



Annual Report 2011

Aspire Mining Limited



Corporate Information



Aspire Mining Limited **ABN 46 122 417 243**

Directors

Mr David McSweeney (Non-Exec. Chairman)
Mr David Paull (Managing Director)
Mr Neil Lithgow (Non-Exec. Director)
Mr Gan-Ochir Zunduisuren (Non-Exec. Director)
Mr Mark Read (Non-Exec. Director)
Mr Andrew Edwards (Non-Exec. Director)

Company Secretary

Mr Philip Rundell

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Securities Exchange Listing

AKM

Website

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Chairman's Address



During the year in review, Aspire announced an outstanding maiden JORC Resource of 330 Million tonnes of coking coal at the Company's 100% owned Ovoot Coking Coal Project in Mongolia. In less than 12 months from the commencement of drilling, the Ovoot Project emerged as one of the leading new undeveloped coking coal projects in the world.

Following the maiden Resource at Ovoot the Company undertook a 19.9% placement to SouthGobi Resources Ltd for \$20.1m as a cornerstone investor on 25 October 2010.

The Company is actively investigating the full development potential of the Ovoot Project and during the year commenced studies into the potential for the Ovoot Project to be developed in two stages starting with a one million tonne per annum operation followed by a much larger Stage 2 project. The full scale of the Stage 2 project is being investigated as part of the Stage 2 prefeasibility studies now underway. The Company's aim is to become one of the largest coking coal producers in Mongolia.

The Ovoot deposit has many attractive qualities and benefits including overall good seam widths of up to 46 metres and generally good continuity of coal. With the majority of the coal being relatively shallow, the Ovoot deposit is amenable to open pit mining methods.

The timing of the growth and recognition of the potential of the Ovoot Project corresponds with the growing recognition that Mongolia is emerging as one of the fastest growing regions of new coking coal supply to meet growing world demand.

The Mongolian government continues to actively seek to attract international investors to Mongolia and during the year conducted an international tender process for the development of the giant Tavan Tolgoi coal project in the south of Mongolia.

Several of the largest international steel producers participated in the Tavan Tolgoi tender process highlighting the benefits of operating in Mongolia and the advantages of the proximity of Mongolia to the growing markets in China, Korea and India.

Your Company has continued to improve on its understanding of the Ovoot Project during the year with excellent progress made in quality testwork analysis and scoping and feasibility studies for the development of the Ovoot Project.

During the year in review, Aspire continued to develop its key relationships with the Mongolian government and representatives of the Khuvsgul Province. The Company is

pleased to say that the Ovoot Project and the proposed Ovoot railway is recognised and supported by the regional planning authorities in the Khuvsgul Province who have included the project development as the highest priority project in their regional planning reports to the Mongolian government.

As I write this address I am pleased to note that Aspire has identified a new area of coal seam formation in the Ovoot Project area and that there are now five drilling rigs on site as the Company has committed to an aggressive exploration programme over the next 12 months aimed at increasing resources and reserves at Ovoot.

It was also pleasing to note the growth in the Aspire Board and Management team with the appointment of several key management positions during the year including Fergus Campbell as Chief Operating Officer, Glen Ainsworth as our Mongolian Country Director, Iestyn Broomfield as Exploration Manager and more recently, Scott Southwood as General Manager Marketing. Aspire has also welcomed the appointment of two new experienced Non-Executive Directors, Mark Read and Andrew Edwards.

During the year, Mr Russell Lynton Brown stepped down as a Director of Aspire to pursue other interests in the mining sector. I would like to take this opportunity to thank Mr Russell Lynton Brown for his efforts as a Director of Aspire.

I would also like to thank my fellow Directors and the Management team at Aspire for a successful year of progress in all areas.

I look forward to a strong year of growth as Aspire continues with its plans of becoming a world class coking coal producer.

David McSweeney
Chairman



David McSweeney (right)
and David Paull (left)

Review of operations



The past year has been about consolidating the initial exploration success of 2010 and advancing commercialisation studies.

From July to September 2010, Aspire Mining Limited (“Aspire” or the “Company”), through its Mongolian subsidiaries continued to add to the scale of the coal discovery at the Ovoot Coking Coal Project (“Ovoot Project”), located in the Khuvsgul Province, northern Mongolia. In mid October 2010, the Company was able to announce an initial 330.7 million tonne JORC Compliant Resource at the Ovoot Project, a remarkable achievement as the Company had only commenced drilling what was an exciting exploration target in April of that year.

In late October, the Company entered into a strategic alliance and \$20.1 million placement with SouthGobi Resources Ltd, the coal subsidiary of Ivanhoe Mines Ltd and the developer of the massive Oyu Tolgoi copper/gold deposit. This funding enabled the Company to push aggressively ahead with exploration and initiate commercialisation studies.

In November 2010, Aspire opened its office in Ulaanbaatar, Mongolia’s capital city and has recently opened a representative office in the town of Moron, the capital of the Khuvsgul Province.

Throughout the six month period from January to June 2011, the Company continued to receive raw coal analysis and washed coal analysis which has confirmed Ovoot coking coal at the premium quality end of the market.

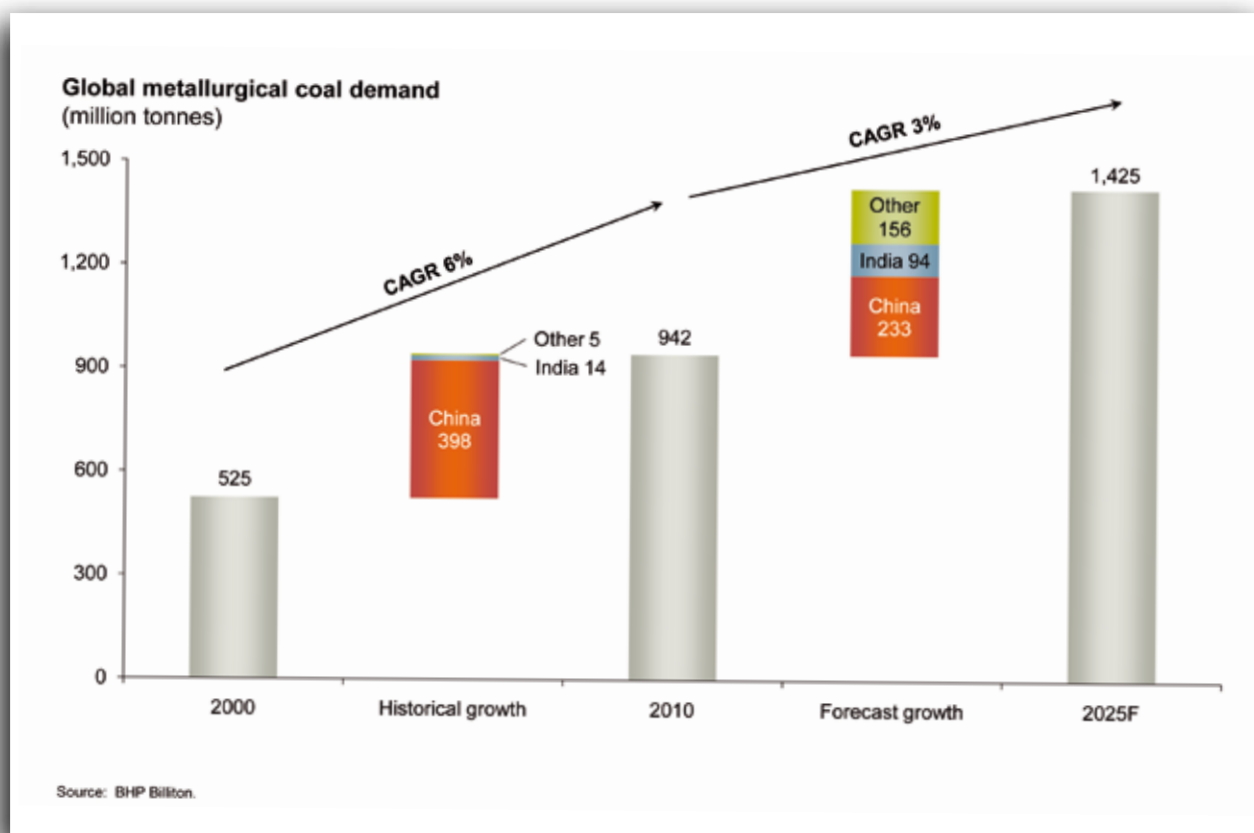
The exploration field season recommenced in March 2011 and exploration of the Ovoot Basin continued aggressively with the successful discovery of a new area of coal to the north of our existing resource area.

Coking Coal Market Update

The Company is exclusively focused on developing current coking coal resource projects in Mongolia. Understanding the medium to long term outlook for the global steel and coking coal markets is therefore critical in understanding the value of the Company's assets.

In August 2011, the Company received a report from Wood Mackenzie (a global coal market consulting company) which reviewed the global coking coal market and suggested a market strategy for Ovoot coking coal. Wood Mackenzie forecasts a strong market for good quality coking coals based on rising steel demand. Key growth markets are considered to be China, India and Brazil.

BHP Billiton, in their Metallurgical Coal Briefing Presentation dated 30 September 2011, also quoting Wood Mackenzie, noted that global coking coal demand was expected to grow from 942 million tonnes in 2010 to 1.425 billion tonnes by 2025. BHP Billiton, the largest supplier of coking coal to seaborne markets, noted that through to 2020, seaborne demand will rise 5% per annum yet their own supply response could not keep pace at 3% per annum over this same time period.



New coking coal regions in Mozambique, Indonesia, Russia and Mongolia are all required to assist with this massive requirement for more coking coal.

Exploration

Aspire Mining Limited holds exploration licenses in five project areas, comprising four coal exploration projects and one iron ore license. Three of the coal exploration projects, the Ovoot Coking Coal Project, Nuramt Coal Project and Jilchigbulag Coal Project, are located along a trend within the Orkhon Selenge Area (“OSA”), an area Aspire believes is a potential new province for coking coal. The three properties within the OSA show similarities in the geology suggesting a common depositional basin. Bright coal hosted in Jurassic sediments has been drilled at the Ovoot and Jilchigbulag Projects. Similar Jurassic age units have been identified at Nuramt, which will be subject to exploratory drilling in the coming year.



Aspire's Project Locations

Of the remaining license areas, Shanagan is a Permian aged coal prospect unrelated to those in the OSA. The Zavkhan license is prospective for iron ore.



Aspire's main activities over the past year have been drilling at the Ovoot Project to grow the known coal Resource, achieve sufficient drill density and data to meet the Mongolian Standard for Resource Estimation, meet drilling requirements for the granting of a mining license, and geophysical investigations to better understand the overall geology and distribution of potential coal bearing units.

Highlights over the year have centered around the Ovoot Project with the release of the maiden JORC Resource, confirmation of a high grade bituminous coking coal, and washability data demonstrating high yield.

SUMMARY OF DRILLING UNDERTAKEN BY ASPIRE DURING THE YEAR

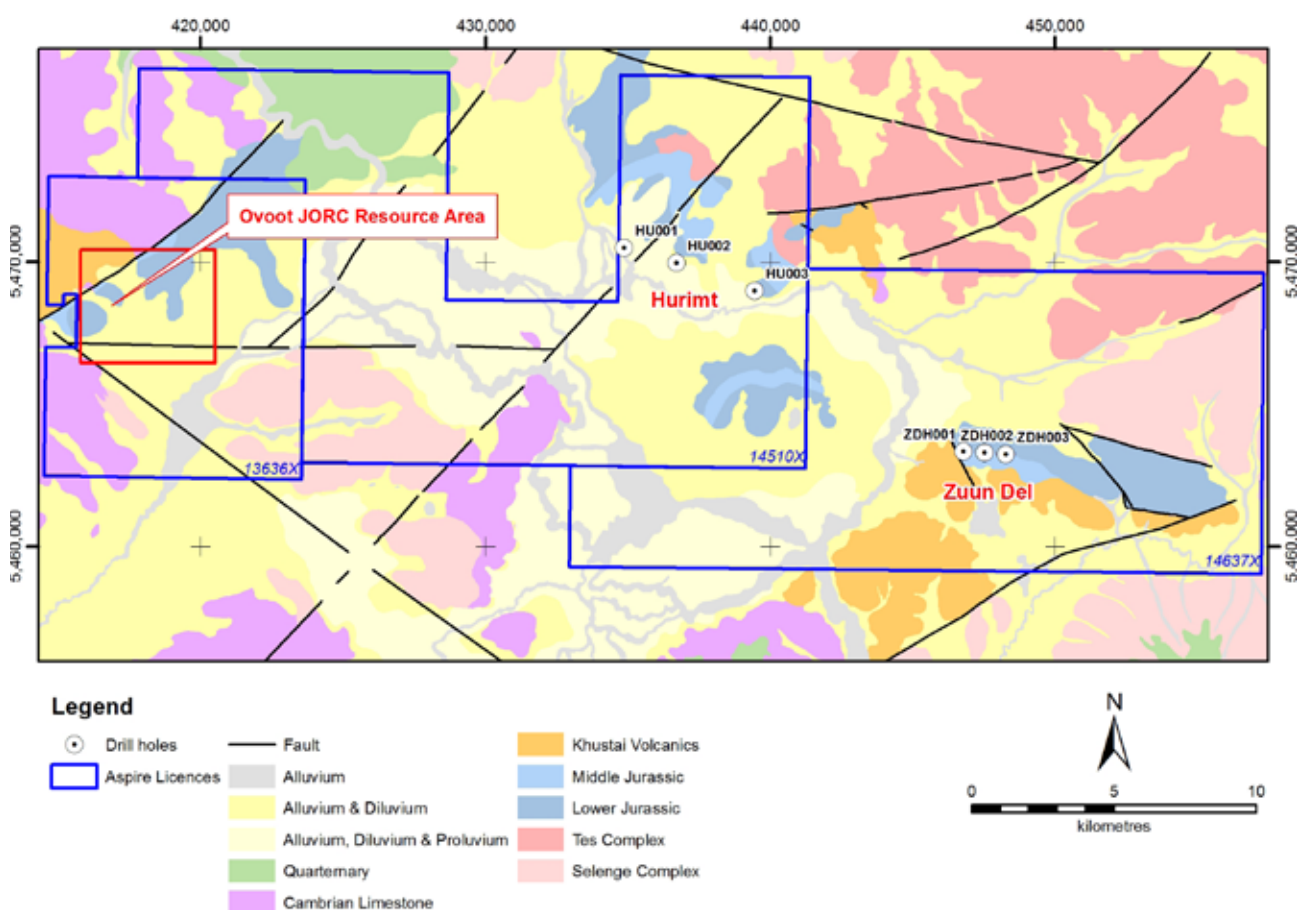
License	Holes Drilled	Drilled Meters
Ovoot Licenses		
Ovoot	50	9,409
Hurimt	3	732
Zuun Del	3	451
Total (Ovoot Areas)	55	10,592
Nuramt	6	975
Shanagan	3	658
Jilchigbulag	2	746
Total	67	12,971



Ovoot Coking Coal Project (100% Owned)

The Ovoot Coking Coal Project comprises three contiguous exploration licenses totalling 509 square kilometres covering the majority of a large interpreted basin. Most of the exploration work has focused on the Ovoot license; the westernmost license of the Ovoot Project. The other two licenses are Hurimt (central), and Zuun Del (eastern).

