ASPIRE MINING LTD
The Met Coal Company

Aspire Mining Limited

ABN 46 122 417 243

Annual Financial Report
30 June 2021

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CORPORATE INFORMATION

ABN 46 122 417 243

Directors

Mr Achit-Erdene Darambazar (Managing Director)
Mr David Paull (Non-Executive Chairman)
Mr Boldbaatar Bat-Amgalan (Non-Executive Director)
Mr Neil Lithgow (Non-Executive Director)
Ms Hannah Badenach (Non-Executive Director)

Company secretary

Mr Philip Rundell

Registered office

Mezzanine Level
190 St Georges Terrace,
PERTH WA, 6000
AUSTRALIA

Telephone: (08) 9287 4555
Email: info@aspiremininglimited.com

Principal place of business

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Mezzanine Level
190 St Georges Terrace,
PERTH WA 6000

MONGOLIA
Chingeltei District, 1st Khoroo
Baga Toiruu-17
JJ Tower, 9th Floor
ULAANBAATAR 15170

Share Register

Automic Group
Level 2, 267 St Georges Terrace
PERTH WA 6000
AUSTRALIA

Telephone: 1300 288 664

Solicitors

Corrs Chambers Westgarth Lawyers
Brookfield Place Tower 2
123 St Georges Terrace
PERTH WA 6000

Bankers

National Australia Bank
Level 1, 1238 Hay Street
WEST PERTH WA 6005

Auditors

HLB Mann Judd (WA Partnership)
Level 4, 130 Stirling Street
PERTH WA 6000

KPMG
#602, Blue Sky Tower, Peace Avenue 17,
1 Khoroo Sukhbaatar District
ULAANBAATAR 14240 MONGOLIA

Securities Exchange Listing

AKM

Website

www.aspiremininglimited.com

DIRECTORS' REPORT

Your Directors submit the annual financial report of the Group consisting of Aspire Mining Limited ("Aspire" or "Company") and the entities it controlled during the financial year ended 30 June 2021. In order to comply with the provisions of the *Corporations Act 2001*, the Directors report as follows:

Directors

The names of Directors who held office during or since the end of the year and until the date of this report are as follows.

Mr Achit-Erdene Darambazar	Managing Director
Mr David Paull	Non-Executive Chairman
Mr Boldbaatar Bat-Amgalan	Non-Executive Director
Mr Neil Lithgow	Non-Executive Director
Ms Hannah Badenach	Non-Executive Director

Names, qualifications, experience and special responsibilities

Mr Achit-Erdene Darambazar
Executive Director

Mr Achit-Erdene Darambazar was appointed Executive Director on 7 December 2018 and Managing Director on 5 December 2019.

He is President and CEO of Mongolian International Capital Corporation LLC (MICC), a leading Mongolian investment banking firm and the first investment advisory, stock underwriting and brokerage firm in Mongolia.

He acted as lead advisor for the first bond offerings on the local stock exchange by major Mongolian companies, MCS and Gobi Corporation. He has also advised on a number of high profile transactions in Mongolia, including the privatisation of the Trade and Development Bank of Mongolia and Agricultural Bank.

Mr. Darambazar has completed a Masters degree in International Relations from Columbia University and holds a Bachelors degree from Middlebury College.

He has held no other listed public company directorships in the last three years.

Mr David Paull
Non-Executive Chairman
Qualifications: B.Com, FSIA, MBA (Cornell)

Mr Paull has over 30 years' experience in resource business development and industrial minerals marketing. He was appointed Managing Director on 1 July 2010, after being involved in the recapitalisation of the Company and redirection to targeting Mongolian coking coal assets.

Mr Paull was appointed as Executive Director of the Company on 12 February 2010. With the retirement of the Non-Executive Chairman in March 2018, Mr Paull became the Executive Chairman. With the appointment of Mr Achit-Erdene Darambazar on 5 December 2019, Mr Paull transitioned to Non-Executive Chairman and Non-Executive Director on the 15 March 2020.

