuurstei Coking Coal Project

The information in this report that relates to Reporting of Coal Resources at Nuurstei Project, 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 (101430) and who has no conflict of interest with Aspire Mining Limited.

The reporting of Coal Resources 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 JORC Code. 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.

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Aspire Mining Limited

ABN 46 122 417 243

Annual Financial Report

30 June 2016

Contents

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ABN 46 122 417 243

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ULAANBAATAR 14240 MONGOLIA

Securities Exchange Listing

AKM

Website

www.aspiremininglimited.com

DIRECTORS' REPORT

Your Directors submit the annual financial report of the consolidated entity consisting of Aspire Mining Limited ("Aspire" or "Company") and the entities it controlled during the financial year ended 30 June 2016.

In order to comply with the provisions of the *Corporations Act 2001*, the Directors report as follows:

Directors

The names of Directors who held office during or since the end of the year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Mr David McSweeney	Non-Executive Chairman
Mr David Paull	Managing Director
Mr Neil Lithgow	Non-Executive Director
Ms Hannah Badenach	Non-Executive Director
Mr Gan-Ochir Zunduisuren	Non-Executive Director (appointed 21 March 2016)
Mr Sado Demchigsuren Turbat	Non-Executive Director (resigned 29 January 2016)

Names, qualifications, experience and special responsibilities

Mr David McSweeney
Non-Executive Chairman
Qualifications: LLB, MAICD

Mr McSweeney is an experienced mining company executive who has worked in the resources sector for over 25 years. Over this period, Mr McSweeney has overseen the discovery of a number of gold, copper and iron ore deposits in Western Australia and Europe. As the founder and CEO of ASX listed Gindalbie Metals Ltd from 1994 to 2006, Mr McSweeney oversaw the discovery and development of two gold mining production centres and the discovery and outline of the development of the Karara iron ore mining centre in the midwest region of Western Australia. Mr McSweeney is the founding Director of Exco Resources Ltd and the founding Chairman of Avalon Minerals Ltd.

Mr McSweeney has had no other public company Directorships in the last three years.

Mr David Paull
Managing Director
Qualifications: B.Com, FSIA, MBA (Cornell)

Mr Paull has over 20 years' experience in resource business development and industrial minerals marketing. For the past four years, Mr Paull has been Managing Director of Aspire after being involved in the recapitalisation of the Company and redirection to targeting Mongolian coking coal assets.

Mr Paull was appointed as Executive Director of the Company on 12 February 2010 and as Managing Director on 1 July 2010.

Prior to joining Aspire, Mr Paull was active in public and private resource companies' and was previously Executive General Manager of Sons of Gwalia Limited, responsible for lithium and tantalum production.

Mr Paull has had no other ASX listed public company Directorships in the last three years. Mr Paull was appointed a Director of AIM listed Hunter Resources PLC on 28 December 2012 and remains a Director of that company.

DIRECTORS' REPORT (continued)

Names, qualifications, experience and special responsibilities (continued)

Mr Neil Lithgow
Non-Executive Director
Qualifications: MSc, F.Fin, M.AusIMM

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

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). Mr Lithgow has had no other public company Directorships in the last three years.

Ms Hannah Badenach
Non-Executive Director
Qualifications: BA, LLB (Hons)

Ms Badenach is currently Executive Director Mongolia & Base Metals at Noble Resources Limited.

Ms Badenach 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. Ms Badenach was Managing Director of QGX Mongol LLC from 2006, where Ms Badenach was responsible for the general management of the company until it was sold in 2008.

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

Ms Badenach is also a Director of ASX listed and Mongolian focussed explorer, Xanadu Mines Limited (appointed 4 October 2011). Ms Badenach has had no other public company Directorships in the last three years.

Mr Gan-Ochr Zunduisuren (appointed 21 March 2016)
Non-Executive Director
Qualifications: B.Eng, MSGF (Stern)

Mr Zunduisuren has over 15 years of experience in the resource sector including underdergound zinc mining, gold mining and mining business development in Mongolia and Canada.. Mr Zunduisuren is a Managing Executive Director and co-founder of Altai Gold LLC, a mineral resources focused investment company, and was a key part of the syndicate that made the Ovoot Coking Coal project discovery.

Mr Zunduisuren has a Degree in Mining Engineering from the Mongolian University of Science and Technology and a MSc in Global Finance from NYU Stern School of Business and HKUST.

Mr Zunduisuren has had no other public company directorships in the last three years.

DIRECTORS' REPORT (continued)

Names, qualifications, experience and special responsibilities (continued)

Mr Sado Demchigsuren Turbat (resigned 29 January 2016)
Non-Executive Director
Qualifications: BSc., MBA (Waseda, Leeds)

Mr Turbat has over 12 years of experience in the resource sector of Mongolia. As one of the authors of the 1997 Minerals Law of Mongolia and as an Honorary Member of Mongolian National Mining Association, Mr Turbat is a key figure in the development of Mongolian mining industry policy and regulative framework. Mr Turbat is a founder of Mine Info LLC and the "Discover Mongolia" annual international mining forum. Currently Mr Turbat operates Mongolian Advisory Services LLC.

Mr Turbat holds an MBA degree from University of Waseda in Japan and Leeds University in UK.

Mr Turbat has had no other public company Directorships in the last three years.

Company Secretary

Mr Philip Rundell
Company Secretary
Qualifications: Dip BS (Accounting) CA

Mr Rundell has had over 25 years' experience as a Partner and Director of Coopers & Lybrand and Ferrier Hodgson, specialising in company reconstructions and corporate recovery. Mr Rundell has provided management accounting and company secretarial services to a number of listed companies.

Interests in the Shares and Options of the Company and Related Bodies Corporate

As at the date of this report, the relevant interests of the current Directors in shares, options and rights of the Company are as follows:

Directors	Number of Fully Paid Ordinary Shares	Number of Options over Ordinary Shares	Number of Performance Rights over Ordinary Shares
Mr David McSweeney	16,466,962	625,000	-
Mr David Paull[1]	4,902,792	1,250,000	4,000,000
Mr Neil Lithgow	179,278,501	50,000,000	-
Mr Gan-Ochir Zunduisuren	40,292,203	-	-
Ms Hannah Badenach	750,000	375,000	-

1. Mr David Paull is a Director of Red Island Resources Limited, a public unlisted company, which is a beneficial owner of 8,350,000 Ordinary Shares and 125,000 Options over ordinary shares.

DIRECTORS' REPORT (continued)

Interests in the Shares and Options of the Company and Related Bodies Corporate (continued)

There were no options granted to Directors or management of the Company during or since the end of the financial year as part of their remuneration. During the 2015 financial year 6,500,000 Performance Rights were issued to David Paull. In 2016, 2,500,000 of those Performance Rights expired without vesting.

There are no unpaid amounts on the shares issued.

At the date of this report, unissued ordinary shares of the Company under option are:

Type	Expiry Date	Exercise Price	Number of Shares
Options	15 June 2017	$0.03	188,912,500
Performance Rights	Various	-	44,000,000
Total			232,912,500

Dividends

No dividends have been paid or declared since the start of the financial year and the Directors do not recommend the payment of a dividend in respect of the financial year.

Principal Activities

The principal activity of the Group during the year was the exploration for coal and progression of the approval process for the development and funding of a rail line in northern Mongolia.

Review of Operations

Aspire Mining Limited (ASX: AKM, **Aspire** or the **Company**) is a metallurgical coal and infrastructure company with assets located in Mongolia. It owns 100% interests in the Ovoot, Jilchigbulag and Myangan coal projects, and a 50% interest in a joint venture (**ECJV**) which owns 90% of the Nuurstei coking coal project (**ECJV Nuurstei Project**) and a 100% in the Erdenebulag coal project.

Aspire owns 90% of Northern Railways LLC, which is the company progressing the future development of the Erdenet to Ovoot Railway. The construction of the Erdenet to Ovoot Railway is required for the commencement of production at Ovoot.

Highlights and activities undertaken throughout the period and to the date of this Report include:

Ovoot Coking Coal Project (Ovoot Project)

1. Revised mining cost- estimates received indicates a 22% reduction against the pre-feasibility cost estimates prepared in 2012 and reconfirms the Ovoot Project as a low cost producer.
2. A gravity survey was completed that identifies new areas of mid and high exploration potential surrounding the Ovoot Project Mining Licence.
3. The blending potential to upgrade other coals was reconfirmed with agreement with Mongolia's Tavan Tolgoi Mine to work together on blending opportunities.
4. Coking coal prices bottomed in December 2015 and have subsequently increased sharply to now be at 18 month highs.

ECJV Nuurstei Project

1. A 24 non-core hole and 31 PQ hole 2015 exploration programme was completed and the results indicate a large number of steeply dipping and banded coal seams and expansion of the strike length of correlated seams.
2. Poximate analysis, washability test work and petrography results from a number of drill holes confirm the Nuurstei coal as being a moderate to high ash coal, with mid-low volatility and excellent coking properties.

DIRECTORS' REPORT (continued)

Review of Operations (continued)

Northern Railways (NR)

1. The Government of Mongolia granted NR the exclusive right to build, operate and transfer after 30 years, the Rail Project under the terms agreed within a Concession Agreement executed in September 2015;
2. The Government of Mongolia granted a Construction Licence for the Rail Project following from the Concession Agreement with NR to build and operate the Erdenet to Ovoot railway;
3. The Mongolian Ministry of Roads and Transport, Mongolian Railways and Northern Railways agreed on the connection point at Erdenet;
4. Scoping studies confirmed that there are no technical obstacles in extending the rail from Ovoot to the Russian town of Kyzyl to create an international rail corridor to facilitate three way trade between Russia, China and Mongolia in-line with China's Silk Road initiative and Mongolian and Russian rail policy;
5. The Governments of China, Russia and Mongolia agreed a tripartite program to establish the Northern Rail Corridor to provide a new rail connection from Russia to China through Mongolia, which includes the Erdenet to Ovoot Railway; and
6. The Erdenet to Ovoot Railway First Stage Feasibility Study commenced.

Review of financial conditions

At balance date, the Group had $418,529 (2015: $4,036,016) in cash assets which the Directors believe requires the Group to raise additional capital and/or obtain project finance to fund the development of the Ovoot Project and the development of the Erdenet to Ovoot Railway.

Operating results for the year

The Group made an operating loss after tax of $2,312,480 for the year ended 30 June 2016 (2015: Loss $15,108,329). The 2015 result is impacted by a $10,421,032 write-down of the evaluation and exploration expenditure of which $10,388,371 was incurred on Northern Railways.

Significant changes in the state of affairs

Since the previous Annual Financial Report and during the financial year there has been no significant change in the state of affairs of the Group.

Significant events after balance date

In August 2016, Quam Capital Limited arranged a US$2 million loan facility for Aspire. The facility is for 12 months, will carry an interest rate of 9% per annum and will be drawn down in three tranches in August, October and December 2016. In the event that the loan is repaid, the lenders will receive 110% of the face value of the loan. In the event that the loan is not repaid in 12 months, the loan may be converted at the lenders' option to a royalty of US$1.25\tonne of coking coal sold from the first 10 Mt of production from the Ovoot Coking Coal Project.