Minor drilling was undertaken at Hurimt and Zuun Del for the purposes of testing the sequence in order to confirm the presence of Jurassic sediments that may bear coal seams similar to Ovoot. No coal was intersected in the three holes at Hurimt although the presence of Jurassic sediments was confirmed. At Zuun Del coal of one metre thickness was intersected in hole ZD001, and a three metre intersection in hole ZD002. Hurimt and Zuun Del will be explored more aggressively in the coming year.



Ovoot Project – Drilling at Zuun Del & Hurimt on Regional Geology

The maiden Coal Resource Statement (“Resource Statement”) of 330.7Mt was released in October 2010, a milestone in the development of the Ovoot Coking Coal Project.

Category	Above 250m Depth	Below 250m Depth	Total
Measured	70.4	22.9	93.3
Indicated	135.0	47.4	182.4
Inferred	41.9	13.1	55.0
Total	247.3	83.4	330.7

The Resource Statement shows that more than 80% of the Resource is located in the ‘Measured’ and ‘Indicated’ categories, 75% of Resource sits above 250 metres and 93% of the Resource is located in two coal seams.

Sample analysis by SGS laboratories in Tianjin, China has confirmed high quality bituminous coking coal from the Ovoot Project. The full compliment of raw coal results from the 2010 Ovoot drilling programme have been received indicating a high quality coking coal and are reported below on an air dried basis.

	IM ad %	Ash ad %	Volatiles ad %	Sulphur ad %	CSN	Energy Kcal/kg ad
Raw Coking Coal Quality (In Situ)	0.6%	19.5%	26.5%	1.2%	7.7	6,658

Results from the 2010 exploration samples indicates that the washed product would be a medium Rank B, high vitrinite, low ash, coking coal (ISO Classification). Indicative yields from washing the coal from all samples taken in the 2010 exploration programme averaged 80%, at 8% ash.

Competent Persons Statement

In accordance with the Australian Securities Exchange requirements, the technical information contained in this report in relation to the Ovoot Coking Coal Project in Mongolia has been reviewed by Mr Neil Lithgow –Non Executive Director for Aspire Mining Limited. Mr Lithgow is a Member of the Australian Institute of Geoscientists and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the “Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.” Mr Lithgow consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.

The technical information contained in this report in relation to the JORC Compliant Coal Resource for the Ovoot Coking Coal Project in Mongolia has been reviewed by Mr Chris Arndt and Dr Bielin Shi of CSA Global Pty Ltd. The information in this report that relates to Mineral Resources is based on information compiled by Dr Bielin Shi, who is a member of the Australasian Institute of Mining and Metallurgy. Dr Bielin Shi has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which she is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the “Australasian Code for Reporting of Mineral Resources and Ore Reserves”.

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

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

	Yield %	IM %	Ash %	Volatiles % (air dried basis)	CSN	Sulphur %	P %
Indicative Washed Coal Quality	80%	0.6%	8%	25 - 28%	8 - 9	1%	0.05%

Fluidity properties are world class and are a key positive characteristic of this coal.

World Class Fluidity Properties	
Gray-King Coke Type	G11 – G12
Maximum Fluidity (log ddpmm)	3.67
Plastic Range	106°C
Max. Contraction %	35%
Max. Dilation %	250%

Geology

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

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



The Jurassic coal bearing unit consists mainly of conglomerates, minor sandstones and siltstones. The coal within the reported Ovoot Coal Resource is located largely in two thick main seams up to 46 metres in thickness and has more than 90% of the reported coal resource within these two seams. Splitting of the seams has been recorded with eight splits of varying thickness. Coal seam depths intercepted from drilling range from 46 metres to 395 metres with an average dip of six degrees to the east.

Of the current Resource, 247.3 million tonnes of coal lies at depths less than 250 metres and has potential for a large scale open cut mine.

Knowledge of the geology gained at the Ovoot Project will be applied at both the Jilchigbulag and Nuramt Projects where similar Jurassic sequences are identified.

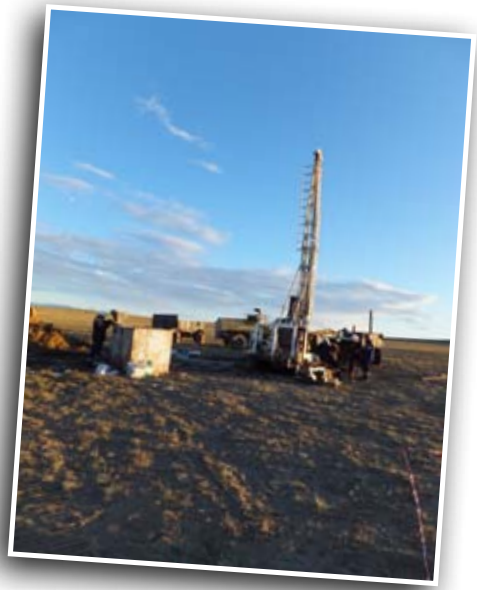
Seismic Data

A seismic survey was undertaken over the Resource area and the Zuun Del prospect within the Ovoot Project. Interpretation of the Resource area has been completed and testing of targets indicates that seismic is a useful tool for identifying carbonaceous sequences in the Jurassic sequence but has not been effective in identifying coal seam formation. Closer spaced magnetics data is believed to be useful in reinterpretation of this data.

Magnetics

During July and August 2010, a detailed ground magnetic survey was conducted over the Ovoot license area. The survey has assisted in identifying structural features within the deposit, and is expected to assist in delineating areas of potential Jurassic sequence from intrusives and Cambrian limestone.

A closer spaced magnetic programme covering a large part of the Ovoot Project area is planned to be undertaken in early 2012. The benefits of ground versus airborne magnetics is currently being considered.



Jilchigbulag Coal Project (100% Owned)

Jilchigbulag is a 2.5 square kilometre exploration license which surrounds an existing mine lease that supplies coal for thermal purposes to the town of Moron. Drilling at the Jilchigbulag Project commenced in mid June, with initial drilling focused on drilling adjacent to the existing mine to test the extent of seams from the mine.

Coal has been intersected in five of the six holes drilled to August, the most promising area in a south east trending structure. Drilling intersected hard bright coal up to eight metres in thickness. Coal is located in the lower Jurassic sequence and looks similar to Ovoot's high vitrinite coal. The coal quality will be assessed before significant further work is conducted on the property.

Coal samples taken from Jilchigbulag drill holes have not been analysed at this time. The coal is logged as hard bright coal.

A stratigraphic sequence consistent with that at the Ovoot Project has been confirmed at the Jilchigbulag Project. Similarities in the sequence at Ovoot and Jilchigbulag support the concept of a regional depositional basin covering the area between the Ovoot and Jilchigbulag Projects, and these similarities are seen as a positive indicator for exploration at the Nuramt Project, located between Ovoot and Jilchigbulag.

Due to structural boundaries confirmed in drilling, resource potential at the Jilchigbulag Project is small.



Nuramt Coal Project (100% Owned)

Work at the Nuramt Project for the year comprised a small drilling program of six holes that tested shallow targets in the vicinity of existing trenches from previous explorers, and the collection of seismic data over nearly 60 kilometres of lines. Coal seams of 0.4 metres and 0.9 metres were identified in two of the holes drilled.

The Nuramt license area contains mapped Jurassic sediments and is considered prospective as similarities in the geology at both the Ovoot and Jilchigbulag Projects have been identified.

Processing of the seismic data is in progress and will be utilised in selecting targets for the exploration programme for the coming year.



Shanagan Coal Project (Earning 50%)

The Shanagan Project targets Permian coal, unlike the Ovoot, Nuramt and Jilchigbulag Projects which are all Jurassic coals. A small, three hole program was undertaken at Shanagan during the year. No coal was intersected in any of the three holes.

Zavkhan Iron Ore Project (Earning 70%)

The Zavkhan Project Joint Venture was entered into during the year. This project contains a significant magnetic anomaly along with surface high grade magnetite and hematite occurrences.

The Zavkhan Project was acquired to identify whether there is direct ship high grade iron ore potential which would further utilise rail infrastructure.

Structural mapping will be undertaken across all projects that will be used for both regional and local target identification, with a view to better understanding the depositional environment of the coal measures and potential accumulation areas.

A gravity survey will be undertaken in conjunction with magnetics at the Zavkhan Project.

Ovoot Coking Coal Project Development

The Company, during the year, initiated a number of important studies looking to bring the Ovoot Coking Coal Project into production.

Stage 1 Development

The Company commenced a scoping study to assess the merits of a small scale starter project based on a low ash near surface area within the existing Resource. The project would be Stage 1 of a two stage development looking to mine and transport coal by truck from the Ovoot Project to the nearest rail head at Erdenet.

A Stage 1 development would be limited by haul road capacity of 0.5 to 1.0 million tonnes per annum (Refer Note 1).

It is anticipated that a small scale development may continue while rail solutions to replace truck haulage are completed.

Subject to the Company's Board approval completion of the scoping study and other approvals and licensing processes, the Stage 1 development could commence after the Mongolian winter, with first coking coal production in the December Quarter 2012.

Completion of this scoping study is currently dependant on confirmation of rail and port capacities.



Town of Erdenet

Stage 2 Development

The Company has commenced a Pre-Feasibility study into the development of a larger scale Stage 2 Ovoot Coking Coal Project. This Pre-Feasibility study is aimed at evaluating a conceptual 15 million tonnes per annum Run Of Mine (“ROM”) open pit mine, which based on current indicative coal washing yields of 80% will produce as much as 12 million tonnes per annum of coking coal (Refer Note 1).

Stage 2 requires the establishment of a rail link from the Ovoot Coking Coal Project through to the town of Moron and then on to the Trans Mongolian rail line at Erdenet.

Note 1: These production targets are conceptual in nature and are based entirely on the existing mineral resource base of the Ovoot Coking Coal Project. Whilst Aspire believes that a sufficient amount of the existing mineral resource base has reasonable prospects for eventual economic extraction, there has been insufficient work done at this stage to define an ore reserve and it is uncertain if further work will ultimately result in the determination of an ore reserve.



Hydrogeology

Mongolia is a relatively dry country and access to water is competitive. Coal washing facilities are significant users of water notwithstanding the significant amount of water recycling that can be engineered into modern day wash plants. Having access to significant quantities of good quality water sources is a key project requirement.

The Company engaged Aquaterra LLC to survey potential subsurface water aquifers as well as understanding the water table and rock flow rates for openpit designs. The Ovoot Coking Coal Project is fortunate in that it is located in an area with relatively high average rainfall (by Mongolian standards) of 250 millimetres per annum.

Aquaterra, in their study, have identified underground aquifers with the potential scale to support coal washing facilities on Ovoot Basin licences. These aquifers will be the subject of water exploration drilling during 2012.



Environment

The Company engaged Sustainability LLC to collect baseline survey data and prepare an Environmental Management Plan. It is expected that this plan will be finalised for lodgement with the appropriate Government authorities by the end of 2011.

Infrastructure – Power

The Company has commenced a study into identifying potential sources of power for the Ovoot Project. While a high capacity power line currently runs through the project area, other power options will be considered including the establishment of the Company's own coal fired power generation facilities on site.



Infrastructure – Road

Road access to the Ovoot Coking Coal Project needs to be upgraded to support future developments. At present, the Mongolian Government is constructing a 390 kilometre long sealed road from Erdenet to Moron, the capital of the Khuvsgul Province.

Aspire will need to significantly upgrade the existing road from Ovoot and Moron, a distance of approximately 160 kilometres. The road upgrade is needed to more efficiently bring in supplies, while at the same time providing road haulage access for coking coal production prior to rail construction.

Preliminary road designs and engineering for the Ovoot to Moron road upgrades, has commenced.

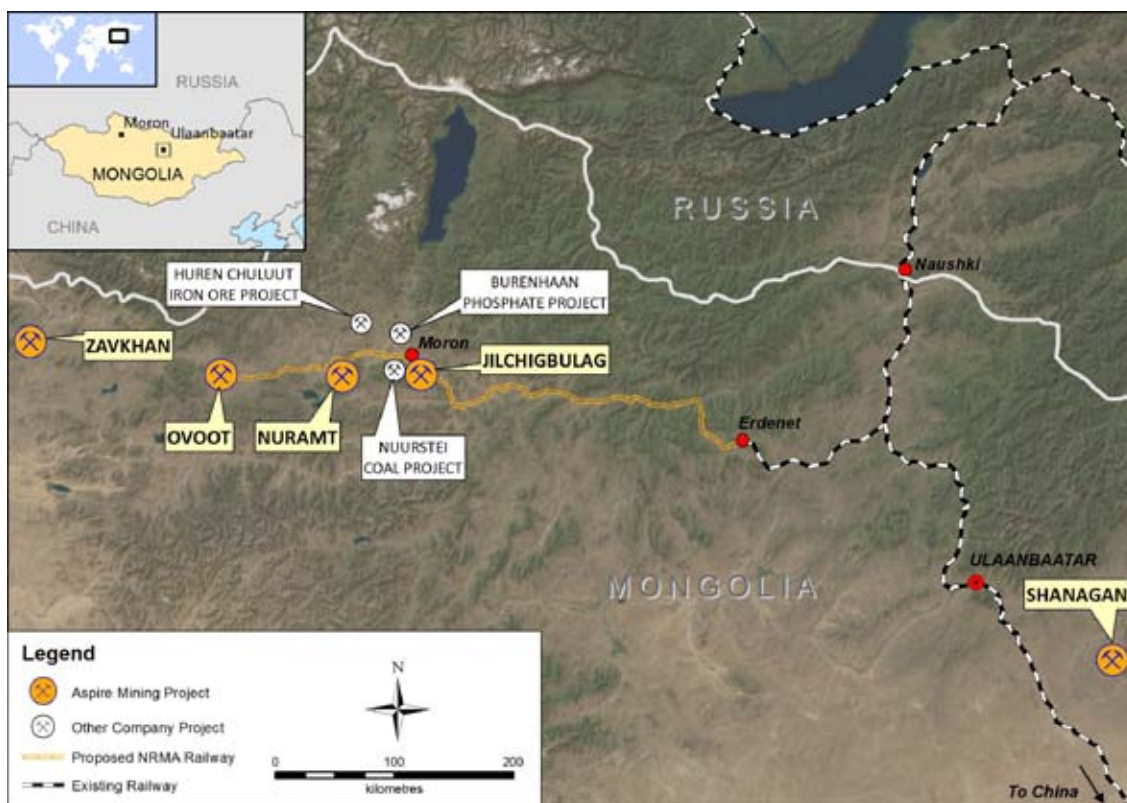
Infrastructure – Rail

In order to develop the Ovoot Coking Coal Project to its maximum potential, rail access to the current nearest rail head at Erdenet is required to be established.