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

DIRECTORS' REPORT (continued)

Names, qualifications, experience and special responsibilities (continued)

Mr Boldbaatar Bat-Amgalan
Non-Executive Director

Mr Boldbaatar Bat-Amgalan has had senior roles in public relations and publishing and was previously a director of Erdenet Mining Company. He also previously held senior roles in the Government of Mongolia, including the State Secretary for the Ministry of Foreign Affairs, and Chairman of the Communication Regulatory Commission.

Mr Bat-Amgalan has had no other listed public company directorships in the last three years.

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

Mr Lithgow is a geologist by profession with over 30 years' experience in mineral exploration, economics and mining feasibility studies, covering base metals, coal, iron ore and gold. He is also a member of the Australian Institute of Mining and Metallurgy.

Mr Lithgow has previously worked for Aquila Resources Limited and Eagle Mining Corporation NL and is currently a Non-Executive Director of Australian Silica Quartz Group Ltd (previously Bauxite Resources Limited, appointed on the 15 May 2006).

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

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

Ms Badenach is currently Vice President of Asset Management and Operations at Noble Resources Limited.

Ms Badenach is a lawyer, having practiced law for several years in Asia, including two years in Mongolia, starting in 2004 with Lynch & Mahoney. Ms Badenach has experience in management and development within Mongolia. Ms Badenach was Managing Director of QGX Mongol LLC from 2006, where Ms Badenach was responsible for the general management of the company until it was sold in 2008.

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

Ms Badenach was a Director of ASX listed and Mongolian focussed explorer, Xanadu Mines Limited from the 4 October 2011 to 1 November 2019. Ms Badenach has had no other listed public company directorships in the last three years.

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

Mr Rundell has had over 25 years' experience as a Partner and Director of Coopers & Lybrand and Ferrier Hodgson, respectively, specialising in company reconstructions and corporate recovery. Mr Rundell has provided management accounting and company secretarial services over the last 12 years to a number of listed companies.

DIRECTORS' REPORT (continued)

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

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

Directors	Number of fully paid ordinary shares	Number of options over ordinary shares	Number of performance rights over ordinary shares
Mr Achit-Erdene Darambazar	-	-	-
Mr David Paull[1]	2,705,280	-	-
Mr Boldbaatar Bat-Amgalan	-	-	-
Mr Neil Lithgow	23,727,851	-	-
Ms Hannah Badenach	1,095,392	-	-

1. Mr David Paull is a Director of Kingsland Corporate Pty Ltd (formerly 2R's Pty Ltd) which is a beneficial owner of 2,073,680 ordinary shares. Mr David Paull is also a Director and shareholder of Paulkiner Pty Ltd, which is a beneficial owner of 631,600 ordinary shares.

There were no options or performance rights granted to Directors of the Company during or since the end of the financial year as part of remuneration.

There are no unpaid amounts on the shares issued.

At the date of this report, there are no unissued ordinary shares of the Company under option.

Dividends

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

Principal Activities

The principal activity of the Group during the year was progression for the approvals and studies towards the development of the Ovoot Early Development Project (OEDP).

Review of Operations

Aspire is focused on the exploration and eventual development of metallurgical coal assets in Mongolia. Aspire owns:

(a) a 100% interest in the large scale, world class Ovoot Coking Coal Project; and

(b) a 90% interest in the Nuurstei Coking Coal Project.

The OEDP involves mining a low ash and high yielding coal from a starter pit that sits within the previously defined Ovoot orebody and road transportation of the coal to the Erdenet rail connection. A phased development plan to support production rates at Ovoot under the OEDP will be matched to forecast logistics capacities through to end customers in China and Russia.

Progress in the year was adversely affected by the COVID-19 pandemic with restrictions introduced by the Government of Mongolia and local authorities that continue to delay permitting required before Ovoot development can proceed.

DIRECTORS' REPORT (continued)

Review of Operations (continued)

Whilst the Company was not able to conduct ground based activities while permitting processes were ongoing, the Company continued other aspects of a Definitive Feasibility Study (DFS) for the OEDP including mine engineering, wash plant, materials handling and road transport solutions.

