
ASPIRE MINING LIMITED

ACN 122 417 243

NOTICE OF GENERAL MEETING

TIME: 10:00 a.m. (WST)

DATE: 26 July 2017

PLACE: Level 4
130 Stirling Street
Perth WA 6000

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

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

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IMPORTANT INFORMATION

TIME AND PLACE OF MEETING

Notice is given that the meeting of the Shareholders to which this Notice of Meeting relates will be held at 10:00 a.m. (Perth time) on 26 July 2017 at Level 4, 130 Stirling Street, Perth, Western Australia.

YOUR VOTE IS IMPORTANT

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

VOTING ELIGIBILITY

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the General Meeting are those who are registered Shareholders at 5:00 p.m. (Perth time) on 24 July 2017.

VOTING IN PERSON

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

VOTING BY PROXY

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

In accordance with section 249L of the Corporations Act, members are advised that:

- each member has a right to appoint a proxy;
- the proxy need not be a member of the Company; and
- a member who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Proxy vote if appointment specifies way to vote

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, **if it does:**

- the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed); and
- if the proxy has 2 or more appointments that specify different ways to vote on the resolution – the proxy must not vote on a show of hands; and
- if the proxy is the chair of the meeting at which the resolution is voted on – the proxy must vote on a poll, and must vote that way (i.e. as directed); and
- if the proxy is not the chair – the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).

Transfer of non-chair proxy to chair in certain circumstances

Section 250BC of the Corporations Act provides that, if:

- an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and
- the appointed proxy is not the chair of the meeting; and
- at the meeting, a poll is duly demanded on the resolution; and
- either of the following applies:
 - the proxy is not recorded as attending the meeting;
 - the proxy does not vote on the resolution,

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

BUSINESS OF THE MEETING

AGENDA

A. SPECIAL BUSINESS

RESOLUTION 1 – ISSUE OF SHARES AND OPTIONS PURSUANT TO THE PLACEMENT

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

“That for the purposes of ASX Listing Rule 7.1, and for all other purposes, Shareholders approve the issue and allotment of up to 200,000,000 Shares and 200,000,000 Options on the terms and conditions set out in the Explanatory Statement.”

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

RESOLUTION 2 – PARTICIPATION BY DAVID MCSWEENEY IN THE PLACEMENT

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

“That, subject to the passing of Resolution 1, for the purposes of ASX Listing Rule 10.11, and for all other purposes, Shareholders approve the issue and allotment of up to 500,000 Shares and 500,000 Options to David McSweeney (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

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

RESOLUTION 3 – PARTICIPATION BY DAVID PAULL IN THE PLACEMENT

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

“That, subject to the passing of Resolution 1, for the purposes ASX Listing Rule 10.11 and for all other purposes, Shareholders approve the issue and allotment of up to 1,000,000 Shares and 1,000,000 Options to David Paull (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

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

RESOLUTION 4 – ISSUE OF SHARES AND OPTIONS TO NOBLE RESOURCES INTERNATIONAL PTE LTD

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

“That, subject to the passing of Resolutions 7, 8 and 9, for the purposes of ASX Listing Rules 7.1, and for all other purposes, Shareholders approve the issue and allotment of up to 41,671,200 Shares and 41,671,200 Options to Noble Resources International Pte Ltd (or its nominee) on the terms and conditions set out in the Explanatory Statement.”

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

RESOLUTION 5 – ISSUE OF SHARES AND OPTIONS TO SPECTRAL INVESTMENTS PTY LTD

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

“That for the purposes of ASX Listing Rules 10.11, and for all other purposes, Shareholders approve the issue and allotment of 10,000,000 Shares and 10,000,000 Options to Spectral Investments Pty Ltd (or its nominee) on the terms and conditions set out in the Explanatory Statement.”

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

RESOLUTION 6 – ISSUE OF SHARES AND OPTIONS TO BAT-EREDENE Khabdaasan

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

“That for the purposes of ASX Listing Rule 7.1, and for all other purposes, Shareholders approve the issue and allotment of 13,333,333 Shares and 13,333,333 Options to Bat-Erdene Khabdaasan (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

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

RESOLUTION 7 – APPROVAL FOR THE EXERCISE OF THE ECJV OPTION

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

“That, subject to the passing of Resolutions 4, 8 and 9, for the purposes of ASX Listing Rule 10.1, and for all other purposes, Shareholders approve the exercise of the ECJV Option on the terms and conditions set out in the Explanatory Statement.”

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

The Independent Expert’s Report prepared by Stantons International Securities concludes that the proposal outlined in Resolution 7 may, on balance, taking into account the factors referred to in the Independent Expert’s Report, be considered to be not fair but reasonable to Shareholders (not associated with the Noble Group) as at the date of the Independent Expert’s Report. Shareholders are referred to the Independent Expert’s Report attached as Annexure B to this Notice of Meeting.

RESOLUTION 8 – ISSUE OF SHARES AND OPTIONS TO LOGARTA LIMITED ON THE EXERCISE OF THE ECJV OPTION

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

“That, subject to the passing of Resolutions 4, 7 and 9, for the purposes of ASX Listing Rule 7.1 and for all other purposes, Shareholders approve the issue and allotment of up to 66,666,667 Shares and 66,666,667 Options to Logarta Limited (or its nominee) on the terms and conditions set out in the Explanatory Statement.”

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

RESOLUTION 9 – APPROVAL FOR THE GRANT AND EXERCISE OF THE INCREASED COALRIDGE SECURITY

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

“That, subject to the passing of Resolutions 4, 7 and 8, for the purposes of ASX Listing Rule 10.1, and for all other purposes, Shareholders approve the grant of the Increased Coalridge Security, and any exercise of the Increased Coalridge Security, on the terms and conditions set out in the Explanatory Statement.”

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

The Independent Expert’s Report prepared by Stantons International Securities concludes that the proposal outlined in Resolution 9 may, on balance, taking into account the factors referred to in the Independent Expert’s Report, be considered to be fair and reasonable to Shareholders (not associated with the Noble Group) as at the date of the Independent Expert’s Report. Shareholders are referred to the Independent Expert’s Report attached as Annexure B to this Notice of Meeting.

RESOLUTION 10 – ISSUE OF SHARES TO XANADU MINES LIMITED

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

“That for the purpose of ASX Listing Rule 7.1, and for all other purposes, Shareholders ratify the issue of 10,000,000 Shares to Xanadu Mines Limited on the terms and conditions set out in the Explanatory Statement.”

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

B. VOTING EXCLUSION STATEMENTS

Voting Exclusion Statements

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

Resolution	Persons excluded from voting
Resolution 1 – Issue of the Shares and Options pursuant to the Placement	The Company will disregard any votes cast on Resolution 1 by a person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed, and any associates of those persons.
Resolution 2 – Participation by David McSweeney in the Placement	The Company will disregard any votes cast on Resolution 2 by David McSweeney (or his nominee) and any of his associates.
Resolution 3 – Participation by David Paull in the Placement	The Company will disregard any votes cast on Resolution 3 by David Paull (or his nominee) and any of his associates.

Resolution	Persons excluded from voting
Resolution 4 – Issue of Shares and Options to Noble Resources International Pte Ltd	The Company will disregard any votes cast on Resolution 4 by Noble Resources International Pte Ltd (or its nominee) and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed, and any associates of those persons.
Resolution 5 – Issue of Shares and Options to Spectral Investments Pty Ltd	The Company will disregard any votes cast on Resolution 5 by Spectral Investments Pty Ltd (or its nominee) and any of its associates.
Resolution 6 – Issue of Shares and Options to Bat-Erdene Khabdaasan	The Company will disregard any votes cast on Resolution 6 by Bat-Erdene Khabdaasan (or his nominee) and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed, and any associates of those persons.
Resolution 7 – Approval for the exercise of the ECJV Option	The Company will disregard any votes cast on Resolution 7 by Logarta Limited, Noble Resources International Pte Ltd and Coalridge Limited and any of their associates.
Resolution 8 – Issue of Shares and Options to Logarta Limited on the exercise of the ECJV Option	The Company will disregard any votes cast on Resolution 8 by Logarta Limited and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed, and any associates of those persons.
Resolution 9 – Approval for the grant and exercise of the Increased Coalridge Security	The Company will disregard any votes cast on Resolution 9 by Noble Resources International Pte Ltd and any of its associates.
Resolution 10 – Issue of Shares to Xanadu	The Company will disregard any votes cast on Resolution 10 by Xanadu Mines Limited (or its nominee) and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed, and any associates of those persons.

However, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

DATED: 23 JUNE 2017

BY ORDER OF THE BOARD



PHILIP RUNDELL
COMPANY SECRETARY

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions which are the subject of the business of the General Meeting.

BACKGROUND

As announced on 14 June 2017, the Company proposes to issue up to 200,000,000 Shares at an issue price of \$0.02 per Share, together with one free attaching Option for every Share subscribed for, in order to raise up to \$4,000,000 (**Placement**). The Company intends to allow oversubscriptions of up to 50,000,000 Shares and 50,000,000 Options in order to provide the potential to raise an additional amount of up to \$1,000,000 under the Placement.

Each Option issued in connection with the Placement shall be exercisable at \$0.025 each and will expire 12 months after the date of grant. The full terms of the Options are set out in Annexure A of this Explanatory Statement.

The offer of Shares and Options pursuant to the Placement is proposed to be made pursuant to a prospectus issued under the Corporations Act (**Prospectus**) and the Placement will be subject to Shareholder approval (being the subject of Resolution 1).

Funds raised under the Placement will be used to:

- (a) meet the minimum exploration expenditure and licence fees for the Ovoot Coking Coal Project and licences;
- (b) meet the licence fees and undertake a drilling and analysis programme on the Nuurstei Project with the objective of increasing the JORC Resources and/or conversion of JORC Resources to JORC Reserves;
- (c) meet the costs of continuing negotiations with parties for the funding of further studies and the completion of the Northern Railways Concession Agreement conditions precedent;
- (d) debt servicing and repayment; and
- (e) working capital.

On 14 June 2017 the Company announced that a loan reorganisation and exercise of the ECJV Option had been agreed with Noble Resources International Pte Ltd (**Noble**) by way of a binding term sheet (**Term Sheet**). Pursuant to those arrangements, and subject always to Shareholder approval being obtained and the Company successfully completing a capital raising to the satisfaction of the Company:

- (a) The interest payment of US\$625,068 (for the period 10 February 2016 to 30 June 2017, which is due on 2 July 2017) on the Noble Long Term Facility is to be paid by the issue of Shares and Options at the same price and on the same terms and conditions as Shares and Options offered under the Placement.
- (b) The amount available for drawdown under the Noble Long Term Facility will be increased from US\$5 million to US\$6.65 million.
- (c) The principal amount and repayment fee due to be paid to Noble under the Noble Short Term Facility, being in aggregate US\$1.65 million, is to be paid out of the additional advance being made available under the revised Noble Long Term Facility.

- (d) The due date for interest payable under the Noble Long Term Facility for the period 1 July 2017 to 17 February 2018 is 17 February 2018 and thereafter at successive six month periods up to the repayment date.
- (e) The interest rate payable under the Noble Long Term Facility be increased from 9% per annum to 10.45% per annum on and from 17 August 2017 (being the repayment date of the Noble Short Term Facility) and the repayment date of the Noble Long Term Facility be varied from 15 March 2018 to 17 August 2019.
- (f) The ECJV Option be exercised by Ovoot Coking Coal Pte Ltd (**Ovoot**) with Logarta Limited (or its nominee) to receive Shares and Options at the same price and on the same terms and conditions as the Shares and Options offered under the Placement in lieu of Ovoot paying the cash component of the ECJV Option exercise price of US\$1 million. Noble will also receive a royalty in connection with the exercise of the ECJV Option which is outlined in more detail in Section 6.1 below.

Further the Company has entered into arrangements with Spectral Investments Pty Ltd (a company associated with director and substantial shareholder Mr Neil Lithgow) and Mr Bat-Erdene Kabdaasan (a substantial shareholder in the Company), being two of the four lenders under the Short Term Facility, whereby each of Spectral Investments Pty Ltd and Mr Bat-Erdene Kabdaasan will accept Shares and Options at the same price and on the same terms and conditions as the Shares and Options offered under the Placement as repayment of the principal amounts due to them under the Short Term Facility on 17 August 2017, being US\$150,000 and US\$200,000, respectively.

1 RESOLUTION 1 – ISSUE OF ORDINARY SHARES AND OPTIONS PURSUANT TO THE PLACEMENT

1.1 General

As outlined above, the Company is seeking to raise up to \$4 million by way of the Placement.

Under the Placement, the Company proposes to issue up to 200 million fully paid ordinary shares in the capital of the Company at \$0.02 each, with each share being issued together with an attaching 12 month option to acquire a further fully paid ordinary share at an exercise price of \$0.025 each. The capital raising will not be underwritten and there is no minimum amount sought pursuant to the raising. The Company will in due course issue the Prospectus in relation to the proposed capital raising.

Resolution 1 seeks Shareholder approval for the issue of up to 200,000,000 Shares and 200,000,000 Options to raise up to \$4,000,000 pursuant to the Placement.

1.2 ASX Listing Rule 7.1

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

If approved by Shareholders, the effect of Resolution 1 will be to allow the Company to issue up to 200,000,000 Shares and 200,000,000 Options pursuant to the Placement during the three months after the General Meeting (or a longer period if allowed by ASX) without using the Company's 15% annual placement capacity under ASX Listing Rule 7.1.

1.3 Technical information required by ASX Listing Rule 7.1

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the Placement:

- (a) the maximum number of securities to be issued are 200,000,000 Shares and 200,000,000 Options;
- (b) the Shares and Options will be issued no later than three months after the date of the General Meeting (or such later date as may be permitted pursuant to the terms of any waiver granted by the ASX or modification of the ASX Listing Rules). The Company expects to issue all of the Shares and Options on one date within 14 days of the General Meeting (assuming shareholders approve of Resolution 1), however the exact date of issue is unknown at this stage;
- (c) the Shares will be issued at the issue price of \$0.02 per Share. The Options will be granted for nil consideration;
- (d) the Shares and Options will be issued to eligible applicants under the Placement.
- (e) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares, and will rank equally in all respects. The terms and conditions of the Options are set out in Annexure A to this Explanatory Statement;
- (f) the intended use of the funds raised from the Placement is set out in the "Background" section of this Explanatory Memorandum. No funds will be raised from the issue of the Options although the Company will raise \$0.025 per Option if and when these Options are exercised.

2 RESOLUTIONS 2 AND 3 – PARTICIPATION OF RELATED PARTIES IN THE PLACEMENT

2.1 General

David McSweeney and David Paull, Directors and Shareholders of the Company, wish to participate in the Placement. As both Mr McSweeney and Mr Paull are directors of the Company, their participation in the Placement requires the prior approval of Shareholders.

Resolutions 2 and 3, respectively, seek Shareholder approval for:

- (a) the participation by David McSweeney (or his nominee) in the Placement to the sum of up to \$10,000, being up to 500,000 Shares and 500,000 Options;
- (b) the participation by David Paull (or his nominee) in the Placement to the sum of up to \$20,000, being up to 1,000,000 Shares and 1,000,000 Options;

(together the **Participation**).

2.2 Chapter 2E of the Corporations Act

Chapter 2E of the Corporations Act regulates the provision of financial benefits to related parties by a public company or an entity that the public company controls.

For a public company to give a financial benefit to a related party of the public company, the public company must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The issue of securities to directors constitutes the provision of a financial provision to a related party. Accordingly, the Participation will result in the issue of securities to related parties which constitutes giving a financial benefit. Each of David McSweeney and David Paull are related parties of the Company by virtue of being Directors of the Company.

The Directors consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the Participation by each of David McSweeney and David Paull (or their nominees) because the issue of the relevant Shares and Options falls within the exception under section 210 of the Corporations Act. Section 210 of the Corporations Act provides that shareholder approval is not required for a company to give a financial benefit on terms that:

- (a) would be reasonable in the circumstances if the public company and the related party were dealing at arm's length; or
- (b) are on terms that are less favourable to the related party than would be given if the parties were dealing at arm's length.

In forming this view, the Board noted that the Shares and Options proposed to be issued to each of David McSweeney and David Paull are to be issued on the same terms as Shares and Options to be issued to non-related party participants in the Placement and as such the giving of the financial benefit is on arm's length terms.

2.3 ASX Listing Rule 10.11

ASX Listing Rule 10.11 requires Shareholder approval to be obtained where an entity issues, or agrees to issue, equity securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained, unless an exception in ASX Listing Rule 10.12 applies.

As the issue of Shares and Options to Mr McSweeney and Mr Paull pursuant to the Placement would involve the issue of equity securities to related parties of the Company, Shareholder approval pursuant to ASX Listing Rule 10.11 is required unless an exception applies. It is the view of the Directors that the exceptions set out in ASX Listing Rule 10.12 do not apply in the current circumstances.

If Shareholders approve Resolutions 2 and 3, separate approval will not be required under ASX Listing Rule 7.1 for the issue of Shares and Options to Mr McSweeney (Resolution 2) or Mr Paull (Resolution 3) and/or their nominee under the Placement as approval is already being obtained under ASX Listing Rule 10.11

2.4 Technical information required by ASX Listing Rule 10.13

Pursuant to and in accordance with ASX Listing Rule 10.13, the following information is provided in relation to the Participation:

- (a) the Shares and Options will be issued and allotted to each of David McSweeney and David Paull (and/or their nominees);
- (b) the maximum number of Shares and Options to be issued to each of David McSweeney and David Paull is set out below:

Director	Issued pursuant to the Placement		Relevant undiluted interest in the Company (%) ⁵	
	Shares	Options	Before	After
David McSweeney ¹	500,000	500,000	1.75	1.51
David Paull ^{2, 3, 4}	1,000,000	1,000,000	1.41	1.11

Notes:

1. 16,266,962 Shares are held by The McSweeney Family Trust, Magmatech Pty Ltd ATF Magmatech Unit Trust and Brookman Resources Pty Ltd ATF <The David McSweeney Superannuation Fund> of which Mr McSweeney is a beneficiary, and 200,000 Shares are owned in Mr McSweeney's own name

2. David Paull is a director of Red Island Resources Limited, a public unlisted company which holds 8,350,000 Shares in the Company.

3. David Paull's interest does not include Performance Rights that have been issued to him.

4. David Paull is also a director and a beneficiary of 2R's Pty Ltd <Paull Family Trust A/C> which holds 4,486,792 Shares in the Company and Paulkiner Pty Ltd <Paulkiner Superannuation Fund> which holds 416,000 beneficially for David Paull.

5. All relevant interests are based on the Placement being fully subscribed and raising \$4,000,000.

- (c) the Shares and Options shall be issued no later than one month after the date of the General Meeting (or such later date as may be permitted pursuant to the terms of any waiver granted by the ASX or modification of the ASX Listing Rules). The Company expects to issue all of the Shares and Options on one date within 14 days of the General Meeting (assuming the relevant resolutions are approved by Shareholders), however the exact date of issue is unknown at this stage;
- (d) the Shares will be issued at the issue price of \$0.02 per Share. The Options will be granted for nil consideration;
- (e) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares, and will rank equally in all respects. The terms and conditions of the Options are set out in Annexure A to this Explanatory Statement; and

- (f) the intended use of the funds raised from by the Placement is set out in the table set out in the "Background" section of this Explanatory Statement. No funds will be raised from the issue of the Options although the Company will raise \$0.025 per Option as and when these Options are exercised.