The use of the funds is:

(a) to meet costs of the Erdenet to Ovoot First Stage Feasibility Study;

(b) to meet costs associated with environmental field data collection for the Erdenet to Ovoot railway;

(c) for general working capital;

(d) to fund due diligence on potential acquisition opportunities; and

(e) for future interest.

DIRECTORS' REPORT (continued)

Significant events after balance date (continued)

Other than the above, there has not been any material matter or circumstance that has arisen after balance date that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial periods.

Likely developments and expected results

The Group will continue to maintain the Ovoot project, establish the viability of the Nuurstei Coking Coal Project and advance the requirements for the development of the Erdenet to Ovoot railway.

Risk management

The Board is responsible for ensuring that risks are identified on a timely basis and that activities are aligned with the risks identified by the Board.

The Group believes that it is crucial for all Board members to be a part of this process and as such the Board has not established a separate risk management committee.

The Board has a number of mechanisms in place to ensure that management's objectives and activities are aligned with the risks identified by the Board. These include the following:

- Board approval of the strategic plan which includes initiatives designed to meet stakeholder needs and expectations and to manage business risk.
- The implementation of Board approved operating plans and budgets and Board monitoring of progress against these budgets.

Corporate governance

Details of the Company's Corporate Governance policies are contained within the Corporate Governance Plan adopted by the Board.

The Corporate Governance Statement for the year ending 30 June 2016 can be found on the Company's website at http://www.aspiremininglimited.com/?page=23.

Environmental legislation

The Company is subject to significant environmental and monitoring requirements in respect of its natural resources exploration activities.

The Directors are not aware of any material breaches of these requirements during the year.

DIRECTORS' REPORT (continued)

Indemnification and insurance of Directors and officers

The Company has agreed to indemnify all the Directors and officers of the Group for any liabilities to another person (other than the Group or related bodies corporate) that may arise from their position as Directors or officers of the Company and its controlled entities, except where the liability arises out of conduct involving a lack of good faith. During the financial year the Company paid a premium in respect of a contract insuring the Directors and Officers of the Company and its controlled entities against any liability incurred in the course of their duties to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium. The Company has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the Company or of any related body corporate against a liability incurred as such an officer or auditor.

Remuneration Report (audited)

This report outlines the remuneration arrangements in place for the Key Management Personnel of the Company and its controlled entities for the financial year ended 30 June 2016, as follows:

Mr David McSweeney	(Non-Executive Chairman)
Mr David Paull	(Managing Director)
Mr Neil Lithgow	(Non-Executive Director)
Ms Hannah Badenach	(Non-Executive Director)
Mr Gan-Ochir Zunduisuren	Non-Executive Director (appointed 21 March 2016)
Mr Sado Demchigsuren Turbat	Non-Executive Director (resigned 29 January 2016)

Remuneration philosophy

The performance of the Group depends upon the quality of the Directors and executives. The philosophy of the Group in determining remuneration levels is to:

1. set competitive remuneration packages to attract and retain high calibre employees;
2. link executive rewards to shareholder value creation; and
3. establish appropriate performance hurdles for variable executive remuneration.

Remuneration committee

The Remuneration Committee of the Board of Directors is responsible for determining and reviewing compensation arrangements for the Director and the senior management team. Where a Remuneration Committee does not exist, its role is carried out by the Board of Directors.

The Remuneration Committee assesses the appropriateness of the nature and amount of remuneration of Directors and senior executives on a periodic basis by reference to relevant employment market conditions with an overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and executive team.

Remuneration structure

In accordance with best practice Corporate Governance, the structure of Non-Executive Director and executive remuneration is separate and distinct.

Non-executive Director remuneration

The Board seeks to set aggregate remuneration at a level that provides the Group with the ability to attract and retain Directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders. The ASX Listing Rules specify that the aggregate remuneration of Non-Executive Directors shall be determined from time to time by a general meeting. The latest determination was at the General Meeting held on 19 August 2011 when shareholders approved an aggregate remuneration for Non-Executive Directors of up to $600,000 per year.

DIRECTORS' REPORT (continued)
Remuneration Report (audited) (continued)

The Board may consider advice from external consultants as well as the fees paid to Non-Executive Directors of comparable companies when undertaking the annual remuneration review process.

Each Director is entitled to receive a fee for being a Director of the Company.

The remuneration of non-executive Directors for the year ended 30 June 2016 is detailed in the Remuneration of Key Management Personnel section of this report in Table 1.

The Non-Executive Directors agreed to a 10% reduction in their fees from 1 August 2012, a further 50% reduction from and including February 2015 and the remaining 50% from September 2015.

Senior manager and executive Director remuneration
Remuneration consists of fixed remuneration and Performance Rights (as determined from time to time).

The Executive Director agreed to a 10% reduction in his fees from 1 August 2012 in line with market and has taken further voluntary fee reductions from and including February 2015.

Fixed Remuneration
Fixed remuneration is reviewed annually by the Remuneration Committee or the Board. The process consists of a review of relevant comparative remuneration in the market and internally and where appropriate, external advice on policies and practices. The Committee and the Board has access to external, independent advice where necessary.

Fixed remuneration is paid in the form of cash payments.

The fixed remuneration component of the Group and the Company executive is detailed in Table 1.

Employment Contracts
The Company has a Consultancy Agreement with 2Rs Pty Ltd, a company associated with Mr David Paull (Agreement) effective as from 1 July 2010. Under the Agreement, as varied, Mr Paull is engaged by the Company to provide services to the Group in the capacity of Managing Director. The Consultancy Agreement continues unless terminated in accordance with the relevant provisions of the Service Agreement. The Services Agreement contains standard termination provisions under which the Group must give a minimum three months' notice of termination, or alternatively, payment in lieu of service.

2Rs Pty Ltd was being paid an annual fee of $500,000 from 1 January 2011 to 31 July 2012. From 1 August 2012, the fee was reduced to $450,000 per annum, from 1 July 2013 to $360,000 per annum and from 1 February 2015 to $216,000. The fee reductions were not performance based but taken voluntarily in line with market.

On 18 June 2015, 6,500,000 Performance Rights were issued to the nominee of David Paull, exercisable on achievement of further performance milestones. A number of key milestones were achieved during the year ended 2016 but not before expiry on 18 June 2016 of 2,500,000 of the Performance Rights granted to the nominee of David Paull.

The totals of remuneration paid to key management personnel of the company during the year are as follows and detailed in Table 1:

	2016 $	2015 $
Short-term employee benefits	238,250	464,601
Post-employment benefits	-	2,733
Share-based payments	40,130	3,366
	278,380	470,700

The shares, options and rights held by key management personnel in the year ended 30 June 2016 are detailed in Tables 2 to 4.

DIRECTORS' REPORT (continued)
Remuneration Report (audited) (continued)

Options

During the year ended 30 June 2016, there were no Options that were granted, vested or lapsed as part of Key Management Personnel remuneration.

Performance Rights

During the year ended 30 June 2013, 1,000,000 Performance Rights were issued to the nominee of the Managing Director. Those Performance Rights did not vest and were cancelled on expiry in 2015. During the year ended 30 June 2015, 6,500,000 Performance Rights were issued to the nominee of the Managing Director. A number of key milestones were achieved during the year ended 2016 but not before expiry on 18 June 2016 of 2,500,000 of the Performance Rights granted to the nominee of David Paull.

Remuneration of Key Management Personnel

Table 1: Key management personnel remuneration

Year ended 30 June 2016

	Short-term employee benefits	Post-employment benefits	Other	Total	%
	Salary & Fees	Superannuation	Performance Rights	$	Performance Related
Mr David Paull[1]	216,000	-	40,130	256,130	15.66
Mr David McSweeney[2]	8,750	-	-	8,750	-
Mr Neil Lithgow	6,750	-	-	6,750	-
Ms Hannah Badenach	-	-	-	-	-
Mr Gan-Ochir Zunduisuren	-	-	-	-	-
Mr Sado Demchigsuren Turbat	6,750	-	-	6,750	-
Total	**238,250**	**-**	**40,130**	**278,380**	**14.41**

Year ended 30 June 2015

	Short-term employee benefits	Post-employment benefits	Other	Total	%
	Salary & Fees	Superannuation	Performance Rights	$	Performance Related
Mr David Paull[1]	300,000	-	3,366	303,366	1.11
Mr David McSweeney[2]	55,414	-	-	55,414	-
Mr Neil Lithgow	40,017	2,733	-	42,750	-
Mr Mark Read[3]	26,420	-	-	26,420	-
Mr Sado Demchigsuren Turbat	42,750	-	-	42,750	-
Ms Hannah Badenach	-	-	-	-	-
Total	**464,601**	**2,733**	**3,366**	**470,700**	**0.72**

[1] Paid to 2Rs Pty Ltd, a company associated with Mr David Paull.

[2] Paid to D McSweeney Consulting Pty Ltd, a company associated with Mr David McSweeney.

[3] Paid to Nevin Consulting Pty Ltd, a company associated with Mr Mark Read.

DIRECTORS' REPORT (continued)

Remuneration Report (audited) (continued)

Key Management Personnel Equity Holdings

Table 2 - Fully Paid Ordinary Shares

	Balance at beginning of period	Purchased	On exercise of Performance Rights	Balance on appointment/ (resignation)	Balance at end of period
2016					
Mr David Paull[1]	4,486,792	416,000	-	-	4,902,792
Mr David McSweeney	15,633,962	833,000	-	-	16,466,962
Mr Neil Lithgow	179,278,501	-	-	-	179,278,501
Ms Hannah Badenach	750,000	-	-	-	750,000
Mr Gan-Ochir Zunduisuren	-	-	-	40,292,203	40,292,203
Mr Sado Demchigsuren Turbat	3,166,109	-	-	(3,166,109)	-
Total	203,315,364	1,249,000	-	37,126,094	241,690458
2015					
Mr David Paull[1]	1,986,792	2,500,000	-	-	4,486,792
Mr David McSweeney	13,983,962	1,650,000	-	-	15,633,962
Mr Neil Lithgow	63,578,501	115,500,000	200,000	-	179,278,501
Mr Mark Read	200,000	-	200,000	(400,000)	-
Mr Sado Demchigsuren Turbat	2,416,109	750,000	-	-	3,166,109
Ms Hannah Badenach	-	750,000	-	-	750,000
Total	82,165,364	121,150,000	400,000	(400,000)	203,315,364

Mr David Paull is a Director of Red Island Resources Limited, a public unlisted company which is the beneficial owner of 8,350,000 Ordinary Shares (2015: 8,350,000 Ordinary Shares).