Re-optimisations of the mine plan used in the OEDP Pre-Feasibility (PFS) mine plan have involved re-sequencing production and with the use of different combinations of excavators and mine haulage trucks, indicate significant mine cost savings as compared to the PFS.

The Company conducted additional indicative coal sizing tests using a number of flow sheets to further confirm physical characteristics through various wash plant technologies before appointing Sedgman Pty Limited to conduct Front End Engineering and Design for the OEDP Coal Handling and Processing Plant.

The Company also commenced Front End Engineering and Design of the Erdenet Rail Terminal with local engineering group O2 Mining Limited, where coal is received by truck and loaded onto rail wagons.

Both of these engineering activities will assist in providing accurate capital and operating cost assessments for the DFS.

The Company also expended a considerable amount of time and effort on road design and engineering for the 560 km road between Ovoot and Erdenet. Road pathways were re-examined and various truck and trailer combinations were modelled to optimize time, fuel cost and capital costs for trucks and road construction. Given that trucking cost per tonne is considerably more that than the forecast mining cost per tonne of product this is clearly an area of significant potential cost saving.

The Company also maintained a strong local community engagement programme in line with the Company's sustainability goals to improve health and education outcomes for the local communities in which it operates. This was enhanced with a trial fodder programme where the company planted a feed crop which can be stored by local herders to assist with managing livestock through the harsh winters. This is the first stage of a multifaceted programme to support the development of a local diary and organic meat industry. These measures are all contained in draft community engagement agreements that the Company is currently negotiating with local community leadership.

Aspire's Mongolian rail infrastructure subsidiary, Northern Railways LLC, holds a Concession Agreement from the Mongolian Government to build and operate 549km of rail from the town of Erdenet to the Ovoot Coking Coal Project in northern Mongolia. Construction of the railway is dependent on achieving a number of conditions precedent including land access agreements and funding. If and when commissioned, the Ovoot to Erdenet rail line is expected to support up to 10Mtpa of high quality washed coking coal from Ovoot on a low cost, long term basis. Northern Railways LLC is in discussions for an extension to the period to complete conditions precedent that would otherwise have expired in September 2021.

Review of financial conditions

At balance date, the Group had $34,173,866 (2020: $40,712,949) in cash assets. The Group holds the majority of its cash in USD and the reduction in the cash assets is materially affected by the strengthening of the AUD:USD between balance dates.

The cash assets balance will be sufficient to meet required community relations activities, approvals, permits and evaluation activities to advance towards development of the OEDP.

Further raisings or other means of funding will be required for the capital infrastructure requirements for full development of the OEDP and the associated haul road.

DIRECTORS' REPORT (continued)

Operating results for the year

The Group reported an operating loss after tax of $5,176,364 for the year ended 30 June 2021 (2020: Loss $5,488,200).

Significant changes in the state of affairs

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

Significant events after balance date

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

Likely developments and expected results

The Group will continue with activities towards meeting its objective of developing the OEDP into production at the earliest opportunity.

Risk management

The Board is responsible for ensuring that risks are identified on a timely basis and that activities are aligned with the risks identified by the Board. The Group believes that it is crucial for all Board members to be a part of this process and as such the Board has not established a separate risk management committee. The Board has a number of mechanisms in place to ensure that management's objectives and activities are aligned with the risks identified by the Board. These include the Board approval of strategic plans which includes initiatives designed to meet stakeholder needs and expectations and to manage business risk, and the implementation of Board approved operating plans and budgets and Board monitoring of progress against these budgets.

Corporate governance

Details of the Company's Corporate Governance policies are contained within the Corporate Governance Plan adopted by the Board. The Corporate Governance Statement for the year ended 30 June 2020 can be found on the Company's website at www.aspiremininglimited.com. The Corporate Governance Statement for the year ended 30 June 2021 will be available on the Company's website and the ASX announcements platform following lodgement with the Company's Annual Report in October 2021.

Environmental legislation

The Company is subject to significant environmental and monitoring requirements in respect of its natural resources exploration activities. The Directors are not aware of any material breaches of these requirements during the year.