3 RESOLUTION 4 – ISSUE OF SHARES AND OPTIONS TO NOBLE RESOURCES INTERNATIONAL PTE. LTD.

3.1 General

Noble and the Company have agreed, subject to obtaining Shareholder approval and the successful completion by the Company of a capital raising, that the Company will issue Shares and Options to Noble on the same terms and conditions as the Shares and Options issued pursuant to the Placement in lieu of the Company making the next cash interest payment to Noble.

Specifically, Resolution 4 seeks Shareholder approval for the issue of 41,671,200 Shares and 41,671,200 Options (at the same price and on the same terms and conditions as the Shares and Options offered under the Placement) to Noble in satisfaction of making an interest payment of US\$625,068 in cash under the Noble Long Term Facility that would otherwise be due and payable on 2 July 2017.

If Shareholders do not approve the issue of the Shares and Options the subject of this Resolution 4 to Noble, the Company will be required to pay US\$625,068 in cash to Noble on 17 August 2017. This will result in the Company being forced to apply some of the funds sought to be raised under the Placement and ear-marked to be spent on exploration and evaluation to satisfy this interest payment, or in the event that the Placement does not raise sufficient funds or is not approved by Shareholders, require the Company to seek alternative arrangements so as to be able to pay (in cash) any such amounts owing to Noble.

3.2 ASX Listing Rule 7.1

A summary of ASX Listing Rule 7.1 is set out in section 1.2 of this Explanatory Statement.

If approved by Shareholders, the effect of Resolution 4 will be to allow the Company to issue the Shares and Options described in section 3.3 below to Noble during the three months after the General Meeting (or a longer period if allowed by ASX) without using the Company's 15% annual placement capacity under ASX Listing Rule 7.1.

3.3 Technical information required by ASX Listing Rule 7.1

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided:

- (a) the maximum number of securities to be issued is 41,671,200 Shares and 41,671,200 Options;
- (b) the Shares and Options will be issued no later than three months after the date of the General Meeting (or such later date as may be permitted pursuant to the terms of any waiver granted by the ASX or modification of the ASX Listing Rules). The Company expects to issue all of the Shares and Options on one date within 14 days of

the General Meeting (assuming the relevant resolution is approved by Shareholders), however the exact date of issue is unknown at this stage;

- (c) the Shares and Options will be issued for nil cash consideration;
- (d) the Shares and Options will be issued to Noble (or its nominee);
- (e) the Shares will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing shares. The terms and conditions of the Options are set out in Annexure A to this Explanatory Statement;
- (f) no funds will be raised from the issue of the Shares or Options, however:
 - (i) the Shares will be issued to satisfy an interest payment of US\$625,068 that will become due under the Noble Long Term Facility; and
 - (ii) no funds will be raised from the issue of the Options although the Company will raise \$0.025 per Option if and when the Options are exercised.

4 RESOLUTION 5 – ISSUE OF SHARES AND OPTIONS TO SPECTRAL INVESTMENTS PTY LTD

4.1 General

In three tranches from August 2016 to December 2016, Spectral Investments Pty Ltd (**Spectral**) advanced a total of US\$150,000 to the Company pursuant to the Short Term Facility.

The Company has agreed with Spectral, subject to the Company undertaking a capital raising on or before 17 August 2017 and certain other conditions, that the Company can satisfy its obligation to pay the principal amount that will become due to Spectral pursuant to the Short Term Facility (being US\$150,000) through the issue of Shares and Options at the same price and on the same terms as the Shares and Options offered under the Placement.

4.2 ASX Listing Rule 10.11

A summary of ASX Listing Rule 10.11 is set out in section 2.3 of this Explanatory Statement.

Spectral is a related party of the Company as it is an entity controlled by Mr Neil Lithgow, a non-executive director of the Company. Accordingly, in the absence of an available exception under Listing Rule 10.12, shareholder approval pursuant to ASX Listing Rule 10.11 is required.

If Shareholders approve Resolution 5, separate approval will not be required under ASX Listing Rule 7.1, as approval is already being obtained under ASX Listing Rule 10.11.

4.3 Technical information required by ASX Listing Rule 10.13

Pursuant to and in accordance with ASX Listing Rule 10.13, the following information is provided:

- (a) the Shares and Options will be issued to Spectral Investments Pty Ltd (or its nominee);
- (b) the maximum number of securities to be issued are 10,000,000 Shares and 10,000,000 Options;
- (c) the Shares and Options will be issued no later than one month after the date of the General Meeting (or such later date as may be permitted pursuant to the terms of any waiver granted by the ASX or modification of the ASX Listing Rules). The Company expects to issue all of the Shares and Options on one date within 14 days of the General Meeting (assuming the relevant resolution is approved by Shareholders), however the exact date of issue is unknown at this stage;
- (d) Spectral Investments Pty Ltd is an entity controlled by a non-executive director of the Company, Mr Neil Lithgow;
- (e) the Shares and Options will be issued for nil cash consideration;
- (f) the Shares will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares, and will rank equally in all respects. The terms and conditions of the Options are set out in Annexure A of this Explanatory Statement; and
- (g) no funds will be raised from the issue of the Shares or Options, however:
 - (i) the Shares will be issued to satisfy the principal amount due to Spectral pursuant to the Short Term Facility (being US\$150,000); and
 - (ii) the Company will raise \$0.025 per Option if and when the Options are exercised.

5 RESOLUTION 6 – ISSUE OF SHARES AND OPTIONS TO BAT-ERDENE KABDAASAN

5.1 General

In three instalments from August 2016 to December 2016, Mr Bat-Erdene Kabdaasan advanced a total of US\$200,000 to the Company pursuant to the Short Term Facility.

The Company has agreed with Mr Kabdaasan, subject to the Company undertaking a capital raising on or before 17 August 2017 and certain other conditions, that the Company can satisfy its obligation to pay the principal amount that will become due to Mr Kabdaasan pursuant to the Short Term Facility (being US\$200,000) through the issue of Shares and Options at the same price and on the same terms as the Shares and Options offered under the Placement.

5.2 ASX Listing Rule 7.1

A summary of ASX Listing Rule 7.1 is set out in section 1.2 of this Explanatory Statement.

If approved by Shareholders, the effect of Resolution 6 will be to allow the Company to issue the Shares and Options described in section 5.3 below to Mr Kabdaasan during the three months after the General Meeting (or a longer period if allowed by ASX) without using the Company's 15% annual placement capacity under ASX Listing Rule 7.1.

5.3 Technical information required by ASX Listing Rule 7.3

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided:

- (a) the maximum number of securities to be issued is 13,333,333 Shares and 13,333,333 Options;
- (b) the Shares and Options will be issued no later than three months after the date of the General Meeting (or such later date as may be permitted pursuant to the terms of any waiver granted by the ASX or modification of the ASX Listing Rules). The Company expects to issue all of the Shares and Options on one date within 14 days of the General Meeting (assuming the relevant resolution is approved by Shareholders), however the exact date of issue is unknown at this stage;
- (c) the Shares and Options will be issued for nil cash consideration;
- (d) the Shares and Options will be issued to Mr Bat-Erdene Kabdaasan (or his nominee);
- (e) the Shares will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing shares. The terms and conditions of the Options are set out in Annexure A to this Explanatory Statement;
- (f) no funds will be raised from the issue of the Shares or Options, however:
 - (i) the Shares will be issued to satisfy the principal amount due to Mr Kabdaasan pursuant to the Short Term Facility (being US\$200,000); and
 - (ii) the Company will raise \$0.025 per Option if and when the Options are exercised.

6 RESOLUTIONS 7 AND 8 – APPROVAL TO EXERCISE THE ECJV OPTION

6.1 General

As at the date of this Notice, each of Ovoot Coking Coal Pte Ltd (**Ovoot**) (a wholly owned subsidiary of the Company) and Logarta Limited (**Logarta**) (a wholly owned subsidiary of Noble) hold 50% of the issued shares in Coalridge Limited (**Coalridge**). Coalridge is the incorporated joint venture company in respect of the Ekhgoviin Chuluu Joint Venture (**ECJV**), which holds a 90% interest in the Nuurstei Coking Coal Project (**Nuurstei Project**) located in the Khuvsgul province of Northern Mongolia.

Logarta has previously granted Ovoot the option to acquire all of Logarta's interest (including shareholder loans) in Coalridge for a consideration on exercise of US\$1 million and a future royalty (**Royalty**) from Nuurstei Project coking coal sales (**ECJV Option**). The ECJV Option is exercisable until 30 June 2017. This Resolution 7 seeks shareholder approval for the exercise of the ECJV Option.

The Royalty is payable from coal produced and/or sold from the Nuurstei Project at the greater of:

- (a) at Noble's election once per annum, 1.5% of the price per metric tonne of sold coal or US\$2 per tonne of coal produced; and
- (b) if and when the Nuurstei Project has achieved commercial production of 10,000 tonnes of coking coal, US\$1.5 million per annum.

It has subsequently been agreed that in lieu of paying the cash component of the ECJV Option exercise price (being US\$1 million), Ovoot can instead procure the issue of US\$1 million in Shares and Options to Logarta (or its nominee) at the same price and on the same terms as the Shares and Options offered under the Placement. The Company seeks Shareholder approval to issue 66,666,667 Shares and 66,666,667 Options in Resolution 8 below, which is conditional on this Resolution 7 being approved by Shareholders.

As at the last date practicable prior to finalising this Notice of Meeting, Noble has voting power to 10.40% of the Company's issued Shares, and is therefore classified as a 'substantial holder' of the Company for the purposes of ASX Listing Rule 10.1. Logarta is a wholly-owned subsidiary of Noble and is therefore considered to be an 'associate' of Noble.

As the value of Coalridge fluctuates with the value of the mineral resources situated on the mining tenements owned by the ECJV, it is possible that at any point in time, a 50% interest in Coalridge could be classified as a 'substantial asset' for the purposes of ASX Listing Rule 10.1.

Accordingly, to ensure that Aspire (through Ovoot) is able to exercise the ECJV Option to acquire Logarta's 50% interest in Coalridge, Shareholders are being asked to approve the exercise of the ECJV Option for the purposes of ASX Listing Rule 10.1.

6.2 Requirement for Shareholder approval under Listing Rule 10.1

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

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

A 'substantial asset' is an asset valued at more than 5% of the equity interest of the Company as set out in the latest accounts given to ASX.

As the value of Coalridge fluctuates with the value of the mineral resources situated on the mining tenements owned by the ECJV, it is possible that at any point in time, a 50% interest in Coalridge (which is the subject of the ECJV Option) could be classified as a 'substantial asset' for the purposes of ASX Listing Rule 10.1.

To ensure that Aspire (through Ovoot) is able to exercise the ECJV Option and acquire Logarta's 50% interest in Coalridge, it is determined appropriate to seek the approval of Shareholders for the purposes of ASX Listing Rule 10.1.

The Company seeks the approval for such purposes under Resolution 7.

To assist Shareholders in their consideration of Resolution 7, the Board engaged Stantons International Securities (**Independent Expert**) to prepare an Independent Expert's Report to provide an opinion on whether or not the exercise of the ECJV Option is fair and reasonable to Shareholders not associated with Noble.

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

The Independent Expert's Report prepared by Stantons International Securities concludes that the proposal outlined in Resolution 7 may, on balance, taking into account the factors referred to in the Independent Expert's Report, be considered to be not fair but reasonable to Shareholders not associated with the Noble Group. Shareholders are referred to the Independent Expert's Report attached as Annexure B to this Notice of Meeting.

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

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

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

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

6.3 Requirement for Shareholder approval under Listing Rule 7.1

As outlined above, Ovoot and Noble have agreed that Ovoot can satisfy its obligations to pay the cash component of the exercise price by issuing Shares and Options to Logarta (or its nominee) at the same price and on the same terms and conditions as the Shares and Options offered under the Placement.

Resolution 8 seeks Shareholder approval for the issue of Shares and Options to Logarta in connection with Aspire (through Ovoot) exercising the ECJV Option. This Resolution 8 is conditional on Shareholders approving Resolution 7 such that if Resolution 7 is not approved, this Resolution 8 will not be put at the General Meeting.

A summary of ASX Listing Rule 7.1 is set out in section 1.2 of this Explanatory Statement.

If approved by Shareholders, the effect of Resolution 8 will be to allow the Company to issue 66,666,667 Shares and 66,666,667 Options to Logarta during the three months after the General Meeting (or a longer period if allowed by ASX) without using the Company's 15% annual placement capacity under ASX Listing Rule 7.1.

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided:

- (a) the maximum number of securities to be issued is 66,666,667 Shares and 66,666,667 Options;
- (b) the Shares and Options will be issued no later than three months after the date of the General Meeting (or such later date as may be permitted pursuant to the terms of any waiver granted by the ASX or modification of the ASX Listing Rules). The Company expects to issue all of the Shares and Options on one date within 14 days of the General Meeting (assuming the relevant resolution is approved by Shareholders), however the exact date of issue is unknown at this stage;
- (c) the Shares and Options will be issued for nil cash consideration;
- (d) the Shares and Options will be issued to Logarta Limited (or its nominee);
- (e) the Shares will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing shares. The terms and conditions of the Options are set out in Annexure A to this Explanatory Statement;
- (f) no funds will be raised from the issue of the Shares or Options, however:
 - (i) the Shares will be issued in lieu of paying the cash component of the ECJV Option exercise price (being US\$1 million); and
 - (ii) the Company will raise \$0.025 per Option if and when the Options are exercised.

7 RESOLUTION 9 – APPROVAL FOR THE GRANT AND EXERCISE OF THE INCREASED COALRIDGE SECURITY

7.1 General

Noble and the Company have agreed, subject to Shareholder approval and in accordance with the Term Sheet, that the amount available for drawdown under the Noble Long Term Facility will be increased by US\$1.65 million, from US\$5 million to US\$6.65 million. The proposed increase is to allow the Company to effectively roll the US\$1.65 million which will become due to Noble on 17 August 2017 under the Noble Short Term Facility into the Noble Long Term Facility.

Amounts advanced under the Noble Long Term Facility are secured by way of a first-ranking equitable mortgage granted by Ovoot in favour of Noble over Ovoot's shareholding in Coalridge (**Coalridge Security**). In 2015, Shareholders approved the grant and exercise of the Coalridge Security for the purposes of ASX Listing Rule 10.1. As it is proposed to increase the amount available for drawdown under the Noble Long Term Facility by US\$1.65 million, the amount secured by the Coalridge Security will increase by that amount (**Increased Coalridge Security**).

As detailed in section 6.2 above, Noble is a 'substantial holder' of the Company for the purposes of ASX Listing Rule 10.1 and it is possible that, at any point in time, a 50% interest in Coalridge could be classified as a 'substantial asset' for the purposes of ASX Listing Rule 10.1. On this basis, the Directors have formed the view that increasing the amount secured by the Coalridge Security by US\$1.65 million constitutes the disposal of a substantial asset of the Company under ASX Listing Rule 10.1.

Accordingly, the Company is seeking Shareholder approval to grant the Increased Coalridge Security and for Noble to be able to exercise the Increased Coalridge Security (should it become entitled to do so) for the purposes of ASX Listing Rule 10.1.

The key terms of the Noble Long Term Facility as previously approved by Shareholders in 2015 is set out below, together with the terms of the revised Noble Long Term Facility.

Term	Previous Noble Long Term Facility	Revised Noble Long Term Facility
Principal amount under Facility	US\$5 million	US\$6.65 million
Interest	9% per annum	9% per annum until 17 August 2017 and then 10.45% thereafter
Repayment	The Principal (including any capitalised interest) is repayable on 15 March 2016, unless early repayment is	The Principal (including any capitalised interest) is repayable on 17 August 2019, unless early repayment

	made or the Company is in default. ¹	is made or the Company is in default.
Security	First-ranking equitable share mortgage over Ovoot's 50% shareholding in the share capital of Coalridge.	First-ranking equitable share mortgage over Ovoot's 50% shareholding in the share capital of Coalridge.
Discharge of security	The security will be discharged at the request of Aspire if all amounts owing, or that will become owing, in respect of the Facility have been satisfied.	The security will be discharged at the request of Aspire if all amounts owing, or that will become owing, in respect of the Facility have been satisfied.

If Shareholders do not approve the Increased Coalridge Security, and in the absence of any other agreement, Aspire will be unable to increase the amount available for drawdown under the Noble Long Term Facility and will need to seek alternative arrangements to repay the US\$1.65 million that will become due to Noble under the Noble Short Term Loan on 17 August 2017.

7.2 Requirement for Shareholder approval

A summary of ASX Listing Rule 10.1 is set out in section 6.2 of this Explanatory Statement.

If approved by Shareholders, the effect of Resolution 9 will be to allow the Company to grant the Increased Coalridge Security and for Noble to exercise the Increased Coalridge Security in the event that it becomes entitled to do so.

7.3 Independent Expert's Report

To assist Shareholders in their consideration of Resolution 9, the Board engaged Stantons International Securities (**Independent Expert**) to prepare an Independent Expert's Report to provide an opinion on whether or not the Increased Coalridge Security is fair and reasonable to Shareholders not associated with Noble.

The Independent Expert's Report has been prepared in order to satisfy the requirements for Shareholder approval under ASX Listing Rule 10.1, and sets out a detailed independent examination of the transactions to enable non-associated Shareholders to assess the merits and decide whether to approve Resolution 9.

The Independent Expert's Report prepared by Stantons International Securities concludes that the proposal outlined in Resolution 9 may, on balance, taking into account the factors referred to in the Independent Expert's Report, be considered to be fair and reasonable to Shareholders not associated with the Noble Group. Shareholders are referred to the Independent Expert's Report attached as Annexure B to this Notice of Meeting.

A complete copy of the Independent Expert's Report is included in **Annexure B** to the Notice of Meeting and is also available on the Company's website at www.aspiremininglimited.com. Shareholders who have received a copy of the Notice of Meeting electronically may request a hard copy of the

¹ The repayment date has subsequently been extended to 15 March 2018 by mutual agreement. The revised Noble Long Term Facility proposes to further extend the repayment date to 17 August 2019.

Independent Expert's Report from the Company at no cost by contacting the Company by telephone on +61 8 9287 4555.

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

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

7.4 Technical information required by ASX Listing Rule 10.10

A complete copy of the Independent Expert's Report is provided in Annexure B to the Notice of Meeting. A voting exclusion statement for Resolution 9 is included in the Notice of Meeting (refer Section B).

8 RESOLUTION 10 – ISSUE OF SHARES TO XANADU MINES LIMITED

8.1 General

In June 2014, Ovoot acquired Xanadu Mines Limited's (**Xanadu**) 50% interest in the ECJV. At the time the ECJV had a 60% interest in the Nuurstei Project. That interest is now 90%, with the original Mongolian vendors retaining the remaining 10%.

In consideration for acquiring Xanadu's interest in the ECJV, the Company agreed to issue, among other things, 10,000,000 Shares to Xanadu upon the ECJV entering into an agreement to undertake feasibility studies in the Nuurstei Project area or upon the Mineral Resource Authority of Mongolia granting a mining licence over all or part of the Nuurstei Project area (**Mining Licence**).