Table 3 - Performance Rights exercisable at no consideration on achievement of tenure or other performance milestones

	Balance at beginning of period	Granted	Exercised	Expired	Balance on appointment/ (resignation)	Balance at end of period
2016						
Mr David Paull[1]	6,500,000	-	-	(2,500,000)	-	4,000,000
Mr David McSweeney	-	-	-	-	-	-
Mr Neil Lithgow	-	-	-	-	-	-
Ms Hannah Badenach	-	-	-	-	-	-
Mr Gan-Ochir Zunduisuren	-	-	-	-	-	-
Mr Sado Demchigsuren Turbat	-	-	-	-	-	-
Total	6,500,000	-	-	(2,500,000)	-	4,000,000
2015						
Mr David Paull[1]	1,000,000	6,500,000	-	(1,000,000)	-	6,500,000
Mr David McSweeney	200,000	-	-	(200,000)	-	-
Mr Neil Lithgow	200,000	-	(200,000)	-	-	-
Mr Mark Read	200,000	-	(200,000)	-	-	-
Mr Sado Demchigsuren Turbat	400,000	-	-	(400,000)	-	-
Ms Hannah Badenach	-	-	-	-	-	-
Total	2,000,000	6,500,000	(400,000)	(1,600,000)	-	6,500,000

DIRECTORS' REPORT (continued)

Remuneration Report (audited) (continued)

Key Management Personnel Equity Holdings (continued)

Table 4 – Options exercisable at 3 cents on or before 15 June 2017

	Balance at beginning of period	Purchased	Exercised	Expired	Balance on appointment/ (resignation)	Balance at end of
2016						
Mr David Paull[1]	1,250,000	-	-	-	-	1,250,000
Mr David McSweeney	625,000	-	-	-	-	625,000
Mr Neil Lithgow	50,000,000	-	-	-	-	50,000,000
Ms Hannah Badenach	375,000	-	-	-	-	375,000
Mr Gan-Ochir Zunduisuren	-	-	-	-	-	-
Mr Sado Demchigsuren Turbat	375,000	-	-	-	(375,000)	-
Total	52,625,000	-	-	-	(375,000)	52,250,000
2015						
Mr David Paull[1]	-	1,250,000	-	-	-	1,250,000
Mr David McSweeney	-	625,000	-	-	-	625,000
Mr Neil Lithgow	-	50,000,000	-	-	-	50,000,000
Mr Mark Read	-	-	-	-	-	-
Mr Sado Demchigsuren Turbat	-	375,000	-	-	-	375,000
Ms Hannah Badenach	-	375,000	-	-	-	375,000
Total	-	52,625,000	-	-	-	52,625,000

1. Mr David Paull is a Director of Red Island Resources Limited, a public unlisted company, which is the beneficial owner of 125,000 Options over ordinary shares (2015:125,000 Options over ordinary shares).

End of Remuneration Report

DIRECTORS' REPORT (continued)

Directors' Meetings
The number of meetings of Directors held during the year and those attended by each Director were as follows:

Table 5 – Attendance at Director Meetings

Director	Director Meetings Attended	Director Meetings Eligible to Attend
Mr David McSweeney	6	7
Mr David Paull	7	7
Mr Neil Lithgow	7	7
Ms Hannah Badenach	6	7
Mr Gan-Ochir Zunduisuren	1	1
Mr Sado Demchigsuren Turbat	1	4

Proceedings on behalf of the Company
No person has applied to the court under Section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings. No proceedings have been brought or intervened in on behalf of the Company with leave of the court under Section 237.

Auditor Independence and Non-Audit Services
Section 307C of the Corporations Act 2001 requires the Company's auditors, HLB Mann Judd, to provide the Directors of the Company with an Independence Declaration in relation to the audit of the annual report. This Independence Declaration is set out on page 14 and forms part of this Directors' report for the year ended 30 June 2016.

Non-Audit Services
No non-audit services were provided by the auditors during the year.

Details of the auditors' remuneration are set out in Note 22.

Signed in accordance with a resolution of the Directors.

David Paull
Managing Director
Dated this 23 September 2016

HLB Mann Judd

Accountants | Business and Financial Advisers

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of Aspire Mining Limited for the year ended 30 June 2016, I declare that to the best of my knowledge and belief, there have been no contraventions of:

a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

b) any applicable code of professional conduct in relation to the audit.

Perth, Western Australia
23 September 2016

N G Neill
Partner

HLB Mann Judd (WA Partnership) ABN 22 193 232 714
Level 4, 130 Stirling Street Perth WA 6000. PO Box 8124 Perth BC 6849 Telephone +61 (08) 9227 7500. Fax +61 (08) 9227 7533.
Email: hlb@hlbwa.com.au. Website: http://www.hlb.com.au

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016 $	2015 $
Other income	2(a)	30,210	66,887
Employee benefits expense		(489,762)	(883,095)
Exploration and evaluation expenditure impaired	10	(303,600)	(10,421,032)
Recovery of exploration expenditure previously impaired		909,064	-
Foreign exchange gain/(loss)		50,075	133,715
Interest expense		(626,118)	(553,578)
Share based payments		(40,130)	(918,366)
Other expenses	2(b)	(1,950,169)	(3,009,974)
Loss before income tax expense		(2,420,430)	(15,585,443)
Income tax benefit	3	107,950	477,114
Net loss for the year		(2,312,480)	(15,108,329)
Other comprehensive income			
Items that may be reclassified to profit and loss			
Exchange differences on translation of foreign operations	7	44,222	3,439,452
Other comprehensive (loss)/income for the year net of tax		44,222	3,439,452
Total comprehensive loss		(2,268,250)	(11,668,877)
Basic loss per share (cents per share)	4	(0.25)	(2.15)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2016

	Note	2016 $	2015 $
Current Assets			
Cash and cash equivalents	8	418,529	4,036,016
Trade and other receivables	9	299,695	415,730
Total Current Assets		718,224	4,451,746
Non-Current Assets			
Deferred exploration and evaluation expenditure	10	40,826,207	39,089,179
Property plant and equipment	12	284,171	325,271
Intangible asset	13	1,677	9,877
Total Non-Current Assets		41,112,055	39,424,327
Total Assets		41,830,279	43,876,073
Current Liabilities			
Trade and other payables	11	543,200	513,012
Borrowings	14	-	6,531,680
Total Current Liabilities		543,200	7,044,692
Non-Current Liabilities			
Borrowings	14	6,719,527	-
Total Non-Current Liabilities		6,719,527	-
Total Liabilities		7,262,727	7,044,692
Net Assets		34,567,552	36,831,381
Equity			
Issued capital	6	79,865,150	79,900,851
Reserves	7	(1,931,037)	(2,015,389)
Accumulated losses	7	(43,366,561)	(41,054,081)
Total Equity		34,567,552	36,831,381

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2016

	Issued Capital $	Accumulated losses $	Foreign Currency Translation Reserve $	Share Based Payments Reserve $	Total Equity $
Balance at 1 July 2014	73,391,689	(26,732,986)	(6,248,207)	899,719	41,310,215
Shares issued net of costs	6,271,677	-	-	-	6,271,677
Share based payment	125,000	-	-	793,366	918,366
Performance rights vested and exercised	72,446	-	-	(72,446)	-
Performance rights expired	-	114,091	-	(114,091)	-
Transfer on exercise of options	40,039	-	-	(40,039)	-
Options expired	-	673,143	-	(673,143)	-
Loss for the year	-	(15,108,329)	-	-	(15,108,329)
Exchange differences arising from translation of foreign operations	-	-	3,439,452	-	3,439,452
Balance at 30 June 2015	79,900,851	(41,054,081)	(2,808,755)	793,366	36,831,381
Balance at 1 July 2015	79,900,851	(41,054,081)	(2,808,755)	793,366	36,831,381
Share issue costs	(35,701)	-	-	-	(35,701)
Performance rights issued	-	-	-	92,630	92,630
Performance rights expired without vesting	-	-	-	(52,500)	(52,500)
Loss for the year	-	(2,312,480)	-	-	(2,312,480)
Exchange differences arising from translation of foreign operations	-	-	44,222	-	44,222
Balance at 30 June 2016	79,865,150	(43,366,561)	(2,764,533)	833,496	34,567,552

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016 $	2015 $
Cash flows from operating activities			
Interest received		33,210	80,537
Payments to suppliers and employees		(2,456,374)	(3,588,868)
Income tax paid		-	(1,625)
Interest paid		(320,056)	(539,996)
Research and development tax incentives		107,950	478,740
Net cash used in operating activities	8	(2,635,270)	(3,571,212)
Cash flows from investing activities			
Payments for exploration and evaluation expenditure		(1,907,362)	(2,265,532)
Recovery of exploration expenditure previously impaired		909,064	-
Proceeds from sale of property, plant and equipment		26,586	23,020
Purchase of non-current assets		(13,424)	(60,191)
Net cash used in investing activities		(985,136)	(2,302,703)
Cash flows from financing activities			
Net proceeds from issue of shares		(35,701)	6,271,677
Net cash (used)/provided by financing activities		(35,701)	6,271,677
Net (decrease)/increase in cash and cash equivalents		(3,656,107)	397,762
Cash and cash equivalents at the beginning of the year		4,036,016	3,543,945
Effect of foreign exchange rate fluctuations on cash held		38,620	94,309
Cash and cash equivalents at the end of the year	8	418,529	4,036,016

The accompanying notes from part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and Interpretations and complies with other requirements of the law.

The financial report has also been prepared on a historical cost basis. Cost is based on the fair values of the consideration given in exchange for assets.

The financial report is presented in Australian dollars.

The Company is a listed public Company, incorporated in Australia and operating in Mongolia. The Group's principal activities are mineral exploration and evaluation, and progressing the approval process for the development of a railway in northern Mongolia.

(b) Going concern

The 30 June 2016 financial report has been prepared on the going concern basis that contemplates the continuity of normal business activities and the realisation of assets and discharge of its liabilities as and when they fall due, in the ordinary course of business. The Group does not generate revenues to fund operations and ongoing investment in exploration activities and other development activities. The ability of the Group to continue as a going concern is dependent on its ability to raise additional equity, complete farm in arrangements on exploration assets, or defer loan repayments.

The Group recorded a net loss of $2,312,480 for the year ended 30 June 2016 (2015 net loss: $15,108,329 after a write-down in evaluation and exploration expenditure of $10,421,032) and had a net working capital surplus of $175,024 exclusive of a non-current loan of $6,719,527 due in March 2018 (30 June 2015: deficiency of $2,592,946 inclusive of the current loan liability of $6,531,680) at balance date.

Based on the Group's cash flow forecast, it is evident that the Group will need to access additional working capital in the coming 12 months to continue its activities.

The Directors are confident that the Company will be successful in raising additional funds through the issue of new equity, borrowings or sale of assets, should the need arise. The Directors are also aware that the Group has the option, if necessary, to divest an interest in its projects. Based on these facts, the Directors consider the going concern basis of preparation to be appropriate for this financial report.

Should the Company be unsuccessful in raising additional funds, there is a material uncertainty which may cast significant doubt as to whether or not the Group will be able to continue as a going concern and therefore, whether it will realise its assets and discharge its liabilities as and when they fall due and in the normal course of business and at the amounts stated in the financial report.

The financial statements do not include any adjustments relative to the recoverability and classification of recorded asset amounts or, to the amounts and classification of liabilities that might be necessary should the entity not continue as a going concern.

(c) Adoption of new and revised standards

Changes in accounting policies on initial application of Accounting Standards

In the year ended 30 June 2016, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group and effective for the current annual reporting period.

It has been determined by the Directors that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on the Group and, therefore, no change is necessary to the Group accounting policies.

The Directors have also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the year ended 30 June 2016. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on the Group and, therefore, no change is necessary to Group accounting policies.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Statement of Compliance

The financial report was authorised for issue on 23 September 2016.

