

Aspire Mining Limited

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ASX RELEASE



For Immediate Release – 31 October 2022

QUARTERLY ACTIVITIES REPORT

Quarter Ended 30 September 2022

Aspire Mining Limited (ASX: **AKM**, **Aspire**, or the **Company**) is focused on the development of metallurgical coal assets in Mongolia, principally its wholly owned Ovoot Coking Coal Project (**OCCP**).

The Company hereby presents its Quarterly Activities Report for the quarter ending 30 September 2022 (the **Quarter**).

Quarter Highlights

- Approvals were received to conduct a small-scale infill drilling program within the initially planned mining area at the OCCP. This program is focused on obtaining coal sample mass for marketing to customers, and washability testing to refine Coal Handling and Preparation Plant (CHPP) circuit design. Geotechnical, hydrogeological and coal quality information obtained will be input into the Definitive Feasibility Study (DFS). After the end of Quarter, drilling has commenced.
- Liaison with the Ministry of Nature, Environment and Tourism (MNET) continued regarding the Detailed Environmental Impact Assessment (DEIA) submitted in relation to planned mining activities at the OCCP. All necessary materials have been submitted, responses have been provided to all clarifications sought and the Company awaits formal approval.
- Feedback was received from the Science and Technology Council (STC) regarding the Feasibility Study submitted in relation to the paved road development proposed to facilitate product coal haulage from the OCCP to a rail terminal in Erdenet. This has been addressed in a revision to the Feasibility Study which will be presented at the next available STC meeting.
- Feasibility Study for the CHPP at the OCCP was prepared based upon the Front End Engineering Design (FEED) study previously completed by Sedgman Pty Ltd and submitted to the Minerals Resource Council (MRC) for approval. The DEIA in relation to the CHPP was also prepared and will be finalised following approval of the CHPP Feasibility Study for introduction to and feedback from the local community, and subsequent review and approval by the MNET.
- End of Quarter cash balance of A\$32.7 million (including equivalent of US\$20.4 million held in USD). The increase in cash in Australian cash and equivalents is due to the substantial decline in the AUD:USD exchange rate over the Quarter.

OCCP DFS Progress

During the Quarter, the Company continued with road engineering and design and completed a feasibility study in support of the grant of a DEIA in respect of the CHPP. The Company has spent \$0.5 million on the OCCP over the Quarter, principally on the studies and the mobilisation cost for the drilling program.

Mine

The DEIA for the OCCP mining operations has been presented to and discussed with the local community and submitted to the Professional Council appointed by the MNET for review and approval. The Company understands that all issues relating to this DEIA have been assessed, communicated and met. This DEIA and subsequent Environmental Management Plan provide important baseline input into the planned DFS. Formal approval is pending.

The Company received approval for a small infill exploration drilling programme of approximately 1,200 metres in and around the planned starter pit location to provide fresh coal samples for marketing and washability testing, as well as to refine pit designs in response to local hydrogeological and geotechnical conditions. Total costs for this exploration program are expected to be approximately US\$0.5 million.

CHPP

During the Quarter, a Feasibility Study for the CHPP at the OCCP was developed on basis of the FEED study previously prepared by Sedgman Pty Ltd. This was reviewed by experts appointed by the MRC and then submitted to the MRC for its review and approval.

Under Mongolian regulations, the CHPP is treated as a separate project in comparison to the mine development. This is thus why a separate Feasibility Study and a separate DEIA is required. The DEIA for the CHPP was drafted during the Quarter but this is to be finalised following any changes or requirements made in gaining approval of the CHPP Feasibility Study.

Following approval of the CHPP Feasibility Study, the finalised DEIA will be presented to the local community for comment. Further revision will be made to ensure that such community comments are addressed before submitting the finalised DEIA, with the required proof of community consultation, to the Professional Council of the MNET for final review and approval.