On 29 May 2017, the Mongolian Government approved the Nuurstei Project as part of the Mining Licence application process. The Mining Licence is expected to be granted in the very near future. When granted, the obligation to issue the 10,000,000 Shares to Xanadu will crystallise.

8.2 ASX Listing Rule 7.1

A summary of ASX Listing Rule 7.1 is set out in section 1.2 of this Explanatory Statement.

Assuming the Company becomes obligated to issue the Shares to Xanadu, if approved by Shareholders, the effect of Resolution 10 will be to allow the Company to issue the Shares described in section 8.3 below to Xanadu during the three months after the General Meeting (or a longer period if allowed by ASX) without using the Company's 15% annual placement capacity under ASX Listing Rule 7.1.

8.3 Technical information required by ASX Listing Rule 7.1

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided:

- (a) the maximum number of securities to be issued is 10,000,000 Shares;

- (b) the Shares will be issued no later than three months after the date of the General Meeting or such later date as may be permitted pursuant to the terms of any waiver granted by the ASX or modification of the ASX Listing Rules). The Company expects to issue all of the Shares on one date within 14 days of the General Meeting (assuming the relevant resolution is approved by Shareholders), however the exact date of issue is unknown at this stage;
- (c) the Shares will be issued for nil cash consideration;
- (d) the Shares will be issued to Xanadu Mines Limited (or its nominee);
- (e) the Shares will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing shares; and
- (f) no funds will be raised from the issue of the Shares. The Shares will be issued for the purposes set out in section 8.1.

9 DIRECTORS RECOMMENDATION

The Directors (other David McSweeney in respect of Resolution 2, David Paull in respect of Resolution 3, Neil Lithgow, who is associated with Spectral Investments Pty Ltd, in respect of Resolution 5 and Ms Badenach, whose employer is a Noble entity and who is also a non-executive director of Xanadu Mines Limited, in respect of Resolutions 4, 7, 8, 9 and 10) recommend that Shareholders vote in favour of each of the Resolutions 1 to 10.

10 ENQUIRIES

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

GLOSSARY

\$ means Australian dollars.

ASX means ASX Limited.

ASX Listing Rules means the Listing Rules of ASX.

Board means the current board of directors of the Company.

Business Day has the meaning given to that term in the ASX Listing Rules.

Chairman means the person chairing the General Meeting.

Coalridge means Coalridge Limited Company No. 1639430, the incorporated joint venture company in respect of the ECJV.

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

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

Directors means the current directors of the Company.

ECJV means the Ekhgoviin Chuluu Joint Venture, which holds a 90% interest in the Nuurstei Coking Coal Project.

ECJV Option means the option granted by Logarta which gives Ovoot the right to acquire all of Logarta's interest (including shareholder loans) in Coalridge.

Explanatory Statement means the explanatory statement accompanying the Notice.

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

Independent Expert means Stantons International Securities Pty Ltd (trading as Stantons International Securities).

Independent Expert's Report means the report prepared by the Independent Expert which is set out in Annexure B of this Explanatory Statement.

Logarta means Logarta Limited Company Number 1635187, a wholly owned subsidiary of Noble.

Noble means Noble Resources International Pte Ltd.

Noble Group has the meaning given to that term in the Independent Expert's Report.

Noble Long Term Facility means the facility agreement dated 21 February 2103 (as varied) between Ovoot and Noble that has been drawn to US\$5 million.

Noble Short Term Facility means the US\$1,500,000 loan advanced by Noble to the Company under the Short Term Facility.

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

Nuurstei Project means the Nuurstei Coking Coal Project.

Option means an option, the terms and conditions of which are set out in Annexure A of this Explanatory Statement, granted to investors for every one Share subscribed for pursuant to the Placement.

Ovoot means Ovoot Coking Coal Pte Ltd, a wholly owned subsidiary of the Company.

Placement has the meaning given to it in the "Background" section of this Explanatory Statement.

Proxy Form means the proxy form accompanying the Notice.

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

Royalty has the meaning given to it in section 6.1.

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

Shareholder means a holder of a Share.

Short Term Facility means the facility agreement dated 17 August 2016 (as varied) between, among others, the Company, Noble, Spectral and Mr Bat-Erdene Khabdaasan, drawn to US\$2 million.

Spectral means Spectral Investments Pty Ltd ACN 141 885 056.

Term Sheet has the meaning given to it in the Background section.

US\$ means United States dollars.

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

ANNEXURE A – OPTION TERMS

The terms and conditions of the Options are as follows:

(a) **Entitlement**

Each Option entitles the holder to subscribe for one Share upon exercise of the Option.

The Options held by each holder may be exercised in whole or in part, and if exercised in part, multiples of 1,000 must be exercised on each occasion.

(b) **Exercise Price**

Subject to paragraph (j), the amount payable upon exercise of each Option will be \$0.025 (**Exercise Price**).

(c) **Expiry Date**

Each Option will expire at 5:00 pm (WST) 12 months from the date of grant of the Options (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

The Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

(e) **Notice of Exercise**

The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(f) **Exercise Date**

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

(g) **Timing of issue of Shares on exercise**

Within 10 Business Days after the Exercise Date, the Company will:

- (i) allot and issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company; and
- (ii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

(h) **Shares issued on exercise**

Shares issued on exercise of the Options rank pari passu in all respects with the issued shares of the Company.

(i) **Quotation of shares issued on exercise**

The Company will apply for quotation of all shares allotted pursuant to the exercise of Options on ASX within 10 Business Days after the date of allotment of those shares.

(j) **Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(k) **Participation in new issues**

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

(l) **Change in exercise price**

An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.

(m) **Transferability**

The Options will be unlisted.

The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

ANNEXURE B

Independent Expert's Report

The Independent Expert, Stantons International Securities Pty Ltd, has been requested to provide an opinion on the fairness and reasonableness to the non-associated shareholders of Aspire on the proposals with the Noble Group allowing Ovoot Coking Coal Pte Ltd to exercise the ECJV Option (Resolution 7) and for the grant and exercise of the Increased Coalridge Security (Resolution 9).

After taking into account the factors noted in the report the Independent Expert has concluded that:

1. the proposal the subject of Resolution 7 outlined in this Notice of Meeting may, on balance, taking into account the factors referred to in the Independent Expert's Report, be considered to be not fair but reasonable to the Shareholders of the Company (not associated with the Noble Group) as at the date of the report; and
2. the proposal the subject of Resolution 9 outlined in this Notice of Meeting may, on balance, taking into account the factors referred to in the Independent Expert's Report, be considered to be fair and reasonable to the Shareholders of the Company (not associated with the Noble Group) as at the date of the report.

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

15 June 2017

The Directors
Aspire Mining Limited
69 Kewdale Road
WELSHPOOL WA 6106

The Independent Expert has concluded that the Proposal the subject of Resolution 7 outlined in this Notice of General Meeting is not fair but reasonable to the Shareholders of the Company (not associated with the Noble Group) as at the date of this report.

The Independent Expert has concluded that the Proposal the subject of Resolution 9 outlined in this Notice of General Meeting is fair and reasonable to the Shareholders of the Company (not associated with the Noble Group) as at the date of this report.

Dear Sirs

Re: ASPIRE MINING LIMITED (ABN 46 122 417 243) ON:

THE PROPOSAL WITH NOBLE RESOURCES INTERNATIONAL PTE LTD (“NOBLE”) RELATING TO THE POTENTIAL DISPOSAL OF THE NUURSTEI PROJECT AND THE EKHGOVIIN CHULUU JOINT VENTURE (“ECJV”) AS MORE FULLY DESCRIBED BELOW - SHAREHOLDERS MEETING PURSUANT TO AUSTRALIAN SECURITIES EXCHANGE LIMITED (“ASX”) LISTING RULES 10.1; AND

THE PROPOSAL TO ALLOW OVOOT COKING COAL PTE LTD (“OVOOT”) A WHOLLY OWNED SUBSIDIARY OF ASPIRE TO EXERCISE THE ECJV OPTION AS MORE FULLY DESCRIBED BELOW - SHAREHOLDERS MEETING PURSUANT TO ASX LISTING RULES 10.1

1. Introduction

- 1.1 We have been requested by the Directors of Aspire Mining Limited (“Aspire” or “the Company”) to prepare an Independent Expert’s Report to determine the fairness and reasonableness of the proposal with Noble (refer below) as noted in Resolutions 7 and 9 only of the Notice of Meeting (“the Notice”) and as more fully described in the Explanatory Statement (“ES”) attached to the Notice and as outlined below.
- 1.2 At the date of this report, Aspire, (via a wholly owned subsidiary, Ovoot Coking Coal Pte Ltd) (“Ovoot”), has a 50% shareholding interest in Coalridge Limited (“Coalridge”) a company that owns a 90% interest in coal concessions/tenements in Mongolia called the Nuurstei Coking Coal Project (“Nuurstei Project”) (and a 100% interest in two recently granted coal licences called the Erdenebulag Project). The remaining 50% of the shares in Coalridge are owned by Logarta Limited (“Logarta”), a wholly owned subsidiary of Noble Group Limited. Coalridge is effectively an incorporated joint venture between subsidiaries of Aspire and Noble. The incorporated joint venture is known as the Ekhgoviin Chuluu Joint Venture (“ECJV”).

- 1.3 Noble and Logarta (and any other subsidiaries of Noble) for the purposes of this report are known as the Noble Group and Aspire and Ovoot (and any other subsidiaries of Aspire) are known in this report as the Aspire Group.
- 1.4 Aspire (via Ovoot) has an option to acquire the remaining 50% of the shares in Coalridge from Logarta (owned by Noble) and have assigned to it the debts owing by Coalridge to Noble or subsidiaries of Noble for US\$1,000,000 and a royalty payable on commercial production of saleable coal from the Nuurstei Project. The royalty will be the greater of 1.5% of the price per metric tonne of coal sold by Coalridge or US\$2 per tonne of coal produced; and after the Nuurstei Project has achieved commercial production of saleable coal, a minimum of US\$1,500,000 per annum (or a pro-rate amount for any part of a year).
- The option to acquire the remaining 50% in Coalridge (and assume debts owing by Coalridge to the Noble Group) expires on 30 June 2017 ("ECJV Option"). This ECJV Option is outlined in various Amended Term Sheets and various Amended Deeds between Aspire, Ovoot, Noble, Logarta Limited and Coalridge. The US\$1,000,000 ECJV Option purchase price covers the acquiring of the 50% of the shares in Coalridge owned by Logarta and all loans due by Coalridge to Noble (that currently stands at US\$7,481,791 along with interest owed to Noble for the period to 31 May 2017 of around US\$1,037,339). It is believed that Coalridge also owes Aspire or subsidiaries of Aspire loan funds (US\$7,301,205) and interest (US\$1,023,666)
- 1.5 On 14 June 2017 the Company announced that a loan reorganisation and exercise of the ECJV Option had been agreed to with Noble by way of a binding term sheet (Term Sheet). Pursuant to the Term Sheet and subject to Shareholder approval:
- (a) The interest payment of US\$549,863 for the period 30 June 2017 due on 2 July 2017 on the Noble Long-Term Facility will be paid by the issue of 41,671,200 Aspire shares and 41,671,200 share options at the same price and on the same terms and conditions as shares and options offered under the placement to raise up to \$4,000,000 as noted below;
 - (b) The amount available for drawdown under the Noble Long-Term Facility will be increased from US\$5 million to US\$6.65 million;
 - (c) Amounts due to be repaid under the Noble Short-Term Facility, being in aggregate US\$1.65 million, be repaid on 17 August 2017 from the additional advance being made available under the Noble Long-Term Facility;
 - (d) The due date for interest payable under the Noble Long-Term Facility be set at 6 monthly intervals commencing from 17 August 2017, with the first payment date being 17 February 2018;
 - (e) The interest rate payable under the Noble Long-Term Facility be increased from 9% per annum to 10.45% per annum on and from 17 August 2017 (being the repayment date of the Noble Short-Term Facility) and the repayment date of the Noble Long-Term Facility be varied from 17 March 2018 to 17 August 2019; and
 - (f) The ECJV Option is to be exercised by Ovoot with Noble to receive shares and share options at the same price and on the same terms and conditions as the shares and share options offered under the proposed placement (refer below) in lieu of Ovoot paying the cash component of the ECJV Option exercise price of US\$1 million ("ECJV Option Payment"). Noble will also receive a royalty in connection with the exercise of the ECJV Option which is outlined in more detail below.
- 1.6 Further the Company announced that Spectral Investments Pty Ltd ("Spectral") and Mr Bat-Erdene Kabdaasan ("KBE"), two of the four lenders under the Short-Term Facility, will accept Shares and Options at the same price and on the same terms and conditions as the Shares and Options offered under a proposed Share Placement as repayment of the principal amounts due to them under the Short-Term Facility, being US\$150,000 and US\$200,000, respectively. It is proposed that 10,000,000 shares and 10,000,000 share options (exercisable at 2.5 cents each, on or before one year from issue date of the share options) will be issued to Spectral and 13,333,333 shares and 13,333,333 share options (exercisable at 2.5 cents each, on or before one year from issue date of the share options) will be issued to KBE. Resolution 5 relates to the issue of such shares and options to Spectral and Resolution 6 relates to the issue of such shares and share options to KBE.

- 1.7 The Company as noted in Resolution 1 of the Notice is proposing to issue up to 200,000,000 shares in Aspire at 2.0 cents each to raise up to a gross \$4,000,000 ('the Placement'). Shares issued under the Placement are known in this report as the Placement Shares.

- 1.8 In relation to the shares and share options to be issued pursuant to 1.5 (a) above, 41,671,200 shares and 41,671,200 share options (exercisable at 2.5 cents each, on or before one year from issue date of the share options) (Resolution 4 refers).

In relation to the US\$1,000,000 ECJV Option Payment, it is agreed that, in lieu of a cash payment, 66,666,667 shares ("ECJV Shares") and 66,666,667 share options (exercisable at 2.5 cents each, on or before one year from issue date of the share options) (ECJV Share Options") will be issued by Aspire to settle the US\$1,000,000 ECJV Option Payment (Resolution 8 refers). This is based on an agreed AUS/US exchange rate of AUS\$1 = US\$0.75 and an issue price of 2.0 cents per ECJV Share.

- 1.9 As at 12 June 2017, Noble owns 97,680,052 shares in Aspire that represents an approximate 10.40% shareholder interest in Aspire and is thus deemed a substantial shareholder for the purposes of ASX Listing Rule 10.1, being over 10%. In addition, Noble is represented on the Board of Aspire through Ms Hannah Badenach.

ASX Listing Rule 10.1 provides, inter-alia, that an entity must not acquire a substantial asset from, or dispose of a substantial asset to a substantial shareholder without prior shareholder approval being obtained. A substantial asset is an asset valued at greater than 5% of the equity interests of a company.

- 1.10 Accordingly, the Company is seeking shareholder approval for the purpose of ASX Listing Rule 10.1 for the Aspire Group (via Ovoot) to exercise the ECJV Option for US\$1,000,000 and payment of a future royalty (refer paragraph 1.4 above and Section 5 of the ES attached to the Notice). Resolution 7 refers to the seeking of the approval to exercise the ECJV Option.

To assist Aspire shareholders in their consideration of Resolution 7, the Board has engaged Stanton International Securities Pty Ltd (we or the Independent Expert) to prepare an Independent Expert's Report to provide an opinion on whether or not the exercise of the ECJV Option is fair and reasonable to Shareholders not associated with Noble. Thus, we are reporting on the proposal as outlined in Resolution 7.

- 1.11 The Noble Group has lent US\$5,000,000 ("Long Term Debt") and US\$1,500,000 ("Short Term Debt") (with a repayment fee of us\$150,000) (in total US\$6,650,000 and described in this report as New Debt) to the Aspire Group and has granted the Aspire Group several extensions to repay the US\$5,000,000 Debt. The Noble Group has taken security over the shares in Coalridge to secure the Long- Term Debt. The Debt was lent to the Aspire Group for rail evaluation in respect of connecting to Aspire's main exploration project, the Ovoot coking coal project also in Mongolia. Once constructed, the railway also allows for the Nuurstei Project to use that rail for transport to market.

The Company is seeking approval to allow the Noble Group to increase the security by US\$1,650,000 (the "Increased Coalridge Security") from US\$5,000,000 to US\$6,650,000. The granting of an increased security to the Noble Group over the shares in Coalridge (and effectively the ECJV and the Nuurstei Project) is considered a potential sale of a substantial asset under ASX Listing Rule 10.1.

- 1.12 As detailed above, Noble is a 'substantial holder' of the Company for the purposes of ASX Listing Rule 10.1 and it is possible that, at any point in time, a 50% interest in Coalridge could be classified as a 'substantial asset' for the purposes of ASX Listing Rule 10.1. On this basis, the Directors have formed the view that increasing the amount secured by the Coalridge Security by US\$1.65 million constitutes the disposal of a substantial asset of the Company under ASX Listing Rule 10.1.

- 1.13 Accordingly, the Company is seeking Shareholder approval to grant the Increased Coalridge Security and for Noble to be able to exercise the Increased Coalridge Security (should it become entitled to do so) for the purposes of ASX Listing Rule 10.1.

No sale to the Noble Group is actually taking place but in the event of default by the Aspire Group, of repayment of the US\$6,650,000 New Debt, the Noble Group may under certain conditions take ownership and control of Coalridge (and effectively the Nuurstei Project) to secure repayment of the US\$6,650,000 New Debt.

- 1.14 The key terms of the Noble Long-Term Facility as previously approved by Aspire Shareholders in 2015 is set out below, together with the terms of the revised Noble Long - Term Facility.

Term	Previous Noble Long-Term Facility	Revised Noble Long-Term Facility
Principal amount under Facility	US\$5 million	US\$6.65 million
Interest	9% per annum	9% per annum until 17 August 2017 and then 10.45% thereafter
Repayment	The Principal (including any capitalised interest) is repayable on 15 March 2016, unless early repayment is made or the Company is in default. ¹	The Principal (including any capitalised interest) is repayable on 17 August 2019, unless early repayment is made or the Company is in default.
Security	First-ranking equitable share mortgage over Ovoot's 50% shareholding in the share capital of Coalridge.	First-ranking equitable share mortgage over Ovoot's 50% shareholding in the share capital of Coalridge.
Discharge of security	The security will be discharged at the request of Aspire if all amounts owing, or that will become owing, in respect of the Facility have been satisfied.	The security will be discharged at the request of Aspire if all amounts owing, or that will become owing, in respect of the Facility have been satisfied.

The repayment date was subsequently extended to 15 March 2018 by mutual agreement. The revised Noble Long-Term Facility further extends the repayment date to 17 August 2019.

If Aspire shareholders do not approve the Increased Coalridge Security, and in the absence of any other agreement, Aspire, will be unable to increase the amount available for drawdown under the Noble Long-Term Facility and will need to seek alternative arrangements to repay the US\$1.65 million that will become due to Noble under the Noble Short-Term Loan on 17 August 2017.