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

(e) Basis of Consolidation

The consolidated financial statements comprise the financial statements of Aspire Mining Limited ("Company" or "Parent") and its subsidiaries as at 30 June each year (the "Group"). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. Control exists where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing when the Group controls another entity.

Business combinations have been accounted for using the acquisition method of accounting (refer Note 1(o)).

Unrealised gains or transactions between the Group and its associates are eliminated to the extent of the Group's interests in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

When the Group ceases to have control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint controlled entity or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

(f) Critical accounting judgements and key sources of estimation uncertainty

The application of accounting policies requires the use of judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions are recognised in the period in which the estimate is revised if it affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Share-based payment transactions:

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using a Black and Scholes model.

The Group measures the cost of cash-settled share-based payments at fair value at the grant date using the Black and Scholes formula taking into account the terms and conditions upon which the instruments are granted.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Critical accounting judgements and key sources of estimation uncertainty (continued)

Exploration and evaluation costs carried forward

The Group's accounting policy for exploration and evaluation expenditure is set out at Note 1(w). The application of this policy necessarily requires management to make certain estimates and assumptions as to future events and circumstances, in particular, the assessment of the expectation that exploration costs incurred can be recouped through the successful development of the area (unless activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves). The estimates and assumptions may change as new information becomes available. If, after having capitalised expenditure under the policy, it is concluded that the expenditure incurred is unlikely to be recovered by future exploitation or sale, then the relevant capitalised amount will be impaired or written off through the statement of comprehensive income.

Obligation to issue ordinary shares

The Company has an obligation to issue shares in respect to the acquisition of Coalridge Limited and in respect to the loan extension terms sheet with Noble Resources International Pte Ltd, subject to achievement of certain criteria as set out in Notes 19 and 25. Australian Accounting Standard AASB2 *Share Based Payments* requires the Company to account for this transaction based on the best available estimate of the number of shares expected to vest and revise that estimate, if necessary, if subsequent information indicates that the number of shares expected to vest differs from previous estimates. The application of this requirement requires significant judgement by the Directors. The Directors have assessed that, as at the date of issue of the financial report, the likelihood of shares being issued by the Company under the above obligation is less likely than more likely, and accordingly, no accounting transaction has been recorded for this obligation.

(g) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of Aspire Mining Limited.

(h) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Interest income

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

(i) Cash and cash equivalents

Cash comprises cash at bank and in hand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(j) Trade and other receivables

Trade receivables are measured on initial recognition at fair value. Trade receivables are generally due for settlement within periods ranging from 15 days to 30 days. Impairment of trade receivables is continually reviewed and those that are considered to be uncollectible are written off by reducing the carrying amount directly. An allowance account is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original contractual terms. Factors considered by the Group in making this determination include known significant financial difficulties of the debtor, review of financial information and significant delinquency in making contractual payments to the Group. The amount of the impairment loss is recognised in the statement of comprehensive income within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Derecognition of financial assets and financial liabilities

(i) Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a Group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired;
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either:
  - (a) has transferred substantially all the risks and rewards of the asset, or
  - (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration received that the Group could be required to repay.

When continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the Group's continuing involvement is the amount of the transferred asset that the Group may repurchase, except that in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, the extent of the Group's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

(ii) Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(l) Foreign currency translation

The functional and presentation currency of Aspire Mining Limited is Australian dollars. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance date.

All exchange differences in the consolidated financial report are taken to profit or loss with the exception of differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity. These are taken directly to equity until the disposal of the net investment, at which time they are recognised in profit or loss.

Tax charges and credits attributable to exchange differences on those borrowings are also recognised in equity.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Foreign currency translation (continued)

The functional currency of the Mongolian incorporated subsidiaries, Khurgatai Khairkhan LLC, Northern Railways LLC, Ovoot Coal Mining LLC and Chilchig Gol LLC is Mongolian Tugriks (MNT), Ovoot Coking Coal Pte Ltd, Northern Railways Pte Ltd and Northern Mongolian Railways Limited is USD.

As at the balance date the assets and liabilities of this subsidiary are translated into the presentation currency of Aspire Mining Limited at the rate of exchange ruling at the balance date and its statement of comprehensive income is translated at the average exchange rate for the year.

The exchange differences arising on the translation are taken directly to the foreign currency translation reserve in equity.

On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in profit or loss.

(m) Income tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance date.

Deferred income tax is provided on all temporary differences at the balance date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance date.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Income tax (continued)

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

(n) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(o) Business combinations

The acquisition method of accounting is used to account for all business combinations, including business combinations involving entities or business under common control, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are expenses as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified as either equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Impairment of assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

An assessment is also made at each balance date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

(q) Trade and other payables

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Company becomes obliged to make future payments in respect of the purchase of these goods and services.

(r) Property, plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is calculated on a straight-line basis over the three (3) year estimated useful life of the assets.

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

(i) Impairment

The carrying values of plant and equipment are reviewed for impairment at each balance date, with recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired.

The recoverable amount of plant and equipment is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) Property, plant and equipment (continued)

For an asset that does not generate largely independent cash inflows, recoverable amount is determined for the cash-generating unit to which the asset belongs, unless the asset's value in use can be estimated to be close to its fair value.

An impairment exists when the carrying value of an asset or cash-generating units exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount. For plant and equipment, impairment losses are recognised in the income statement in the cost of sales line item.

(ii) Derecognition and disposal

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

(s) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the Statement of Comprehensive Income net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

(t) Share-based payment transactions

The Group provides benefits to employees (including senior executives) of the Group in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions). The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. In valuing equity-settled transactions, account is taken of any performance conditions, and conditions linked to the price of the shares of Aspire Mining Limited (market conditions) if applicable.

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired, and (ii) the Group’s best estimate of the number of equity instruments that will ultimately vest. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The Statement of Comprehensive Income charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) Share-based payment transactions (continued)

Cash settled transactions:

The cost of cash-settled transactions is measured initially at fair value at the grant date using the Black-Scholes formula taking into account the terms and conditions upon which the instruments were granted. This fair value is expensed over the period until vesting with recognition of a corresponding liability. The liability is re-measured to fair value at each balance date up to and including the settlement date with changes in fair value recognised in profit or loss.

(u) Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(v) Earnings per share

Basic earnings per share is calculated as net profit or loss attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element. Diluted earnings per share is calculated as net profit or loss attributable to members of the parent, adjusted for: costs of servicing equity (other than dividends) and preference share dividends; the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

(w) Exploration and evaluation

Exploration and evaluation expenditures in relation to each separate area of interest are recognised as an exploration and evaluation asset in the year in which they are incurred where the following conditions are satisfied:

i) the rights to tenure of the area of interest are current; and

ii) at least one of the following conditions is also met:

(a) the exploration and evaluation expenditures are expected to be recouped through successful development and exploration of the area of interest, or alternatively, by its sale; or

(b) exploration and evaluation activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are initially measured at cost and include acquisition of rights to explore, studies, exploratory drilling, trenching and sampling and associated activities. General and administrative costs are only included in the measurement of exploration and evaluation costs where they are related directly to operational activities in a particular area of interest.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The recoverable amount of the exploration and evaluation asset (for the cash generating unit(s) to which it has been allocated being no larger than the relevant area of interest) is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years. Where a decision has been made to proceed with development in respect of a particular area of interest, the relevant exploration and evaluation asset is tested for impairment and the balance is then reclassified to development.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(x) Parent entity financial information

The financial information for the parent entity, Aspire Mining Limited, disclosed in Note 24 has been prepared on the same basis as the consolidated financial statements, other than investments in subsidiaries are accounted for at cost.

(y) Interest in joint venture and associates

An associate is an entity over which the group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is an arrangement where the parties have joint control of the arrangement and have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates and joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with AASB 5. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position and adjusted thereafter to recognise the Groups' share of the profit or loss in other comprehensive income. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in associate or joint venture, the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of ASSB 139 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in associate or joint venture. When necessary, the entire carrying amount if the investment (including goodwill) is tested for impairment in accordance with AASB 136 'Impairment of Assets' as a single asset by comparing its recoverable amount (higher of value in use less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with AASB 136 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture, or when the investment is classified as held for sale. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with AASB 139. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(y) Interest in joint venture (continued)

Therefore, if a gain or loss recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no re-measurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit and loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate or a joint venture of the Group, profits and loss resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

NOTE 2: REVENUES AND EXPENSES

	2016	2015
	$	$
(a) Revenue		
Interest income	30,210	66,887
	30,210	66,887
(b) Other Expenses		
Accounting and audit fees	148,472	99,609
Amortisation and depreciation expense	75,881	202,985
Company secretarial	91,722	109,523
Consultants and corporate costs	529,782	1,180,610
Directors' fees	248,130	467,334
Insurance	51,501	64,393
Legal fees	147,203	70,481
Office and administration costs	85,380	199,330
Share registry and listing expenses	39,070	50,749
Profit on sale of plant and equipment	(29,632)	(21,236)
Media, promotion and investor relations	46,440	58,597
Projects	151,191	97,983
Rent and outgoings	217,354	250,629
Travel expenses	130,032	149,528
Other	17,643	29,459
	1,950,169	3,009,974

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

NOTE 3: INCOME TAX

Income tax recognised in profit or loss

The prima facie income tax expense on pre-tax accounting loss from operations reconciles to the income tax expense in the financial statements as follows:	**2016** $	**2015** $
Accounting loss before tax	(2,420,430)	(15,585,443)
Income tax benefit calculated at 30%	(726,129)	(4,675,633)
Accrued expenses	(27,844)	26,811
Other non-deductible expenses	201,655	288,310
Deductions available over more than one year	(222,483)	(200,670)
Exploration and tenement expenses	91,080	3,126,310
Research and development tax incentive rebates	(108,436)	(478,740)
Income tax benefit not brought to account	684,207	1,436,498
Income tax (benefit)/expense	(107,950)	(477,114)
Made up of:		
Research and development tax incentive rebates	(108,436)	(478,740)
Income tax expense on Mongolian operations	486	1,626
Income tax (benefit)/expense	(107,950)	(477,114)

The tax rate used in the above reconciliation is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian tax law. There has been no change in this tax rate since the previous reporting period.

The Group has an unrecorded deferred tax asset of $5,715,620 (2015: $5,408,511) in respect to tax losses arising in Australia and $3,196,935 (2015: $2,813,346) in respect to tax losses arising in Mongolia, the tax benefit of which has not been brought to account and are available subject to confirmation of the same business test. The Group has an unrecorded deferred tax assets of $317,083 (2015: $185,517) relating to share issue and other costs, and unrecorded tax liabilities of $1,743,458 (2015: $1,463,020) relating to capitalised exploration and evaluation expenditure arising in Australia. The Group also has an unrecorded deferred tax asset of $887,026 (2015: $887,026) in respect to capital losses arising in Australia.

