

ASX RELEASE



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CGGC, Aspire and Northern Railways Enter into Memorandum of Understanding to advance Erdenet to Ovoot Rail Project

- During the 8 to 12 April official visit of Mongolian Prime Minister Ukhnaa Khuretsukh to China, a number of memorandums and agreements were signed advancing railway, infrastructure and other bilateral trade and investment.
- China Gezhouba Group International Engineering Co Ltd (CGGC), Aspire and Aspire rail subsidiary, Northern Railways LLC (NR), have entered into a new Memorandum of Understanding regarding participation and investment in the Erdenet to Railway:
 - Having delivered the draft Erdenet to Ovoot Rail Feasibility Study (Rail Feasibility Study) in March, CGGC and NR have agreed to work quickly to finalise the Feasibility Study within May 2018.
 - CGGC will look to fund the remaining Erdenet to Ovoot Rail Concession Agreement pre-development work as per the previous October 2017 MOU (see ASX Announcement 12 October 2017), subject to:
 - Receiving, a guarantee acceptable to CGGC that the central line to which the Erdenet to Ovoot Rail will connect, will have sufficient capacity to carry the additional NR freight once connected.
 - There being sufficient time to complete the remaining pre-development work and conditions precedent pursuant to the Rail Concession Agreement.
 - NR will enter into an EPC Contract with CGGC in November 2018 subject to construction funding being available.
- The Russian Ministry of Rail has requested that it review the Rail Feasibility Study on completion before it can consider any investment in the Rail Project.

Mongolian metallurgical coal explorer and infrastructure company, Aspire Mining Limited (ASX: AKM, the **Company** or **Aspire**), is pleased to announce that it and its rail subsidiary, Northern Railways LLC (NR), have entered into a new Memorandum of Understanding with China Gezhouba Group International Engineering Co Ltd (CGGC) as part of the Mongolian Prime Minister's official visit to the People's Republic of China (NR MOU).

This was an important official visit being the first for the current Mongolian Prime Minister, Ukhnaa Khuretsukh, and during which 35 agreements were signed encompassing road, rail and other infrastructure developments between the two countries.

The NR MOU with CGGC was part of this official programme.

Pursuant to the NR MOU it is agreed that the parties continue to work collaboratively to complete the review of the submitted draft and for CGGC to issue the completed Rail Feasibility Study within May 2018. It is recognised that the Rail Feasibility is a key document for targeting project financing.

CGGC has re-confirmed its interest in funding the Erdenet to Ovoot Rail pre-development activities but in order to do so, requires:

- A guarantee or additional certainty to CGGC's satisfaction that sufficient capacity exists on the Mongolian Central Rail Corridor to absorb the additional freight volume that the Erdenet to Ovoot Rail will bring once commissioned and connected. NR has received confirmation that demand from NR is in Ulaanbataar JSC forward planning estimates currently being discussed at Board level.
- After the capacity guarantee is provided, that the time period for the pre-development works required to be completed as conditions precedent to the Rail Concession Agreement will be sufficient to complete the tasks. The NR Rail Consortium is currently in discussions with the Mongolian Government for an extension beyond 20 August 2018 for completion of the conditions precedent.

CGGC has the option to invest in NR in the event that it funds the completion of the remaining Rail Concession Agreement conditions precedent.

As part of the NR MOU, NR has committed to enter into a lump sum turn key EPC contract for the Erdenet to Ovoot Rail Project by the end of November 2018. The EPC Contract will be subject to construction funding being available to NR, which if available, would indicatively allow for first construction to begin in the Mongolian spring of 2019.

The NR MOU also recognises the interest from both parties to incorporate both Russian and Mongolian Government investment into NR. Suggestive of potential Russian government support is a request from the Russian Ministry for Rail to review the issued Rail Feasibility Study to confirm that it will meet both Russian and Mongolian rail standards as part of the Northern Rail Corridor.

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About Aspire Mining Limited

Aspire Mining Limited is listed on the ASX (ASX: AKM) with mining and exploration licences in Mongolia's Northern provinces and is focused on identifying, exploring and developing quality coking coal assets.

Ovoot Coking Coal Project (100%)

Aspire is also the owner of the world class Ovoot Coking Coal Project (Ovoot Project). The full realisation of the Ovoot Project is dependent on the construction of the Erdenet to Ovoot Railway which is being progressed by Northern Railways LLC (Northern Railways).

Nuurstei Coking Coal Project (90%)

Aspire has a 90% interest in Nuurstei Coking Coal Project (Nuurstei Project) located in northern Mongolia.

The close proximity of the Nuurstei Project to existing infrastructure (town, road, rail and services) provides an excellent opportunity to assess the economics of a road-based operation prior to the construction completion of the Erdenet to Ovoot Railway.

Depending on the further analysis of the results of the intended 2018 drilling program, future positive economic studies, funding and the grant of necessary approvals and licenses, the Nuurstei Project could commence a road-based production operation and access the new Erdenet to Ovoot Railway two years from commencement of its construction.

About Northern Railways LLC

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

The Erdenet to Ovoot Railway extends 549km between the town of Erdenet to Aspire's Ovoot Project, which connects northern Mongolia to China and international markets. In accordance with Mongolian National Rail Policy, the Erdenet to Ovoot Railway is a multi-user rail line and will be available for the transport of bulk materials, agricultural and general freight from the region to export markets including China, Russia and seaborne markets.

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

In August 2015, Northern Railways was granted an exclusive 30 years concession by the Mongolian Government to build and operate the Erdenet to Ovoot Railway. Northern Railways is now progressing funding negotiations for the completion of the Concession Agreement conditions precedent, other studies to support applications for licenses, permits and approvals, and the railway construction.

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