- 1.15 Under the various Amended Term Sheets, the Noble Group has been granted a Default Option to acquire the 50% of the shares in Coalridge held by Ovoot, ("the Default Shares") and acquire the loans due by Coalridge to Aspire ("Ovoot Shareholder Loans") in the event that Aspire defaults on the US\$6,650,00 New Debt. The acquisition price payable by the Noble Group if it exercised its security as noted under the Default Option must pay fair market value for the Default Shares and Ovoot Shareholder Loans. The fair market value is to be assessed by an independent expert (whose identity has been agreed between the parties) and is assessed at the time the event of a default occurs.

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

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

The Default Option may only be exercised after an event of default occurs under Clause 13.1 of the original Facility Agreement and amendments thereto (to lend US\$6,650,000 to the Aspire Group).

Resolution 9 of the draft Notice of Meeting refers to the “Approval for the Grant and Exercise on the Increased Security” and thus, we are reporting on the fairness and reasonableness of the proposals as outlined in Resolution 7.

1.16 We have been requested to provide an opinion as noted in Resolution 9 in relation to the:

- grant, and any exercise, of the Increased Coalridge Security in respect of Ovoot's shares in Coalridge; and
- grant, and any exercise, of the Default Option in respect of the Default Shares and Ovoot Shareholder Loans.

1.17 The proposals as noted in Resolutions 7 and 9 in this report are known as the Proposals.

1.18 In June 2014, Ovoot acquired Xanadu Mines Limited's ("Xanadu") 50% interest in the ECJV. At that time, the ECJV had a 60% interest in the Nuurstei Project. That interest is now 90%, with the original Mongolian vendors retaining the remaining 10%. In consideration for acquiring Xanadu's interest in the ECJV, the Company agreed to issue, among other things, 10,000,000 Shares to Xanadu upon the ECJV entering into an agreement to undertake feasibility studies in the Nuurstei Project area or upon the Mineral Resource Authority of Mongolia granting a mining licence over all or part of the Nuurstei Project Area ("Licence").

On 31 May 2017, the Licence are as registered for approval. The Licence is expected to be granted in the near future, crystallising the obligation to issue the 10,000,000 Shares to Xanadu. Resolution 10 in the Notice allows for the issue of 10,000,000 Shares to Xanadu.

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

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

1.20 In determining the fairness and reasonableness of the Proposals as noted above and in Resolutions 7 and 9, we have had regard for the definitions set out by the Australian Securities and Investments Commission ("ASIC") in its Regulatory Guide 111, "Content of Expert Reports". Regulatory Guide 111 states that an opinion as to whether an offer is fair

and/or reasonable shall entail a comparison between the offer price and the value that may be attributed to the securities under offer (fairness) and an examination to determine whether there is justification for the offer price on objective grounds after reference to that value (reasonableness). The concept of “fairness” is taken to be the value of the offer price, or the consideration, being equal to or greater than the value of the securities in the above-mentioned offer. Furthermore, this comparison should be made assuming 100% ownership of the “target” and irrespective of whether the consideration is scrip or cash.

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

- 1.21 **In our opinion, taking into account the factors noted in this report, the Proposal as outlined in paragraphs 1.4 and 1.10 and Resolution 7 may, on balance, taking into account the factors referred to in section 7 below and elsewhere in this report, be considered to be not fair but reasonable to the shareholders of Aspire (not associated with the Noble Group) as at the date of this report.**

In our opinion, taking into account the factors noted in this report, the Proposal as outlined in paragraphs 1.11 to 1.13 and Resolution 9 may, on balance, taking into account the factors referred to in section 7 below and elsewhere in this report, be considered to be fair and reasonable to the shareholders of Aspire (not associated with the Noble Group) as at the date of this report.

- 1.22 The opinions expressed above must be read in conjunction with the more detailed analysis and comments made in this report, including the 12 June 2017 valuation report on the Nuurstei Project prepared by Agricola Mining Consultants Pty Ltd (“Agricola”) a copy of which is attached as an appendix to the Notice. The valuation report is known as the Agricola Valuation Report.

2. Implications of the Proposals

- 2.1 In the event that Resolution 7 is consummated, the Aspire Group (via Ovoot) would own 100% of Coalridge (currently, 50%), the incorporated joint venture company on respect of the ECJV which holds a 90% interest in the Nuurstei Project.

The Company will pay US\$1,000,000 (plus royalties on any future production relating to the Nuurstei Project) but settle the US\$1,000,000 by way of the issue of 66,666,667 ECJV Shares and 66,666,667 ECJV Share Options (as noted in Resolution 8 in the Notice).

- 2.2 In the event that all shares are issued as proposed in Resolutions 1 to 4 and 6 along with the issue of the 10,000,000 shares to Xanadu, the number of securities that may be on issue would be as follows:

Shares	Number
Shares currently on issue as at 12 June 2017	939,054,971
Shares offered pursuant to the Placement (Resolution 1)	200,000,000
Performance Rights likely to convert to Shares before close of the Offer	5,500,000
Obligation conversions (Resolutions 4,5,6 and 8)	131,671,200
Shares issued to Xanadu (Resolution 10)	10,000,000
Total Shares on issue after completion of the Offer	1,286,226,171

Options	Number
Options currently on issue to expire 15 June 2017 unless exercised at 3.0 cents per share	185,429,147
Options to expire on 15 June 2017 assumed to be unexercised as out of the money	(185,429,147)
Options offered pursuant to the Placement	200,000,000
Obligation conversions as per Resolutions 4,5,6 and 8	131,671,200
Total Options on issue after completion of the Offer	331,671,200
A further 50,000,000 Placement Options may be issued if the maximum subscription was obtained pursuant to the proposed Placement.	
Performance Rights	Number
Performance Rights currently on issue	64,000,000
Likely to expire without vesting before close of the Placement Offer	(4,000,000)
Likely to convert to Shareholders before close of the Placement Offer	(5,500,000)
Total Performance Rights on issue after completion of the Placement Offer	54,500,000

- 2.3 In the event that the Noble Group exercised the Security due to the failure of Aspire to repay the US\$6,650,000 New Debt on 17 August 2019 (or some other date, if the Noble Group agrees to a further extension to repay the Debt), Aspire (via Ovoot) will lose its 50% shareholding interest in Coalridge (the Default Shares) and lose the debt receivable due by Coalridge to Aspire (as Noble will acquire the Ovoot Shareholder Loans).
- 2.4 The ultimate fair market value potentially payable by the Noble Group under the Default Option cannot be ascertained as fair market value is assessed at the time the event of a default occurs. However, whatever is the fair market value is deducted from the US\$6,650,000 New Debt to reduce the New Debt amount owing by the Aspire Group to the Noble Group.

In the event that the fair market value was in excess of the US\$6,650,000 (and any unpaid interest due), the Noble Group would pay the excess amount to the Aspire Group (but noting that the Aspire Group would still lose ownership of the Default Shares and Ovoot Shareholder Loans).

3. Corporate History and Nature of Businesses

Aspire

3.1 Principal Activities and Significant Assets

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

- Ovoot Project – a coking coal project in Mongolia (the main project of the Aspire Group); and
- Nuurstei Project – a coking coal project in Mongolia (effective 45% interest as the Aspire Group owns 50% of Coalridge and the ECJV owns 90% of the Nuurstei Project tenements but as noted above may increase to an effective 90% on the passing and

consummation of Resolution 7). A conceptual mining study indicates potential of the Nuurstei Project as a near-term producer of coking coal.

3.2 The Aspire Group has also, in August 2015, been awarded an exclusive concession licence by the Government of Mongolia to build and operate the 547km Erdenet to Ovoot Railway ("Rail Concession Project"). The Rail Concession timeline to complete conditions precedent were extended to August 2018.

3.3 Further details on the projects of the Aspire Group are outlined in announcements made by Aspire to the ASX.

4. **Future Directions of Aspire**

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

- There are no proposals currently contemplated either whereby Aspire will acquire from or sell any projects to the Noble Group other than it is noted that the Aspire Group will exercise the ECJV Option to acquire the remaining 50% of Coalridge (and the debts due by Coalridge, or any of its subsidiaries to any Noble group entity) and the Noble Group is to take the Security for US\$6,650,000 New Debt over the Default Shares (increasing the Security by the Additional Coalridge Security of US\$1,650,000);
- The composition of the Aspire Board is not planned to change in the short term;
- The Company may need to raise further capital to repay the US\$6,650,000 New Debt owing to the Noble Group;
- No dividend policy has been set; and
- The Company will endeavour to enhance the value of its interests in its mining assets and in particular the Ovoot Project and the Nuurstei Project.

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

5.1 In order for us to assess the fairness of the Proposals with the Noble Group in relation to:

- Ovoot exercising the ECJV Option to acquire the remaining 50% of the shares held in Coalridge from Logarta (part of the Noble Group) for US\$1,000,000 (and future royalties, payable out of future production, if any); and
- the Noble Group potentially exercising the Default Option, we sought an independent valuation of the Tenements owned by Coalridge,

The Company commissioned Agricola (Author of the Valuation Report was Malcolm Castle) to prepare a valuation report of the Tenements owned by Coalridge. The Agricola Valuation Report of 12 June 2017 should be read in its entirety and a full copy of the Agricola Valuation Report is attached as an Appendix to the Notice and ES.

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

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

- Agricola is a suitably qualified consulting firm and has relevant experience in assessing the merits of mineral projects and preparing mineral asset valuations (also the principal author of the report Malcolm Castle is suitably qualified and experienced);
- Agricola and Malcolm Castle are independent from Aspire; and
- Agricola has to the best of our knowledge employed recognised methodologies in the preparation of the Agricola Valuation Report on the Tenements.

- 5.3 Agricola has ascribed a range of values to the Tenements at between US\$5,860,000 (low) and US\$16,550,000 (high) with a preferred valuation of US\$10,170,000. Using an US/AUS exchange rates of approximately AUS\$1=US\$0.75, the value of 100% of the Tenements would lie in the range of A\$7,813,333 (low) to A\$22,066,667 (high) with a preferred fair value of A\$13,460,000.

As noted above, the ECJV has a 90% interest in the Tenements and thus the Aspire Group and the Noble Group currently have each an effective 45% interest in the Tenements. In effect, under Resolution 7 and the exercise of the ECJV Option, the Aspire Group (via Ovoot) will acquire the effective 45% interest in the ECJV by acquiring the shares held in Coalridge by Logarta.

Thus, Agricola has ascribed a range of values for 45% of the Tenements in the range of US\$2,600,000 (low) to US\$7,500,000 (high) with a preferred fair value of US\$4,600,000 (all rounded by Agricola).

Thus, a 45% interest in the Tenements is valued at between approximately A\$3,466,667 (low) and A\$10,000,000 (high) with a preferred valuation of A\$6,133,333.

The value of 90% of the Tenements would lie in the range of approximately US\$5,274,000 (low) to US\$14,895,000 (high) with a preferred fair value of US\$9,153,000 (all rounded).

- 5.4 The Coalridge unaudited statement of financial position as at 31 May 2017 extracted from the ECCJC trial balance disclosed (in US dollars after conversion of Mongolian currency to US dollars) the following:

	US\$
Cash	12,768
Receivables	10,556
Deposit	6,311
Plant at WDV	9,634
Capitalised exploration costs (tenements)	<u>2,402,952</u>
Total Assets	<u>2,442,221</u>
Less:	
Creditors and accruals	3,497
Interest loan liability- Noble	1,037,339
Interest loan liability- Aspire	1,023,666
Loans owing to Noble	7,481,792
Loans owing to Aspire	<u>7,301,205</u>
Total Liabilities	<u>16,847,499</u>
Net (Liabilities)	<u>(14,405,278)</u>

After substituting the capitalised exploration costs of US\$2,402,952 with the preferred Agricola valuation of approximately US\$9,153,000 (90% interest), the net liability position decreases to approximately US\$(7,655,230) (low (US\$11,533,230) and high (US\$1,913,230)).

Under the ECJV Option, all loans due by Coalridge to the Noble Group are assigned to Ovoot, and thus the Interest Loan and the Principal Loan by Noble totalling US\$8,519,131 are assumed by Ovoot (as part of the Aspire Group) and thus such loans (and any unpaid interest on such loan) would be payable to the Aspire Group.

A 50% interest in Coalridge at fair values would thus be a negative figure (US\$3,827,615) (low negative US\$5,766,615 and high negative US\$956,615) and could only have value if the Nuurstei Project entered into coking coal production (that may be a stand-alone Project or dependent on the Ovoot Coal Project entering production, if costs need to be reduced) and sufficient cash flows were available to repay all loans to the Aspire Group (including loans assumed from the Noble Group) and recover the investment cost in Coalridge (that would include the US\$1,000,000 payment settled in ECJV shares and ECJV Share Options (effectively shares and options in Aspire)).

It is noted that the value attributable to the 10,000,000 shares proposed to be issued to Xanadu (that may be around \$2,000,000 based on the proposed issue price of the Placement Shares).

It has been agreed that the US\$1,000,000 (to be settled by way of ECJV Shares and ECJV Share Options) will be converted to Australian dollars at AUS\$1 = US\$0.75 and an issue price of 2.0 cents each to fix the number of ECJV Shares that would be issued. This equated to 66,666,67 shares in Aspire. It was also agreed that the number of ECJV Share Options would be issued on a 1 ECJV Share Option for every 1 ECJV Shares issued (on the same terms and conditions as share options to be issued pursuant to the Placement Offer) so that 66,666,667 ECJV Share Options (share options in Aspire) would be issued.

The value of such ECJV Options using a volatility of 100%, an interest rate of 1.70%, an assumed Aspire share price of 2.0 cents (equal to the proposed Placement issue price), a 1-year date to expiry and an exercise price of 2.5 cents and using the Black Scholes Option Valuation Methodology approximates \$427,416 (US\$320,562) or approximately A0.641 cents (US\$0.481 cent) per ECJV Option.

It is noted, that a further 5,000,000 Aspire shares will be issued to Xanadu, in the event that 30 million tonnes of JORC compliant coal resources are identified in the Nuurstei Project area.

6. Conclusion as to Fairness on the Proposals pursuant to Resolutions 5 and 7

6.1 The Proposals to:

- Approve the exercise of the ECJV Option by Ovoot and pay US\$1,000,000 (to be settled by ECJV Shares (ordinary shares in Aspire), so Ovoot becomes the owner of 100% of the shares in Coalridge; and
- allow the Noble Group to potentially acquire the then 100% interest in the shares in Coalridge owned by Ovoot Coking Coal Pte Ltd (assumes that the exercise of the ECJV Proposal is consummated- only 50% if the Proposal under Resolution 7 is not consummated) (the Default Shares) and allow the Noble Group to acquire the loans and interest debt due to Ovoot, Aspire and any Aspire Group entities (the Ovoot Shareholder Loans) are believed to be fair to Aspire's non-associated shareholders if the value of the consideration offered is equal to or greater than the value of the Default Shares and the Ovoot Shareholder Loans.

6.2 The valuation of mining interests and valuing future profitability and cash flows is extremely subjective as it involves assumptions regarding future events that are not capable of independent substantiation.

6.3 We make a comparison on the value of a 50% current interest in Coalridge with:

- the US\$1,000,000 payable (by way of ECJV Shares and ECJV Share Options with a deemed value of US\$1,000,000 for the ECJV Shares and say a value of \$427,416 (approximately US\$320,562 using exchange rate of AUS\$1 = US\$0.75) for the ECJV Share Options as noted above); and
- the potential consideration payable by the Noble Group to acquire the Default Shares and Ovoot Shareholder Loans.

Exercise of the ECJV Option

	Low US\$	Preferred US\$	High US\$
Value of a 50% interest in Coalridge (Negative)	<u>(5,766,615)</u>	<u>(3,827,615)</u>	<u>(956,615)</u>

Consideration payable by the Aspire Group			
ECJV Shares	1,000,000	1,000,000	1,000,000
ECJV Share Options	320,562	320,562	320,562
Total deemed Consideration	<u>1,320,562</u>	<u>1,320,562</u>	<u>1,320,562</u>

Excess of Consideration payable over the value of a 50% interest in Coalridge	<u>7,087,177</u>	<u>5,148,177</u>	<u>2,277,177</u>
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Unless, the Nuurstei Project enters into production, there is no value attributed to the Royalty payable as part of the Acquisition of a 50% interest in Coalridge. Agricola has not valued the Nuurstei Project on a discounted cash flow ("DCF") basis as the state of the Nuurstei Project does not meet valuer requirements that allows a valuer to use the DCF methodology.

The Company cannot under current ASIC/ASX guidelines announce any preliminary net present values using DCF but the Company, subject to increasing coal resources and converting them to JORC 2015 reserves and obtaining commercial finance, plans to commercialise the Nuurstei Project via coal production within 2 years.

	Low US\$	Preferred US\$	High US\$
Value of a 50% interest in Coalridge (Negative)	<u>(5,766,615)</u>	<u>(3,827,615)</u>	<u>(956,615)</u>
Consideration payable by the Noble Group	<u>unknown</u>	<u>unknown</u>	<u>unknown</u>

The current fair market value of the Tenements approximates US\$10,170,000 and 90% equates to approximately US\$9,153,000. If this was applied as the consideration payable by the Noble Group to acquire the Default Shares and Ovoot Shareholders Loans, the consideration payable would be fair. As the Noble Group is required to pay fair market value at the date of exercising the Default Option and this may be in August 2019, the fair market value at that date cannot now be assessed. If exploration and evaluation currently being undertaken proves a commercial saleable coal deposit, the fair market value may be far higher than that assessed by Agricola as noted above.

Conclusion as to fairness of the Proposal as outlined in Resolution 7

Based on the above, the Proposal as outlined in Resolution 7 is not fair to the non-associated shareholders of Aspire, at the date of this report.

Conclusion as to fairness of the Proposal as outlined in Resolution 9

Noble will own the debts (Ovoot Shareholder Loans) due by Coalridge to Aspire that has a book value as at 31 May 2017 of approximately US\$8,519,131 (includes accrued interest due). However, based on the fair value of the assets of Coalridge, Coalridge does not have the financial ability to repay in full the debts due to Aspire (will be due to Noble) and Noble.

Based on current valuations of the Tenements, as the consideration potentially payable by Noble on any exercise of the Default Option by 17 August 2019 is greater than the fair market value of a 50% interest in the Default Shares and Ovoot Shareholders Loans, the proposal as outlined in Resolution 9 is fair.

It is noted that the security to be provided by the Aspire Group to secure the US\$6,650,000 New Debt to the Noble Group is over the Default Shares and Ovoot Shareholders Loans and not the Aspire Group's major asset, the Ovoot Project and the Rail Concession Project (refer section 3 above). If an event of default occurred and the Noble Group exercised the Default Option, the Aspire Group will lose its less valuable Nuurstei Project. The Aspire Group thus

is advantaged by mortgaging a lower value project. The market capitalisation as at 9 June 2017 for Aspire approximates \$17.842 million and thus after taking into account the assessed value of the Nuurstei Project by Agricola and allowing for a 45% interest, arguably the "market" is ascribing most of the value of the Aspire Group to the Ovoot Project and the Rail Concession Project. It is the latter two Projects that Aspire is concentrating on notwithstanding that it is also considering ways to commercialise the Nuurstei Project.

In our opinion, based on the information to date, the proposed granting of the Default Option to the Noble Group as envisaged in Resolution 9 is fair to the shareholders of Aspire not associated with the Noble Group.