NOTE 4: EARNINGS PER SHARE

	2016 Cents per share	**2015** Cents per share
Basic loss per share:	(0.25)	(2.15)
Continuing operations		
The earnings and weighted average number of ordinary shares used in the basic earnings per share is as follows:		
Earnings used in calculation of basic earnings per share	(2,312,480)	(15,108,329)
Weighted average number of ordinary shares for the purpose of basic earnings per share	928,288,306	703,348,981

As losses have been incurred to date, no dilutive earnings per share has been disclosed.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 5: SEGMENT INFORMATION

	Continuing operations			Total
	Australia	Mongolia	Singapore	
	$	$	$	$
Year ended 30 June 2016				
Total segment revenue	24,325	5,885	-	30,210
Segment net operating loss after tax	(1,208,843)	(453,923)	(649,714)	(2,312,480)
Interest revenue	24,325	5,885	-	30,210
Depreciation and amortisation	(7,182)	(68,699)	-	(75,881)
Segment assets	419,862	41,392,217	18,199	41,830,278
Segment liabilities	(114,563)	(25,969)	(7,122,194)	(7,262,726)
Capital expenditure during the year	-	2,021,212	-	2,021,212
Cash flow information				
Net cash flow from operating activities	(1,337,110)	(983,963)	(344,197)	(2,635,220)
Net cash flow from investing activities	-	(985,136)	-	(985,136)
Net cash flow from financing activities	(35,701)	-	-	(35,701)
Year ended 30 June 2015				
Total segment revenue	50,635	16,252	-	66,887
Segment net operating loss after tax	(2,661,258)	(11,822,676)	(624,395)	(15,108,329)
Interest revenue	50,635	16,252	-	66,887
Depreciation and amortisation	(22,066)	(180,919)	-	(202,985)
Segment assets	4,095,323	39,764,509	16,241	43,876,073
Segment liabilities	(407,174)	(105,838)	(6,531,680)	(7,044,692)
Capital expenditure during the year	-	2,325,723	-	2,325,723
Cash flow information				
Net cash flow from operating activities	(1,730,593)	(1,300,623)	(539,996)	(3,571,212)
Net cash flow from investing activities	-	(2,302,703)	-	(2,302,703)
Net cash flow from financing activities	6,271,677	-	-	6,271,677

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

NOTE 6: ISSUED CAPITAL

	2016 $	2015 $
Ordinary shares		
Issued and fully paid	83,794,315	83,794,315
Less share issue costs	(3,929,165)	(3,893,464)
	79,865,150	79,900,851

Movements in ordinary shares on issue

	No.	$
At 1 July 2015	928,288,306	79,900,851
At 30 June 2016	928,288,306	79,865,150

	2015 No.	2015 $
At 1 July 2014	658,247,056	73,391,689
Shares issued on 17 September 2014 on the vesting and exercise of Class A Options	5,400,000	270,000
Transfer from Share Option Reserve on the exercise of the Class A Options	-	40,039
Shares issued at 5c on 19 September 2014 pursuant to a placement	38,700,000	1,935,000
Shares issued on 20 October 2014 on the vesting and exercise of Performance Rights	1,116,250	72,446
Share based payment at 2.5 cents per share on 29 April 2015	5,000,000	125,000
Shares issued at 2c on 15 June 2015 pursuant to a placement	213,325,000	4,266,500
Shares issued at 2c on 18 June 2015 pursuant to a placement	6,500,000	130,000
Share issue costs	-	(329,823)
At 30 June 2015	928,288,306	79,900,851
Share issue costs	-	(35,701)
At 30 June 2016	928,288,306	79,865,150

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 7: ACCUMULATED LOSSES AND RESERVES

Accumulated losses

Movements in accumulated losses are as follows:

	2016 $	2015 $
Balance at beginning of financial year	(41,054,081)	(26,732,986)
Net loss for the year	(2,312,480)	(15,108,329)
Transfer on expiry of options and performance rights	-	787,234
Balance at end of financial year	(43,366,561)	(41,054,081)

Reserves

	Option reserve $	Foreign currency translation reserve $	Share Based Payments Reserve $	Total $
At 30 June 2014	713,182	(6,248,207)	186,537	(5,348,488)
Exercise of options	(40,039)	-	-	(40,039)
Currency translation differences	-	3,439,452	-	3,439,452
Issue of Performance Rights	-	-	3,366	3,366
Transfer on expiry	(673,143)	-	(114,091)	(787,234)
Performance rights vested and exercised	-	-	(72,446)	(72,446)
Options issued	790,000	-	-	790,000
At 30 June 2015	790,000	(2,808,755)	3,366	(2,015,389)
Currency translation differences	-	44,222	-	44,222
Issue of Performance Rights	-	-	92,630	92,630
Performance Rights expired	-	-	(52,500)	(52,500)
At 30 June 2016	790,000	(2,764,533)	43,496	(1,931,037)

Nature and purpose of reserves

Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

Asset revaluation reserve

The asset revaluation reserve was used to record changes in the fair value of available-for-sale-assets before realisation of those assets.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 7: ACCUMULATED LOSSES AND RESERVES (continued)

Nature and purpose of reserves (continued)

Share based payments reserve

The share based payments reserve is used to record the value of equity instruments issued to Directors, employees and qualifying contractors as part of their remuneration.

The following table illustrates the number (No.) and weighted average exercise prices of and movements in share options issued during the year:

	2016 No.	2016 Weighted average exercise price	2015 No.	2015 Weighted average exercise price
Outstanding at the beginning of the year	188,912,500	0.03	241,186,842	0.05
Granted during the year	-	-	188,912,500	0.03
Exercised during the year	-	-	(5,400,000)	0.05
Expired during the year	-	-	(235,786,842)	0.05
Outstanding at the end of the year	188,912,500	0.03	188,912,500	0.03
Exercisable at the end of the year	188,912,500	0.03	188,912,500	0.03

The number and details of the Options unexercised at 30 June 2016 are:

Number	Grant date	Expiry date	Exercise price $ per option	Fair value at grant date $ per option
188,912,500	15/06/2015	15/06/2017	0.03	0.01

The 188,912,500 options unexercised at 30 June 2015 were issued in the year, with 109,912,500 options issued free on a one-for-two basis with the 219,825,000 ordinary Share placement made in June 2015, and 79,000,000 options issued to Noble Resources International Pte Ltd.

Nature and purpose of reserves (continued)

The following lists the inputs to the model used to determine the fair value of the 79,000,000 options:

Expiry date	15/06/2017
Dividend yield (%)	-
Expected volatility (%)	84%
Risk-free interest rate (%)	2.27%
Expected life of option (years)	2.0
Exercise price (cents)	3
Grant date share price (cents)	2.5

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of options granted were incorporated into the measurement of fair value.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 7: ACCUMULATED LOSSES AND RESERVES (continued)

Performance Rights

The value of the Performance Rights is based on the number of Performance Rights granted multiplied by the prevailing share price at the date of the grant of the Performance Rights. The number of Performance Rights issued and the prevailing Share price are known variables.

The vesting requirements applicable to the issued Performance Rights are based on achievement of operational and strategic milestones.

The value of the Performance Rights is taken to the Share Based Payments reserve progressively over the period the Performance Rights are expected to vest. The cumulative expense that will be recorded will equate to the Performance Rights that ultimately vest.

The number of Performance Rights unexercised at 30 June 2016 are:

	2016 No.	2015 No.
Outstanding at the beginning of the year	6,500,000	6,500,000
Granted during the year	40,000,000	-
Exercised during the year	-	-
Expired during the year	(2,500,000)	-
Outstanding at the end of the year	44,000,000	6,500,000
Exercisable at the end of the year	44,000,000	46,500,000

The vesting requirements applicable to 4,000,000 Performance Rights are based on achievement of operational and strategic milestones by the Managing Director. The probabilities of achievement of the milestones have been considered individually and are assessed at 100%.

The vesting requirements applicable to 40,000,000 Performance Rights issued to a consultant are based on execution of a Concession Agreement to build and operate the Ovoot to Erdenet Northern Railway and provision by 31 December 2018 of an offer to fund 70% of the funding required to build the railway. No expense has been recognised as currently there is no expectation that the funding performance milestone will be met.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

NOTE 8: CASH AND CASH EQUIVALENTS

	2016 $	2015 $
Cash at bank and on hand	363,529	1,886,016
Short-term deposits	55,000	2,150,000
	418,529	4,036,016

Cash at bank earns interest at floating rates based on daily bank deposit rates.

Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

All cash was available for use, and no restrictions were placed on the use of it at any time during the period, other than $55,000 (2015: $150,000) is on deposit as cash backed security against a business use credit card limit and office rental.

Reconciliation of loss for the year to net cash flows from operating activities

	2016 $	2015 $
Loss for the year	(2,312,480)	(15,108,329)
Change in net assets and liabilities:		
Change in trade and other receivables	116,035	(101,245)
Changes in trade and other payables	30,187	250,930
Profit on sale of property, plant and equipment	(29,632)	(21,236)
Amortisation and depreciation expense	75,881	202,985
Share based payments	40,130	918,366
Exploration expenditure recoupment net of impairment	(605,464)	10,421,032
Foreign exchange loss	50,073	(133,715)
Net cash used in operating activities	(2,635,270)	(3,571,212)

NOTE 9: CURRENT TRADE AND OTHER RECEIVABLES

	2016 $	2015 $
GST recoverable	22,172	56,378
Prepayments	169,854	288,784
Accrued interest	89	3,361
Tenant overhead contribution	-	11,455
Other	107,580	55,752
	299,695	415,730

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 10: DEFERRED EXPLORATION AND EVALUATION EXPENDITURE

	2016 $	2015 $
Costs carried forward in respect of:		
Exploration and evaluation phase – at cost		
Balance at beginning of year	39,089,179	42,647,350
Expenditure incurred	1,994,821	2,505,458
Impairment of exploration and evaluation expenditure	(303,600)	(10,421,032)
Foreign exchange loss	45,807	4,357,403
Total exploration and evaluation expenditure	40,826,207	39,089,179
Total expenditure incurred and carried forward in respect of specific projects -		
Ovoot Coking Coal Project	39,370,027	38,567,156
Nuurstei Coking Coal Project	1,456,180	522,023
Northern Railways evaluation	-	-
Total exploration and evaluation expenditure	40,826,207	39,089,179

Exploration expenditure incurred on projects other than the Ovoot Coking Coal Project and Nuurstei ECJV has been impaired, written-off or expensed as that expenditure is not expected to be recouped through successful development and exploration of the areas of interest, or alternatively, by sale. The recoupment of the expenditure that has been carried forward is dependent upon the successful development and commercial exploitation or sale of the respective areas.

As Northern Railways LLC does not currently have in place the funding to build and operate the railway, the Group has impaired the evaluation expenditure incurred.