Indemnification and insurance of Directors and officers

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

DIRECTORS' REPORT (continued)

Remuneration Report (audited)

This report outlines the remuneration arrangements in place for the Key Management Personnel of the Company and its controlled entities for the financial year ended 30 June 2021, as follows:

Mr Achit-Erdene Darambazar	Executive Director
Mr David Paull	Non-Executive Chairman
Mr Boldbaatar Bat-Amgalan	Non-Executive Director
Mr Neil Lithgow	Non-Executive Director
Ms Hannah Badenach	Non-Executive Director
Mr Samuel Bowles	Chief Operating Officer

Remuneration philosophy

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

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

In considering the Group's performance and returns on shareholder wealth, the Board has regard to the following indicators of performance in respect of the current financial year and the previous four financial years:

	2021	2020	2019	2018	2017
	$	$	$	$	$
Revenue	175,854	425,330	325,741	216,309	4,133
Net loss after tax	(5,176,364)	(5,488,200)	(6,200,307)	(6,980,272)	(4,883,119)
Basic loss per share	(0.0102)	(0.0126)	(0.020)[1]	(0.035)[1]	(0.052)[1]
Share price at year-end	0.07	0.08	0.16[1]	0.22[1]	0.18[1]

1 Post a securities consolidation completed on 5 December 2019. 2019 and prior years restated assuming 1:10 consolidation applied.

Remuneration committee

The Remuneration Committee of the Board of Directors is responsible for determining and reviewing compensation arrangements for the Director and the senior management team. A Remuneration Committee was reformed in September 2018 and its current members are Messrs David Paull and Neil Lithgow and Ms Hannah Badenach.

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

Remuneration structure

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

DIRECTORS' REPORT (continued)

Remuneration Report (audited)

Non-Executive Director Remuneration

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

If and when applicable, the Board may consider advice from external consultants as well as the fees paid to Non-Executive Directors of comparable companies when undertaking the annual remuneration review process. No external consultants were engaged during the 2021 financial year.

Each Director is entitled to receive a fee for being a Director of the Company. The remuneration to a Non-Executive Director has been set at $60,000 per annum. This level of remuneration was reviewed and agreed by the Board following recommendations from the Remuneration Committee.

The remuneration of Non-Executive Directors for the year ended 30 June 2021 is detailed in the Remuneration of Key Management Personnel section of this report in Table 1.

Senior manager and executive Director Remuneration

Remuneration consists of fixed remuneration and performance rights (as determined from time to time).

Fixed Remuneration

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

Fixed remuneration is paid in the form of cash payments. The fixed remuneration component of the Group and the Company executive is detailed in Table 1.

On 30 June 2021 all 2,003,332 performance rights on issue to Key Management Personnel expired without vesting.

Employment Contracts

The Company had a Consultancy Agreement with Kingsland Corporate Pty Ltd (formerly 2R's Pty Ltd), a company associated with Mr David Paull (Agreement), from 1 July 2010 until terminated when Mr Paull transitioned to Non-Executive Chairman in March 2020. The Kingsland Corporate Pty Ltd Services Agreement contained standard termination provisions under which the Group made a payment to Kingsland Corporate Pty Ltd in lieu of termination of the Consultancy Agreement with Kingsland Corporate Pty Ltd.

Kingsland Corporate Pty Ltd is now remunerated at A$70,000 per annum for providing the services of Mr David Paull as Non-Executive Chairman. Any additional services are recoverable at a commercial hourly rate.

Mr Achit-Erdene Darambazar is engaged as the Managing Director pursuant to an Executive Services Agreement (AD ESA) with the Company that sets out his duties, responsibilities and obligations. The AD ESA has a 2 year term from 2 December 2019, unless extended for a further two years by notice by the Company or one year by notice by the executive; or terminated by either party on 3 months-notice or other causes (breach of duty, incapacity and insolvency). The initial annual remuneration is US$180,000 per annum with an annual review by the Company for any annual increase or performance-based bonus. Mr Achit-Erdene Darambazar is entitled to US$120,000 in the event that the Company secures loan facilities to fund production commencement by December 2021 and performance rights to be negotiated and issued within the term of employment (subject to shareholder approval).