In 2010, Calibre Rail, a bulk commodity rail engineering group, identified a rail path from the Ovoot Coking Coal Project, through the Khuvsgul Provincial capital of Moron and on to Erdenet, totalling a distance of 550 kilometres. Once on rail, coal can be transported north to Russian and seaborne markets and south into China. The distance from Ovoot to Moron is approximately 160 kilometres and the Ovoot Coking Coal Project would be the only significant user of this rail line. The distance from Moron to Erdenet along the proposed rail path is approximately 390 kilometres.

There are a number of other potential users of the Moron to Erdenet rail line as shown in the figure below. The Burehaan Phosphate Project is a world class, high grade phosphate deposit whilst the nearby Nuurstei Coal Project is a new discovery owned by ASX listed Xanadu Mines Limited and the Noble Group.



Proposed Moron to Erdenet rail link

In order to progress the Moron to Erdenet rail link, the Company has initiated the Northern Mongolia Rail Alliance (“NMRA”), which is made up of a grouping of the interested parties that would benefit from the establishment of this multi-user rail link, and is aimed at providing potential support for this initiative.

Community Relations

With an increasing level of activity by Aspire in the Khuvsgul Province in northern Mongolia, focus has been placed on developing the Company's relationship with the local communities which are directly affected as the Ovoot Coking Coal Project development continues. Aspire firmly believes that Community Relations involvement is an integral component to operating a successful business in the province by understanding the impacts on neighbouring communities, and thereby responding more effectively to community issues.



The Khuvsgul Province is made up of four main communities ("Soums"), being Tsetserleg, Tsargan Uul, Burentogtokh, and Tumurbulag. Aspire is currently in the process of establishing an office in the Khuvsgul Provincial capital of Moron, which will be the base for the Company's Community Relation programmes.

During the year, Aspire have initiated studies into both the education and health services in the region, which are currently considered two of the main areas of importance within the local Soums.

These studies have included:

- ▶ Medical Facilities Survey
- ▶ Health Services & Medical Facilities Development Plan
- ▶ Environmental and Social Baseline Studies (including archaeological and cultural heritage)

Aspire's Community Development Plan involves regular interaction with the Soums to provide the opportunity to present Aspire's progress updates and receive feedback. During the period, Aspire's meetings have included the Governors and Vice Governors of the Soums, as well as the Moron Governor, among others. Additional matters which are covered under the Community Development Plan also include investment and support for infrastructure including roads, health clinics and schools, supporting education, training and scholarship programmes, environmental rehabilitation initiatives, conservation & wildlife migratory studies, and land use survey's.

During the year the Company initiated a scholarship programme that will commence in 2012 to provide financial grants to allow four local Soum university students to attend University at Erdenet for three years.

The Company has also taken over funding of the nearby Mogoin Gol health clinic with a view to improving the levels of equipment and medical expertise over time. The Company is a donor to the Khuvsgul Development Fund and assisted in a livestock restocking programme in local communities affected by the harsh 2010 winter.



Section 2

Financial report

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Aspire Mining Limited

ABN 46 122 417 243

Annual Financial Report

30 June 2011

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Directors

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Mr Andrew Edwards (Non-Executive Director)
Mr Mark Read (Non-Executive Director)

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Securities Exchange Listing

AKM

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DIRECTORS' REPORT

Your directors submit the annual financial report of the consolidated entity consisting of Aspire Mining Limited ("Company") and the entities it controlled during the financial year ended 30 June 2011.

In order to comply with the provisions of the Corporations Act, 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
Neil Lithgow – Non-Executive Director
Mr Gan-Ochir Zunduisuren – Non-Executive Director
Mr Russell Lynton-Brown – Non-Executive Director (resigned 20 June 2011)
Mr Tony Pearson – Non-Executive Director (appointed 23 December 2010)
Mr Andrew Edwards – Non-Executive Director (appointed 1 July 2011)
Mr Mark Read – Non-Executive Director (appointed 1 July 2011)

Names, qualifications, experience and special responsibilities

Mr David McSweeney

Non-Executive Chairman

Qualifications: LLB, MAICD, M.AusIMM

Mr McSweeney is an experienced mining company executive who has worked in the resources sector for over 20 years. His direct responsibilities have ranged from exploration to project management, project finance, commercial and legal structuring and corporate development.

A founder of Gindalbie Metals Ltd, Mr McSweeney was the Managing Director from 1998 until December 2006. During his time at Gindalbie, he oversaw the discovery and commissioning of two successful gold production centres and the repositioning of the company as an emerging diversified Australian iron ore producer with a market capitalisation of ~\$340 million.

Mr McSweeney is also Executive Chairman of Avalon Minerals Ltd (appointed 20 December 2006), Chairman of FeCon Limited and Chairman of MSP Engineering Pty Ltd. He was a director of Bauxite Resources Limited from 20 November 2007 to 5 January 2011.

Mr McSweeney is a member of the Audit and Remuneration Committees.

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. Mr Paull was previously Executive General Manager Business Development and Marketing where he oversaw the sale of half the world's annual tantalum concentrate requirements and two thirds of the world's lithium minerals supply. Over the last six years David has been working on private equity and seed capital opportunities in the resources sectors, biofuels, and transport services.

DIRECTORS' REPORT (continued)**Names, qualifications, experience and special responsibilities (continued)****Mr David Paull (continued)**

Mr Paull holds a Bachelor of Commerce from the University of Western Australia, is a Fellow of the Financial Services Institute of Australia and has an MBA with distinction from Cornell University New York.

He is a Non-Executive Director of Pacific Wildcat Resources Corp, an industrial minerals explorer and developer listed on the TSX Ventures Exchange.

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

Mr Paul was a member of the Audit Committee during the year (resigned 30 August 2011).

Mr Russell Lynton-Brown**Non-Executive Director**

Qualifications: Nil

Resigned: 20 June 2011

Mr Russell Lynton-Brown has 15 years' experience in stock broking, both retail and corporate finance, and has specialised in the resources sector. Mr Lynton-Brown has worked with international and local stock broking companies.

During the last three years, Mr Lynton-Brown has served as a director of the listed companies Pacific Ore Ltd (appointed 9 February 2007 and resigned 1 April 2011) and Pilbara Mining Limited formerly Fortuna Minerals Limited (appointed 21 November 2008 and resigned 30 September 2009)

Mr Lynton-Brown was a member of the Audit and Remuneration Committees (resigned 20 June 2011).

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 has previously worked for Aquila Resources Limited, Eagle Mining Corporation NL and De Grey Mining Ltd and is currently a non-executive director of Bauxite Resources Limited (appointed 15 May 2006). He is a member of the Australian Institute of Mining and Metallurgy and the Financial Services Institute of Australia.

Mr Lithgow is a member of the Remuneration Committee.

DIRECTORS' REPORT (continued)

Names, qualifications, experience and special responsibilities (continued)

Mr Gan-Ochr Zunduisuren

Non-Executive Director

Qualifications: B.Eng, MSGF (Stern)

Mr Zunduisuren has over 10 years of experience in the resource sector in Mongolia and Canada where he worked as an underground mining engineer. Mr Zunduisuren is an Executive Director and co-founder of Altai Gold LLC which is a successful gold miner in Mongolia and was a key part of the syndicate that made the Ovoot Coking Coal project discovery.

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

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

Mr Tony Pearson

Non-Executive Director

Qualifications: B.Com

Appointed : 23 December 2010

Mr Pearson has approximately 15 years' experience in the resources, mining and infrastructure sectors. He is the current Vice President Corporate Development with SouthGobi Resources Limited, a leading Mongolian coal producer listed on the Toronto and Hong Kong stock exchanges.

He has previously held senior positions with the Australian Securities & Investments Commission, Citigroup's Metals and Mining Investment Banking team and Westpac Banking Corporation. During his time with Citigroup, Mr Pearson advised mining clients on capital raisings, mergers, acquisitions and divestitures, particularly for Asian and Australian mining companies. At Westpac, Mr Pearson was integral to the establishment of the bank's infrastructure and funds management business, focusing on financing and investment activities in the infrastructure and transportation sectors.

Mr Pearson has held no other public company directorships in the last three years.

Mr Pearson is a member of the Remuneration Committee.

Mr Andrew Edwards

Non-Executive Director

Qualifications: B. Com, FCA, SF Fin, GAICD

Appointed: 1 July 2011

Mr Edwards is a former senior partner of PricewaterhouseCoopers. Mr Edwards has had a distinguished career with PwC spanning 35 years in Perth, Auckland and Sydney. He served as Managing Partner of the Perth practice for five years and led the Perth Advisory business. Mr Edwards is a past National Vice President of the Financial Services Institute of Australasia (formerly Securities Institute of Australia) and past President of the Western Australian division of that Institute.

He currently serves as a Non-Executive Director of Mermaid Marine Australia Ltd (appointed 18 December 2009), Nido Petroleum Ltd (appointed 11 December 2009) and is Non-Executive Chairman of MACA Ltd (appointed 1 October 2010).

Mr Edwards is Chairman of the Audit Committee (appointed 30 August 2011).

DIRECTORS' REPORT (continued)

Names, qualifications, experience and special responsibilities (continued)

Mr Mark Read

Non-Executive Director

Qualifications: B. Eng, FAICD, FIEA, MBA (Harvard)

Appointed: 1 July 2011

Mr Read is the immediate past CEO and Managing Director of ASX listed coal engineering and technology company Sedgman Ltd. Whilst at Sedgman, Mr Read was responsible for an overseas expansion strategy that led Sedgman to position itself in emerging high-grade coal regions including Mongolia and Mozambique. Prior to his appointment as chief of Sedgman, Mr Read was Global General Manager of Mining and Metals and Executive Director of engineering services firm Sinclair Knight Merz, where he was employed for 20 years.

Mr Read is a member of the Audit and Remuneration Committees (appointed 30 August 2011).

Company Secretary

Mr Philip Rundell

Company Secretary

Qualifications: Dip BS (Accounting) ACA

Over the past 25 years Mr Rundell has worked at a Partner and Director level for Coopers & Lybrand and Ferrier Hodgson specialising in company reconstructions and corporate recovery. He has vast and diverse experience in many industries including technology, mining, earthmoving, construction, entertainment, financial services, retailing and manufacturing. For the last three years, he 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 and options of the Company are as follows:

Directors	Number of Fully Paid Ordinary Shares	Number of Class A Options over Ordinary Shares	Number of Performance Options over Ordinary Shares
Mr David McSweeney	13,283,962	4,716,981	10,000,000
Mr David Paull (Note 1)	1,886,792	943,396	20,000,000
Mr Neil Lithgow (Note 1)	61,000,000	29,000,000	36,000,000
Mr Gan-Ochir Zunduisuren	39,000,000	-	10,000,000
Mr Tony Pearson	-	-	-
Mr Andrew Edwards	-	-	-
Mr Mark Read	-	-	-

Note 1: Mr David Paull and Mr Neil Lithgow are directors of Red Island Resources Limited, a public unlisted company, which is a beneficial owner of 49 million 5c Class A Options over ordinary shares and 49 million 5c Performance Options over ordinary shares.

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.

DIRECTORS' REPORT (continued)

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

At a General Meeting held on 19 August 2011, shareholders approved the Aspire Mining Limited Performance Rights Plan and the issue of Performance Rights to each of the directors in office on 19 August 2011. The Performance Rights are to be issued to those directors no later than 15 months after the date of the General Meeting.

Details of ordinary shares issued by the Company during or since the end of the financial as a result of the exercise of an option are:

Number of Shares Issued	Amount Paid Per Share
7,750,109	\$0.05

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
Class A Options	12 February 2015	\$0.05	96,186,842
Unlisted Options	31 December 2012	\$0.15	6,000,000
Performance Options	12 February 2015	\$0.05	145,000,000
Total			247,186,842

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 natural resources.

Review of operations

During the 2011 financial year, the Group continued its principal activity as a coal exploration and development Group focused on its coal deposit at Ovoot in Northern Mongolia.

The Group achieved substantial progress during the year by:

- Delineation of a maiden JORC compliant resource;
- Completion of an extensive drilling programme;
- Confirmation of coking coal quality;
- Establishment of an infrastructure group to pursue rail development; and
- Identification of other projects consistent with the Group strategy.

Ovoot Coking Coal Project

Aspire Mining Limited announced a maiden 330.7 million tonnes Coal Resource for the Ovoot Coking Coal Project (Table 1) in October 2010.

DIRECTORS' REPORT (continued)

Review of operations (continued)

Ovoot Coking Coal Project (continued)

Table 1: Summary Coal Resource

Category	Above 250m Depth	Below 250m Depth	Total
Measured	70.4	22.9	93.3
Indicated	135.0	47.4	182.4
Inferred	41.9	13.1	55.0
Total	247.3	83.4	330.7

Resource Drilling Program Summary

The 2010 drilling program commenced in April 2010 and was completed in October 2010. A total of 36 holes for 7,885 metres were drilled in the Ovoot Coal Resource 2010 program, comprising 4,534 metres of open hole and 3,351 metres of core. The 2011 drilling program commenced in March 2011 and to year end, a total of 67 holes for 14,806 metres have been drilled, comprising 7,677 metres of open hole and 7,129 metres of core.