7. Reasonableness of the Proposals

- 7.1 We set out below some of the advantages and disadvantages and other factors pertaining to the Proposal that we considered in arriving at our conclusion on the reasonableness of the Proposals (and Resolutions 7 and 9).

Advantages on Exercise of the ECJV Option

- 7.2 By obtaining 100% control of Coalridge, the Aspire Group will control an effective 90% interest (instead of the current 45%) interest in the ECJV and that having an effective one owner (the remaining 10% owner is free carried to production) should find it less complicated to finance the Nuurstei Project as financiers are in effect dealing with one owner instead of having to deal with both Aspire and Noble.
- 7.3 If the Nuurstei Project enters into production (proposed for 2018/19, subject to, inter-alia increasing resources and financing) the preliminary scoping study indicates positive cash flows with the ability of the Nuurstei Project to repay all existing loans owing to the Aspire Group (and the Noble Group- such loans due to the Noble Group will be assigned to the Aspire Group on the passing and consummation of Resolution 7). If we assumed that the loans could be repaid, then the US\$1,000,000 ECJV Option Payment is significantly less than the preferred value of a 45% interest in the Nuurstei Project of US\$4,600,000 and the Proposal would be fair. However, at this point of time, the Nuurstei Project is not in production.

If production commences, the Aspire Group would be entitled to 90% of the cash flows from production, instead of the current 45% interest in the Nuurstei Project.

Disadvantages on the Exercise of the ECJV Option

- 7.4 The Consideration value is in excess of the fair value of a 50% interest in Coalridge (after taking into account the loans due to the Aspire and Noble Groups) and thus not fair. However, see Other Factors below.
- 7.5 The Aspire Group would need to finance 100% (instead of 50%) of the ECJV as Noble would no longer have a shareholding interest in Coalridge. This may cause additional drain on the limited cash resources of the Aspire Group (but noting that Aspire proposes to raise up to \$4,000,000 via a Placement).

Other factors on the Exercise of the ECJV Option

- 7.6 The Noble Group are to be issued 66,666,667 ECJV Share Options, that if exercised at 2.5 cents each, on or before 1 year from issue date, Aspire will receive up to \$1,666,667, if all such ECJV Share Options were to be exercised. The exercise price of 2.5 cents is in excess of the share price of an Aspire share trading on ASX over the past few weeks but below the share prices of an Aspire share trading on ASX between September 2016 and 13 April 2017.
- 7.7 Notwithstanding that the Proposal pursuant to Resolution 7 is considered technical not fair, there is upside potential relating to the Nuurstei Project. In May 2017, the Company announced:

- the signing of a memorandum of understanding to mine and purchase raw coal from the owner and operator of a coal mine adjacent to the Nuurstei Project and that such future coal purchases are expected to provide around 10% of the feed to a proposed modular coal wash plant to be acquired, constructed and located at the Nuurstei Project;
- the ECJV executed an Offtake Agreement with its current JV partner, Noble that will cover the first six months of anticipated production in 2018 from the Nuurstei Project (pricing yet to be agreed); and
- an expression of interest ("EIO") has been received from a private German bank to fund the proposed Nuurstei CHP Plant (terms and conditions yet to be finalised).

All of the above indicate an improved chance that the Nuurstei Project may enter production in 2018/19 and positive cash flows over the life of the Nuurstei Project will be positive and sufficient to repay all current loans due by Coalridge to the Aspire Group (and the Noble Group, if the Proposal under Resolution 5 is not consummated).

Advantages for the Approval for the Grant and Exercise on the Increased Coalridge Security

- 7.8 If Shareholders do not approve the Increased Coalridge Security, and in the absence of any other agreement, Aspire will be unable to increase the amount available for drawdown under the Noble Long Term Facility and will need to seek alternative arrangements to repay the US\$1,650,000 that will become due to Noble under the Noble Short Term Loan on 17 August 2017. By approving the grant of the Increased Coalridge Security, the Noble Short - Term Loan is extended for repayment to 17 August 2019. This will alleviate financial pressure on Aspire and if the proposed Placement is concluded, cash funds raised from the Placement can be used for other purposes (including funds spent on the Ovoot Coal Project and the Nuurstei Project) and not in repaying the US\$1,650,000 Noble Short Term Loan.
- 7.9 In the event of insolvency by Aspire, any Administrator appointed would seek to maximise value by negotiating with interested parties to acquire the Tenements or the shares in Coalridge. In most cases, under an Administration scenario, the realisable values of assets are materially less than book values and technical values ascribed by recognised valuers – investors/buyers look for buying opportunities to take advantage of the poor state of affairs of the seller. In the case of Aspire, under an insolvency arrangement (and in particular Aspire failing to pay the US\$6,650,000 New Debt and accrued interest), the Noble Group has the Default Option to acquire the Default Shares and Ovoot Shareholders Loans at fair market value which may be more than a forced sale value.
- 7.10 In the event that the fair market value of the 100% interest (assumes that the Aspire Group will exercise the ECJV Option to acquire the remaining 50% of the shares in Logarta) in the default Shares and Ovoot Shareholders Loans was in excess of the US\$6,650,000 New Debt (and any unpaid interest due), the Noble Group would pay the excess amount to Aspire (but noting that the Aspire Group would still lose ownership of the Default Shares and Ovoot Shareholder Loans).
- 7.11 The Aspire Group would be relieved from funding 100% of the exploration activities of the ECJV after the Noble Group exercised its security rights via the Default Option.

Disadvantages for the Approval for the Grant and Exercise on the Increased Coalridge Security

- 7.12 The Aspire Group on failure to repay the Debt due to the Noble Group would lose its 100% interest in the ECJV (assuming the passing and consummation of Resolution 5) and the right to be repaid the Ovoot Shareholders Loans (although currently the ECJV has insufficient funds to repay such loans). Even though fair market value is to be paid for the Default Shares and Ovoot Shareholders Loans, the Aspire Group would not benefit from any commercial development (if any) of the Nuurstei Project. It is noted that both the Aspire Group and the Noble Group have incurred funds on exploration and evaluation of the Nuurstei Project with the aim of defining a resource and/or reserves of coking coal and that ultimately a decision to mine may be made. In 2015 and 2016, the ECJV conducted exploration programmes on the Nuurstei Project which delivered a JORC 2012 Resource of

4.7 MT Indicated and 8.1 MT of Inferred Resources. In April 2017, the Company announced a conceptual mine plan based on the above resources which confirm the potential of the Nuurstei Project as a near term coking coal mine. A US\$1,500,000 exploration and development programme has been planned to confirm the assumptions in the conceptual mine plan, take additional samples for washability and proximate analysis and to drill additional resource targets. Although additional resource targets exist, it is uncertain that additional resources/reserves will be established, or even may be insufficient to make a decision to mine.

- 7.13 The fair market value of the Default Shares and Ovoot Shareholders Loans after any decision to mine is made (this cannot be assured or guaranteed to occur, but is looking likely to occur in 2018) may be in excess of the fair market value as at the date of exercise of the Default Option and thus Aspire is missing out on the upside potential. However, if in excess of US\$6,650,000 plus any accrued interest, the Noble Group will pay the excess back to the Aspire Group. Any surplus funds can then be used by Aspire for working capital.
- 7.14 The granting of the Additional Coalridge Security of US\$1,650,000 to increase the amount owing to the Noble Group to \$6,650,000 (the New Debt) means additional borrowing costs one based on an increased amount and the other based on an increase in the interest rate on the New Loan. The existing interest rate on the US\$5,000,000 Long Term Debt is 9% per annum (may be capitalised) and the new interest rate from 17 August 2017 is to be 10.45% (also may be capitalised). If interest is repaid to Noble by issuing shares in Aspire, then more shares than normal would need to be issued (but there would be a saving in cash outlays).

Other Factors to the Approval for the Grant and Exercise on the Increased Coalridge Security

- 7.15 It is noted that the security to be provided by the Aspire Group to secure the US\$6,650,000 New Debt (up from the current Security of US\$5,000,000) to the Noble Group is over the Default Shares and Ovoot Shareholders Loans and not the Aspire Group's major assets, the Ovoot Project and the Rail Concession Project (refer section 3 above). If an event of default occurred and the Noble Group exercised the Default Option, the Aspire Group will lose its less valuable Nuurstei Project. The Aspire Group thus is advantaged by mortgaging a lower value project.

The market capitalisation as at 9 June 2017 for Aspire approximates \$17.842 million and thus after taking into account the assessed value of a 45% interest in the Nuurstei Project by Agricola, arguably the "market" is ascribing most of the value of the Aspire Group to the Ovoot Project and the Rail Concession Project.

- 7.16 In November 2015, the shareholders of Aspire approved a similar resolution to Resolution 7, however, the amount of the Charge was set at US\$5,00,000 (the original Long-Term Debt) and at that time, Aspire had an indirect 45% interest in the ECJV (as it has now but this interest will increase to 90% if Resolution 5 is passed and consummated).

8. Conclusion as to Reasonableness on the Exercise of the ECJV Option; and

Conclusion as to reasonableness for the Approval for the Grant and Exercise on the Increased Coalridge Security

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

- 8.2 **After taking into account the factors referred to in 7 above and elsewhere in this report, we are of the opinion that the advantages to the existing shareholders outweigh the disadvantages and thus the Proposals as noted in paragraphs 1.12 to 1.15 and Resolution 9 in the Notice are considered, on balance, to be reasonable to the existing non-associated shareholders of Aspire at the date of his report.**

9. Shareholder Decision

- 9.1 Stantons International Securities Pty Ltd has been engaged to prepare an Independent Expert's Report setting out whether in its opinion the Proposals are fair and reasonable and state reasons for that opinion. Stantons International Securities Pty Ltd has not been engaged to provide a recommendation to shareholders in relation to the Proposals under Resolutions 7 and 9 but we have been requested to determine whether the Proposals pursuant to Resolutions 7 and 9 are fair and/or reasonable to those shareholders not associated with Noble. The responsibility for such a voting recommendation lies with the directors of Aspire.

- 9.2 In any event, the decision whether to accept or reject Resolutions 7 and 9 (and all other Resolutions) is a matter for individual shareholders based on each shareholder's views as to value, their expectations about future market conditions and their particular circumstances, including risk profile, liquidity preference, investment strategy, portfolio structure and tax position.

If in any doubt as to the action they should take in relation to the Proposals under Resolutions 7 and 9 (and all other Resolutions), shareholders should consult their own professional adviser.

- 9.3 Similarly, it is a matter for individual shareholders as to whether to buy, hold or sell shares in Aspire. This is an investment decision upon which Stantons International Securities Pty Ltd does not offer an opinion and is independent on whether to accept the Proposals under Resolutions 7 and 9 (and all other resolutions). Shareholders should consult their own professional adviser in this regard.

10. Sources of Information

- 10.1 In making our assessment as to whether the Proposals relating to the exercise of the ECJV Option and granting and allowing the exercise of the increased Coalridge Security and Resolutions 7 and 9 respectively are fair and reasonable, we have reviewed relevant published available information and other unpublished information of the Company, Coalridge and the Tenements that is relevant to the current circumstances. In addition, we have held discussions with the management of Aspire about the present and future operations of the Company. Statements and opinions contained in this report are given in good faith but in the preparation of this report, we have relied in part on information provided by the directors and management of Aspire.

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

- a) Drafts of Notice of Aspire and EM to 15 June 2017;
- b) Discussions with management of Aspire;
- c) Details of historical market trading of Aspire ordinary fully paid shares recorded by ASX for the period 1 January 2016 to 15 June 2017 (10.30 am);
- d) Shareholding details of Aspire as supplied by the Company's share registry as at 31 May 2017;
- e) Audited consolidated financial statements of the Aspire Group as at 30 June 2016;
- f) Reviewed balance sheet of Aspire as at 31 December 2016;
- g) Announcements made by Aspire to the ASX from 1 January 2014 to 15 June 2017 (10.30 am);
- h) The Amended Deed and Amended Term Sheet between Aspire, Ovoot Coking Coal Pte Ltd, Noble, Logarta Limited and Coalridge of April 2014 and subsequent updates thereof;
- i) The independent Agricola Valuation Report of Agricola dated 12 June 2017;

- j) The estimated planned mineral expenditure on the Tenements over the next six months;
- k) Draft of the prospectus relating to the proposed Placement;
- l) The Short-Term Loan agreement;
- m) The Binding Term Sheet between Aspire, Ovoot, Noble, Coalridge and Logarta on restructuring of Debt and Short-Term Debt dated 26 May 2017 and executed by Expire on 13 June 2017;
- n) Unaudited statement of financial position of the ECJV (part relates to Coalridge) as at 31 May 2017;
- o) Permission correspondence from Agricola allowing us to use, refer to and rely on the Agricola Valuation Report attached to the Notice; and
- p) The conceptual mining study on the Nuurstei Project of April 2017.

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

Yours faithfully

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



J P Van Dieren - FCA
Director

APPENDIX A

AUTHOR INDEPENDENCE AND INDEMNITY

This annexure forms part of and should be read in conjunction with the report of Stantons International Securities Pty Ltd dated 15 June 2017, relating to the Proposals as outlined in Resolutions 7 and 9 in the Notice of Meeting to Shareholders and the ES proposed to be distributed to the Aspire shareholders in June 2017.

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

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

QUALIFICATIONS

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

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

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

DECLARATION

This report has been prepared at the request of the Directors of Aspire in order to assist them to assess the merits of the proposed Proposals as outlined in Resolutions 7 and 9 the ES to which this report relates. This report has been prepared for the benefit of Aspire's shareholders and does not provide a general expression of Stantons International Securities Pty Ltd opinion as to the longer-term value of Aspire, Coalridge and their assets. Stantons International Securities Pty Ltd does not imply, and it should not be construed, that it has carried out any form of audit on the accounting or other records of Aspire and Coalridge. Neither the whole nor any part of this report, nor any reference thereto may be included in or with or attached to any document, circular, resolution, letter or statement, without the prior written consent of Stantons International Securities Pty Ltd to the form and context in which it appears.

DUE CARE AND DILEGENCE

This report has been prepared by Stantons International Securities Pty Ltd with due care and diligence. The report is to assist shareholders in determining the fairness and reasonableness of the Proposals set out in Resolutions 7 and 9 to the Notice and each individual shareholder may make up their own opinion as to whether to vote for or against Resolutions 7 and 9 (and all other Resolutions).

DECLARATION AND INDEMNITY

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

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

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

**FINANCIAL SERVICES GUIDE
FOR STANTONS INTERNATIONAL SECURITIES PTY LTD
(Trading as Stantons International Securities)
Dated 15 June 2017**

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

2. **Financial Services Guide**

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

This FSG includes information about:

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

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

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

- Securities (such as shares, options and notes)

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

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

4. **General Financial Product Advice**

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

5. Benefits that we may receive

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

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

6. Remuneration or other benefits received by our employees

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

7. Referrals

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

8. Associations and relationships

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

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

9. Complaints resolution

9.1 Internal complaints resolution process

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

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

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

9.2 Referral to External Dispute Resolution Scheme

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

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

Financial Ombudsman Service Limited
PO Box 3
MELBOURNE VIC 8007

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

10. Contact details

You may contact us using the details set out above.

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



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

12 June 2017

The Directors
Aspire Mining Ltd
69 Kewdale Road
Welshpool, WA, 6106

Dear Sirs,

**Re: INDEPENDENT VALUATION OF THE NUURSTEI COAL PROJECT in
MONGOLIA HELD BY ASPIRE MINING LIMITED**

Agricola Mining Consultants Pty Ltd (“Agricola”) was commissioned by the Directors of Aspire Mining Ltd (“the Company”) to provide a Mineral Asset Valuation Report (“Report”) of the Nuurstei Coal Project in Mongolia. This report serves to comment on the geological setting and exploration results on the properties and presents a technical and market valuation for the exploration assets based on the information in this Report.

The present status of the tenements is based on information made available by the Company and independently verified by Agricola. The Report has been prepared on the assumption that the tenements are lawfully accessible for evaluation.

Scope of the Valuation Report

A valuation report expresses an opinion as to monetary value of a mineral asset but specifically excludes commentary on the value of any related corporate Securities. Agricola prepared this Report utilizing information relating to operational methods and expectations provided to it by various sources. Where possible, Agricola has verified this information from independent sources. This Report has been prepared for the purpose of providing information to the Client.

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

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

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

The findings of the valuation Report include an assessment of the technical value (i.e. the value implied by a consideration of the technical attributes of the asset) and a market value (which considers the influences of external market forces and risk). A range of values (high, low and preferred) has been determined and stated in the Report to reflect any uncertainties in the data and the interaction of the various assumptions made.

The main requirements of the Valuation Report are:

- Prepared in accordance with the VALMIN Code 2015
- Experience and qualifications of key personnel to be set out
- Details of valuation methodologies
- Reasoning for the selection of the valuation approach adopted
- Details of the valuation calculations
- Conclusion on value as a range with a preferred value

The Mineral Assets

- Nuurstei Coal Project including tenements 13580X and 13958X

DECLARATIONS

Relevant codes and guidelines

This Report has been prepared as a technical assessment and valuation in accordance with the *Australasian Code for Public Reporting of Technical Assessment and Valuation of Mineral Assets* (the “VALMIN Code”, 2015 Edition), which is binding upon Members of the Australasian Institute of Mining and Metallurgy (“AusIMM”) and the Australian Institute of Geoscientists (“AIG”), as well as the rules and guidelines issued by the Australian Securities and Investments Commission (“ASIC”) and the ASX Limited (“ASX”) which pertain to Independent Expert Reports (Regulatory Guides RG111 and RG112, March 2011).

Where exploration results and mineral resources have been referred to in this report, the information was prepared and first disclosed under the *Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves* (“JORC Code”), prepared by the Joint Ore Reserves Committee of the AusIMM, the AIG and the Minerals Council of Australia 2012.

Under the definition provided by the VALMIN Code, the mineral projects are classified as 'exploration projects' where mineralisation may or may not have been identified, though no mineral resource estimated have yet been compiled.

Sources of Information

The statements and opinion contained in this report are given in good faith and this review is based on information provided by the title holders, along with technical reports by consultants, previous tenements holders and other relevant published and unpublished data for the area. Agricola has endeavoured, by making all reasonable enquiries, to confirm the authenticity, accuracy and completeness of the technical data upon which this report is based. A final draft of this report was provided to the Company, along with a written request to identify any material errors or omissions in the technical information prior to lodgment.

In compiling this report, Agricola did not carry out a site visit to the project areas. Based on its professional knowledge, experience and the availability of extensive databases and technical reports made available by various Government Agencies and the early stage of exploration, Agricola considers that sufficient current information was available to allow an informed appraisal to be made without such a visit.

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

This Report contains statements attributable to third persons. These statements are made in, or based on statements made in previous geological reports that are publicly available from either a government department or the ASX. The authors of these previous reports have not consented to the statements' use in this Report, and these statements are included in accordance with ASIC Corporations (Consents to Statements) Instrument 2016/72.

Qualifications and Experience

The person responsible for the preparation of this report is:

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

Malcolm Castle has over 50 years' experience in exploration geology and property evaluation, working for major companies for 20 years as an exploration geologist. He established a consulting company over 30 years ago and specializes in exploration management, technical audit, due diligence and property valuation at all stages of development. He has wide experience in a number of commodities including uranium, gold, base metals, iron ore and mineral sands. He has been responsible for project discovery through to feasibility study in Australia, Fiji, Southern Africa and Indonesia and technical audits in many countries. He has completed numerous Independent Geologist's Reports and Mineral Asset Valuations over the last decade as part of his consulting business.