DIRECTORS' REPORT (continued)

Remuneration Report (audited)

Mr Neil Lithgow, Ms Hannah Badenach and Mr Boldbaatar Bat-Amgalan have non-executive director engagement letters that set out their duties and responsibilities and the causes for termination (breach of duty, incapacity and insolvency) or resignation of their appointments. The current remuneration to non-executive directors is A$60,000 per annum. Messrs Lithgow and Bat-Amalgan receive that remuneration. Ms Hannah Badenach does not receive any remuneration as it is against the policy of her employer and substantial shareholder of the Company, Noble Resources International Pte Ltd.

Mr Samuel Bowles is engaged as the Chief Operating Officer pursuant to an Executive Services Agreement (SB ESA) with the Company and an employer Company subsidiary that sets out his duties, responsibilities and obligations. The SB ESA has a 2 year term commencing on 16 March 2020, unless extended for a further two years by notice by the Company or one year by notice by the executive; or terminated by either party on 3 months-notice or other causes (breach of duty, incapacity and insolvency. The initial annual remuneration of Mr Bowles is US$300,000 per annum with an annual review by the Company for any annual increase or performance-based bonus. Mr Bowles is entitled to performance rights to be negotiated and issued within the term of employment (subject to Board approval).

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

	$
Short-term employee benefits	830,469
Post-employment benefits	5,205
Share-based payments	67,033
	902,707

Share based payments is the gross accounting value of performance rights brought to account in accordance with accounting standards.

The shares, performance rights and options held by key management personnel in the year ended 30 June 2021 are detailed in Tables 2 to 4.

Options
No options were on issue during the year that were part of Key Management Personnel remuneration.

Performance rights
On 30 June 2021 all Performance Rights that were on issue during the year lapsed without vesting.

The objective of the performance rights is to provide the Company with a remuneration mechanism to motivate and reward the performance of directors, employees and qualifying contractors in achieving specified performance milestones within a specified performance period. As aforementioned, Performance Rights will be offered to Key Management Personnel as part of the terms and conditions of their engagement.

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

Remuneration of Key Management Personnel

Table 1: Key management personnel remuneration

Year ended 30 June 2021

	Short term employee benefits	Post-employment benefits	Other		
	Salary & fees	Superannuation	Performance rights[3]	Total	Performance related
	$	$	$	$	%
Mr Achit-Erdene Darambazar	244,125	-	-	244,125	-
Mr David Paull[1]	70,000	-	30,672	100,672	30
Mr Boldbaatar Bat-Amgalan	60,101	-	-	60,101	-
Mr Neil Lithgow	54,795	5,205	24,259	84,259	29
Ms Hannah Badenach	-	-	12,102	12,102	100
Mr Samuel Bowles	401,448	-	-	401,448	-
Total	**830,469**	**5,205**	**67,033**	**902,707**	**7**

Year ended 30 June 2020

	Short term employee benefits	Post-employment benefits	Other		
	Salary & fees	Superannuation	Performance rights	Total	Performance Related
	$	$	$	$	%
Mr Achit-Erdene Darambazar	169,581	-	-	169,581	-
Mr David Paull[1]	379,792	-	73,405	453,197	16
Mr Boldbaatar Bat-Amgalan	117,197	-	-	117,197	-
Mr Neil Lithgow	54,795	5,205	58,056	118,056	49
Ms Hannah Badenach	-	-	28,961	28,961	100
Mr Alexander Passmore[2]	25,000	-	-	25,000	-
Mr Gan-Ochir Zunduisuren	213,802	-	-	213,802	-
Mr Samuel Bowles	114,388	-	-	114,388	-
Total	**1,074,555**	**5,205**	**160,422**	**1,240,182**	**13**

[1] Paid or issued to Kingsland Corporate Pty Ltd (formerly 2R's Pty Ltd), a company associated with Mr David Paull.

[2] Paid to Horizon Advisors Pty Ltd, a company associated with Mr Alexander Passmore.

[3] All Performance Rights lapsed on 30 June 2021 without vesting.