Seismic Survey

A seismic survey over the Ovoot Coal Resource area and extensions was completed. The seismic data is to be used for drill hole targeting to extend the Ovoot coal seams and to design the 2011 exploration drilling program for the Ovoot and Zuun Del prospects within the Ovoot Basin.

Sampling and Analysis

All the raw coal analysis results the 2010 exploration program have been received and are summarised in Table 2.

Table 2: Summary of Raw Coal Qualities

Coal Type	IM ad %	Ash ad %	Volatiles ad %	Sulphur ad %	CSN	Energy Kcal/kg ad
Raw Coking Coal Quality (In Situ)	0.6%	19.5%	26.5%	1.2%	7.7	6,668

The raw coal results from the wide coal intersections intercepted from the 2010 drilling program continues to confirm the high quality and consistency of the Ovoot Coking Coal Resource.

Coal Washability Results

The wash yield analysis results show a theoretical wash yield of 80% to produce an 8% ash product with a CSN between 8 and 9 and volatiles at between 25% – 28% on an air dried basis. These results confirm Ovoot will produce a low ash, mid-volatile coking coal with world class fluidity and caking properties.

Staged Approach to Development Progressing

Aspire is progressing with studies for a two stage development of the Ovoot Coking Coal Project. Dependent on the outcome of those studies and Board approvals:

- Stage 1 is to demonstrate the Company's ability to deliver commercial quantities of raw coking coal consistently to a broad range of potential customers across North Asia, Russia and China markets.
- Stage 2 involves a current scenario study of the development of a 15 million tonne run of mine (ROM) open pit mine which, based on the current indicative wash yield of 80%, would produce as much as 12 million tonnes per annum of coking coal product.

DIRECTORS' REPORT (continued)

Review of operations (continued)

Rail Infrastructure

The Company has initiated the establishment of the Northern Mongolian Rail Alliance to support the resource industry's efforts to promote the development of a rail line between the provincial capital of Moron and the Trans Mongolian Railway at Erdenet.

Other Projects

The Group's business development strategy is to look for quality coal deposits and bulk commodity projects that could potentially support the construction of the rail line from Moron to Erdenet. During the year, the following projects or interests in projects were acquired as early stage exploration targets. Exploration work undertaken on these projects included seismic, mapping, drilling and sample analysis.

Nuramt Coal Project (100%)

The Nuramt Coal Project comprises three exploration licenses owned by the Group and a further two licenses which are under an option to purchase a 100% interest. All five licenses are contiguous and cover 250 square kilometres of a 35 kilometre long interpreted basin. The expenditure incurred has been expensed at year end as it is not expected to be recouped through successful development and exploration of the area of interest, or by its sale.

Shanagan Coal Project (Farm In Earning 51%)

The Shanagan Project comprises a 20 square kilometre license area and is located in Bayanjargalan Soum, approximately 150 kilometres southeast of Ulaanbaatar. The expenditure incurred has been expensed at year end as it is not expected to be recouped through successful development and exploration of the area of interest, or by its sale.

Jilchigibulag Coal Project (Option to Acquire 100%)

The project is a small 2.5 square kilometre exploration license that abuts a small coal mine that supplies coal to the town of Moron for power generation. The license area is approximately 20 kilometres south east of Moron and a short distance from the proposed Moron to Erdenet railway.

Joint Venture Interests

Zavkhan Iron Ore Project (Earn in to 70% Joint Venture)

The Company entered into a Joint Venture with a Mongolian private company to explore and develop a 6.3 square kilometre exploration license called the Zavkhan Iron Ore Project. Aspire Mining Limited can earn a 70% interest in the Project by presenting a JORC Compliant Resource within three years.

Windy Knob Bore Joint Venture, Western Australia (Interest 49%)

The Windy Knob Joint Venture located in the Murchison, 55 kilometre south of Meekatharra WA, covers prospective ground adjacent to the recent copper-zinc-gold-silver volcanogenic massive sulphide (VMS) discovery made by Silver Swan Group (ASX: SWN) at Austin. The Windy Knob carried forward expenditure has been expensed at year end as that expenditure is not expected to be recouped through successful development and exploration of the area of interest, or by its sale.

DIRECTORS' REPORT (continued)

Review of operations (continued)

Competent Person Statements

In accordance with the Australian Securities Exchange requirements, the technical information contained in this announcement in relation to the Ovoot Coking Coal Project in Mongolia has been reviewed by Mr Neil Lithgow, Non-Executive Director for Aspire Mining Limited. Mr Lithgow is a Member of the Australian Institute of Geoscientists and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves." Mr Lithgow consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.

The technical information contained in this announcement in relation to the JORC Compliant Coal Resource for the Ovoot Coking Coal Project in Mongolia has been reviewed by Mr Chris Arndt and Dr Bielin Shi of CSA Global Pty Ltd. The information in this report that relates to Mineral Resources is based on information compiled by Dr Bielin Shi, who is a member of the Australasian Institute of Mining and Metallurgy. Dr Bielin Shi has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which she is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Mineral Resources and Ore Reserves".

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

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

Review of financial conditions

The Group currently has \$12,021,339 (2010: \$5,665,382) in cash assets which the Directors believe puts the Group in a reasonable financial position. However, additional capital will need to be raised to fund the optimal exploration of the Ovoot Coking Coal Project and other coal projects in Mongolia.

Operating results for the year

The Group made an operating loss after tax of \$4,490,106 (2010: Loss \$876,431). The result includes the write-off of exploration expenditure of \$2,102,897.

Significant changes in the state of affairs

Since the previous 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

There has not been any 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 besides those disclosed at Note 21 in the financial statements.

Likely developments and expected results

The Group will continue to explore the Ovoot Coking Coal Project along with its other projects in Mongolia.

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 annual 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.

DIRECTORS' REPORT (continued)

Corporate governance

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

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 breaches of these requirements during the period.

Indemnification and insurance of directors and officers

The Group 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 of the Group and its controlled entities, except where the liability arises out of conduct involving a lack of good faith.

During the financial year the Group 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 directors and senior management of Aspire Mining Limited (the "Company" and its controlled entities) for the financial year ended 30 June 2011.

The following persons acted as directors during or since the end of the financial year:

Mr David McSweeney	(Non-Executive Chairman)
Mr David Paull	(Managing Director)
Mr Neil Lithgow	(Non-Executive Director)
Mr Gan-Ochir Zunduisuren	(Non-Executive Director)
Mr Tony Pearson	(Non-Executive Chairman – appointed 23 December 2010)
Mr Andrew Edwards	(Non-Executive Director – appointed 1 July 2011)
Mr Mark Read	(Non-Executive Director – appointed 1 July 2011)
Mr Russell Lynton-Brown	(Non-Executive Director – resigned 20 June 2011)

The following persons acted as executives during the financial year:

Mr Phil Rundell	(Company Secretary and Chief Financial Officer – appointed 12 February 2010)
Mr Kerry Griffin	(Mongolian Country Manager – services agreement from 1 August 2010 to 20 June 2011)
Mr Fergus Campbell	(Chief Operating Officer – appointed 7 February 2011)
Mr Glen Ainsworth	(Mongolian Country Director – appointed 19 May 2011)
Mr Iestyn Broomfield	(Exploration Manager – appointed 31 May 2011)

DIRECTORS' REPORT (continued)

Remuneration Report (audited) (continued)

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:

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

Remuneration committee

The Remuneration Committee of the Board of Directors of the Group is responsible for determining and reviewing compensation arrangements for the director and the senior management team.

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, other than Performance Rights are available to be issued to executive and non-executive directors under the Aspire Mining Limited Performance Rights Plan.

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.

The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst directors is reviewed annually. The Board considers advice from external consultants as well as the fees paid to non-executive directors of comparable companies when undertaking the annual review process.

Each director receives a fee for being a director of the Company.

The remuneration of non-executive directors for the period ended 30 June 2011 is detailed in the Remuneration of directors and named executives section of this report in Table 3.

Senior manager and executive director remuneration

Remuneration consists of fixed remuneration and Company Options and Performance Rights (as determined from time to time).

Fixed Remuneration

Fixed remuneration is reviewed annually by the Remuneration Committee. 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 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 Company executives is detailed in Table 3.

DIRECTORS' REPORT (continued)

Remuneration Report (audited) (continued)

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. 2Rs Pty Ltd is paid an annual fee of \$500,000 from 1 January 2011. He is also entitled to an offer of Performance Rights exercisable on achievement of performance milestones. 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.

The Company has an agreement with Bluesky Minerals LLC, a company associated with Mr Gan-Ochir Zunduisuren, for a twelve month term from 2 February 2011. Under this agreement, Mr Zunduisuren provides assistance with business development opportunities in Mongolia and general advice and support. Bluesky Minerals LLC is paid a monthly fee of US\$15,000.

The Company has an Employee Services Agreement with Mr Fergus Campbell for a two year term commencing on 7 February 2011 unless extended on 6 months' notice by either party, or terminated on up to three (3) months' notice depending on the circumstances. Mr Campbell is employed as Chief Operating Officer at an annual remuneration of \$384,801, with a tenure bonus and an offer of Performance Rights on achievement of performance milestones. The salary is to be reviewed annually.

The Company has an Employee Services Agreement with Mr Glen Ainsworth for a two year term commencing 21 July 2011 unless extended on 6 months' notice by either party, or terminated on up to two (2) months' notice depending on the circumstances. Mr Ainsworth is employed as Country Director with specific responsibilities for health, safety, environment and community at an annual remuneration of US\$280,000. The salary is to be reviewed annually.

The Company has an engagement letter with Mr Iestyn Broomfield for an unlimited term unless terminated on one (1) months' notice by either party. Mr Broomfield is employed as Exploration Manager at an annual remuneration of \$234,350.

The Company had an Employee Services Agreement with Mr Kerry Griffin for a 24 month term commencing 1 August 2010 unless terminated on up to nine (9) months' notice depending on the circumstances. The Employee Services Agreement was terminated on 20 June 2011 and the termination entitlement met by the Company.

Options

During the period ended 30 June 2011, there were no Options that were granted, vested or lapsed as part of director remuneration.

Performance Rights

On 19 August 2011 shareholders approved the introduction of the Aspire Mining Limited Performance Rights Plan.

Remuneration of directors and named executives

Table 3: Directors' and named executives remuneration for the year ended 30 June 2011

	Short-term employee benefits	Post-employment benefits	Equity	Other	Total	%
	Salary & Fees	Superannuation	Options			Performance Related
Mr David Paull	363,500	-	-	-	363,500	-
Mr David McSweeney	45,385	4,085	-	-	49,470	-
Mr Neil Lithgow	34,038	3,067	-	-	37,105	-
Mr Gan-Ochir Zunduisuren	37,777	-	-	-	37,777	-
Mr Russell Lynton-Brown	28,962	2,607	-	-	31,569	-
Mr Tony Pearson	16,979	-	-	-	16,979	-
Mr Phil Rundell	64,145	-	-	-	64,145	-
Mr Kerry Griffin	298,484	10,176	-	-	308,660	-
Mr Fergus Campbell	154,921	6,078	-	-	160,999	-
Mr Glen Ainsworth	17,955	-	-	-	17,955	-
Mr Iestyn Broomfield	10,265	-	-	-	10,265	-
Total	1,072,411	26,013	-	-	1,098,424	-

Table 4: Directors' and named executives remuneration for the year ended 30 June 2010

	Short-term employee benefits	Post-employment benefits	Equity	Other	Total	%
	Salary & Fees	Superannuation	Options			Performance Related
Mr David Paull	50,000	-	-	-	50,000	-
Mr David McSweeney	10,000	900	-	-	10,900	-
Mr Neil Lithgow	7,500	675	-	-	8,175	-
Mr Gan-Ochir Zunduisuren	7,500	-	-	-	7,500	-
Mr Russell Lynton-Brown	35,000	-	-	-	35,000	-
Mr Klaus Eckhof	12,500	-	-	-	12,500	-
Mr Mathew Walker	61,913	5,571	-	-	67,484	-
Mr James Robinson	35,319	-	-	-	35,319	-
Total	219,732	7,146	-	-	226,878	-

DIRECTORS' REPORT (continued)

Directors' Meetings

The number of meetings of directors held during the year and the number of meetings attended by each director were as follows:

Director	Director Meetings	
	Attended	Eligible to Attend
Mr David McSweeney	11	14
Mr David Paull	14	14
Mr Neil Lithgow	14	14
Mr Russell Lynton Brown	13	14
Mr Gan-Ochir Zunduisuren	14	14
Mr Tony Pearson	4	4

In addition, eight (8) circular resolutions were signed by the board during the period.

Two (2) meetings of the Audit Committee and one (1) meeting of the Remuneration Committee were held during the year with all members of those committees present.

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 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 15 and forms part of this directors' report for the year ended 30 June 2011.

Non-Audit Services

No non-audit services were provided by the auditor or any entity associated with the auditor during the year. Details of amounts paid or payable to the auditor for non-audit services provided during 2010 by the auditor are outlined in Note 22 to the financial statements.

Signed in accordance with a resolution of the directors.



David Paull
Director

Dated this 29 September 2011



Accountants | Business and Financial Advisers

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Aspire Mining Limited for the year ended 30 June 2011, 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.

This declaration is made in respect of Aspire Mining Limited.

A handwritten signature in blue ink, appearing to read 'Norman G. Neill'.