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

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

Mr Castle is the Principal Consultant for Agricola Mining Consultants Pty Ltd, an independent geological consultancy established 30 years ago. He is a Member of the Australasian Institute of Mining and Metallurgy (“MAusIMM”).

Declaration – VALMIN Code: The information in this report that relates to Technical Assessment and Valuation of Mineral Assets reflects information compiled and conclusions derived by Malcolm Castle, who is a Member of The Australasian Institute of Mining and Metallurgy. Malcolm Castle is not a permanent employee of the Company.’

Malcolm Castle has sufficient experience relevant to the Technical Assessment and Valuation of the Mineral Assets under consideration and to the activity which he is undertaking to qualify as a Practitioner as defined in the 2015 edition of the ‘Australasian Code for the Public Reporting of Technical Assessments and Valuations of Mineral Assets’. Malcolm Castle consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.’

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

Independence

Agricola or its employees and associates are not, nor intend to be a director, officer or other direct employee of the Company and have no material interest in the projects. The relationship with the Company is solely one of professional association between client and independent consultant. The review work and this report are prepared in return for professional fees of \$7,000 plus GST based upon agreed commercial rates and the payment of these fees is in no way contingent on the results of this Report.

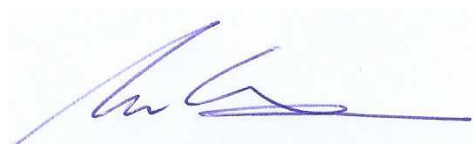
Valuation Opinion

Based on an assessment of the factors involved, the estimate of the market value for the 45% equity in the Company's Nuurstei Coal Project is in the range of US\$2.6 million to US\$7.5 million with a preferred value of US\$4.6 million.

This valuation is effective on 12 June 2017.

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

Yours faithfully



Malcolm Castle

B.Sc.(Hons) MAusIMM,

GCertAppFin (Sec Inst)

Agricola Mining Consultants Pty Ltd

TENEMENT SCHEDULE

The Ekhgoviin Chuluu LLC Joint Venture (ECJV) owns a 90% interest in the Nuurstei Coking Coal Project, held by exploration licenses 13580X and 13958X. Exploration Licence 13580X (Tumurtiin Am) The Company currently owns a 50% interest in and is the operator of the ECJV, and has an option to increase its ownership to 100% of the ECJV.. The Company's current interest in the Nuurstei Project is 45%.

The Licence 13580X comprises a total area 11 km². EGC also holds the neighbouring licence 13958X to the south, which has a total area 16 km². EGC JV has held these licences since May 2011.

Exploration Licence 13580X is located in the central Khuvsgul Aimag (Province) in northern Mongolia. It is approximately 680 km northwest of Ulaanbaatar and 15 km southwest of the Aimag capital Moron.

Moron is the nearest local settlement with a population of approximately 36,000. The airport at Moron has daily commercial flights connecting to Ulaanbaatar during summer months. During winter months this is reduced three to four flights a week. Access to 13580X by vehicle from Moron is by unpaved tracks and takes around 40 minutes. The area is located approximately 40 km north of the proposed northwestern Mongolia rail line corridor, which is extending west of Erdenet where it currently terminates.

The Ekhgoviin Chuluu Joint Venture is a 50/50 joint venture between Aspire and Singapore listed commodities trader Noble Group (SGX: N21). The Joint Venture holds interests in several coal licences in both north and south Mongolia. The Company's current interest in the Nuurstei Project is 45%.

Mongolian Tenements

Project	Region	Registered Owner	Tenement Reference	Status	Area
Mongolia Tumurtiin Am	Khuvsgul Aimag,	Ekhgoviin Chuluu LLC Joint Venture (EGC).	13580X	Granted May 2011	11km ²
Mongolia	Khuvsgul Aimag,	Ekhgoviin Chuluu LLC Joint Venture (EGC).	13958X	Granted May 2011	16km ²

The status of the granted tenements has been verified by Agricola, pursuant to paragraph 67 of the Valmin Code by reference to the original grant documents. The granted tenements are believed to be in good standing at the date of this valuation as represented by the Company. Some future events such as the grant (or otherwise) of expenditure exemptions and plaint action may impact of the valuation and may give grounds for a reassessment.



Location of Projects and New Northern Rail Corridor

NUURSTEI PROJECT REVIEW

Regional Geology

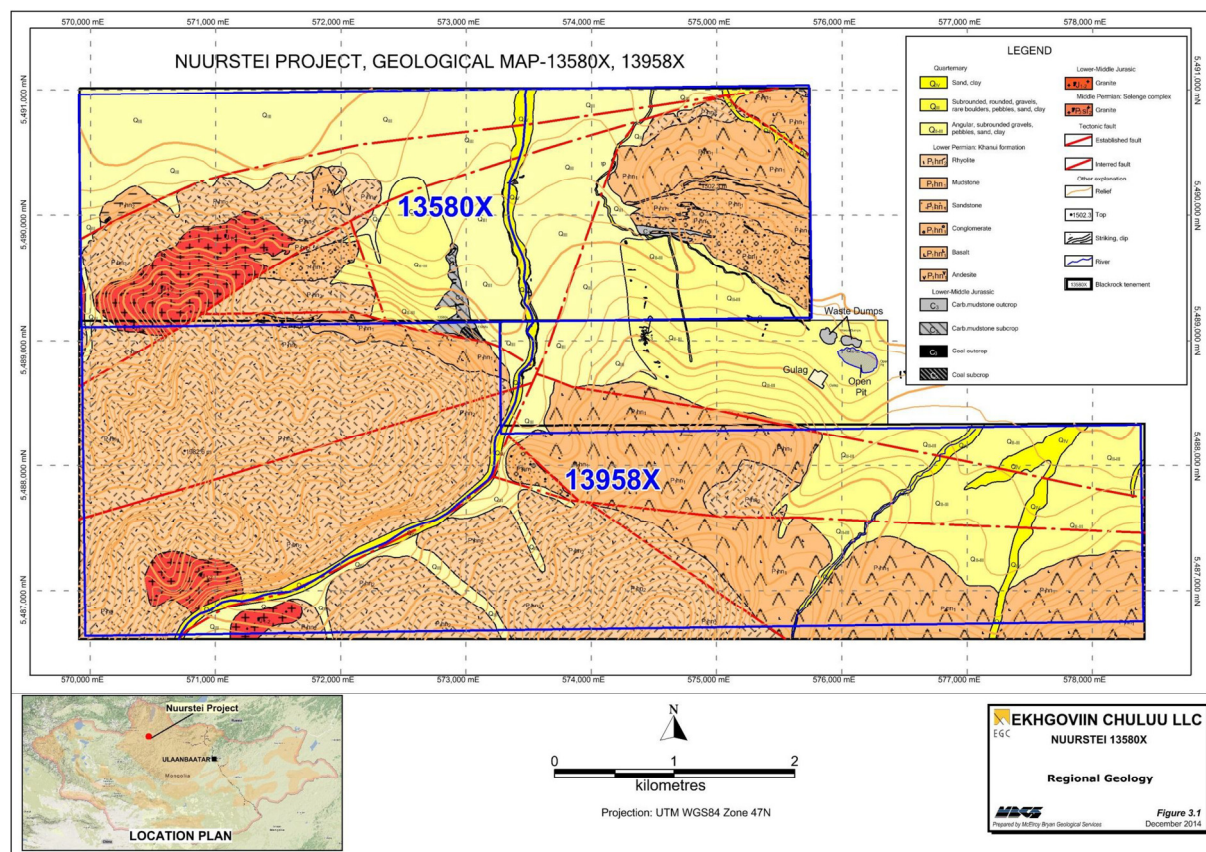
The Khuvsgul region of Mongolia has a complex geologic history. Regimes of continental accretion and Basin-and-Range style crustal extension followed by compressional folding and faulting were the main structural influences. Elongate, east-west trending mountain ranges and intervening basins dominate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

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

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

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

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



Geology of the Nuurstei Project

Earliest exploration in the region comprised regional mapping by Mongolian Government/Russian teams in 1976, which was conducted on a broad regional basis (1:200000 scale). These maps provide a general guide to regional geology but detailed

information is lacking. Additional mapping was conducted between 1989 and 1994 at 1:50,000 scale.

Between 1989–1994 Khuvsgul Geology Company (a state-owned company) conducted an exploration program in the Nuurstei mining lease (1356A - Figure 1.1) held by the State 443rd Army south of 13580X licence. This consisted of 17 holes drilled to 30 – 70 m depth. Drilling results from these holes were not available to EGC JV and because of their shallow total depths and no down-hole geophysical logs they are probably of little use to the understanding of this deposit.

The 13580X and 13958X licences were held by Gurvan Talst LLC from 2009 – 2011. Broad scale exploration was conducted in 2010 across these licences. During this exploration program 8 core holes were drilled along with several shafts and trenches excavated. EGC is not in possession of this data.

The local state authority operates a mine within the Nuurstei Basin. A small quantity of coal is excavated in the southeast of 13580X for local use. There is no record of tonnage excavated per annum but the amount of coal removed is believed to be negligible with only small- scale manual mining methods employed.

From June to October 2011 a Due Diligence program of 13 HQ core holes (NUDH001-011) was undertaken by EGC including two re-drills. Nine holes were drilled in 13580X and two holes were drilled in 13958X. Coal horizons were intersected in ten drill holes with varying character and thickness across the lease.

In August 2014 McElroy Bryan Geological Services (MBGS) were engaged by EGC to plan and manage the exploration program at 13580X. MBGS supplied a Field Project Geologist for the program duration to provide technical support and training for local field geologists. This role included data collection quality control and down-hole geophysical data analysis/interpretation.

Exploration commenced in September 2014 in the southeast part of the 13580X licence based on information from previous mapping drilling and geophysical surveys. The initial phase of exploration involved cleaning out and re-logging 2011 holes drilled within 13580X to gain better quality down-hole geophysics. The re-logging phase was followed by the drill program which comprised 18 drill holes including 17 non-core holes for 2801m and one core hole for 98.70m. No re-drills were required and the drill program was completed in approximately three weeks.

The 2015 drilling program supervised by MBGS site geologists comprised 24 non-core holes (NURH1018 to NURH1041 totalling 4553m) and 22 PQ diameter core holes (NUDH013 to NUDH034 totalling 2898.70m). Nine re-drill core holes (NUDH013A, 14A, 14B, 14C, 15A, 16A, 25A, 29A and 33A) were required during the program because of excessive core loss in various coal seams of interest.

Nuurstei Coal Quality

Indicative Washed Coal Quality (Air Dried)	
Number of Samples	18
Moisture %	0.5
Ash %	9.2
Volatile Matter %	26
Total Sulphur %	0.7
Phosphorus %	0.09
Free Swelling Index (FSI)	8.5
Caking Index ("G")	98
Gieseler Fluidity (ddm)	3755
Max Dilatation %	190
Sapozhnikov Index - X mm	16
Sapozhnikov Index - Y mm	29
Base/Acid ratio	0.14

Indicative Washed Coal Quality (air dried basis)

A clean coal product from eighteen of the sections subjected to washability (average target ash 9.5%) was analysed for Proximates, Total Sulphur, Ash Chemistry and FSI. Five of the clean coal samples received analysis for Sapozhnikov X and Y Dilatation, Gieseler Fluidity, G Index and Petrographics:

- Ash content averaged 9.2% ad
- Volatile content averaged 25.9% (dry ash free basis).
- Total Sulphur was moderate (averaging 0.69% ad)
- FSI averaged 8.5 (all samples) and G Index averaged 98 on five samples. These results are indicative of high reactive content in the coal
- Sapozhnikov X mm and Y mm averaged 16mm and 29mm respectively on five samples. These results are indicative of excellent plastic properties relevant to coking coal
- Gieseler Fluidity averaged 3755 maximum ddm and maximum dilatation was 190%. These results are also indicative of excellent plastic properties
- Phosphorus in coal averaged 0.09% which is moderately high
- Vitrinite maximum reflectance (five samples) averaged 1.35. Vitrinite content in the petrographic samples averaged 90%. Together with the average volatile content the maximum vitrinite reflectance result is mid-range within a hard coking coal classification while the vitrinite content would place the average quality as a mid-rank high plasticity blend component in a coke blend
- Iron and calcium Oxides together averaged 7.4% which is moderate while potassium oxide in ash averaged 3.3% which is relatively high. The base/acid ratio (a ratio of Fe

Ca, Mg, K and Na oxides in ash to Al, Si and Ti oxides in ash) was moderately high (0.14%) which will impact adversely on coke strength to some degree.

The average clean coal results indicate the coal has a potential to realise a blend component of premium hard coking coal. The coal has high reactive content with consequent excellent plastic properties such as FSI, fluidity and dilatation. The coal also has moderately high base elements in ash, which act adversely on coke strength.

Coal Resource Estimates

Indicated and Inferred coal resources have been estimated in accordance with the JORC Code 2012 for 13580X. Coal quality data from 2015 drill holes has provided sufficient information to grid raw quality variables for numerous plies/seams. Grids were extrapolated 100 m past the last point of observation. Default seam/ply density values were derived from 2015 raw quality ash and density averages and were used where there was insufficient data to generate raw quality grids.

Using Minex's detailed resource reporting tool, coal tonnes were estimated within vertical sided polygons and reported for all plies from WW2 through to the H Seam where there were sufficient drill holes intersections. Each seam has a separate resource polygon and is defined by drill hole intersections, proximity to lease boundary, interpreted sills, subcrop and the model extent polygon.

Resource tonnages were estimated with no seam thickness cut-off, a raw ash limitation of 55% and to a depth of 200 m in 50 m depth increments. The base of colluvium / topography surface forms the upper limit of coal resources. Resources have not been estimated within any igneous polygon.

For the purpose of coal resource estimation, default seam/ply density values were derived from the average 2015 raw quality results. The default values of 40% ash and 1.5g/cc density were applied where quality grids do not exist.

Approximately 4.75 Mt Indicated and 8.1 Mt Inferred resources (with a total 12.85 Mt) has been estimated to 200 m depth inside an envelope defined by exploration drilling. 0.41 Mt Indicated and 0.5 Mt Inferred coal resource occurs between the topography and the Base of Weathering,. This combined 0.91 Mt resource may have little coking qualities as they may have deteriorated through the weathering process and may only be marketed as a thermal coal.

BENCH NAME	Indicated (Mt)	Inferred (Mt)	Total
BOC-BOW*	0.41	0.5	0.91
BOW - 50 m	1.18	1.5	2.68
50 m - 100 m	1.72	2.3	4.02
100 m - 150 m	1.1	2.1	3.2
150 m - 200 m	0.34	1.7	2.04
Total	4.75	8.1	12.85

Summary of Indicated and Inferred Coal Resources at 50 m Depth Increments

Details of the Coal Resource estimates and the parameters are included in the Company's ASX Release dated 13 April 2016: "Nuurstei Coking Coal Project Release of Initial Resource Report"

Competent Person's Statement – ASX Release

The information in the ASX Release that relates to Coal Resources is based on information compiled under the supervision of and reviewed by the Competent Person Mr Charles Parbury who is a full time employee of McElroy Bryan Geological Services is a Member of the Australasian Institute of Mining and Metallurgy and who has no conflict of interest with Aspire Mining Ltd. The Coal Resource report for Nuurstei has been prepared in accordance with the "Australasian Code for Reporting of Exploration Results Mineral Resources and Ore Reserves 2012 Edition" (The JORC Code). Mr Charles Parbury has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results Mineral Resources and Ore Reserves'

The Company confirms that:

- (a) the form and context in which Mr Parbury's findings are presented have not been materially modified.
- (b) it is not aware of any new information or data that materially affects the information included in the 13 April 2016 ASX announcement relating to the Mineral Resource estimate and that all the material assumptions and technical parameters underpinning the estimate in the ASX announcement continue to apply and have not materially changed.

The information contained in this Mineral Resource summary replicates information contained in the Company's Coal Resource Estimates. The author of this Report is not aware of any new information or data that materially affects the information included in the mineral Resource Estimates and, in the case of mineral resources that all the material assumptions and technical parameters underpinning the estimates continue to apply and have not materially

changed. The form and context in which the findings of Mr Parbury are presented have not been materially modified.

Conceptual Mining Study

The Company undertook a Conceptual Mining Study (Study) to evaluate the viability and cost of an open cut mining operation for the Nuurstei Coking Coal Project deposit. The Study is a desktop concept study to determine the potential for open cut mining of the Nuurstei Coking Coal Project resource. The targeted area for this preliminary mine design is the Indicated Resource zone.

The Conceptual Mine Plan based on the above geological model produces Run-of-Mine (ROM) coal within the minable pit shell based on 47% from Indicated Resources, 31% from Inferred Resources and 22% from areas adjacent to the existing Resource, with potential to add to near surface mineral resources. Clean mining will be essential and coal recovery and dilution will be key risks for the project. Mining equipment selection, including using small bucket sizes for coal mining, has been taken into consideration in the conceptual mine plan. Overall yields are assumed to be 50% to a hard coking coal product at <10% Ash based on existing laboratory work.

A conceptual mine design was completed for Nuurstei based on the resource model developed by MBGS and included:

- The development of a concept open cut mine, including the pit shell, strip design, location of ramps, haul-roads, and location of dumps both in-pit and ex-pit, and the location of infrastructure.
- The development of a mining sequence and mine waste and coal quantity schedules to deliver ROM coal to the CHPP for processing (crushing, then washing)
- The estimate of required equipment and infrastructure to carry out the waste removal, coal mining, and processing tasks to achieve the ROM production.

References

ASX Release 13 April 2016: “Nuurstei Coking Coal Project Release of Initial Resource Report” Aspire Mining Ltd

ASX Release 13 April 2017, “Aspire Signs MOU Agreement to Mine and Purchase Coal to Support Nuurstei Coking Coal Project Development”, Aspire Mining Ltd

ASX Release 19 April 2017, “Conceptual Mining Study Confirms Potential for Near Term Development of the Nuurstei Coking Coal Project”, Aspire Mining Ltd

ASX Release 3 May 2017, “Nuurstei Joint Venture Signs Offtake Agreement with Noble Group”, Aspire Mining Ltd

Mahood, L and Hadwen, S, 2017, “Muurstei Concept Mining Study” The Bluefield Group Pty Ltd, 10 April 2017

Parbury, C.,2016, “Competent Person Report, coal Resources, Nuurstei, Mongolia”, McElroy Bryan Geological Services Pty Ltd, 18 March 2016

VALUATION ASSESSMENT

Three widely accepted Valuation Approaches are:

- (a) Market-based, which is based primarily on the notion of substitution. In this Valuation Approach the Mineral Asset being valued is compared with the transaction value of similar Mineral Assets under similar time and circumstance on an open market (*Comparable Transactions, \$ per metal unit*).
- (b) Income-based, which is based on the notion of cash flow generation. In this Valuation Approach the anticipated benefits of the potential income or cash flow of a Mineral Asset are analysed (*Discounted Cash Flow*).
- (c) Cost-based, which is based on the notion of cost contribution to Value. In this Valuation Approach the costs incurred on the Mineral Asset are the basis of analysis and an assessment of prospectivity (*Prospectivity Exploration Multiplier and Geo-factor Rating, \$ per sq. km.*).