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

Key Management Personnel Equity Holdings

Table 2: Fully Paid Ordinary Shares

	Balance at beginning of year/on appointment	Sold	Balance at end of year
2021			
Mr Achit-Erdene Darambazar	-	-	-
Mr David Paull[1]	2,705,280	-	2,705,280
Mr Boldbaatar Bat-Amgalan	-	-	-
Mr Neil Lithgow	23,727,851	-	23,727,851
Ms Hannah Badenach	1,389,048	(293,656)	1,095,392
Mr Samuel Bowles	-	-	-
Total	27,822,179	(293,656)	27,528,523

	Balance at beginning of year/on appointment	Share consolidation 1 for 10	Purchased	Balance on retirement	Balance at end of year
2020					
Mr Achit-Erdene Darambazar	-	-	-	-	-
Mr David Paull[1]	26,052,791	(23,447,511)	100,000	-	2,705,280
Mr Boldbaatar Bat-Amgalan	-	-	-	-	-
Mr Neil Lithgow	237,278,501	(213,550,650)	-	-	23,727,851
Ms Hannah Badenach	13,890,476	(12,501,428)	-	-	1,389,048
Mr Alexander Passmore	-	-	-	-	-
Mr Gan-Ochir Zunduisuren	47,392,203	(42,652,983)	-	(4,739,220)	-
Mr Samuel Bowles	-	-	-	-	-
Total	324,613,971	(292,152,572)	100,000	(4,739,220)	27,822,179

[1] In 2020 David Paull was a Director of Red Island Resources Limited, a public unlisted company which is the beneficial owner of 8,350,000 ordinary shares pre-securities consolidation. However, from 2 August 2019 he no longer had a notifiable interest.

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

Key Management Personnel Equity Holdings

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

2021	Balance at beginning of year	Granted	Exercised	Expired	Balance at end of year
Mr Achit-Erdene Darambazar	-	-	-	-	-
Mr David Paull	916,666	-	-	(916,666)	-
Mr Boldbaatar Bat-Amgalan	-	-	-	-	-
Mr Neil Lithgow	725,000	-	-	(725,000)	-
Ms Hannah Badenach	361,666	-	-	(361,666)	-
Mr Samuel Bowles	-	-	-	-	-
Total	2,003,332	-	-	(2,003,332)	-

2020	Balance at beginning of year	Share consolidation 1 for 10	Granted	Exercised	Expired	Forfeited on retirement	Balance at end of year
Mr Achit-Erdene Darambazar	-		-	-	-	-	-
Mr David Paull	45,833,333	(41,249,999)	-	-	(3,666,668)	-	916,666
Mr Boldbaatar Bat-Amgalan	-		-	-	-	-	-
Mr Neil Lithgow	36,250,000	(32,625,000)	-	-	(2,900,000)	-	725,000
Ms Hannah Badenach	18,083,333	(16,274,999)	-	-	(1,446,668)	-	361,666
Mr Alexander Passmore	-	-	-	-	-	-	-
Mr Gan-Ochir Zunduisuren	30,500,000	(27,450,000)	-	-		(3,050,000)	-
Mr Samuel Bowles	-	-	-	-	-	-	-
Total	130,666,666	(117,599,998)	-	-	(8,013,336)	(3,050,000)	2,003,332

Table 4 – Options exercisable at 18 cents on or before 11 December 2019

No options were on issue during the year that were part of Key Management Personnel remuneration.

2020	Balance at beginning of year/on appointment	Share Consolidation 1 for 10	Issued as remuneration	Exercised	Expired	Balance on retirement	Balance at end of year
Mr Achit-Erdene Darambazar	-	-	-	-	-	-	-
Mr David Paull	1,145,833	(1,031,249)	-	-	(114,584)	-	-
Mr Boldbaatar Bat-Amgalan	-	-	-	-	-	-	-
Mr Neil Lithgow	6,354,167	(5,718,750)	-	-	(635,417)	-	-
Ms Hannah Badenach	2,083,334	(1,875,000)	-		(208,334)	-	-
Mr Alex Passmore	12,000,000	(10,800,000)	-	-	-	(1,200,000)	-
Mr Gan-Ochir Zunduisuren	-	-	-	-	-	-	-
Mr Samuel Bowles	-	-	-	-	-	-	-
Total	21,583,334	(19,424,999)	-	-	(958,335)	(1,200,000)	-

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

Related Party Transactions

In 2021, Kingsland Corporate Pty Ltd (formerly 2R's Pty Ltd), a company associated with Mr David Paull, was paid $15,150 at market rates for the services provided by David Paull beyond his NED Chair role (2020: Nil).