NOTE 11: TRADE AND OTHER PAYABLES (CURRENT)

	2016 $	2015 $
Trade payables	112,405	287,200
Accrued expenses	42,941	129,858
Corporate credit card	146	11,752
Payroll accruals	-	2,556
Interest payable	387,708	81,646
	543,200	513,012

Trade payables are normally settled on 30 day terms.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

NOTE 12: PROPERTY, PLANT AND EQUIPMENT

	Leasehold Improvements $	Plant & Equipment $	Furniture & Fittings $	Office Equipment $	Motor Vehicles $	Total $
Year ended 30 June 2016						
Carrying value at 1 July 2015	255,479	9,736	1,558	9,875	48,623	325,271
Additions	-	18,411	-	3,011	-	21,422
Disposals	-	-	-	-	-	-
Depreciation charge for the year	(22,104)	(11,403)	(832)	(10,043)	(21,468)	(65,850)
Exchange rate movement	2,541	6	24	72	685	3,328
Carrying value at 30 June 2016	235,916	16,751	748	2,916	27,840	284,171
30 June 2016						
Cost						947,955
Accumulated depreciation						(663,784)
Net carrying amount						284,171
Year ended 30 June 2015						
Carrying value at 1 July 2014	238,886	45,376	7,249	36,478	23,176	351,165
Additions	51,754	-	979	-	58,498	111,231
Disposals	-	-	(588)	(521)	(55)	(1,146)
Depreciation charge for the year	(71,947)	(40,111)	(6,587)	(28,336)	(38,110)	(185,091)
Exchange rate movement	36,786	4,476	505	2,254	5,114	49,130
Carrying value at 30 June 2015	255,479	9,736	1,558	9,875	48,623	325,271
30 June 2015						
Cost						1,234,028
Accumulated depreciation						(908,757)
Net carrying amount						325,271

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 13: INTANGIBLE ASSET

	Exploration software $
Year ended 30 June 2016	
At 1 July 2015, net of accumulated amortisation and impairment	9,877
Additions	1,696
Amortisation for the year	(10,031)
Exchange rate movement	135
At 30 June 2016, net of accumulated amortisation and impairment	1,677
At 30 June 2016	
Cost	196,822
Accumulated amortisation	(195,145)
Net carrying amount	1,677
Year ended 30 June 2015	
At 1 July 2014, net of accumulated amortisation and impairment	26,174
Additions	7,822
Amortisation for the year	(17,894)
Exchange rate movement	(6,225)
At 30 June 2015, net of accumulated amortisation and impairment	9,877
At 30 June 2015	
Cost	192,199
Accumulated amortisation	(182,322)
Net carrying amount	9,877

NOTE 14: BORROWINGS

In January 2013, Noble Group confirmed its support for the development of the Ovoot Coking Coal Project by a series of agreements with the Company and/or certain of its subsidiaries. The agreements were implemented on 21 February 2013 and include a Facility Agreement to provide on commercial terms a US$5m unsecured loan to assist with rail pre-development expenditures. The Facility Agreement was entered into on 21 February 2013 and drawdowns of US$3,000,000 and US$2,000,000 were made on 10 May 2013 and 8 July 2013, respectively. Interest is payable quarterly in arrears at 9% per annum.

The loan was initially repayable on 21 February 2015, two (2) years from the date of the Facility Agreement. However, following negotiations between the parties, the repayment date was extended to 17 March 2018. The Term Sheet that documents the loan repayment extension and sets out the terms upon which the parties have agreed to:

(a) Increase Noble's marketing rights in respect of the Ovoot Coking Coal Project and agreement on the marketing rights and the provision of logistics services in respect of the Nuurstei Coking Coal Project;

(b) Grant of an option to Aspire to acquire the Noble interest in the share capital of the ECJV structure and shareholder loans owing to Noble entities, so as to provide 100% to Aspire. The exercise of the option is subject to shareholder approval;

(c) Grant of an option to Noble to acquire the Aspire interest in the share capital of the ECJV structure and shareholder loans owing to Aspire entities, so as to provide 100% to Noble if an event of default occurs under the Facility Agreement;

(d) Grant of security over the Aspire interest in the ECJV structure; and

(e) An undertaking by Aspire to provide Noble the opportunity to participate in capital raisings to March 2017 so as to not have its interest in Aspire diluted.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

NOTE 15: FINANCIAL INSTRUMENTS

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern. The capital structure of the Group consists of cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings. None of the Group's entities are subject to externally imposed capital requirements. Operating cash flows are used to maintain and expand operations, as well as to make routine expenditures such as tax, dividends and general administrative outgoings. Working capital, cash and cash equivalents and capital requirements are reviewed by the Board on a regular basis.

	2016 $	2015 $
Financial assets:		
Receivables	129,841	126,946
Cash and cash equivalents	418,529	4,036,016
	548,370	4,162,962
Financial liabilities:		
Trade and other creditors	543,200	513,012
Loan	6,719,527	6,531,680
	7,262,727	7,044,692

The following table details the expected maturities for the Group's non-derivative financial assets. These have been drawn up based on contractual maturities of the financial assets except where the Group anticipates that the cash flow will occur in a different period.

	Weighted average effective interest rate %	Less than 1 month $	1 – 3 Months $	3 months – 1 year $	1 – 5 years $	5+ years $
2016						
Non-interest bearing		163,665	-	-	-	-
Variable interest rate instruments	0.09	329,705	-	-	-	-
Fixed interest rate instruments	2.00	-	55,000	-	-	-
		493,370	55,000	-	-	-
2015						
Non-interest bearing		176,547	-	-	-	-
Variable interest rate instruments	0.04	1,836,415	-	-	-	-
Fixed interest rate instruments	2.93	-	2,150,000	-	-	-
		2,012,962	2,150,000	-	-	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

NOTE 15: FINANCIAL INSTRUMENTS (continued)

The following table details the Group's remaining contractual maturities for its non-derivative financial liabilities. These are based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

	Weighted average effective interest rate	Less than 1 month	1 – 3 Months	3 months – 1 year	1 – 5 years	5+ years
	%	$	$	$	$	$
2016						
Non-interest bearing	-	155,492	-	387,708	-	-
Variable interest rate instruments	-	-	-	-	-	-
Fixed interest rate instruments	9%	-	-	-	6,719,527	-
		155,492	-	387,708	6,719,527	-
2015						
Non-interest bearing	-	431,366	81,646	-	-	-
Variable interest rate instruments	-	-	-	-	-	-
Fixed interest rate instruments	9%	-	-	6,531,679	-	-
		431,366	81,646	6,531,679	-	-

NOTE 16: FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group has exposure to the following risks from the use of financial instruments:

- Credit risk
- Liquidity risk
- Interest rate risk
- Foreign currency risk
- Market risk

This note presents the information about the Group's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk. The Board has overall responsibility for the establishment and oversight of the risk management framework. The Board reviews and agrees policies for managing each of these risks as summarised below. The Group's principal financial instruments comprise cash and short term deposits. The main purpose of the financial instruments is to earn the maximum amount of interest at a low risk to the Group. The Group also has other financial instruments such as receivables and creditors which arise directly from its operations. For the years ended 30 June 2016 and 2015, it has been the Group's policy not to trade in financial instruments.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 16: FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(a) Credit risk management

Credit risk refers to the risk that a counter-party will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group only transacts with entities that are rated the equivalent of investment grade and above. This information is supplied by independent rating agencies where available and, if not available, the Group uses publicly available financial information. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee annually.

The Group does not have any significant credit risk exposure to any single counterparty or any Group of counterparties having similar characteristics. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

The carrying amount of financial assets recorded in the financial statements, net of any allowance for losses, represents the Group's maximum exposure to credit risk without taking account of the value of any collateral obtained.

(b) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board, who have built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves and banking by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Other than the facility referred to in Note 14, the Group did not have any undrawn facilities at its disposal as at balance date.

(c) Interest rate risk management

The Group is exposed to interest rate risk as the Group deposits the bulk of the Group's cash reserves in term deposits with the National Australia Bank ("NAB"). The risk is managed by the Group by maintaining an appropriate mix between short term and medium-term deposits. The Group's exposures to interest rate on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

Interest rate sensitivity
At 30 June 2016, the effect on loss and equity as a result of changes in the interest rate, with all other variable remaining constant would be as follows:

	2016	2015
Change in Loss	$	$
Increase in interest rate by 1%	3,297	18,364
Decrease in interest rate by 1%	(3,297)	(18,364)
Change in Equity		
Increase in interest rate by 1%	3,297	18,364
Decrease in interest rate by 1%	(3,297)	(18,364)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

NOTE 16: FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(d) Foreign currency risk management

The Group undertakes certain transactions denominated in foreign currencies hence exposures to exchange rate fluctuations arise. The Group does not manage these exposures with foreign currency derivative products. The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the balance date expressed in Australian dollars are as follows:

	Liabilities		Assets	
	2016	**2015**	**2016**	**2015**
	$	$	$	$
US Dollars	7,122,049	6,626,869	42,090	1,446,980
Mongolian Tugriks	22,335	10,647	246,706	124,131

Foreign currency sensitivity analysis

The Group is exposed to US Dollar (USD) and Mongolian Tugrik currency fluctuations.

The following table details the Group's sensitivity to a 10% increase and decrease in the Australian dollar against the relevant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represent management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where the denomination of the loan is in a currency other than the currency of the lender or the borrower. A positive number indicates an increase in profit and equity where the Australian Dollar weakens against the respective currency. For a strengthening of the Australian Dollar against the respective currency there would be an equal and opposite impact on the profit and equity and the balances below would be negative.

	2016	**2015**
10% Increase	$	$
Profit/(loss) and equity – US dollar exposure	823,564	462,445
Profit/(loss) and equity – Mongolian Tugrik	(22,219)	(4,512)
10% Decrease	$	$
Profit/(loss) and equity – US dollar exposure	(566,746)	(565,210)
Profit/(loss) and equity – Mongolian Tugrik	22,704	5,515

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

NOTE 16: FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(e) Market risk

Market risk is the risk that changes in market prices such as foreign exchange rates, interest rates and equity prices will affect the Group's income or value of the holdings of financial instruments. The Group is exposed to movements in market interest rates on short term deposits. The Group does not have short or long-term debt with variable interest rates, and therefore this risk is minimal. The Group limits its exposure to credit risk by only investing in liquid securities and only with counterparties that have acceptable credit ratings.

The carrying value of the financial assets and liabilities in the financial statements approximates their fair value.

NOTE 17: COMMITMENTS

Remuneration Commitments

The Group has entered into remuneration commitments with all the Directors and other key management personnel of the Group which were in effect throughout the financial year. The Group also employs consultants who are contracted under standard consultancy rates.

Exploration Commitments

The Group had certain commitments to meet minimum expenditure requirements on the mineral exploration assets it has an interest in. Outstanding exploration commitments are as follows:

	2016	2015
	$	$
Within a year	332,941	143,040
Later than one year but not later than five years	1,217,332	2,039,135

NOTE 18: DIVIDENDS

The Directors of the Group have not declared any dividend for the year ended 30 June 2016.

NOTE 19: CONTINGENT LIABILITIES

There are the following contingent liabilities at 30 June 2016:

Pursuant to the acquisition of the 50% interest in Coalridge Limited that owns the Ekhgoviin Chuluu Joint Venture ("ECJV") that has a 90% interest in the Nuurstei Coking Coal Project (Nuurstei Project) (see Note 25) and Aspire's agreement to issue:

1. 10 million shares in Aspire to the vendor upon the ECJV entering into an agreement to undertake feasibility studies on the Nuurstei Project area or upon the Mineral Resource Authority of Mongolia granting a mining license over all or part of the Nuurstei Project area; and
2. a further 5 million shares in Aspire in the event that 30 million tonnes of JORC compliant resources are identified in the Nuurstei Project area.

Pursuant to the Term Sheet with Noble Resources (see Note 14), there is an agreement to issue Aspire shares to Noble to maintain Noble's shareholding interest in Aspire to April 2016 if there are certain share issues in that period.