Details of the assessment criteria are included in the notes attached to the Report.

The company released an estimate of Coal Resources in accordance with the JORC Code at Nuurstei in April 2016.

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

The method requires allocating a dollar value to the mineral resource in the ground and applying appropriate discounts for JORC Category, operating factors and average acquisition cost for mineral projects. This may also apply to well-established zones of mineralisation that have not formally been categorized under the JORC code in certain cases. An additional risk weighting may be appropriate in these circumstances.

The Coal Resources are assumed to encapsulate all the value for approximately 25% of the Exploration Licence and further targets to expand the resource are believed to be present in the surrounding ground within the Licence area and a separate value for exploration potential for the tenements is considered warranted.

The area outside the area where Coal Resources have been estimated in Exploration Licences EL 13580X and 13958X are classed as ‘*exploration projects*’ and inherently speculative in nature. Several methods of valuation are available for such projects where a material Inventory has been estimated. These include the use of Cost-based valuations. The Geoscientific Rating method (potential for further discoveries) and Past Expenditure methods are appropriate for exploration ground that is not advanced enough to estimate mineral resources. These methods may be supported by reference to Yardstick (Rule of Thumb) methods as a reasonableness check.

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

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

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

COMPARABLE TRANSACTIONS – Exploration Targets

Valuation Methodology

Approximately 4.75 Mt Indicated and 8.1 Mt Inferred resources (with a total 12.85 Mt) has been estimated to 200 m depth inside an envelope defined by exploration drilling.

The contained value for the Coal Resource is estimated based on current metal prices. Recent upward price movements for both coking and thermal coal are significant and have been taken into account.

Premium coking coal prices (FOB), \$US/tonne



The average clean coal results indicate the coal has a potential to realise a blend component of premium hard coking coal. The coal has high reactive content with consequent excellent plastic properties such as FSI, fluidity and dilatation. The coal also has moderately high base elements in ash, which act adversely on coke strength.

For the purpose of the valuation of the Coal Resource at Nuurstei, a premium coking coal price of **US\$175** per tonne has been selected in recognition of the uncertainty of the potential product. This represents an increase on US\$25 on the coal price used in the Conceptual Mining Study and below the current price.

Base Value – Nuurstei Coal Resource

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

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

Allowances for modifying factors are also included in the assessment:

Modifying Factors	Nuurstei	
Recovery	50%	Conceptual Mining Study
Mining	80%	Open Caste
Processing	85%	Washing Required
Rail, Road Transport	75%	Rail Transport available
Port	80%	Available for requirements
Capex	80%	Staged buildup
Marketing	90%	Noble Group Offtake Agreement
Total Modifying Discount	15%	

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

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

Discounted Base Value US\$M	
Measured	-
Indicated	85.47
Inferred	124.92
Exploration Target	-
Material Inventory	-
Total	210.39
A\$ per tonne	\$16.37

Average Acquisition Cost

A range of average acquisition cost (“AAC”) percentages are estimated based on a database of Merger and Acquisitions activity for the period 2006 to 2015. The percentage represents the amount paid for deposits compared to the contained value at the current metal price.

The AAC for projects lies in the range of 2.5% to 6.6%. The data set does not differentiate between resource categories and operational factors and this has been taken into account with risk related discounts applied to the Base Value. Information on sales internationally has shown a pattern for the AAC as shown in the percentile table.

AAC Percentiles 2006 - 2015 - Exploration Assets					
Percentile	10%	25%	50%	75%	90%
AAC	1.28%	1.75%	3.10%	5.10%	5.89%
AAC Percentiles 2006 - 2015 - Producing Assets					
Percentile	10%	25%	50%	75%	90%
AAC	8.06%	9.36%	11.20%	12.40%	13.05%

For the purpose of this valuation the Average Acquisition Cost for the lower, preferred and higher value is selected at the 25th, 50th and 75th percentiles. The Base Value is multiplied by AAC values at those percentiles to arrive at the estimated project technical value.

AVERAGE ACQUISITION COST	
Low, 25th Percentile	1.8%
High, 75th Percentile	5.1%
Preferred, 50th Percentile	3.1%

Technical Value – Coal Resource

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

Total Project Technical Value, US\$M	
Low	3.68
High	10.73
Preferred	6.52
% of contained value	0.29%
A\$ per tonne	\$0.51

The Technical Value is estimated for 100% equity in the projects

EXPLORATION PROJECTS - GEO-FACTOR RATING METHOD

ASPIRE MINING LTD		Tenement Factors	
Project	Equity	Km ²	Status
Nuurstei			
13580X*	100%	8.25	Granted
13958X	100%	16.00	Granted
*75% of the total area			

The Company's equity is addressed towards the end of the report

Base Value

This represents the exploration cost for the current period of the tenement. The current Base Acquisition Cost (BAC) for exploration projects or tenements at a similar stage is considered to be the average expenditure for the first year of the licence tenure. This is considered to be a BAC of US\$300 to US\$340 per square kilometre. The tenements are granted and Grant Factor and Equity are set at 100%.

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

Prospectivity Assessment Factors

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

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

Assessments in each category are based on a set scale and are multiplied together to arrive at a "prospectivity index".

	Rating	Address - Off Property	Mineralisation - On Property	Anomalies	Geology
Low	0.5	Very little chance of mineralisation, Concept unsuitable to environment	Very little chance of mineralisation, Concept unsuitable to environment	Extensive previous exploration with poor results - no encouragement	Unfavourable lithology over >75% of the tenement

Average	1	Indications of Prospectivity, Concept validated	Indications of Prospectivity, Concept validated	Extensive previous exploration with encouraging results - regional targets	Deep alluvium Covered favourable geology (40-50%)
	2	Significant RC drilling leading to advance project status	RAB &/or RC Drilling with encouraging intercepts reported	Several well defined surface targets with some RAB drilling	Exposed favourable lithology (60-70%)
High	3	Resource areas identified	Advanced Resource definition drilling - early stage	Several significant subeconomic targets - no indication of volume	Highly prospective geology (80 - 100%)

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

ASPIRE MINING LTD		Prospectivity Factors						
Project	Off Site	On Site		Anomaly	Geology			
Nuurstei	Low	High	Low	High	Low	High	Low	High
13580X*	4.00	4.10	2.00	2.10	2.00	2.10	3.00	3.10
13958X	4.00	4.10	1.50	1.60	1.75	1.85	3.00	3.10

TECHNICAL VALUE

Technical Value is an assessment of a Mineral Asset's future net economic benefit at the Valuation Date under a set of assumptions deemed most appropriate by a Practitioner, excluding any premium or discount to account for market considerations. An estimate of technical value has been compiled for the tenements based on the base acquisition cost, area, grant status, equity and ratings for prospectivity. For the purpose of this valuation the preferred value is selected at 40% of the difference between Low and High estimates.

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

ASPIRE MINING LTD		Technical Value, US\$			
Project					
Nuurstei	Low	High	Preferred	Area km ²	\$/km ²
13580X*	118,800	157,200	134,000	8.25	16200
13958X	151,200	204,700	173,000	16.00	10800
Total	270,000	361,900	307,000		

Preferred Value is 40% of the difference between Low and High + Low

The Technical Value is estimated for 100% equity in the projects

Comparison with Yardstick (Rule of Thumb) Method

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

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

Based on the values estimated in this report, the unit value of the exploration ground is over US\$10,000 per square kilometre, which is consistent with the geological setting, results and stage of exploration.

Summary of Technical Value

ASPIRE MINING LTD			
Project	Summary Technical Value, US\$M		
Nuurstei	Low	High	Preferred
Mineral Resource	3.68	10.73	6.52
Exploration Potential	0.27	0.36	0.31
Total	3.95	11.09	6.83

The Technical Value is estimated for 100% equity in the projects

MARKET VALUE

Market Value is the estimated amount (or the cash equivalent of some other consideration) for which the Mineral Asset should exchange on the date of Valuation between a willing buyer and a willing seller in an arm's length transaction after appropriate marketing where the parties had each acted knowledgeably, prudently and without compulsion. Market Value may be higher or lower than Technical Value.

In arriving at a fair market value for a particular exploration tenement, Agricola has considered the country risk and current market for exploration properties in Mongolia. Assessment of country risk and business climate has been provided by an independent specialist firm (source: www.coface.com). The rating for Mongolia is 'D' for country risk and 'C' for business climate, which are considered to be high risk. Strengths include Exploitation of colossal mining resources. Weaknesses include Economy vulnerable to

commodity price fluctuations, High poverty and unemployment rates, Internal political disputes, Alarming level of corruption and Very exposed to the Chinese economy

The Company's Tenements

The Company has undertake a conceptual mining study to evaluate the viability and cost of an open cut mining operation for the Nuurstei Coal Deposit. The aim of the study was to assess the technical factors for a conceptual open cut pit that would enable a significant portion of the coal resource to be mined.

Constrained by the location, depth, and quantity of the resource, and to align with the proposed small modular coal processing strategy, the study has targeted an appropriate mining rate to deliver ROM coal feed to the coal processing plant.

The study results indicate that the project has the potential to deliver the required production and while equipment fleet and key infrastructure required for the project has been identified, the capital cost has not been estimated.

A concept mine design was completed for the project. This design was based on the preliminary resource model developed by MBGS, and included the following key elements:

- The development of a concept open cut mine, including the pit shell, strip design, location of ramps, haul-roads, and location of dumps both in-pit and ex-pit, and the location of infrastructure. □
- The development of a mining sequence and mine waste and coal quantity schedules to deliver ROM coal to the CHPP for processing (crushing, then either washing or by-pass) □

Further coal exists adjacent to the estimated coal resource though this has not yet been tested in sufficient detail to be included in the JORC statement.

In the light of the study results, elements of country risk, changing economics and future market outlook a **market premium of 50%** has been applied to the technical value of the Coal Resources and a **market premium of 25%** of the exploration potential of the Nuurstei Project.

Summary of Market Value

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

ASPIRE MINING LTD		Market Value, US\$M		
Nuurstei	Market Factor	Low	High	Preferred
Mineral Resource	150%	5.52	16.09	9.78
Exploration Potential	125%	0.34	0.45	0.38
Total		5.86	16.55	10.17

The Market Value is estimated for 100% equity in the projects

Alternative Methods

Agricola has reviewed alternative comparative valuation methods as set out in Regulatory Guide 111: Content of expert reports (RG 111) at RG 111.65, which considers that "an expert should, where possible, use more than one valuation methodology. We consider this reduces the risk that the expert's opinion is distorted by its choice of methodology. We also consider that an expert should compare the figures derived from using the different methodologies and comment on any differences".

Alternative methods such as Market Capitalization (MCap) and Enterprise Value (EV) are not prohibited by RG111 to form the basis of comparable transaction analysis. Both MCap and EV include elements relating to corporate valuation such as cash and debt levels, management skills and reputation and many others, which are independent of mineral asset values.

Agricola considers that the expectation of future gain is the main driver for mineral asset valuation of exploration projects as it endeavours to ascertain the unencumbered price which a willing but not anxious vendor could reasonably expect to obtain and a hypothetical willing but not too anxious purchaser could reasonably expect to have to pay for the property if the vendor and the purchaser had got together and agreed on a price in friendly negotiation (*the Spencer Test*). The method set out in this report is considered appropriate for valuation of mineral resources.

EQUITY

The Company currently owns a 50% interest in and is the operator of the Ekhgoviin Chuluu Joint Venture (ECJV), and has an option to increase its ownership to 100% of the ECJV. The ECJV owns a 90% interest in the Nuurstei Coking Coal Project. The Company's current interest in the Nuurstei Project is 45%.

Summary of Equity Value

ASPIRE MINING LTD		Equity Value, US\$M		
Nuurstei	Equity	Low	High	Preferred
Mineral Resource	45%	2.49	7.24	4.40
Exploration Potential	45%	0.15	0.20	0.17
Total		2.64	7.45	4.58

VALUATION OPINION

Based on an assessment of the factors involved, the estimate of the market value for the 45% equity in the Company's Nuurstei Coal Project is in the range of US\$2.6 million to US\$7.5 million with a preferred value of US\$4.6 million.

This valuation is effective on 12 June 2017.

Forward looking statements: are necessarily based upon a number of estimates and assumptions that, while considered reasonable by the Company, are inherently subject to significant technical, business, economic, competitive, political and social uncertainties and contingencies; involve known and unknown risks and uncertainties that could cause actual events or results to differ materially from estimated or anticipated events or results reflected in such forward looking statements; and may include, among other things, statements regarding estimates and assumptions in respect of prices, costs, results and capital expenditure, and are or may be based on assumptions and estimates related to future technical, economic, market, political, social and other conditions.

This mineral asset valuation endeavours to ascertain the unencumbered price which a willing but not anxious vendor could reasonably expect to obtain and a hypothetical willing but not too anxious purchaser could reasonably expect to have to pay for the property if the vendor and the purchaser had got together and agreed on a price in friendly negotiation (the Spencer Test). *It applies to the direct sale of existing equity in the projects at the time of the time of this Report.*



MINERAL ASSETS VALUATION FOR EXPLORATION TENEMENTS

M. Castle – Updated June 2017

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

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The Meaning of Value – Scope of the Report

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

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

This test contemplates a prudent purchaser who has informed himself or herself of all of the relevant attributes and advantages that the property enjoyed which means not just being

conversant with the property in its existing state but also any profitable uses to which it might be put. This embodies the concept of the highest and best use of the property.

Judicial interpretation

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

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

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

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

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

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

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

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

Although the *Spencer test* is based on both a hypothetical vendor and a hypothetical purchaser and therefore the market value from either hypothetical party's point of view

should be the same, in some cases emphasis has been placed on what would be the best price which the vendor could hope to obtain.

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

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

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

These principles apply equally to mineral assets

Regulatory Authorities

Mineral asset valuations are prepared in accordance with the *Australasian Code for Public Reporting of Technical Assessment and Valuation of Mineral Assets (the “VALMIN Code”, 2015 Edition)*, which is binding upon Members of the Australasian Institute of Mining and Metallurgy (“AusIMM”) and the Australian Institute of Geoscientists (“AIG”), as well as the rules and guidelines issued by the Australian Securities and Investments Commission (“ASIC”) and the ASX Limited (“ASX”) which pertain to Independent Expert Reports (*Regulatory Guides RG111, 2011 and RG112, 2011*).

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

The VALMIN Code, 2015

The main requirements of the *Valuation Report* are

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

Competence - Competence or being Competent requires that the Public Report is based on work that is the responsibility of a suitably qualified and experienced person who is subject to an enforceable professional Code of Ethics. The Expert or Specialist must be competent at

doing valuations. The person needs to be an expert in the particular exploration target being evaluated. Typically the person needs at least 5 years' experience in that commodity.

Materiality - Materiality or being Material requires that a Public Report contains all the relevant information that investors and their professional advisors would reasonably require, and reasonably expect to find in the report, for the purpose of making a reasoned and balanced judgement regarding the Technical Assessment or Mineral Asset Valuation being reported. This means the valuer has to ensure that all important data that could have a significant impact on the valuation is included in the report. Materiality and Material refer to data or information which contribute to the determination of the Mineral Property value, such that the inclusion or omission of such data or information might result in the reader of a Valuation Report coming to a substantially different conclusion as to the value of the Mineral Property. Material data and information are those, which would reasonably be required to make an informed assessment of the value of the subject Mineral Property.

Transparency - Transparency or being Transparent requires that the reader of a Public Report is provided with sufficient information, the presentation of which is clear and unambiguous, to understand the report and not be misled by this information or by omission of Material information. The report needs to explain how the valuation was done and the assumptions used in calculating the value. The objective is to provide sufficient information that other people can come up with the same answer. Transparency and Transparent means that the Material data and information used in (or excluded from) the Valuation of a Mineral Property, the assumptions, the Valuation approaches and methods, and the Valuation itself must be set out clearly in the Valuation Report, along with the rationale for the choices and conclusions of the expert or specialist.

Reasonableness – Reasonableness requires that an assessment that is impartial, rational, realistic and logical in its treatment of the inputs to a Valuation or Technical Assessment has been used, to the extent that another Practitioner with the same information would make a similar Technical Assessment or Valuation. A Reasonableness test serves to identify Valuations, which may be out of step with industry standards and industry norms. It is not sufficient for a expert or specialist to determine that he or she personally believes the value determined is appropriate without satisfying an objective standard of proof.

Independence - Independence or being Independent requires that there is no present or contingent interest in the Mineral Asset(s), nor is there any association with the Commissioning Entity or related parties that is likely to lead to bias.

The Expert or Specialist must act in a professional manner and not favour the buyer or the seller. In other words the price must be set at a “fair market value”. To achieve independence, the Expert or Specialist must not receive any special benefit from doing the study. This subject is addressed fully in RG112 (112.42). Independence or Independent means that, other than professional fees and disbursements received or to be received in connection with the Valuation concerned, the Qualified Valuer or Qualified Person (as the case requires) has no

pecuniary or beneficial (present or contingent) interest in any of the Mineral Properties being valued, nor has any association with the Commissioning Entity or any holder(s) of any rights in Mineral Properties which are the subject of the Valuation, which is likely to create an apprehension of bias. The concepts of “Independence” and “Independent” are questions of fact. For example, where an Expert’s or Specialist’s fees depend in whole or in part on an understanding or arrangement that an incentive will be paid based on a certain value being obtained, such Expert or Specialist is not Independent.

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

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

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

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

Regulatory Guides RG111 and RG112, March 2011

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

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

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

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

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

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

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

The JORC Code, 2012

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

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

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

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

Changes in the JORC Code 2012

- Table 1 reporting on an 'if not, why not?' basis.
- Competent Person Attributions – Clause 9

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

VALUATION METHODOLOGY FOR EXPLORATION TENEMENTS

Fair Market Value of Mineral Assets

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Contemporaneous transactions in the asset

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

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

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

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

DCF value

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

Contemporaneous transactions in comparable assets

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

Potential for Further Discoveries

The Geoscience Factor method provides the most appropriate approach to utilise in the technical valuation of the *exploration potential* of mineral properties on which there are no defined resources. Kilburn, a Canadian mining engineer was concerned about the haphazard way in which exploration tenements were valued. He proposed an approach that essentially requires the valuer to justify the key aspects of the valuation process in a systematic and defensible manner. The valuer must specify the key aspects of the valuation process and must specify and rank aspects that enhance or downgrade the intrinsic value of each property. The intrinsic value is the base acquisition cost (“BAC”), which is the average cost incurred to acquire a base unit area of mineral tenement and to meet all statutory expenditure commitments for a period of 12 months. Different practitioners use slightly differing approaches to calculate the BAC and its use with respect to different tenement types.

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

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

Past Expenditure

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

Yardstick (Rule of Thumb) Method

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

Share market trading in companies holding comparable exploration interests

Where information on the exploration tenements is not directly observable, valuers sometimes consider the recent share market trading in companies holding comparable exploration interests. This method may require the valuer to apportion the value of the company between its various assets, to determine the proportion of the enterprise value of the company that should be attributed to the comparable exploration interest. Once the valuer has estimated the proportion of the market capitalization or enterprise value of the company that should be attributed to the comparable exploration interest, the value per unit of contained

resource or the value per km² of tenement approaches can be applied. This typically provides weak evidence of the value of specific exploration interests due to the difficulty in apportioning the enterprise value of a listed company to specific exploration interests, and the likelihood that the share price may include other ‘noise’ unrelated to the exploration interest.