Perth, Western Australia
29 September 2011

N G NEILL
Partner, HLB Mann Judd

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2011**

	Note	2011 \$	2010 \$
Other income	2	488,119	70,326
Consultants and corporate costs		(459,768)	(83,255)
Accounting and audit fees		(61,130)	(49,230)
Amortisation expense		(8,980)	-
Depreciation expense		(16,253)	(355)
Directors' fees		(495,779)	(197,374)
Employee benefits expense		(665,389)	(11,853)
Exploration expenditure written off		(2,102,897)	(280,915)
Realised exchange gain on settlement of deferred consideration	13	328,649	-
Unrealised exchange loss		(57,003)	-
Travel expenses		(322,203)	(40,963)
Other expenses	2	(1,117,472)	(285,812)
Loss before income tax expense		(4,490,106)	(879,431)
Income tax expense	3	-	-
Net loss for the year		(4,490,106)	(879,431)
Other comprehensive income			
Exchange differences on translation of foreign operations		(692,123)	22,465
Net change in fair value of available-for-sale-assets		16,000	-
Other comprehensive income for the year net of tax		(676,123)	22,465
Total comprehensive loss		(5,166,229)	(856,966)
Basic loss per share (cents per share)	4	(0.93)	(0.40)

The accompanying notes form part of these financial statements.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2011**

	Note	2011 \$	2010 \$
Current Assets			
Cash and cash equivalents	8	12,021,339	5,665,382
Trade and other receivables	9	332,464	99,919
Available for sale assets	10	167,000	-
Total Current Assets		12,520,803	5,765,301
Non-Current Assets			
Deferred exploration and evaluation expenditure	11	16,379,283	11,516,031
Property plant and equipment	14	227,997	5,625
Intangible asset	15	78,704	-
Total Non-Current Assets		16,685,984	11,521,656
Total Assets		29,206,787	17,286,957
Current Liabilities			
Trade and other payables	12	891,876	311,260
Deferred settlement	13	-	3,368,430
Total Current Liabilities		891,876	3,679,690
Non-Current Liabilities		-	-
Total Liabilities		891,876	3,679,690
Net Assets		28,314,911	13,607,267
Equity			
Issued capital	6	39,156,503	19,258,064
Reserves	7	188,952	889,641
Accumulated losses	7	(11,030,544)	(6,540,438)
Total Equity		28,314,911	13,607,267

The accompanying notes form part of these financial statements.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2011**

	Issued Capital	Accumulated losses	Foreign Currency Translation Reserve	Option Reserve	Asset revaluation reserve	Total Equity
	\$	\$	\$	\$	\$	\$
Balance at 1 July 2009	7,331,631	(5,796,959)	-	609,233	-	2,143,905
Shares issued during the year	11,453,152	-	-	-	-	11,453,152
Loss for the period	-	(879,431)	-	-	-	(879,431)
Exchange differences arising from translation of foreign operations	-	-	22,465	-	-	22,465
Expiry of options	473,281	135,952	-	(609,233)	-	-
Recognition of option based payments	-	-	-	867,176	-	867,176
Balance at 30 June 2010	19,258,064	(6,540,438)	22,465	867,176	-	13,607,267
Balance at 1 July 2010	19,258,064	(6,540,438)	22,465	867,176	-	13,607,267
Shares issued during the year	19,873,873	-	-	-	-	19,873,873
Loss for the period	-	(4,490,106)	-	-	-	(4,490,106)
Exchange differences arising from translation of foreign operations	-	-	(692,123)	-	-	(692,123)
Transfer on exercise of options	24,566	-	-	(24,566)	-	-
Revaluation of available-for-sale assets	-	-	-	-	16,000	16,000
Balance at 30 June 2011	39,156,503	(11,030,544)	(669,658)	842,610	16,000	28,314,911

The accompanying notes form part of these financial statements.

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2011**

	Note	2011 \$	2010 \$
Cash flows from operating activities			
Interest received		477,494	60,689
Interest expense		(3,497)	-
Payments to suppliers and employees		(2,991,013)	(312,652)
Net cash used in operating activities	8	(2,517,016)	(251,963)
Cash flows from investing activities			
Payments for exploration and evaluation expenditure		(7,576,717)	(1,145,099)
Payments for acquisition of subsidiary	8	-	(892,831)
Purchase of non-current assets		(238,624)	(5,980)
Purchase of intangible asset		(87,684)	-
Payment of deferred consideration		(2,948,640)	-
Net cash used in investing activities		(10,851,665)	(2,043,910)
Cash flows from financing activities			
Net proceeds from issue of shares		19,881,167	6,953,152
Net cash provided by financing activities		19,881,167	6,953,152
Net increase in cash and cash equivalents		6,512,486	4,657,279
Cash and cash equivalents at the beginning of the period		5,665,382	1,008,103
Effect of foreign exchange rate fluctuations on cash held		(156,529)	-
Cash and cash equivalents at the end of the period	8	12,021,339	5,665,382

The accompanying notes from part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

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 activity is mineral exploration and development.

(b) Going concern

The financial statements have been prepared on the going concern basis, the validity of which depends upon the positive cash and working capital positions.

At balance date, the Group had cash and cash equivalents of \$12,021,339 and an excess of current assets over current liabilities of \$11,628,927.

Notwithstanding the positive working capital and cash position at balance date, the Company has forecast that it will need to seek additional funding in the coming year in order to meet its planned exploration expenditure for the next 12 months from the date of signing of these financial statements. These arrangements are expected to include a capital raising.

The Directors are confident that the additional funding will be obtained. However, if the Company is unable to raise further funding through a capital raising or entering into the sale or joint venture of assets, it would be able to defer certain exploration expenditure such that the Company will remain a going concern for at least the period up to 12 months from the date of signing of the financial report.

(c) Adoption of new and revised standards

Changes in accounting policies on initial application of Accounting Standards

In the year ended 30 June 2011, the Group has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for the current annual reporting period.

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

The Group has also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the year ended 30 June 2011. 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 its business and, therefore, no change necessary to Group accounting policies.

(d) Statement of Compliance

The financial report was authorised for issue on 29 September 2011.

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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Basis of Consolidation (continued)

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 an external valuer using a Black and Scholes model, using the assumptions detailed in Note 7.

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 were granted, as discussed in Note 7.

Exploration and evaluation costs carried forward

The Group's accounting policy for exploration and evaluation expenditure is set out at 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 or where 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 written off to the profit or loss.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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 2011**

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.

The functional currency of the foreign operations, Khurgatai Khaikhan LLC is Mongolian Tugriks (MNT).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Foreign currency translation (continued)

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 weighted 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.

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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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.

(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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Impairment of assets (continued)

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 estimated useful life of the assets as follows:

Plant and equipment – over three (3) years

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.

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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) Property, plant and equipment (continued)

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 2011**

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 formulae 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 and an allocation of depreciation and amortisation of assets used in exploration and evaluation 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(w) Exploration and evaluation (continued)

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.

(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.

NOTE 2: REVENUES AND EXPENSES

	2011 \$	2010 \$
(a) Revenue		
Interest income	475,542	70,326
Sundry income	12,577	-
Interest income	488,119	70,326
(b) Other Expenses		
Interest expense	3,497	-
Legal fees	157,756	19,490
Profit on sale of tenements	(17,993)	-
Media, promotion and investor relations	219,790	-
Recruitment fees	106,000	-
Rental expenses	101,240	53,381
Share options issues for services	-	125,721
Other	547,180	73,920
	1,117,472	285,812

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

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:

	2011 \$	2010 \$
Accounting loss before tax	(4,490,106)	(879,431)
Income tax benefit calculated at 30%	(1,347,032)	(263,829)
Accrued expenses/(income)	7,104	(10,870)
Other non-deductible expenses	108,640	37,612
Exploration & tenement expenses	(1,991,676)	(280,915)
Exploration & tenement expenses written off	630,869	48,027
Deductions available over more than one year	(78,129)	-
Income tax benefit not brought to account	2,670,224	469,975
Income tax expense	-	-

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 tax losses arising in Australia of \$5,331,912 (2010: \$3,475,641), the tax benefit of which has not been brought to account and are available subject to confirmation of the same business test. There are unrecorded deferred tax liabilities of approximately \$681,777 relating to capitalised exploration claimed for tax.

NOTE 4: EARNINGS PER SHARE

	2011 Cents per share	2010 Cents per share
<i>Basic loss per share:</i>		
Continuing operations	(0.93)	(0.40)
Earnings used in calculation of basic earnings per share	(4,490,106)	(879,431)
The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share is as follows:	483,265,739	222,400,651

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 2011**

NOTE 5: SEGMENT INFORMATION

	Continuing operations		Total
	Australia	Mongolia	
	\$	\$	\$
Year ended 30 June 2011			
Total segment revenue	487,762	357	488,119
Segment net operating loss after tax	(2,516,535)	(1,973,571)	(4,490,106)
Interest revenue	475,185	357	475,542
Interest expenses	(3,497)	-	(3,497)
Depreciation and amortisation	(6,196)	(19,037)	(25,233)
Segment assets	12,149,495	17,057,292	29,206,787
Segment liabilities	(443,149)	(448,727)	(891,876)
Cash flow information			
Net cash flow from operating activities	(1,634,358)	(882,658)	(2,517,016)
Net cash flow from investing activities	(2,984,395)	(7,867,270)	(10,851,665)
Net cash flow from financing activities	19,881,167	-	19,881,167
Year ended 30 June 2010			
Total segment revenue	70,326	-	70,326
Segment net operating loss after tax	(869,115)	(10,316)	(879,431)
Interest revenue	70,326	-	70,326
Depreciation and amortisation	(355)	-	(355)
Segment assets	6,762,772	10,524,185	17,286,957
Segment liabilities	(3,408,578)	(271,112)	(3,679,690)
Cash flow information			
Net cash flow from operating activities	(241,647)	(10,316)	(251,963)
Net cash flow from investing activities	(956,308)	(1,087,602)	(2,043,910)
Net cash flow from financing activities	6,953,152	-	6,953,152

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

NOTE 6: ISSUED CAPITAL AND RESERVES

	2011	2010		
	\$	\$		
Ordinary shares				
Issued and fully paid	41,077,292	20,094,407		
Less share issue costs	(1,920,789)	(836,343)		
	<u>39,156,503</u>	<u>19,258,064</u>		
Movements in ordinary shares on issue				
	2011	2011	2010	2010
	No	\$	No	\$
At 1 July	425,563,049	19,258,064	125,000,000	7,331,631
Share issued at 2.65c on 12 February 2010	-	-	100,000,000	2,650,000
Share issued at 3c on 12 February 2010	-	-	150,000,000	4,500,000
Share issued at 5c on 31 March 2010 upon the exercise of options	-	-	563,049	28,152
Share issued at 5c on 25 October 2010 upon the exercise of options	-	-	50,000,000	4,500,000
Share issued at 5c on 25 October 2010 upon the exercise of options	37,499	1,875	-	-
Share issued at 5c on 1 December 2010 upon the exercise of options	500,000	25,000	-	-
Share issued at 19c on 23 December 2010	105,860,186	20,113,435	-	-
Share issued at 5c on 25 October 2010 upon the exercise of options	1,712,610	85,630	-	-
Share issued at 48.33c on 20 January 2010 ¹	425,480	205,635	-	-
Share issued at 5c on 25 January 2011 upon the exercise of options	500,000	25,000	-	-
Share issued at 64.38c on 4 February 2011 ¹	124,220	79,973	-	-
Share issued at 5c on 17 March 2011 upon the exercise of options	1,000,000	50,000	-	-
Share issued at 69.14c on 28 March 2011 ¹	248,439	171,771	-	-
Share issued at 5c on 3 May 2011 upon the exercise of options	4,000,000	200,000	-	-
Share issue costs written back	-	-	-	473,281
Share issue costs	-	(1,084,446)	-	(225,000)
Transfer from Option Premium Reserve on exercise of options	-	24,566	-	-
At 30 June 2011	539,971,483	39,156,503	425,563,049	19,258,064

¹Issued pursuant to the top-up provisions of the Placement Agreement between SouthGobi Resources Limited and the Company.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

NOTE 7: ACCUMULATED LOSSES AND RESERVES

Accumulated losses

Movements in accumulated losses are as follows:

	2011 \$	2010 \$
Balance at beginning of financial year	(6,540,438)	(5,796,959)
Net loss for the year	(4,490,106)	(879,431)
Expiry of options transferred from reserves	-	135,952
Balance at end of financial year	(11,030,544)	(6,540,438)

Reserves

	Unlisted option reserve \$	Foreign currency translation reserve \$	Asset revaluation reserve \$	Total \$
At 30 June 2009	609,233	-	-	609,233
Currency translation differences	-	22,465	-	22,465
Expiry of options transferred	(609,233)	-	-	(609,233)
Share-based payments	867,176	-	-	867,176
At 30 June 2010	867,176	22,465	-	889,641
Currency translation differences	-	(692,123)	-	(692,123)
Exercise of options transferred	(24,566)	-	-	(24,566)
Revaluation of available for sale assets	-	-	16,000	16,000
At 30 June 2011	842,610	(669,658)	16,000	188,952

Nature and purpose of reserves

Unlisted option reserve

The unlisted option reserve records items recognised on valuation of director, employee and contractor share options.

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 is used to record changes in the fair value of available-for-sale-assets.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

NOTE 7: ACCUMULATED LOSSES AND RESERVES (continued)

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

	2011 No.	2011 Weighted average exercise price	2010 No.	2010 Weighted average exercise price
Outstanding at the beginning of the year	255,436,951	0.052	45,499,995	0.20
Granted during the year	-	-	256,000,000	0.052
Exercised during the year	(7,750,109)	0.05	(563,049)	0.05
Expired during the year	-	-	(45,499,995)	0.20
Outstanding at the end of the year	247,686,842	0.052	255,436,951	0.052
Exercisable at the end of the year	247,686,842	0.052	225,436,951	0.052

The number and details of the options unexercised at 30 June 2011 are:

	Number	Grant date	Expiry date	Exercise price \$ per option	Fair value at grant date \$ per option
Un-listed options	6,000,000	28/06/2010	31/12/2012	0.15	0.021
Class A options ¹	96,686,842	12/02/2010	12/02/2015	0.05	0.007
Performance Options ^{1,2}	145,000,000	12/02/2010	12/02/2015	0.05	-

¹These options form part of acquisition costs of Khurgatai Khaikhan LLC. The share issue was based on the fair value of the asset which was determined by an independent valuation of Zephyr Consulting Group Pty Ltd.

²No value was attached to these options on settlement of this transaction as the likelihood that they would vest was remote. The options vested following the announcement in October 2010 of a JORC Compliant Coal Resource.

The following are the inputs to the model used for the year ended 30 June 2010:

Expiry Date	12/02/2015
Dividend yield (%)	-
Expected volatility (%)	60%
Risk-free interest rate (%)	6.5%
Expected life of option (years)	2.6
Exercise price (cents)	15
Grant date share price (cents)	10

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, other than the assessment of the likelihood of the Performance Options vesting.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

NOTE 8: CASH AND CASH EQUIVALENTS

	2011 \$	2010 \$
Cash at bank and on hand	4,001,339	1,665,382
Short-term deposits	8,020,000	4,000,000
	<u>12,021,339</u>	<u>5,665,382</u>

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 \$20,000 is on deposit as cash backed security against the business use credit card limit.