Other than the foregoing, there are no other contingent liabilities at 30 June 2016.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

NOTE 19: CONTINGENT LIABILITIES (continued)

As at 30 June 2016, the circumstances that trigger these commitments are not considered probable and have not been regarded as liabilities in the Statement of Financial Position.

NOTE 20: EVENTS SUBSEQUENT TO REPORTING DATE

In August 2016, Quam Capital Limited arranged a US$2 million loan facility for Aspire. The facility is for 12 months, will carry an interest rate of 9% per annum and will be drawn down in three tranches in August, October and December 2016. In the event that the loan is repaid, the lenders will receive 110% of the face value of the loan. In the event that the loan is not repaid in 12 months, the loan may be converted at the lenders' option to a royalty of US$1.25\tonne of coking coal sold from the first 10 Mt of production from the Ovoot Coking Coal Project.

The use of the funds is:

(a) to meet costs of the Erdenet to Ovoot First Stage Feasibility Study;

(b) to meet costs associated with environmental field data collection for the Erdenet to Ovoot railway;

(c) for general working capital;

(d) to fund due diligence on potential acquisition opportunities; and

(e) for future interest.

Other than the above, there has not been any material matter or circumstance that has arisen after balance date that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial periods.

NOTE 21: DIRECTORS AND EXECUTIVE DISCLOSURES

The totals of remuneration paid to key management personnel of the company during the year are as follows:

	2016 $	2015 $
Short-term employee benefits	238,250	464,601
Post-employment benefits	-	2,733
Share-based payments	40,130	3,366
	278,380	470,700

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

NOTE 22: AUDITOR'S REMUNERATION

The auditor of Aspire Mining Limited is HLB Mann Judd.

	2016	2015
	$	$
Amounts received or due and receivable by HLB Mann Judd for:		
An audit or review of the financial reports	40,550	39,500
Other services	-	-
	40,550	39,500

The auditor of Khurgatai Khairkhan LLC, its direct subsidiaries and Northern Railways LLC for the year ended 30 June 2015 was PricewaterhouseCoopers. The auditor for the year ended 30 June 2016 is KPMG.

	2016	2015
	$	$
Amounts received or due and receivable by PricewaterhouseCoopers Audit LLC for:		
An audit or review of the financial reports	-	53,573
Other services	-	3,375
	-	56,948
Amounts received or due and receivable by KPMG:		
An audit or review of the financial reports	55,129	-
Other services	-	-
	55,129	-

NOTE 23: SUBSIDIARIES

The consolidated financial statements include the financial statements of Aspire Mining Limited and the subsidiaries noted in the following table:

		% Equity Owned		Investment	
Name	**Country of incorporation**	**2016**	**2015**	**2016**	**2015**
Khurgatai Khairkhan LLC	Mongolia	100%	100%	-	-
Ovoot Coal Mining LLC	Mongolia	100%	100%	-	-
Chilchig Gol LLC	Mongolia	100%	100%	-	-
Ovoot Coking Coal Pte Ltd	Singapore	100%	100%	$9,428,158	$9,428,158
Northern Railways LLC	Mongolia	90%	100%	-	-
Northern Railways Holdings LLC	Mongolia	90%	-	$136,230	-
Northern Railways Pte Ltd	Singapore	90%	100%	1	1
Northern Mongolian Railways Limited	British Virgin Islands	90%	100%	$97,408	$97,408

Aspire Mining Limited is the ultimate Australian parent entity and ultimate parent of the Group. Transactions between these parties involved the provision of funding for operations. As at 30 June 2016 and before impairment, amounts of $41,576,772 (2015: $40,216,574), $10,864,386 (2015: $10,523,683), $138,409 (2015: Nil), $1,231,868 (2015: $1,210,927) and $6,608 (2015: $5,072) were owed by Khurgatai Khairkhan LLC, Ovoot Coking Coal Pte Ltd, Northern Railway Holdings LLC, Northern Railways Pte Ltd, and Northern Mongolian Railways Limited to the parent entity, respectively. The loans have been impaired.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

NOTE 24: PARENT ENTITY DISCLOSURES

Financial position

	2016	2015
	$	$
Assets		
Current assets	419,862	4,088,144
Non-current assets[1]	5,811,526	4,883,912
Total assets	6,231,388	8,972,056
Liabilities		
Current liabilities	114,563	407,173
Non-current liabilities	-	-
Total liabilities	114,563	407,173
Net assets	6,116,825	8,564,883
Equity		
Issued capital	79,865,150	79,900,851
Reserves	833,496	793,366
Accumulated losses	(74,581,821)	(72,129,334)
Total equity	6,116,825	8,564,883

Financial performance

	Year ended 30 June 2016 $	Year ended 30 June 2015 $
Operating loss for the year	(2,452,487)	(46,495,985)
Transfer on expiry of options and performance rights	-	787,235
Other comprehensive income	-	-
Total comprehensive loss	(2,452,487)	(45,708,750)

Parent Company Capital Commitments and Contingent Liabilities

The parent entity currently has no capital commitments for the acquisition of property, plant and equipment.

Aspire has agreed to issue shares:

- to the vendor of the interest acquired in the Ekhgoviin Chuluu Joint Venture ("ECJV") that has a 90% interest in the Nuurstei Coking Coal Project ("Nuurstei Project") if and when milestones are achieved in respect to the Nuurstei Project (see Notes 19 and 25); and

- to Noble Resources International Pte Ltd to maintain its interest in Aspire to April 2017 (see Note 14).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

NOTE 25: INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

On 13 June 2014, Ovoot Coking Coal Pte Ltd (OCC), 100% owned subsidiary of Aspire, acquired the 50% interest held by Xanadu Limited (Xanadu) in Coalridge Limited. Noble Group retained its 50% ownership. Coalridge Limited owns the entities that operate the Ekhgoviin Chuluu Joint Venture ("ECJV"). The ECJV currently has a 90% interest in the Nuurstei Coking Coal Project ("Nuurstei Project") in Northern Mongolia.

Aspire has an option to acquire Noble's 50% interest for a consideration of US$1 million and a royalty from production sufficient to discharge the loan owed to Noble by the ECJV.

The loan owed to Xanadu by Coalridge Limited (which has been fully provisioned) has been assigned to Aspire. Aspire has agreed to issue 10 million shares in Aspire to Xanadu upon the ECJV entering an agreement to undertake feasibility studies in the Nuurstei Project area or upon the Mineral Resource Authority of Mongolia granting a mining license over all or part of the Nuurstei Project area. Aspire has agreed to issue a further 5 million shares in Aspire in the event that 30 million tonnes of JORC compliant resources are identified in the Nuurstei Project area.

No value has been recorded to these shares as the Directors consider it to be less likely than more likely that the performance milestones will be met.

In April 2015, Ekhgoviin Chuulu LLC paid US$201,500 to the minority shareholder in Blackrock LLC for Ekhgoviin Chuulu LLC to increase its interest in the ECJV from 60% to 90%. A further US$200,000 is to be paid to the minority vendor on the grant of a Mining License over the Nuurstei Project area. The minority interest of 10% will be free carried through to production.

Financial position	**2016**	**2015**
	$	$
Investment in jointly controlled entity	1	1
Impairment for losses incurred in jointly controlled entity	(1)	(1)
	-	-

Exploration Commitments

The ECJV has certain commitments to meet minimum expenditure requirements on the mineral exploration assets it has an interest in. Outstanding exploration commitments are as follows:

	2016	**2015**
	$	$
Within a year	50,710	10,102
Later than one year but not later than five years	109,652	153,434

NOTE 26: NON-CONTROLLING INTEREST

As part of the agreements with Noble Resources International Pte Ltd, following the grant of the Erdenet to Ovoot Railway concession, Noble Resources International Pte Ltd was entitled to exercise its option to acquire a 10% ownership of Northern Railways. Noble Group exercised that option in September 2015. The exploration and evaluation expenditure incurred on the Erdenet to Ovoot Railway has in previous years been, and will continue to be, impaired and as a result, the non-controlling interest has no value.

DIRECTORS' DECLARATION

In the opinion of the Directors of Aspire Mining Limited ('the Company'):

1. The financial statements and notes thereto, as set out on pages 15 to 48, are in accordance with the Corporations Act 2001 including:

    a. giving a true and fair view of the Group's financial position as at 30 June 2016 and of its performance for the year then ended; and

    b. complying with Accounting Standards and Corporations Regulations 2001.

2. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

3. The financial statements and notes are in accordance with International Financial Standards issued by the International Accounting Standards Board.

4. This declaration has been made after receiving the declarations required to be made to the Directors in accordance with Section 295A of the Corporations Act 2001 for the financial year ended 30 June 2015.

This declaration is signed in accordance with a resolution of the Board of Directors.

David Paull
Managing Director
23 September 2016

HLB Mann Judd

Accountants | Business and Financial Advisers

INDEPENDENT AUDITOR'S REPORT

To the members of Aspire Mining Limited

Report on the Financial Report

We have audited the accompanying financial report of Aspire Mining Limited ("the company"), which comprises the consolidated statement of financial position as at 30 June 2016, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the Group comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In Note 1(d), the directors also state, in accordance with Accounting Standard AASB 101: *Presentation of Financial Statements*, the consolidated financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's and its controlled entities' internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

HLB Mann Judd (WA Partnership) ABN 22 193 232 714
Level 4, 130 Stirling Street Perth WA 6000. PO Box 8124 Perth BC 6849 Telephone +61 (08) 9227 7500. Fax +61 (08) 9227 7533.
Email: hlb@hlbwa.com.au. Website: http://www.hlb.com.au

HLB Mann Judd

Auditor's opinion

In our opinion:

(a) the financial report of Aspire Mining Limited is in accordance with the *Corporations Act 2001*, including:

 (i) giving a true and fair view of the Group's financial position as at 30 June 2016 and its performance for the year ended on that date; and

 (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1(d).

Emphasis of Matter

Without qualification to the opinion expressed above, we draw attention to Note 1(b) to the financial statements which indicate that the ability of the Group to continue as a going concern and, therefore, meet its liabilities as and when they fall due is dependent on its ability to raise additional funds through the issue of new equity, borrowings or sale of assets. Should the Company be unsuccessful in raising additional funds either through the issue of new equity, or by the sale of assets, or is unable to defer loan repayments there is a material uncertainty as to whether or not the Group will be able to continue as a going concern and, therefore, whether it will realise its assets, and discharge its liabilities as and when they fall due and in the normal course of business and at the amounts stated in the financial report

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2016. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion

In our opinion, the Remuneration Report of Aspire Mining Limited for the year ended 30 June 2016 complies with section 300A of the *Corporations Act 2001*.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

Norman Glad

N G Neill
Partner

Perth, Western Australia
23 September 2016

ADDITIONAL SHAREHOLDER INFORMATION

Additional information required pursuant to the ASX Listing Rules and not shown elsewhere in this report is as follows. The information is current as at 7 October 2016.

1. Substantial Shareholders

There are four substantial shareholders:
- Spectral Investments Pty Ltd, a company controlled by Mr Neil Lithgow, 179,278,501 shares or 19.31% on an undiluted basis.
- Noble Resources International Pte Ltd, 97,680,052 shares or 10.52% on an undiluted basis.
- Khadbaasan Bat-Erdene, 61,289,531 shares or 6.60% on an undiluted basis.
- Badamdamdin Battuvshin, 49,800,000 shares or 5.36% on an undiluted basis.