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

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

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

Valuation of Development Projects by Discounted Cash Flow Methods

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

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

Discounted cash flow analysis

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

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

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

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

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

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

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

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

and any other specific factor that will impact on costs or revenue.

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

Once the economic inputs have been assumed, the DCF can be determined. This is often stated as EBITDA (Earnings before Interest, Taxation, Depreciation and Amortisation) and is frequently taken as the technical value of the project, subject to a consideration of sensitivity to the assumptions.

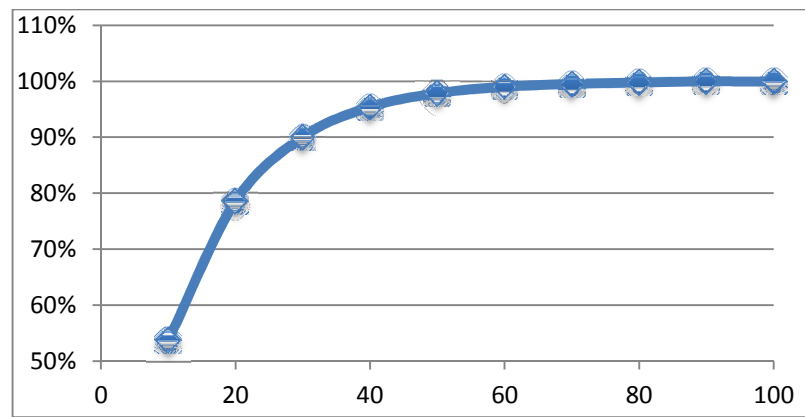
The resultant cash flow is then used to derive the net present value (NPV) of the operation at a predetermined discount rate or a range of discount rates. The derived NPV, on which the return on investment can be calculated, is used as a proxy for the operation's implicit value. This is often compared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

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

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

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

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



Percent of maximum NPV from 10 to 100 years.

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

Valuation of Resources by Comparable Transactions

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

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

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

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

- Proximity of infrastructure, development and capital expenditure aspects

This approach can be taken with metals or bulk commodities sold on the spot market and where current price can be estimated with appropriate adjustments for impurities if required. Value is estimated as a percentage of contained value by applying appropriate discounts for uncertainty relating to resource categorisation and operational issues (modifying factors) discount factors to the contained value. This is consistent with the JOC Code relating to contained values

JORC Code clause 51, page 24

The publication of in situ or 'in ground' financial valuations breaches the principles of the Code (as set out in Clause 4) as the use of these terms is not transparent and lacks material information. It is also contrary to the intent of Clause 28 of the Code. Such in situ or in ground financial valuations must not be reported by companies in relation to Exploration Results, Mineral Resources or deposit size.

The use of such financial valuations (usually quoted in dollars) has little or no relationship to economic viability, value or potential returns to investors.

These financial valuations can imply economic viability without the apparent consideration of the application of the Modifying Factors, (Clause 12 and Clauses 29 to 36), in particular, the mining, processing, metallurgical, infrastructure, economic, marketing, legal, environmental, social, and governmental factors.

The contained value is modified for the JORC resource category on the basis the Measured Resources will command a higher price than Inferred Resources or Exploration targets. Different operational issues have been considered to do with the individual projects. This might include higher discounts for stranded iron ore deposits, underground versus open cut mining for gold and base metals, processing difficulty, high operating and capital costs transport issues and marketing.

There is a wide variety of things to consider but to bring this down to something manageable and this has been condensed this into a single table. These discounts or modifying factors can be combined with the spread of values from the gold sales database (the AAC) to give an indication of what a purchaser would be prepared to pay for a particular mineral asset.

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

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

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

These modifying factors will vary on a case by case basis

Mergers and Acquisitions Activity

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

Merger and Acquisitions Activity (CAD)										
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Gold Price	\$700	\$785	\$1,021	\$1,081	\$1,311	\$1,488	\$1,552	\$1,195	\$1,290	\$1,387
Producing Assets*	\$74	\$94	\$115	\$89	\$207	\$202	\$200	\$121	\$120	\$138
Percent of Price	10.57%	11.98%	11.26%	8.23%	15.78%	13.57%	12.88%	10.12%	9.30%	9.95%
Exploration Assets*	\$54	\$28	\$31	\$29	\$71	\$90	\$47	\$23	\$17	\$16
Percent of Price	7.71%	3.57%	3.04%	2.68%	5.41%	6.05%	3.03%	1.92%	1.32%	1.15%
*Estimated price paid per ounce of gold in the ground, updated December 31, 2015										
Source: http://www.ibkcapital.com/capital-market-highlights/merger-acquisition-activity/										

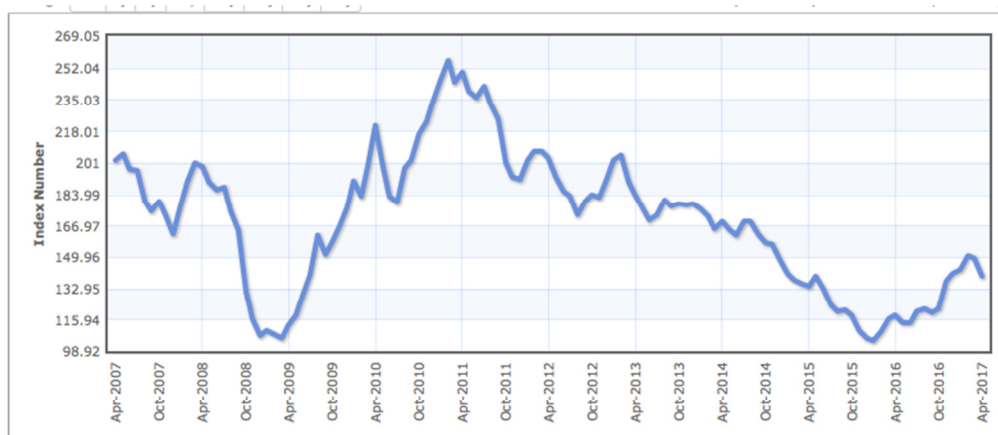
The information is based on Canadian experience and closely replicates values reported in Australia and similar metal markets elsewhere. The 'Apparent Acquisition Cost' ("AAC") for gold projects lies in the range of 1.5% to 7.6% of the gold price at the time. The data set does not differentiate between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

AAC Percentiles 2006 - 2015 - Exploration Assets					
Percentile	10%	25%	50%	75%	90%
AAC	1.28%	1.75%	3.10%	5.10%	5.89%
AAC Percentiles 2006 - 2015 - Producing Assets					
Percentile	10%	25%	50%	75%	90%
AAC	8.06%	9.36%	11.20%	12.40%	13.05%

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

This, of course, is a subjective decision and AAC percentiles are used in conjunction with the resource category discounts and operational factors to "normalise" the rates for gold acquisitions to other metals. In the absence of a useful database of project sales for other metals this is considered to be a reasonable proxy for sales in most metal projects (the combination of AAC, discounts and Operational factors). Mineral asset sales are related to the current mineral price (or contained value) which is provided by the M & A database over the period 2006 - 2013 through a period of boom and bust and the valuation method is realistic when adjusted by factors that relate specifically to the metal involved and more specifically to the individual deposits.

Sensitivity to Metal Price



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

Commodity Metals Price Index April 2007 to April 2017, Source: Indexmundi.com

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

The chart represent the Commodity Metal Price index over the last fifteen years and shows a marked decline in 2008/09 (GFC) and a similar decline in recent years.

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

Geoscience Factor Method

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

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

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

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

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

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

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

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

Area

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

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

Basic Acquisition Cost

The Basic Acquisition Cost ("BAC") is the important input to the Geoscience Factor Method and it is estimated by summing the annual rent, statutory expenditure for a period of 12 months and administration fees for a first stage exploration tenement such as an Exploration Licence(the first year holding cost).

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

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

The BAC was originally based on calculations of exploration expenditures and other costs for Western Australia. Agricola's experience has confirmed this range to be appropriate for other parts of the world where exploration or valuations have been carried out.

Many overseas jurisdictions do not specify a minimum expenditure commitment but require that sufficient work be completed in the first year to allow granting of the tenement into the second year. This usually requires preparation of a report with results of exploration carried out. For example with a grass roots portfolio 500 square kilometres in the first year the expenditure (BAC) would be \$200,000 to \$225,000 which is appropriate for early work of desktop studies, field visits rock chip sampling and general research. Agricola believes an Australian company would consider this reasonable for the first phase of work in any country.

A company may well choose to spend more than that and budgets of \$0.5 to \$1.0 million are not uncommon but these budgets are usually based on significant previous encouragement such as scout drilling, aeromagnetic targets etc. The BAC is designed for grass roots projects where no earlier work is available and only regional selection information is available.

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

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

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

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

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

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

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

Tenement Status

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

Equity

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

Geoscience Factors

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

GEO-FACTOR RATING CRITERIA - GUIDELINES

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

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

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

Prospectivity Enhancement Multiplier (“PEM”)

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

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

PEM Factors Used in this valuation method

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

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

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

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

Yardstick (Rule of Thumb) Method

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

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

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

- Advanced exploration areas located in a well mineralised area near existing mineral deposits with significant potential attract values well above \$2000 per square kilometre

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

Adjustments to the Technical Value – Market Value

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

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

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

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

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

Agricola has reviewed alternative comparative valuation methods as set out in Regulatory Guide 111: Content of expert reports (RG 111) at RG 111.65, which considers that "an expert should, where possible, use more than one valuation methodology. We consider this reduces

the risk that the expert's opinion is distorted by its choice of methodology. We also consider that an expert should compare the figures derived from using the different methodologies and comment of any differences".

Agricola considers that the expectation of future gain is the main driver for mineral asset valuation of exploration projects as it endeavours to ascertain the unencumbered price which a willing but not anxious vendor could reasonably expect to obtain and a hypothetical willing but not too anxious purchaser could reasonably expect to have to pay for the property if the vendor and the purchaser had got together and agreed on a price in friendly negotiation (the Spencer Test). The method set out in this report is considered appropriate for valuation of mineral resources.

The acquisition may include many commercial aspects, which do not directly relate to the mineral asset and may not be the same for another independent purchaser

Alternative methods such as Market Capitalisation (MCap) and Enterprise Value (EV) are not prohibited by RG111 to form the basis of comparable transaction analysis both MCap and EV include elements relating to corporate valuation such as cash and debt levels, management skills and reputation and many others which are independent of mineral asset values.

In conclusion, given the state of the market at the valuation date and current events, the best and appropriate method to determine a market value of the mineral assets was in accordance with the recommendations. "Observable market values" currently reflect many distortions that make it difficult to apply a reasonable or appropriate valuation to the relevant assets.

Boom and Bust Markets

Investment in the mining sector is cyclical, and sector valuation fluctuations between boom and bust are evident over time in share prices and index prices for miners. Mining is a capital intensive business, so the cycle is driven by liquidity – the availability of investment funding. Liquidity is the product of sentiment, which swings between greed and fear. While the shape of historic cycles reflected in share prices of miners differs from cycle to cycle, indicators of liquidity follow a similar pattern of evolution through each cycle.

Most recently, the mining sector has experienced a bust that produced sustained share price declines across most of the sector, starting in mid-2011. All busts end, and since mid-2013 there has been strengthening signals that a change in sentiment towards miners is underway.

In 2011, 2012 and most of 2013, miners fell whilst the rest of the equity market was positive. 2014 saw stabilisation in miners' equity performance and in 2015 miners have remained weak, but for the first time this has been against a falling broader market. The correlation between miners and the rest of the market for Australia's ASX200 index (i.e. Resources vs Industrials) was negative during calendar years 2011-14. Year to date in 2015 the correlation is strongly positive ($r^2 = 0.72$), signifying that miners are no longer 'falling out of bed'. Combined with signals from liquidity indicators, there is a very strong sense that the

sentiment of a bust is now passed. Although it is too early yet to call the next boom, this shift in sentiment strongly suggests the mining sector is now passing through the base of the cycle.

GLOSSARY OF TERMS

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

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

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

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

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

VALUATION AND VALUE

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

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

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

settled, between knowledgeable willing parties in an arm's length transaction”.

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

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

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

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

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

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

‘Market Premium’ - A control premium is an amount that a buyer is usually willing to pay

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

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

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

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

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

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

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

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

JORC CODE

‘Competent Person - A ‘Competent Person’ is a minerals industry professional who is a Member or Fellow of The Australasian Institute of Mining and Metallurgy, or of the Australian Institute of Geoscientists, or of a ‘Recognised Professional Organisation’

(RPO), as included in a list available on the JORC and ASX websites. These organisations have enforceable disciplinary processes including the powers to suspend or expel a member. A Competent Person must have a minimum of five years relevant experience in the style of mineralisation or type of deposit under consideration and in the activity which that person is undertaking. If the Competent Person is preparing documentation on Exploration Results, the relevant experience must be in exploration. If the Competent Person is estimating, or supervising the estimation of Mineral Resources, the relevant experience must be in the estimation, assessment and evaluation of Mineral Resources. If the Competent Person is estimating, or supervising the estimation of Ore Reserves, the relevant experience must be in the estimation, assessment, evaluation and economic extraction of Ore Reserves. (*JORC 2012*)

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

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

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

‘Inferred Mineral Resource’ - An ‘Inferred Mineral Resource’ is that part of a Mineral Resource for which quantity and grade (or quality) are estimated on the basis of limited geological evidence and sampling. Geological evidence is sufficient to imply but not verify geological and grade (or quality) continuity. It is based on exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. An Inferred Mineral Resource has a

lower level of confidence than that applying to an Indicated Mineral Resource and must not be converted to an Ore Reserve. It is reasonably expected that the majority of Inferred Mineral Resources could be upgraded to Indicated Mineral Resources with continued exploration. (*JORC 2012*)

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

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

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

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

‘Pre Feasibility Study’ - A Preliminary Feasibility Study (Pre-Feasibility Study) is a comprehensive study of a range of options for the technical and economic viability of a mineral project that has advanced to a stage where a preferred mining method, in the case of underground mining, or the pit configuration, in the case of an open pit, is established and an effective method of mineral processing is determined. It includes a financial

analysis based on reasonable assumptions on the Modifying Factors and the evaluation of any other relevant factors which are sufficient for a Competent Person, acting reasonably, to determine if all or part of the Mineral Resources may be converted to an Ore Reserve at the time of reporting. A Pre- Feasibility Study is at a lower confidence level than a Feasibility Study. (*JORC 2012*)

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

VALMIN CODE

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

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

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

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

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

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

‘Fair Market Value’ (Market Value or Value) – The object and result of the Valuation. It is

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

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

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

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

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

'Transparent/Transparency' - as applied to a valuation it means, as in the Concise Oxford Dictionary, "*easily seen through, of motive, quality, etc*". It applies to the factual information used, the assumptions made and the methodologies applied, all of which must be made plain in the Report (VALMIN Code).

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

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PROXY FORM

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

I/We

of

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

Appoint

Name of proxy

OR

☐

the Chairman of the General Meeting as my/our proxy; or

failing the attendance of the person named as proxy or, if no person is named, the Chairman of the General Meeting, or the Chairman's nominee, to vote in accordance with the following directions, or, if no directions have been given, as the proxy sees fit, at the General Meeting to be held at Level 4, 130 Stirling Street, Perth, Western Australia, on 26 July 2017 at 10:00 a.m. and at any adjournment thereof.

Voting on Business of the General Meeting

	FOR	AGAINST	ABSTAIN
Resolution 1 – Issue of Shares and Options pursuant to the Placement	☐	☐	☐
Resolution 2 – Participation by David McSweeney in the Placement	☐	☐	☐
Resolution 3 – Participation by David Paull in the Placement	☐	☐	☐
Resolution 4 – Issue of Shares and Options to Noble Resources International Pte Ltd	☐	☐	☐
Resolution 5 – Issue of Shares and Options to Spectral Investments Pty Ltd	☐	☐	☐
Resolution 6 – Issue of Shares and Options to Bat-Erdene Kabdaasan	☐	☐	☐
Resolution 7 – Approval for the exercise of the ECJV Option	☐	☐	☐
Resolution 8 – Issue of Shares and Options to Logarta Limited on the exercise of the ECJV Option	☐	☐	☐
Resolution 9 – Approval for the grant and exercise of the Increased Coalridge Security	☐	☐	☐
Resolution 10 – Issue of Shares to Xanadu Mines Limited	☐	☐	☐

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

Please note: If you mark the abstain box for the Resolution, you are directing your proxy not to vote on the Resolution on a show of hands or on a poll and your votes will not to be counted in computing the required majority on a poll. If two proxies are being appointed, the proportion of voting rights this proxy represents is: .
_____ %

Signature of Member(s):

Date: _____

Individual or Member 1

Member 2

Member 3

Sole Director/Company Secretary

Director

Director/Company Secretary

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

Instructions for completing 'Appointment of Proxy' Form

1. **(Appointing a Proxy):** A Shareholder entitled to attend and vote at the General Meeting is entitled to appoint a person as the Shareholder's proxy to attend and vote on a poll on their behalf. A Shareholder who is entitled to cast 2 or more votes at the General Meeting can appoint 2 proxies. The appointment of a second proxy must be done on a separate copy of the Proxy Form. Where more than one proxy is appointed, each proxy must be allocated a proportion of the member's voting rights. If a Shareholder appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half the votes. A duly appointed proxy need not be a Shareholder of the Company.
2. **(Direction to Vote):** A Shareholder may direct a proxy how to vote by marking one of the boxes opposite each item of business. In deciding whether to direct the proxy how to vote, Shareholder should read carefully the sections headed "Voting By Proxy" in the Notice of Meeting. Where a box is not marked, the proxy may vote as they choose. Where more than one box is marked on an item the vote will be invalid on the Resolution that item relates to.
3. **(Signing Instructions):**
 - **(Individual):** Where the holding is in one name, the Shareholder must sign.
 - **(Joint Holding):** Where the holding is in more than one name, all of the Shareholders must sign.
 - **(Power of Attorney):** If you have not already provided the Power of Attorney with the registry, please attach a certified copy of the Power of Attorney to this Proxy Form when you return it.
 - **(Companies):** Where the company has a sole director who is also the sole company secretary, that person must sign. Where the company (pursuant to section 204A of the Corporations Act) does not have a company secretary, a sole director can also sign alone. Otherwise, a director jointly with either another director or a company secretary must sign. Please sign in the appropriate place to indicate the office held.
4. **(Attending the Meeting):** Completion of a Proxy Form will not prevent individual Shareholders from attending the General Meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy Form and attends the General Meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the member is present at the General Meeting.
5. **(Return of Proxy Form):** To vote by proxy, please complete and sign the enclosed Proxy Form and return by:
 - (a) post to Aspire Mining Limited, PO Box 1918, Subiaco WA 6904; or
 - (b) facsimile to the Company on facsimile number (+61 8) 9353 6974; or
 - (c) email to the Company at info@aspiremininglimited.com.

so that it is received not later than 10:00 a.m. on 24 July 2017.

Proxy forms received later than this time will be invalid.