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

Loss for the year	(4,490,106)	(879,431)
Change in net assets and liabilities:		
Change in trade and other receivables	(134,727)	(64,802)
Changes in trade and other payables	269,326	262,814
Profit on sale of tenements	(17,993)	-
Amortisation	8,980	-
Depreciation Expense	16,253	355
Tenements/exploration written off	2,102,897	280,915
Share options issued for services	-	125,721
Realised exchange gain on settlement of deferred consideration	(328,649)	-
Unrealised exchange loss	57,003	22,465
Net cash used in operating activities	<u>(2,517,016)</u>	<u>(251,963)</u>

Acquisition of Entities

During 2011, 100% owned subsidiaries, Northern Railways LLC, Ovoot Coal LLC, Chilchig Gol LLC, Urd Hutlaga Uul LLC and ASTS LLC, were incorporated to hold tenements, licenses or be parties to joint venture interests. None of those subsidiaries have operated during the year and their assets comprise only cash at bank from the issue of the capital in those subsidiaries, as such they are accounted for as asset acquisitions, rather than business combinations.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

NOTE 8: CASH AND CASH EQUIVALENTS (continued)

During 2010, a 100% interest in Khurgatai Khairkhan LLC was acquired. Details of this transaction are:

	2010 \$
Purchase consideration consisting of:	
Cash consideration	892,831
Convertible note	5,238,739
Deferred settlement consideration	3,368,430
Total consideration	9,500,000
Cash consideration	892,831
Cash outflow	892,831
Assets and liabilities held at acquisition date:	
Total assets	341,727
Total liabilities	(2,066)
	339,661
Revaluation of Exploration Expenditure Reserve	9,160,339
	9,500,000

Non-cash Financing and Investing Activities:

Share issue as part of consideration for the purchase of Khurgatai Khairkhan LLC:

- 150,000,000 shares were issued at \$0.03,
- 50,000,000 Class A Options exercisable at \$0.05 on or before 12/2/15
- 120,000,000 Performance Options with exercise price of 5 cents and an expiry date of 5 years were issued. The options vested following the announcement in October 2010 of a JORC Compliant Coal Resource. No value was attached to these options at settlement as the likelihood that they would vest was considered remote, and
- 30,000,000 Performance Options with exercise price of 5 cents and an expiry date of 5 years and escrowed for 12 months were issued. The options vested following the announcement of a JORC Compliant Coal Resource. No value was attached to these options at settlement as the likelihood that they would vest was considered remote.

The share issue was based on the fair value of the asset which was determined by an independent valuation of Zephyr Consulting Group Pty Ltd.

NOTE 9: CURRENT TRADE AND OTHER RECEIVABLES

	2011 \$	2010 \$
GST recoverable	91,889	64,102
Prepayments	201,115	24,947
Accrued Interest	8,917	10,870
Tenant overheads contribution	13,533	-
Insurance recovery	12,894	-
Other	4,116	-
	332,464	99,919

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

NOTE 10: AVAILABLE FOR SALE ASSETS

	30 June 2011 \$	30 June 2010 \$
Available-for-sale investments carried at fair value (i):		
Listed shares	167,000	-
	<u>167,000</u>	<u>-</u>

(i) Available-for-sale investments consist of investments in ordinary shares, and therefore have no fixed maturity date or coupon rate.

The assets have been realised subsequent to year end (refer to Note 21).

NOTE 11: DEFERRED EXPLORATION AND EVALUATION EXPENDITURE

	2011 \$	2010 \$
Costs carried forward in respect of:		
Exploration and evaluation phase – at cost		
Balance at beginning of year	11,516,031	1,149,131
Expenditure incurred / (written off)		
Ovoot Coking Coal Project	5,173,384	10,559,722
Nuramt	932,998	-
Nuramt write-off	(932,998)	-
Jilchigbulag	410,752	-
Shanagan	259,192	-
Shanagan write-off	(259,192)	-
Zavkhan	235,424	-
Windy Knob Tenement	87,405	2,163
Windy Knob Tenement – write-off	(910,706)	-
Honeymoon Well Tenement	-	(169,139)
Tuckanarra Tenement Sale	(125,148)	23,305
Hood Tenement	-	(56,830)
Mt Way	-	(182)
Black Tank Well Sale	(7,859)	7,861
Total exploration expenditure	<u>16,379,283</u>	<u>11,516,031</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

NOTE 11: DEFERRED EXPLORATION AND EVALUATION EXPENDITURE (continued)

	2011 \$	2010 \$
Total expenditure incurred and carried forward in respect of specific projects -		
Ovoot Coking Coal	15,733,107	10,559,722
Jilchigbulag	410,752	-
Shanagan	-	-
Zavkhan	235,424	-
Windy Knob Tenement	-	823,301
Tuckanarra Tenement	-	125,147
Black Tank Well	-	7,861
Total exploration expenditure	16,379,283	11,516,031

The recoupment of costs carried forward in relation to areas of interest in the exploration and evaluation phases is dependent on the successful development and commercial exploitation or sale of the respective areas. The expenditure incurred on the Nuramt, Shanagan and Windy Knob interests has been written-off and expensed at year end as it is not expected to be recouped through successful development and exploration of the area of interest, or by its sale of those interests.

On 27 August 2010 it was announced that Agreement had been reached with Doray Minerals Limited to purchase the Group's Tuckanarra and Black Tank Well Projects. Consideration was 200,000 fully paid shares in Doray Minerals Limited. These shares were issued on 31 August 2010.

NOTE 12: TRADE AND OTHER PAYABLES (CURRENT)

	2011 \$	2010 \$
Trade payables	732,785	11,765
Accrued expenses	52,891	299,495
Corporate credit card	16,845	-
Payroll accruals	73,068	-
Provision for annual leave	16,287	-
	891,876	311,260

Trade payables are non-interest bearing and are normally settled on 30 day terms.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

NOTE 13: DEFERRED SETTLEMENT (CURRENT)

	2011 \$	2010 \$
Acquisition cost Ovoot Coking Coal Project	-	3,368,430
	-	3,368,430

As part of the acquisition price for Khurgatai Khaikhan LLC, a deferred payment of US\$3 million was payable on or before 12 February 2011. Aspire Mining Limited negotiated a discount of US\$72,000 on early settlement of the obligation on 23 December 2010. The strengthening of the AUD against the USD over the period also provided an exchange gain on the transaction.

NOTE 14: PROPERTY, PLANT AND EQUIPMENT

	Furniture & Fittings \$	Office equipment \$	Motor Vehicles \$	Total \$
Year ended 30 June 2011				
At 1 July 2010, net of accumulated depreciation and impairment	2,198	3,427	-	5,625
Additions	35,579	100,098	102,948	238,625
Depreciation charge for the year	(3,150)	(13,103)	-	(16,253)
At 30 June 2011, net of accumulated depreciation and impairment	34,627	90,422	102,948	227,997
At 30 June 2011				
Cost				244,605
Accumulated depreciation				(16,608)
Net carrying amount				227,997
Year ended 30 June 2010				
At 1 July 2009, net of accumulated depreciation and impairment	-	-	-	-
Additions	2,309	3,671	-	5,980
Depreciation charge for the year	(111)	(244)	-	(355)
At 30 June 2010, net of accumulated depreciation and impairment	2,198	3,427	-	5,625
At 30 June 2010				
Cost				5,980
Accumulated depreciation				(355)
Net carrying amount				5,625

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

NOTE 15: INTANGIBLE ASSET

	Exploration software	
	\$	
Year ended 30 June 2011		
At 1 July 2010, net of accumulated amortisation and impairment	-	
Additions	87,684	
Amortisation for the year	(8,980)	
At 30 June 2011, net of accumulated amortisation and impairment	<u>78,704</u>	
At 30 June 2011		
Cost	87,684	
Accumulated amortisation	<u>(8,980)</u>	
Net carrying amount	<u>78,704</u>	

NOTE 16: FINANCIAL INSTRUMENTS

	2011	2010
	\$	\$
Financial assets		
Receivables	131,350	99,919
Available for sale assets	167,000	-
Cash and cash equivalents	12,021,339	5,665,382
	<u>12,319,689</u>	<u>5,765,301</u>
Financial liabilities		
Trade creditors	891,876	311,260
Deferred settlement	-	3,368,430
	<u>891,876</u>	<u>3,679,690</u>

The following table details the expected maturities for the Group's non-derivative financial assets. These have been drawn up based on undiscounted contractual maturities of the financial assets including interest that will be earned on those 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
	%	\$	\$	\$	\$	\$
2011						
Non-interest bearing		496,022	-	-	-	-
Variable interest rate instruments	0.05	3,656,666	-	-	-	-
Fixed interest rate instruments	5.30	-	4,000,000	4,020,000	-	-
		<u>4,152,689</u>	<u>4,000,000</u>	<u>4,020,000</u>	<u>-</u>	<u>-</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

NOTE 16: FINANCIAL INSTRUMENTS (continued)

	Weighted average effective interest rate %	Less than 1 month \$	1 – 3 Months \$	3 months – 1 year \$	1 – 5 years \$	5+ years \$
2010						
Non-interest bearing	-	287,301	-	-	-	-
Variable interest rate instruments	3.25	1,478,000	-	-	-	-
Fixed interest rate instruments	5.25	1,000,000	2,000,000	1,000,000	-	-
		<u>2,765,301</u>	<u>2,000,000</u>	<u>1,000,000</u>	<u>-</u>	<u>-</u>

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. The table includes both interest and principal cash flows.

	Weighted average effective interest rate %	Less than 1 month \$	1 – 3 Months \$	3 months – 1 year \$	1 – 5 years \$	5+ years \$
2011						
Non-interest bearing	-	891,876	-	-	-	-
Variable interest rate instruments	-	-	-	-	-	-
Fixed interest rate instruments	-	-	-	-	-	-
		<u>891,876</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
2010						
Non-interest bearing	-	311,260	-	3,368,430	-	-
Variable interest rate instruments	-	-	-	-	-	-
Fixed interest rate instruments	-	-	-	-	-	-
		<u>311,260</u>	<u>-</u>	<u>3,368,430</u>	<u>-</u>	<u>-</u>

NOTE 17: FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

- Credit risk
- Liquidity 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, and the management of capital. 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 2011 and 2010, it has been the Group's policy not to trade in financial instruments.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

NOTE 17: 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. 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 2011, 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:

	2011	2010
Change in Loss	\$	\$
Increase in interest rate by 1%	80,000	19,000
Decrease in interest rate by 1%	(80,000)	(19,000)
Change in Equity		
Increase in interest rate by 1%	80,000	19,000
Decrease in interest rate by 1%	(80,000)	(19,000)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

NOTE 17: 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 explained in Australian dollars are as follows:

	Liabilities		Assets	
	2011	2010	2011	2010
	\$	\$	\$	\$
US Dollars	-	3,368,430	3,719,202	-
Mongolian Tugriks	448,727	-	182,070	159,158

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 or loss and other equity where the Australian Dollar strengthens against the respective currency. For a weakening of the Australian Dollar against the respective currency there would be an equal and opposite impact on the profit and other equity and the balances below would be negative.

	2011	2010
	\$	\$
	USD Impact	
Profit or Loss	371,920	336,843
	Mongolian Tugriks Impact	
Profit or Loss	19,413	15,160

(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 deposit. The Group does not have short or long-term debt, 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

NOTE 18: COMMITMENTS AND CONTINGENCIES

Remuneration Commitments

The Group has entered into remuneration commitments with all the directors and 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:

	2011 \$	2010 \$
Within a year	41,080	79,000
Later than one year but not later than five years	2,294,620	21,000

NOTE 19: DIVIDENDS

The directors of the Group have not declared any dividend for the year ended 30 June 2011.

NOTE 20: CONTINGENT LIABILITIES

There were no contingent liabilities as at 30 June 2011.

NOTE 21: EVENTS SUBSEQUENT TO REPORTING DATE

On 1 July 2011 Messrs Andrew Edwards and Mark Read were appointed Non-Executive Directors of the Company.

On 19 August 2011 the shareholders of the Company approved the adoption of the Aspire Mining Company Performance Rights Plan and the issue of Performance Rights to the directors of the Company. The vesting of the Performance Rights granted to directors is subject to achievement of performance milestones. Performance Rights can be issued to the directors and employees at the discretion of the directors. At the reporting date, no Performance Rights have been issued.

In August 2011 the Company realised \$239,920 for the 200,000 fully paid shares held in Doray Minerals Limited it received in August 2010 as the consideration on sale of the Tuckanarra and Black Tank Well Projects.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

NOTE 22: AUDITOR'S REMUNERATION

The auditor of Aspire Mining Limited and Northern Railways LLC is HLB Mann Judd.

	2011 \$	2010 \$
<i>Amounts received or due and receivable by HLB Mann Judd for:</i>		
An audit or review of the financial reports	34,350	20,700
Other Services	-	8,000
	<u>34,350</u>	<u>28,700</u>

Other services provided by HLB Mann Judd in 2010 related to the preparation of the Independent Experts Report included in the 7 January 2010 Notice of Meeting to Shareholders to approve the Ovoot Coking Coal Project Acquisition.

The auditor of Khurgatai Khairkhan LLC and its direct subsidiaries is Onch Audit LLC, Mongolia.

	2011 \$	2010 \$
<i>Amounts received or due and receivable by Onch Audit LLC for:</i>		
An audit or review of the financial reports	12,380	-
Other Services	-	-
	<u>12,380</u>	<u>-</u>

NOTE 23: DIRECTORS AND EXECUTIVES DISCLOSURES

(a) Details of Key Management Personnel

Mr David McSweeney	(Non-Executive Chairman)
Mr David Paull	(Managing Director)
Mr Neil Lithgow	(Non-Executive Director)
Mr Gan-Ochir Zunduisuren	(Non-Executive Director)
Mr Tony Pearson	(Non-Executive Director – appointed 23 December 2010)
Mr Russell Lynton-Brown	(Non-Executive Director – resigned 26 June 2011)
Mr Andrew Edwards	(Non-Executive Director – appointed 1 July 2011)
Mr Mark Read	(Non-Executive Director – appointed 1 July 2011)
Mr Phil Rundell	(Company Secretary and Chief Financial Officer)
Mr Kerry Griffin	(Country Manager, Mongolia – service agreement from 1 August 2010 to 20 June 2011)
Mr Fergus Campbell	(Chief Operating Officer – appointed 7 February 2011)
Mr Glen Ainsworth	(Country Director, Mongolia – appointed 19 May 2011)
Mr Iestyn Broomfield	(Exploration Manager, Mongolia – appointed 31 May 2011)

Key management personnel remuneration has been included in the Remuneration Report section of the Directors' Report.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

NOTE 23: DIRECTORS AND EXECUTIVES DISCLOSURES (continued)

(b) Option holdings of Key Management Personnel – Class A Options exercisable at 5 cents on or before 12 February 2015.