It is anticipated that the local community and local government will be supportive of this DEIA, on the basis that the design prepared in the FEED study completed by Sedgman was well received in terms of its environmental controls, and that construction and operation will create significant local employment and commercial opportunities.

Power

During the Quarter, the Company received a strategy paper from Terra Nova LLC on renewable power options in support of mining, processing, and transportation hub infrastructure. Within this, a preliminary analysis of wind and solar based opportunities to generate renewable electricity on a competitive cost basis were identified. These locations will require more specific solar and wind monitoring data to optimise positioning.

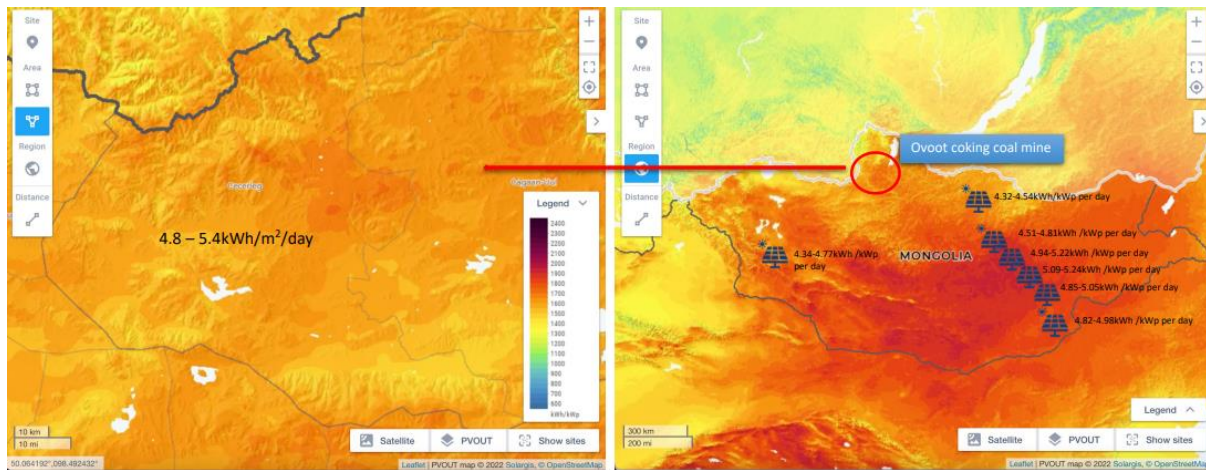


Figure 1: Map of solar energy (kWh/m² per day) in Tsetserleg soum, and as compared with established solar farm locations elsewhere in Mongolia.

In Tsetserleg soum (county) of Khuvsgul aimag (province), these estimated specific photovoltaic power output is on average 4.8 to 5.4 kWh/m² per day. In comparison, all seven solar power plants that currently operate in Mongolia are installed in locations where the average specific output is only 4.29 to 5.24 kWh/m² per day. These averages, however, can vary widely depending on location. Measurements using a pyranometer are needed to determine the full potential of solar power near the OCCP.

Suitable locations for wind turbines near the OCCP have been identified with a mean power density in the selected region between 643 W/m² at 50m above ground level and 746 W/m² at 100m above ground level and average wind speeds are between 8.3 to 9.3 m/s. These averages can vary materially, however, high yielding wind turbines usually perform well when average wind speeds are more than 7.5 m/s.

Wind and solar yields will provide the information to optimise the relative size of each renewable power resource.

Road

The Road Feasibility Study for the paved road proposed to be developed to facilitate coal transportation from Ovoot to Erdenet prepared by local engineering consultants, Gobi Infrastructure Partners LLC (GIP) and ICT Sain Consulting LLC (ICT), was presented to the STC appointed by the Road and Transport Development Centre (RTDC).

Whilst not yet approved, the Road Feasibility Study has been amended based upon feedback received and is to be presented again at the next possible STC meeting with an outline on how the issues previously raised by the STC have been addressed.