In 2020, MICC LLC, a Company related to Executive Director, Mr Achit-Erdene Darambazar, was paid financial advisory fees of A$55,000 and an equity financing fee of A$418,923 (US$284,750).

As at 30 June 2021, there were unpaid Directors' fees payable of US$10,000 (2020: Nil).

End of Remuneration Report

Directors' Meetings

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

Table 5 – Attendance at Director Meetings

	Director Meetings	
Director	**Attended**	**Eligible to Attend**
Mr Achit-Erdene Darambazar	7	7
Mr David Paull	7	7
Mr Neil Lithgow	7	7
Mr Boldbaatar Bat-Amgalan	7	7
Ms Hannah Badenach	7	7

Proceedings on behalf of the Company

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

Auditor Independence and Non-Audit Services

Section 307C of the Corporations Act 2001 requires the Company's auditors, HLB Mann Judd, to provide the Directors of the Company with an Independence Declaration in relation to the audit of the financial report. This Independence Declaration is set out on page 14 and forms part of this Directors' report for the year ended 30 June 2021.

Non-Audit Services

Details of amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined in Note 23 to the financial statements. The Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*.

The Directors are of the opinion that the services do not compromise the auditor's independence as all non-audit services have been reviewed to ensure that they do not impact the impartiality and objectivity of the auditor and none of the services undermine the general principles relating to auditor independence as set out in Code of Conduct APES 110 *Code of Ethics for Professional Accountants* issued by the Accounting Professional & Ethical Standards Board.

Signed in accordance with a resolution of the Directors.

Achit-Erdene Darambazar
Managing Director
28 September 2021

HLB MANN JUDD
ADVISORY AND ACCOUNTING

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of Aspire Mining Limited for the year ended 30 June 2021, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

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

Perth, Western Australia
28 September 2021

B G McVeigh
Partner

hlb.com.au

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T: +61 (0)8 9227 7500 **E:** mailbox@hlbwa.com.au

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2021

	Note	**2021** **$**	**2020** **$**
Other income	2(a)	175,854	425,330
Employee benefits expense		(677,716)	(1,035,322)
Exploration and evaluation expenditure impaired	10	(884)	(1,233,218)
Foreign exchange (loss)/gain		(2,922,426)	(84,124)
Interest expense		(9,285)	(13,759)
Share based payments		(79,993)	(169,480)
Other expenses	2(b)	(1,650,495)	(3,366,119)
Loss before income tax expense		(5,164,945)	(5,476,692)
Income tax expense	3	(11,419)	(11,508)
Net loss for the year		(5,176,364)	(5,488,200)
Other comprehensive income			
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations		(3,154,310)	(878,620)
Other comprehensive loss for the year net of tax		(3,154,310)	(878,620)
Total comprehensive loss		(8,330,674)	(6,366,820)
Loss attributable to:			
Owners of the parent		(5,167,777)	(5,440,715)
Non-controlling interests	15	(8,587)	(47,485)
		(5,176,364)	(5,488,200)
Total comprehensive loss attributable to:			
Owners of the parent		(8,478,871)	(6,299,960)
Non-controlling interests	15	148,197	(66,860)
		(8,330,674)	(6,366,820)
Basic loss per share (cents per share)	4	(1.02)	(1.26)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021