	Balance at beginning of period	Granted	Exercised	Expired	Balance at end of period
2011					
Mr David Paull (Note 1)	943,396	-	-	-	943,396
Mr David McSweeney	4,716,981	-	-	-	4,716,981
Mr Neil Lithgow (Note 2(a))	29,000,000	-	-	-	29,000,000
Total	34,660,377	-	-	-	34,660,377

2010

Mr David Paull (Note 1)	-	943,396	-	-	943,396
Mr David McSweeney	-	4,716,981	-	-	4,716,981
Mr Neil Lithgow (Note 2(a))	-	29,000,000	-	-	29,000,000
Total	-	34,660,377	-	-	34,660,377

Note 1: Mr David Paull and Mr Neil Lithgow are directors of Red Island Resources Limited a public unlisted company which is a beneficial owner of 49 million 5c Class A options over ordinary shares.

(c) Option holdings of Key Management Personnel – Performance Options exercisable at 5 cents on or before 12 February 2015.

	Balance at beginning of period	Granted	Exercised	Expired	Balance at end of period
2011					
Mr David Paull (Note 1)	20,000,000	-	-	-	20,000,000
Mr David McSweeney	10,000,000	-	-	-	10,000,000
Mr Neil Lithgow (Note 2(b))	36,000,000	-	-	-	36,000,000
Mr Gan-Ochir Zunduisuren (Note 4)	10,000,000	-	-	-	10,000,000
Total	76,000,000	-	-	-	76,000,000

2010

Mr David Paull (Note 1)	-	20,000,000	-	-	20,000,000
Mr David McSweeney	-	10,000,000	-	-	10,000,000
Mr Neil Lithgow (Note 2(b))	-	36,000,000	-	-	36,000,000
Mr Gan-Ochir Zunduisuren (Note 4)	-	10,000,000	-	-	10,000,000
Total	-	76,000,000	-	-	76,000,000

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

NOTE 23: DIRECTORS AND EXECUTIVES DISCLOSURES (continued)

(d) Shareholdings of Key Management Personnel

	Balance at beginning of period	Granted	On- and off- Market movements	Balance on retirement	Balance at end of period
2011					
Mr David Paull (Note 1)	1,886,792	-	-	-	1,886,792
Mr David McSweeney (Note 3)	14,283,962	-	-	-	14,283,962
Mr Neil Lithgow (Note 2(a))	58,000,000	-	2,000,000	-	60,000,000
Mr Gan-Ochir Zunduisuren (Note 4)	48,000,000	-	(9,000,000)	-	39,000,000
Mr Russell Lynton-Brown (Note 5)	4,240,001	-	(2,000,000)	(2,240,001)	-
Mr Fergus Campbell (Note 6)	-	-	592,326	-	592,326
Total	126,410,755	-	(8,407,674)	(2,240,001)	115,763,080
2010					
Mr David Paull (Note 1)	-	1,886,792	-	-	1,886,792
Mr David McSweeney (Note 3)	-	14,283,962	-	-	14,283,962
Mr Neil Lithgow (Note 2(a))	-	58,000,000	-	-	58,000,000
Mr Gan-Ochir Zunduisuren (Note 4)	-	48,000,000	-	-	48,000,000
Mr Russell Lynton-Brown (Note 5)	4,240,001	-	-	-	4,240,001
Mr Fergus Campbell	-	-	-	-	-
Total	4,240,001	122,170,754	-	-	126,410,755

Note: Mr David Paull and Mr Neil Lithgow are directors of Red Island Resources Limited, a public unlisted company, which is a beneficial owner of 49 million 5c Class A Options and 49,000,000 5c Performance Options over ordinary shares.

Note 1: Options and Shares held in 2Rs Pty Ltd ATF The Paull Family Trust. Mr Paull is a Director of 2Rs Pty Ltd.

Note 2(a): Options and Shares held in Spectral Investments Pty Ltd. Mr Lithgow is a director of Spectral Investments Pty Ltd.

Note 2(b): Options held in name of Big Fish Nominees Pty Ltd. Mr Lithgow is a director of Big Fish Nominees Pty Ltd.

Note 3: 4,500,000 shares held in the name of Brookman Resources Pty Ltd ATF David McSweeney Superannuation Fund. Mr McSweeney is a Director of Brookman Resources Pty Ltd and is a beneficiary of the David McSweeney Superannuation Fund.

Note 4: Options in the name of GZ Capital LLC of which Mr Zunduisuren is the sole director. 38,000,000 shares were held in the name of GZ Capital LLC until transferred to HSBC Custody Nominees Australia Limited in June 2011. Mr Zunduisuren remains the beneficial owner of the shares. 1,000,000 shares are held by Dorisuren Bayaambatseren, a spouse of Mr Zunduisuren.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

NOTE 23: DIRECTORS AND EXECUTIVES DISCLOSURES (continued)

(d) Shareholdings of Key Management Personnel (continued)

Note 5:

- (a) 80,001 shares held in the name of Russell Lynton Brown.
- (b) 2,080,000 shares held in the name of Husif Nominees Pty Ltd <RC Lynton-Brown Family A/c>; Mr Lynton-Brown is a director and controlling shareholder.
- (c) 40,000 shares held in the name of Mrs Joanne Marie Lynton-Brown, a spouse of Mr Lynton-Brown and an associate for this purpose.
- (d) 40,000 shares held in the name of Mr Russell Lynton-Brown & Mrs Rosemary Beeck ATF R Lynton-Brown Super A/c. Mr Lynton-Brown is a beneficiary.

Note 6: Shares held in name of Snowleigh Investments Pty Ltd. Mr Campbell is the sole director and shareholder of Snowleigh Investments Pty Ltd. Snowleigh Investments had acquired 59,126 shares (held at 30 June 2010) prior to the appointment of Mr Campbell to the Company.

(e) Related Party Disclosures

1. Disclosure of interest in rental services agreements with Retyre Pty Ltd DAPRB Pty Ltd
 - David Paull is a director and part owner of Retyre Pty Ltd and DAPRB Pty Ltd
 - Services provided include office space.
 - For the periods July 2010 to October 2010 and November 2010 to June 2011 Retyre Pty Ltd and DAPRB Pty Ltd, respectively, provided the Company with office space on a monthly bases. The amounts were charged at commercial market rates. The Company paid Retyre Pty Ltd and DAPRB Pty Ltd \$14,636 and \$40,945 respectively for rent and outgoings (2010: \$17,937).
2. Disclosure of interest in Agreement with Bluesky Minerals LLC
 - Gan-Ochir Zunduisuren is a director and owner of Bluesky Minerals LLC.
 - Services provided include project identification services.
 - Services are provided on a retainer basis of US\$15,000 (2010: US\$2,000) a month.
 - The Group had paid US\$171,800 for these services during the year (2010: US\$7,666).

(f) Subsidiaries

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

Name	Country of incorporation	% Equity Owned		Investment	
		2011	2010	2011	2010
Khurgatai Khairkhan LLC	Mongolia	100%	100%	\$9,428,158	\$9,500,000
Northern Railways LLC	Mongolia	100%	-	\$97,408	-
Ovoot Coal LLC	Mongolia	100%	-	-	-
Chilchig Gol LLC	Mongolia	100%	-	-	-
Urd Hutlga UUL LLC	Mongolia	100%	-	-	-
ASTS LLC	Mongolia	100%	-	-	-

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 2011 an amount of \$9,736,541 was owed by Khurgatai Khairkhan LLC to the Company (2010:\$740,922).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

NOTE 24: PARENT ENTITY DISCLOSURES

Financial position

	30 June 2011 \$	30 June 2010 \$
Assets		
Current assets	12,114,311	5,626,635
Non-current assets	9,560,751	11,377,059
Total assets	21,675,062	17,003,694
Liabilities		
Current liabilities	443,149	3,408,577
Non-current liabilities	-	-
Total liabilities	443,149	3,408,577
Equity		
Issued capital	39,156,503	19,258,065
Reserves	858,610	867,176
Accumulated losses	(18,783,200)	(6,530,124)
Total equity	21,231,913	13,595,117

Financial performance

	Year ended 30 June 2011 \$	Year ended 30 June 2010 \$
Loss for the year	(12,253,076)	(869,117)
Other comprehensive income	16,000	-
Total comprehensive loss	(12,237,076)	(869,117)

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 16 to 49, are in accordance with the Corporations Act 2001 including:
 - a. giving a true and fair view of the consolidated entity's financial position as at 30 June 2011 and of its performance for the year then ended; and
 - b. complying with Accounting Standards and Corporations Regulations 2001; and
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 2011.

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



David Paull
Managing Director
29 September 2011



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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 statement of financial position as at 30 June 2011, the statement of comprehensive income, the statement of changes in equity and the 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 for the consolidated entity. The consolidated entity comprises 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 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*, that the consolidated financial report complies 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 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 company's preparation and fair presentation of the financial report 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 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.

Matters relating to the electronic presentation of the audited financial report

This auditor's report relates to the financial report and remuneration report of Aspire Mining Limited for the financial year ended 30 June 2011 included on Aspire Mining Limited's website. The company's directors are responsible for the integrity of the Aspire Mining Limited website. We have not been engaged to report on the integrity of this website. The auditor's report refers only to the financial report and remuneration report identified in this report. It does not provide an opinion on any other information which may have been hyperlinked to/from the financial report. If users of the



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financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report and remuneration report to confirm the information contained in this website version of the financial report.

Independence

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

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 consolidated entity's financial position as at 30 June 2011 and of 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).

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2011. 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 2011 complies with section 300A of the *Corporations Act 2001*.

A handwritten signature in blue ink that reads 'HLB Mann Judd'.

HLB MANN JUDD
Chartered Accountants

A handwritten signature in blue ink that appears to read 'Norman Neill'.

N G NEILL
Partner

Perth, Western Australia
29 September 2011

CORPORATE GOVERNANCE STATEMENT

Introduction

The Board of Directors ("Board") of Aspire Mining Limited ("Company") is responsible for the performance of the Company and for the overall corporate governance of the Company and its controlled entities.

In carrying out the functions and exercising the powers set out in the Board's Charter, the Board will at all times act to protect and build sustainable value for the shareholders and other stakeholders, and to conduct and manage the Company's business properly, ethically and in accordance with the law.

Compliance with the corporate governance council recommendations

The Company's corporate governance framework is reported against the good corporate governance and best practice recommendations released by the Australian Securities Exchange Corporate Governance Council.

Whilst the Board is committed to its adoption, generally the structure of the Board, the size of the Company and the scale of its activities does not require full adoption of the policies and recommendations at this time. However, when the circumstances require it, policies will be implemented and complied with as they become applicable.

The corporate governance charters and policies adopted by the Board are available from the Company's registered office and website www.aspiremininglimited.com.

Main corporate governance practices

A description of the Company's current corporate governance practices are set out below.

Board composition

The Board operates in accordance with the broad principles set out in its Charter. The Charter details the Board's composition and functions. The Board is now comprised of seven (7) directors, a majority of which are independent non-executive directors. Currently there are six non-executive directors and one executive director. Four (4) of the non-executive directors are independent and two (2) are not by definition as they are substantial shareholders.

Details of the members of the Board, their experience, expertise, qualifications, term of office and status are set out in the Directors' Report under the heading "Directors".

Board functions

The Board is responsible for supervising the conduct of the Company's affairs and management of its business.

Although The Board delegates the responsibility for managing the day-to-day affairs of the Company to senior management personnel, the Board retains a supervisory role in respect of, and ultimate responsibility for, all matters relating to the Company and its business.

In addition to matters it is expressly required by law to approve, the Board has the following specific responsibilities:

1. appointment of the Managing Director and other senior executives and the determination of their terms and conditions including remuneration and termination;
2. driving the strategic direction of the Company, ensuring appropriate resources are available to meet objectives and monitoring management's performance;
3. reviewing and ratifying systems of risk management and internal compliance and control, codes of conduct and legal compliance;
4. approving and monitoring the progress of major capital expenditure, capital management and significant acquisitions and divestitures;
5. approving and monitoring the budget and the adequacy and integrity of financial and other reporting;
6. approving the annual, half yearly and quarterly accounts;
7. approving significant changes to the organisational structure;
8. approving the issue of any shares, options, equity instruments or other securities in the Company;
9. ensuring a high standard of corporate governance practice and regulatory compliance and promoting ethical and responsible decision making;

CORPORATE GOVERNANCE STATEMENT (continued)

Main corporate governance practices (continued)

Board functions (continued)

10. recommending to shareholders the appointment of the external auditor as and when their appointment or re-appointment is required to be approved by them; and
11. meeting with the external auditor, at the request of either the auditor or the Non Executive directors, without management being present.

Chairperson

The Company has appointed the non-executive director, Mr David McSweeney, as Chairperson. The Chairperson is responsible for leading the Board, ensuring directors are properly briefed in all matters relevant to their role and responsibilities, and facilitating Board discussions. The Chairperson is independent.

Commitment

The number of meetings of the Company's Board held during the year ended 30 June 2011, and the number of meetings attended by each director is disclosed in the Directors' Report under the heading "Directors' Meetings".

Conflict of interests

Directors must keep the Board advised of any interest that could potentially conflict with those of the Company.

Independent professional advice

If a director considers it necessary to obtain independent professional advice to properly discharge the responsibility of his/her office as a director then, subject to the approval of the Board to the incurrence of the expense, the director has the right to seek that independent professional advice at the Company's expense.

Performance assessment

The Board did undertake an annual self assessment of its collective and individual performance. The Board was expanded by the appointment of Messrs Andrew Edwards and Mark Read to complement and increase the skill base of the Board.

Remuneration

The Remuneration Report outlines the director remuneration arrangements of the Company in accordance with the requirements of the *Corporations Act 2001* and the *Corporations Regulations*. It also provides the remuneration disclosure required by AASB124 Related Party Disclosures.