During the Quarter, further survey works were conducted in support of the Road Detailed Design process, which is to progress following approval of the Road Feasibility Study. These survey works included primarily for topographic and geotechnical survey in support of bridge design, and assessment of intersections and existing pavement along the planned route.

Rail

The Company has continued to engage with Ulaanbaatar Tumor Zam (UBTZ), the Mongolian railway operator, and has signed a Memorandum of Understanding confirming rail capacity for coking coal travelling south to Erlian from Erdenet on the Mongolian rail system in 2024.

Negotiations on establishing an appropriate connection point on the UBTZ rail system are continuing and the trackwork infrastructure required to support offtake is being developed by the local consulting engineering firm with experience in rail design in Mongolia, Start Alliance LLC.

Sustainable Development

The Company continues to actively engage with the Tsetserleg and Khuvsgul local government administrations and community members within the area of planned OCCP activities. This has included the presentation of a draft Cooperation Agreement to the Tsetserleg soum khural (Citizen's Representative Committee) members.

Following the success and positive reception by the local community of the 2021 "Green Fodder Project", the Company has again planted approximately 200 ha of crop within the Ovoot mining license area with the intent to provide subsidised fodder to the local community. The 2022 harvest was almost complete by the end of Quarter.

An unusually dry summer resulting in limited pasture growth in the region has further highlighted the value of this program to the local community and it continues to provide a platform for improved communication and relations. With demand for fodder outpacing supply, the Company is working to ensure that the fodder is fairly distributed amongst the community.



Figure 2: Harvesting of the "Green Fodder Project" earlier in the quarter.

Logistics and Marketing

Coal exports from Mongolia to China have increased significantly as China has begun to relax COVID related movement restrictions at the coal export border ports. Total coal exported from Mongolia in 2022 is 19.0 Mt as at 30 September 2022, representing a 58.6% or 7.0 Mt year-on-year increase. In combination with strong commodity prices, the export value jumped 200% year-on-year to US\$4.5 billion also as at 30 September 2022, according to data from the Mongolian Customs General Administration (MCGA). Prior to COVID control measures limiting coal exports, Mongolia regularly exported over 30 Mtpa into China.

Recent government policy in the People's Republic of China has been to increase the level of coal imported from Mongolia to supplement domestic coal production, and in doing so provide security to its energy, coke and steel producers. There has been significant investment in rail developments in the Mongolia's southern coal fields to improve the size and efficiency of these

supply chains. On 9 September 2022, the first freight train travelled the 234 km rail connection from the Tavan Tolgoi coalfield to the Gashuun Sukhait port at the Mongolia – China border.

This new connection was developed in addition to the connection east from Tavan Tolgoi to Zuunbayan and Sainshand on the main Trans-Mongolian line. This connection will enable a diversification of avenues to export bulk commodities from Mongolia to China and facilitate movement of point of sale closer to the end-users to capture more value adding in Mongolia.



Figure 3: Opening of the Tavan Tolgoi to Gashuun Sukhait Railway on 9 September 2022. Source : Twitter

Corporate

As of 30 September 2022, the Company had A\$32.7 million (US\$20.4 million) in cash and term deposits. The quarterly expenditure included payments to related parties of A\$0.11 million which comprised executive and non-executive directors' remuneration. Cash balances in Australian dollar terms increased during the Quarter as result of the declining AUD:USD exchange rate. The exchange rate at 30 September 2022 was AUD:USD = 0.65, whereas the exchange rate at 30 June 2022 was AUD:USD = 0.69.

Following the end of the Quarter, both Chairman Mr David Paull and Non-Executive Director Mr Neil Lithgow indicated that they would be retiring from the Board at the end of the upcoming Annual General Meeting to be held on 29 November 2022. The Company's major shareholder, Mr Tserenpuntsag Tserendamba, has nominated Mr Michael (Mick) Avery and Mr Russell Taylor to be added to the Board as Independent Non-Executive Directors.