There are two substantial option holders:
- Noble Resources International Pte Ltd, 79,000,000 options or 41.82% on an undiluted basis.
- Spectral Investments Pty Ltd, a company controlled by Mr Neil Lithgow, 50,000,000 options or 26.47%.

2. Number of holders in each class of equity securities and the voting rights attached

Ordinary Shares

There are 2,442 holders of ordinary shares. Each shareholder is entitled to one vote per share held. In accordance with the Company's Constitution, on a show of hands every member present in person or by proxy or attorney or duly authorised representative has one vote. On a poll every member present in person or by proxy or attorney or duly authorised representative has one vote for every fully paid ordinary share held.

Options

There are 183 holders of listed options. The options are exercisable at A$0.03 per option and carry an expiry date of 15 June 2017. There are no voting rights attached to these options. If exercised, each option will be converted into one fully paid ordinary share in the Company which will share the same voting rights as existing outstanding ordinary shares.

Performance Rights

There are 2 holders of performance rights. There are no voting rights attached to the performance rights. Signum Resources Corporation holds 40,000,000 or 90.91% of the unlisted performance rights.

3. Distribution schedule of the number of holders in each class of equity security

a) Fully Paid Ordinary Shares

SPREAD OF HOLDINGS	HOLDERS	UNITS	% OF ISSUED CAPITAL
1 – 1,000	249	48,556	0.01 %
1,001 – 5,000	314	1,009,397	0.11 %
5,001 – 10,000	320	2,728,571	0.29 %
10,001 – 100,000	1,029	43,570,327	4.69 %
100,001 –	530	880,981,455	94.90 %
TOTAL ON REGISTER	2,442	928,338,306	100.00 %

b) Options exercisable at A$0.03 on or before 15 June 2017

SPREAD OF HOLDINGS	HOLDERS	UNITS	Class A Options
1 – 1,000	2	722	0.00 %
1,001 – 5,000	1	5,000	0.00 %
5,001 – 10,000	-	-	0.00 %
10,001 – 100,000	98	5,282,500	2.73 %
100,001 –	82	183,774,278	97.27 %
TOTAL ON REGISTER	184	188,862,500	100.00 %

c) Unlisted Performance Rights

Type	Expiry Date	Exercise Price	Number of Rights
Performance Rights	31 December 2017	-	40,000,000
Performance Rights	17 June 2017	-	4,000,000

ADDITIONAL SHAREHOLDER INFORMATION (continued)

4. Marketable Parcel

There are 1,636 shareholders and 128 option holders with less than a marketable parcel.

5. Twenty largest holders of each class of quoted equity security

The names of the twenty largest holders of each class of quoted security, the number of equity security each holds and the percentage of capital each holds is as follows:

Ordinary Shares Top 20 holders and percentage held.

	Holder Name	Units	% of Issued
1	HSBC Custody Nominees Australia Limited	138,209,662	14.89%
2	Spectral Investments Pty Ltd	110.500,000	11.90%
3	Noble Resources International Pte Ltd	97,680,052	10.52%
4	Spectral Investments Pty Ltd	68,778,501	7.41%
5	JP Morgan Nominees Limited	65,788,418	7.09%
6	ABN Amro Clearing Sydney Nominees Pty Ltd	59,214,537	6.38%
7	Quam Securities Co Limited	27,191,319	2.93%
8	Custodial Services Limited	17,915,625	1.93%
9	Bellarine Gold Pty Ltd	15,591,065	1.68%
10	Citicorp Ninees Pty Ltd	13,513,954	1.46%
11	Khadbaasan Bat-Erdene	9,739,531	1.05%
12	Brookman Resources Pty Ltd	9,083,000	0.98%
13	Red Island Resources Ltd	8,250,000	0.89%
14	David Lesley McSweeney	6,783,962	0.73%
15	Tamjid Tsogy Bayar	5,100,000	0.55%
16	Forsyth Barr Cust Ltd	5,027,537	0.54%
17	Signum Resources Corporation	5,000,000	0.54%
18	2Rs Pty Ltd	4,486,792	0.48%
19	McGuire Peter Joseph	3,500,000	0.38%
20	Marine Investments WA Pty Ltd	3,153,000	0.34%
	Total	**674,507,255**	**72.67%**

Listed Options Top 20 holders and percentage held.

	Holder Name	Units	% of Issued
1	Noble Resources International Pte Ltd	79,000,000	41.83%
2	Spectral Investments Pty Ltd	50,000,000	26.47%
3	Bellarine Gold Pty Ltd	9,500,000	5.03%
4	HSBC Custody Nominees Australia Limited	8,050,000	4.26%
5	JP Morgan Nominees Limited	3,350,000	1.77%
6	Quam Securities Co Limited	2,721,749	1.44%
7	Tamjid Tsogy Bayar	2,550,000	1.35%
8	Khadbaasan Bat-Erdene	2,500,000	1.32%
9	Custodial Services Limited	1,550,000	0.82%
10	Citicorp Nominees Pty Ltd	1,250,000	0.66%
11	2Rs Pty Ltd	1,250,000	0.66%
12	Marine Investments WA Pty Ltd	1,250,000	0.66%
13	Bates Brian Mark	1,000,000	0.53%
14	Forsyth Barr Custodians Ltd	979,032	0.52%
15	Walsh Peter M & AJ	800,000	0.42%
16	SSF Australia Pty Ltd	750,000	0.40%
17	Zulzagabaatar D	700,000	0.37%
18	Paull Simon & Falkiner C	625,000	0.33%
19	Brookman Resources Pty Ltd	625,000	0.33%
20	MSK Super Pty Ltd	562,500	0.30%
	Total	**169,013,281**	**89.47%**

ADDITIONAL SHAREHOLDER INFORMATION (continued)

5. Key Terms of the Aspire and Noble Term Sheet

In accordance with the Waiver granted to Aspire by the Australian Securities Exchange on 29 April 2015, the Company provides the additional information to shareholders regarding a binding Term Sheet, as varied, agreed with the Noble Resources International Pte Ltd ("Noble").

In March 2015, Aspire and the Noble Group agreed a binding Term Sheet which covered, amongst other matters; the rollover of a US$5m loan for 12 months, and the option granted to Aspire to purchase Noble's interest in the Ekhgoviin Chuluu Joint Venture ("**ECJV**"), the granting of security over Aspire's share of the ECJV and a 12 month right for Noble to maintain its current shareholding in the event that there are future capital raisings .

The key terms of the original Term Sheet with Noble were as follows:

- To extend the due date for repayment of the US$5m loan ("Loan") provided by Noble to Aspire in 2013, by 12 months to 15 March 2016, which is to be secured by Aspire's 50% interest in the Ekhgoviin Chuluu Joint Venture ("ECJV");
- Noble has granted Aspire a 12 month option ("Option"), expiring on 15 March 2016, to acquire Noble's 50% interest in the ECJV. The exercise price of the Option comprises a cash component payable by Aspire to Noble of US$1 million plus a capped royalty on future production from Nuurstei. The ECJV's main asset is a 90% interest in the Nuurstei Coking Coal Project ("Nuurstei"), located in the Khuvsgul province of Northern Mongolia;
- Noble will continue to provide marketing and logistics services for all production from Nuurstei as well as exclusive fuel supply for the Nuurstei project; and
- To increase the scope of the coal marketing services to be provided by Noble to Aspire's wholly owned Ovoot Coking Coal Project ("Ovoot") to 40% of annual production from Ovoot.

The Term Sheet was amended in April 2015, with the key changes to the Term Sheet as shown below:

- Potential events of default in the event that waivers are not granted by ASX in relation to certain clauses of the Terms Sheet were removed to assist the Company to conduct the capital raising completed in June 2015.
- Noble was granted 79 million options on the same terms as options that are being granted to participants in the capital raising completed by the Company in June 2015.
- Aspire sought a waiver of ASX Listing Rule 10.1 to permit the grant of security to Noble over Aspire's interest in the ECJV and should that security be called upon, Aspire's interest will be assessed at market value. In April 2015, ASX granted Aspire a waiver to ASX Listing Rule 10.1 to permit the Company to grant security over its 50% interest in the ECJV, in favour of Noble, to secure amounts owing to Noble under the Loan.
- In the event that the Company undertakes further capital raisings within 12 months, the Company will use best endeavours to provide Noble the opportunity to participate in any capital raisings on the same terms as other investors to maintain its shareholding in Aspire.

The Term Sheet was again varied in March 2016, with the material amendments being:

- The extension of the due date for repayment of the US$5m Loan provided by Noble to Aspire for a further 24 months to 15 March 2018, with interest capitalised and paid on 15 March 2017 and 15 March 2018;
- An increase in the marketing rights for product produced from the Ovoot Coking Coal Project from 40% to 52.5% of annual production, with further rights if the Loan is not repaid by the due date.
- The extension of option date for Aspire to acquire Noble's 50% interest in the ECJV to 10 March 2017.
- The inclusion of an undertaking by Noble to provide a limited pre-condition guarantee to assist with the performance of Northern Railways in the financing the Ovoot to Erdenet Railway.
- The extension to 17 March 2017 of the top-up right to permit Noble to maintain its percentage interest in the issued capital of the Company by participating in capital raisings.

On 11 October 2016, the ASX granted a waiver of Listing Rule 6.18 to allow the top-up right provided:

1. Noble has an interest in the Company no less than 5% and no more than 25%;
2. The securities issued to Noble must not be greater than that required to maintain its percentage interest;
3. The strategic relationship between the Company and Noble continues; and
4. The securities issued to Noble are on no more favourable terms than paid or offered to the other participants in the security issue.

6. Stock exchange on which the Company's securities are quoted:

The Company's listed equity securities are quoted on the Australian Stock Exchange.

ADDITIONAL SHAREHOLDER INFORMATION (continued)

7. Restricted Securities

There are no restricted securities.

8. Review of Operations

A review of operations is contained in the Annual Report and Directors' Report within the Annual Financial Report.

9. Corporate Governance Statement

The Corporate Governance Statement for the year ending 30 June 2016 can be found on the company's website at http://www.aspiremininglimited.com.

10. Schedule of Tenements
Mining & Exploration Licenses

The following tenements are registered in the name of Aspire Mining Limited or its 100% owned subsidiaries.

Mongolia

Tenement	Status	Equity
Ovoot		
MV017098	Granted	100%
017003X	Granted	100%
Hurimt		
14510X	Granted	100%
14637X	Granted	100%
Jilchigbulag		
12816X	Granted	100%
Myangan		
17922X	Granted	100%
Nuurstei (ECJV)[1]		
13958X	Granted	45%
13580X	Granted	45%
Erdenebulag (ECJV) [1]		
18294X	Granted	50%
18304X	Granted	50%

1: Aspire Mining Limited, through its wholly owned subsidiary, owns a 50% interest in the Ekhgoviin Chuluu Joint Venture (ECJV), the Noble Group the holder of the other 50%. Aspire retains an option to March 2017 to buy Noble's 50% interest in the ECJV.

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