The Board generally determines the remuneration paid to directors having regard to market practices, the size and nature of the Company and its operations, the prevailing general economic conditions, and the maximum aggregate remuneration approved by the shareholders at a general meeting.

During the year, the company engaged an independent consultant to review and recommend on director and executive remuneration. The recommendations of the consultant were accepted by the Remuneration Committee and the Board.

The fees currently paid to the non-executive directors are \$60,000 per annum. The non-executive Chairman receives \$120,000 per annum.

No bonuses or retirement benefits were paid during the financial year to any director.

The Company's shareholders approved the adoption of the Aspire Mining Limited Performance Rights Plan on 19 August 2011. Pursuant to the Plan, directors and employees can and will be issued performance rights exercisable into ordinary shares in the Company on satisfaction of performance milestones determined by the Board.

Trading in the Company's shares

In accordance with Listing Rule 12.9, the Company adopted and announced its Share Trading Policy on 21 December 2010. Directors and key management personnel must not trade in any securities of the Company at any time when they are in possession of unpublished price sensitive information in relation to those securities. There are also closed periods set out in the Policy.

As required by the ASX Listing Rules, the Company is to notify the ASX of any transaction conducted by any director in the listed securities of the Company.

CORPORATE GOVERNANCE STATEMENT (continued)

Main corporate governance practices (continued)

Board committees

The Board's charter allows it to establish committees if and when required to assist in the execution of the duties of the Board. As at the date of this report, the Company has established a Remuneration Committee and an Audit and Risk Committee. When the circumstances require it, further committees will be instituted with each having its own charter approved by the Board that will set the scope and operational arrangements for the committees.

Audit and Risk Committee

The Audit and Risk Committee operates under a charter approved by the Board. It is the Board's responsibility to ensure that an effective internal control framework exists within the entity. This includes internal controls to deal with both the effectiveness and efficiency of significant business processes, the safeguarding of assets, the maintenance of proper accounting records, and the reliability of financial information as well as non financial considerations such as the benchmarking of operational key performance indicators. The Board has delegated responsibility for establishing and maintaining a framework of internal control and ethical standards to the Audit and Risk Committee.

The Committee also provides the Board with additional assurance regarding the reliability of financial information for inclusion in the financial reports.

The members of the Audit and Risk Committee during the year were:

Mr David McSweeney (Independent)
Mr David Paull
Mr Russell Lynton-Brown (Independent)

The members of the Audit and Risk Committee were changed on 30 August 2011 and are now:

Mr Andrew Edwards (Independent Chairman)
Mr David McSweeney (Independent)
Mr Mark Read (Independent)

All members of the Audit and Risk Committee are non-executive directors.

For details on the number of meetings of the Audit and Risk Committee held during the year and the attendees at those meetings, refer to the Directors' Report.

Remuneration Committee

It is the Company's objective to provide maximum stakeholder benefit from the retention of a high quality Board and executive team by remunerating directors and key executives fairly and appropriately with reference to relevant employment market conditions. To assist in achieving this objective, the Remuneration Committee links the nature and amount of executive directors' and officers' emoluments to the Company's financial and operational performance.

The expected outcomes of the remuneration structure are:

- retention and motivation of key executives;
- attraction of high quality management to the Company; and
- performance incentives that allow executives to share the success of the Company.

For a full discussion of the Company's remuneration philosophy and framework and the remuneration received by directors and executives in the current period please refer to the remuneration report, which is contained within the Directors' Report.

There is no scheme to provide retirement benefits, other than statutory superannuation, to non-executive directors.

The Board is responsible for determining and reviewing compensation arrangements for the directors themselves and the Managing Director.

The Board has established a Remuneration Committee comprising non-executive directors.

Members of the Remuneration Committee throughout the year were:

Mr David McSweeney (Independent)
Mr Neil Lithgow
Mr Russell Lynton-Brown (Independent)

CORPORATE GOVERNANCE STATEMENT (continued)

Main corporate governance practices (continued)

Remuneration Committee (continued)

The members of the Remuneration Committee were changed on 30 August 2011 and are now :

Mr Mark Read (Independent Chairman)
Mr David McSweeney (Independent)
Mr Tony Pearson (Independent)

For details on the number of meetings of the Remuneration Committee held during the year and the attendees at those meetings, refer to the Directors' Report.

External auditors

The Company policy is to appoint external auditors who clearly demonstrate quality and independence. The performance of the external auditor is reviewed annually and applications for tender of external audit services will be requested as deemed appropriate, taking into consideration assessment of performance, existing value and tender costs.

HLB Mann Judd is the appointed external auditor of the Company. It is the Company's policy to rotate audit engagement partners at least every five years.

An analysis of fees paid to the external auditors, including a break-down of any fees for any non-audit services, is provided in the Directors' Report and in Note 22 to the financial statements. It is a requirement for the external auditors to provide an annual declaration of their independence to the Company.

The external auditor is required to attend annual general meetings and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the audit report.

Risk assessment and management

The Board is responsible for ensuring there are adequate policies in relation to risk management, compliance and internal control systems. In summary, the Company's policies are designed to ensure strategic, operational, legal, reputation and financial risks are identified, assessed, effectively and efficiently managed and monitored to enable achievement of the Company's business objectives.

The Board oversees the establishment and implementation of risk management. The Audit and Risk Committee is delegated the function and responsibility to establish, implement and maintain risk management systems and frameworks. The Company's senior management are delegated the tasks of management of operational risk and implementation of risk management strategies.

The Company's activities are in exploration in Mongolia and the risks associated with that activity and jurisdiction include operating, currency, market s and sovereign risk.

Control procedures cover management accounting, financial reporting, compliance, adoption of a delegation and approval policy including expenditure and execution limits and other risk management issues.

There is commentary on financial risk management at Note 17 to the financial statements.

Corporate reporting

The Board has received assurance from the Chief Executive Officer and the Chief Financial Officer by way of the declarations provided in accordance with section 295A of the Corporations Act that for the period ended 30 June 2011:

- (i) the Company's Financial Report is complete and presents a true and fair view, in all material respects, of the financial condition and operational results of the Company; and
- (ii) the above statement is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board or where those policies are not adhered to that fact is stated in the Annual Report and that the Company's risk management and internal compliance and control is operating efficiently and effectively in all material respects.

CORPORATE GOVERNANCE STATEMENT (continued)

Main corporate governance practices (continued)

Code of Conduct

The Company has a statement of values and a code of conduct endorsed by the Board that applies to all directors and any employees if and when they are engaged. The code is reviewed and updated as necessary to ensure it reflects the highest standards of behaviour and professionalism and the practices necessary to maintain confidence in the Company's integrity. In summary, the code requires that at all times all Company personnel act with the utmost integrity, objectivity and in compliance with the letter and the spirit of the law and Company policies.

The directors are satisfied that the Company has complied with its policies on ethical standards, including trading in securities.

Continuous disclosure and shareholder communication

The Company has written policies and procedures on information disclosure that focus on continuous disclosure of any information concerning the Company that a reasonable person would expect to have a material affect on the price of the Company's securities. These policies and procedures also include the arrangements the Company has in place to promote communication with shareholders and encourage effective participation at general meetings.

The Company Secretary has been nominated as the person responsible for communications with the ASX. This role includes responsibility for ensuring compliance with the continuous disclosure requirements in the ASX Listing Rules and overseeing and coordinating information disclosure to the ASX. The Managing Director is responsible for communications with analysts, brokers, shareholders, the media and the public.

Shareholders that have made an election, receive a copy of the Company's Annual Report by mail. Otherwise, the Annual Report is available on the Company's website.

Corporate Governance Statement

ASX Principles and Recommendations not followed by the Company and the reasons for non-compliance are as follows.

Recommendation Ref	Notification of Departure	Explanation for Departure
1.2 1.3	Evaluation of senior executive roles has not taken place	Senior executives were engaged during the year. However, due to the limited tenure, no performance evaluations were undertaken or were due to be undertaken.
2.1	A majority of the Board was not independent to 23 December 2011	A director is generally independent if the director is not a member of the management and there is no relationship affecting that status. Whilst no current director is a past or present employee, professional adviser, consultant, supplier or customer with or to the Company; or have any contractual relationship with the Company other than as a director, two non-executive directors are considered to be not independent as they are substantial shareholders and there is one executive director. From 23 December 2010 to 20 June 2011, and from 1 July 2011, a majority of the Board is independent.
2.4	A separate nomination committee has not been formed.	The Board as a whole undertakes the process of reviewing the skill base and experience of existing directors to enable identification or attributes required in new directors. Where appropriate, independent consultants are engaged to identify possible new candidates for the Board.

ADDITIONAL SHAREHOLDER INFORMATION

1. Substantial Shareholders

There are six substantial shareholders as at 18 October 2011:

- SouthGobi Resources Limited, 123,498,316 shares or 19.90% on an undiluted basis.
- Spectral Investments Pty Ltd, a company controlled by Mr Neil Lithgow, 61,000,000 shares or 9.83% on an undiluted basis.
- Khadbaasan Bat Erdene, 40,000,000 shares or 6.45% on an undiluted basis.
- Badamdandin Battuvshin, 49,000,000 shares or 7.90% on an undiluted basis.
- Gan-Ochir Zunduisuren, 38,000,000 shares or 6.12% on an undiluted basis.
- Lanzoni Limited, 51,615,490 shares or 8.32% on an undiluted basis.

2. Number of holders in each class of equity securities and the voting rights attached (as at 18 October 2011)

Ordinary Shares

There are 2,716 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 15 holders of Class A Options, 7 holders of Performance Options and 2 holders of Options. There are no voting rights attached to these options.

3. Distribution schedule of the number of holders in each class of equity security as at 18 October 2011.

a) Fully Paid Ordinary Share

SPREAD OF HOLDINGS	HOLDERS	UNITS	% OF ISSUED CAPITAL
1 – 1,000	237	63,264	0.01 %
1,001 – 5,000	471	1,550,027	0.25 %
5,001 – 10,000	502	4,258,677	0.69 %
10,001 – 100,000	1,220	46,117,978	7.43 %
100,001 –	286	568,604,610	91.62 %
TOTAL ON REGISTER	2,716	620,594,556	100.00 %

b) Unlisted Class A Options exercisable at \$0.05 on or before 12 February 2015

SPREAD OF HOLDINGS	HOLDERS	UNITS	Class A Options
1 – 1,000	-	-	0.00 %
1,001 – 5,000	-	-	0.00 %
5,001 – 10,000	-	-	0.00 %
10,001 – 100,000	3	206,950	0.22 %
100,001 –	12	95,979,892	99.78 %
TOTAL ON REGISTER	15	96,186,842	100.00 %

c) Unlisted Performance Options exercisable at \$0.05 on or before 12 February 2015

SPREAD OF HOLDINGS	HOLDERS	UNITS	Class A Options
1 – 1,000	-	-	0.00 %
1,001 – 5,000	-	-	0.00 %
5,001 – 10,000	-	-	0.00 %
10,001 – 100,000	-	-	0.00 %
100,001 –	7	145,000,000	100.00 %
TOTAL ON REGISTER	7	145,000,000	100.00 %

ADDITIONAL SHAREHOLDER INFORMATION (continued)

3. Distribution schedule of the number of holders in each class of equity security as at 18 October 2011 (continued)

d) Unlisted Options exercisable at \$0.15 on or before 31 December 2012			
SPREAD OF HOLDINGS	HOLDERS	UNITS	Class A Options
NIL HOLDING			
1 – 1,000	-	-	0.00 %
1,001 – 5,000	-	-	0.00 %
5,001 – 10,000	-	-	0.00 %
10,001 – 100,000	-	-	0.00 %
100,001 –	2	6,000,000	100.00 %
TOTAL ON REGISTER	2	6,000,000	100.00 %

4. Marketable Parcel

There are 250 shareholders 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 (as at 18 October 2011) is as follows:

Ordinary Shares Top 20 holders and percentage held.

Holder Name	Units	% of Issued
1 HSBC Custody Nominees Australia Limited	138,271,938	22.28 %
2 SouthGobi Resources Limited	109,199,137	17.60 %
3 Spectral Investments Pty Ltd	58,000,000	9.35 %
4 Lanzoni Limited	28,291,215	4.56 %
5 Lanzoni Limited	23,324,275	3.76 %
6 JP Morgan Nominees Australia Limited	19,966,349	3.22 %
7 SouthGobi Resources Limited	14,299,179	2.30 %
8 UBS Nominees Pty Ltd	11,983,894	1.93 %
9 David Lesley McSweeney	8,783,962	1.42 %
10 Citicorp Nominees Pty Ltd	8,379,073	1.35 %
11 YF Finance Ltd	6,000,000	0.97 %
12 Brookman Resources Pty Ltd	4,500,000	0.73 %
13 Timeview Enterprises Pty Ltd	4,395,192	0.71 %
14 National Nominees Limited	4,346,240	0.70 %
15 UBS Wealth Management Australia Nominees Pty Ltd	4,114,495	0.66 %
16 Merrill Lynch Australia Nominees Pty Ltd	4,096,927	0.66 %
17 UBS Nominees Pty Ltd	3,990,000	0.64 %
18 RBC Dexia Investor Services Australia Nominees Pty Ltd	3,400,000	0.55 %
19 Spectral Investments Pty Ltd	3,000,000	0.48 %
20 Caroline M Benetti	2,944,499	0.47 %
Total	461,286,375	74.34 %

ADDITIONAL SHAREHOLDER INFORMATION (continued)

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

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

10. Restricted Securities

There are no restricted securities.

11. Review of Operations

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

12. Schedule of Tenements

Exploration Licenses

The following tenements are registered in the name of Aspire Mining Limited or its 100% owned subsidiaries at 18 October 2011.

Mongolia

Tenement	Status	Equity
Ovoot 13636X	Granted	100%
Hurimt 14510X	Granted	100%
Zunn Del 14499X	Granted	100%
Nuramt 14499X	Granted	100%
14636X	Granted	100%
14973X	Granted	100%
Jilchigbulag 12816X	Granted	100%

Western Australia

Windy Knob Joint Venture

Tenement	Status	Equity
E51/900	Granted	49%
E51/1300	Granted	49%
P51/2596	Granted	49%
P51/2597	Granted	49%
P51/2603	Granted	49%
P51/2604	Granted	49%