Substantial beneficial shareholders as at 30 September 2022 are:

Beneficial Shareholder	Number of Shares	% Interest
Mr Tserenpuntsag Tserendamba	266,376,470	52.47%
Noble Group	66,401,758	13.08%

Capital Structure

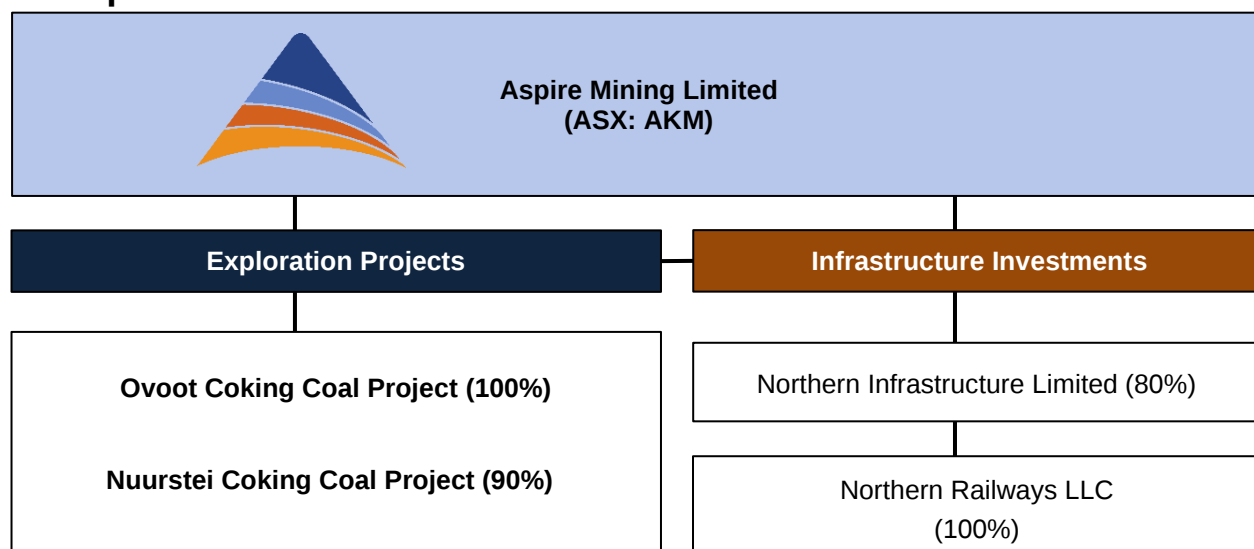
The securities on issue at 30 September 2022 were:

Security	No. on issue
Quoted Ordinary Shares	507,636,985
Unquoted Performance Rights	6,250,000

Interests in mining and exploration tenements at 30 September 2022 were:

Tenement	Location	Attributable Equity
Ovoot MV-017098	Mongolia	100%
Nuurstei MV-020941	Mongolia	90%

Group Investment Structure



This announcement is authorised for release by the Managing Director.

– Ends –

Forward Looking Statements

This report may contain forward-looking information which is based on the assumptions, estimates, analysis and opinions of management and engaged consultants made in light of experience and perception of trends, current conditions and expected developments, as well as other factors believed to be relevant and reasonable in the circumstances at the date that such statements are made, but which may prove to be incorrect.

Assumptions have been made by the Company regarding, among other things: the price of coking coal, the timely receipt of required governmental approvals, the accuracy of capital and operating cost estimates, the completion of a feasibility studies on its exploration and development activities, the ability of the Company to operate in a safe, efficient and effective manner and the ability of the Company to obtain financing as and when required and on reasonable terms. Readers are cautioned that the foregoing list is not exhaustive of all factors and assumptions which may have been used by the Company.

Although management believes that the assumptions made and the expectations represented by such information are reasonable, there can be no assurance that the forward-looking information will prove to be accurate.

Forward-looking information involves known and unknown risks, uncertainties, and other factors which may cause the actual results, performance, or achievements of the Company to be materially different from any anticipated future results, performance or achievements expressed or implied by such forward-looking information. Such factors include, among others, the actual market price of coking coal, the actual results of current exploration, the actual results of future exploration, changes in project parameters as plans continue to be evaluated, as well as those factors disclosed in the Company's publicly filed documents. Readers should not place undue reliance on forward-looking information.

About Aspire Mining Limited

Aspire Mining Limited (ASX: AKM) is 100% owner of the world-class Ovoot Coking Coal Project, and 90% owner of the Nuurstei Coking Coal Project, both located in Khuvsgul aimag of north-western Mongolia.

The Company is focused upon engineering, permitting, and financing the Ovoot Coking Coal Project with the intention to mine coking coal by open pit, wash it on site for trucking the washed coking coal to a Company owned rail terminal facility in Erdenet for delivery to customers in China and Russia via the existing Mongolian rail network.

For more information contact:

Corporate

Mr. David Paull	Chairman	+61 8 9287 4555
Mr. Achit-Erdene Darambazar	Managing Director	+976 7011 6828

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

ASPIRE MINING LIMITED

ABN

46 122 417 243

Quarter ended ("current quarter")

30 September 2022

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers		
1.2	Payments for		
	(a) exploration & evaluation (if expensed)		
	(b) development		
	(c) production		
	(d) staff costs	(214)	(214)
	(e) administration and corporate costs	(507)	(507)
1.3	Dividends received (see note 3)		
1.4	Interest received	18	18
1.5	Interest and other costs of finance paid		
1.6	Income taxes paid		
1.7	Government grants and tax incentives		
1.8	Other – GST and other taxes	(24)	(24)
1.9	Net cash from / (used in) operating activities	(727)	(727)
2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) entities		
	(b) tenements		
	(c) property, plant and equipment	(44)	(44)
	(d) exploration & evaluation (if capitalised)	(507)	(507)
	(e) investments		
	(f) other non-current assets		

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities		
	(b) tenements		
	(c) property, plant and equipment		
	(d) investments		
	(e) other non-current assets		
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other (provide details if material)		
2.6	Net cash from / (used in) investing activities	(551)	(551)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)		
3.2	Proceeds from issue of convertible debt securities		
3.3	Proceeds from exercise of options		
3.4	Transaction costs related to issues of equity securities or convertible debt securities		
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings		
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)		
3.10	Net cash from / (used in) financing activities	-	-

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	31,990	31,990
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(727)	(727)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(551)	(551)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	1,994	1,994
4.6	Cash and cash equivalents at end of period	32,706	32,706

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	26,666	27,266
5.2	Call deposits	6,040	4,724
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	32,706	31,990

6. Payments to related parties of the entity and their associates

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

**Current quarter
\$A'000**

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Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7. Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities		
7.2 Credit standby arrangements		
7.3 Other (please specify)		
7.4 Total financing facilities		
7.5 Unused financing facilities available at quarter end		
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	(727)
8.2 Capitalised exploration & evaluation (Item 2.1(d))	(507)
8.3 Total relevant outgoings (Item 8.1 + Item 8.2)	(1,234)
8.4 Cash and cash equivalents at quarter end (Item 4.6)	32,706
8.5 Unused finance facilities available at quarter end (Item 7.5)	-
8.6 Total available funding (Item 8.4 + Item 8.5)	32,706
8.7 Estimated quarters of funding available (Item 8.6 divided by Item 8.3)	26
8.8 If Item 8.7 is less than 2 quarters, please provide answers to the following questions:	
1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: N/A	
2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer: N/A	
3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
Answer: N/A	

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.



Sign here:

Print name: Philip Rundell
Company Secretary

Date: 31 October 2022

Authorised by: Audit and Risk Committee
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.