	Note	2021	2020
		$	$
Current Assets			
Cash and cash equivalents	8	34,173,866	40,712,949
Trade and other receivables	9	533,507	802,360
Total Current Assets		34,707,373	41,515,309
Non-Current Assets			
Deferred exploration and evaluation expenditure	10	35,043,789	36,470,102
Property plant and equipment	12	421,668	304,309
Intangible assets	13	76,905	171,113
Total Non-Current Assets		35,542,362	36,945,524
Total Assets		70,249,735	78,460,833
Current Liabilities			
Trade and other payables	11	218,702	162,116
Financial liabilities	14	10,522	11,588
Total Current Liabilities		229,224	173,704
Non-Current Liabilities			
Financial liabilities	14	42,967	58,904
Total Non-Current Liabilities		42,967	58,904
Total Liabilities		272,191	232,608
Net Assets		69,977,544	78,228,225
Equity			
Issued capital	6	150,026,408	150,026,408
Reserves	7	(10,529,903)	(7,017,569)
Accumulated losses	7	(69,154,239)	(64,267,695)
Equity attributable to owners of the parent		70,342,266	78,741,144
Non-controlling interests	15	(364,722)	(512,919)
Total Equity		69,977,544	78,228,225

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2021

	Issued capital	Accumulated losses	Foreign currency translation reserve	Share based payments reserve	Contribution reserve	Attributable to owners of the parent	Non-controlling interests	Total equity
	$	$	$	$	$	$	$	$
Balance at 30 June 2019	114,897,715	(59,963,072)	(8,164,866)	1,167,852	1,805,302	49,742,931	(446,059)	49,296,872
Loss for the year	-	(5,440,715)	-	-	-	(5,440,715)	(47,485)	(5,488,200)
Other comprehensive loss	-	-	(859,245)	-	-	(859,245)	(19,375)	(878,620)
Total comprehensive loss	-	(5,440,715)	(859,245)	-	-	(6,299,960)	(66,860)	(6,366,820)
Share issues net of costs	35,128,693	-	-	-	-	35,128,693	-	35,128,693
Performance rights value brought to account	-	-	-	169,480	-	169,480	-	169,480
Options expired	-	760,877	-	(760,877)	-	-	-	-
Performance rights expired	-	375,215	-	(375,215)	-	-	-	-
Balance at 30 June 2020	**150,026,408**	**(64,267,695)**	**(9,024,111)**	**201,240**	**1,805,302**	**78,741,144**	**(512,919)**	**78,228,225**
Loss for the year	-	(5,167,777)	-	-	-	(5,167,777)	(8,587)	(5,176,364)
Other comprehensive loss	-	-	(3,311,094)	-	-	(3,311,094)	156,784	(3,154,310)
Total comprehensive loss	-	(5,167,777)	(3,311,094)	-	-	(8,478,871)	148,197	(8,330,674)
Performance rights expired	-	281,233	-	(281,233)	-	-	-	-
Performance rights brought to account	-	-	-	79,993	-	79,993	-	79,993
Balance at 30 June 2021	**150,026,408**	**(69,154,239)**	**(12,335,205)**	**-**	**1,805,302**	**70,342,266**	**(364,722)**	**69,977,544**

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2021

	Note	**2021**	**2020**
		$	$
Cash flows from operating activities			
Interest received		193,923	426,889
Payments to suppliers and employees		(1,836,918)	(4,077,285)
Income tax paid		(11,419)	(11,508)
Interest and borrowing costs paid		(9,284)	(13,759)
Net cash used in operating activities	8	(1,663,698)	(3,675,663)
Cash flows from investing activities			
Payments for exploration and evaluation expenditure		(874,180)	(1,409,894)
Purchase of non-current assets		(315,351)	(217,313)
Receipts from sale of non-current assets		-	19,089
Net cash used in investing activities		(1,189,531)	(1,608,118)
Cash flows from financing activities			
Proceeds from issue of securities		-	36,284,541
Payments for capital raising costs		-	(1,155,849)
Repayment of borrowings	14	(17,003)	(14,987)
Net cash (used in)/provided by financing activities		(17,003)	35,113,705
Net (decrease)/increase in cash and cash equivalents		(2,870,232)	29,829,924
Cash and cash equivalents at the beginning of the year		40,712,949	11,136,142
Effect of foreign exchange rate fluctuations on cash held		(3,668,851)	(253,117)
Cash and cash equivalents at the end of the year	8	34,173,866	40,712,949

The accompanying notes from part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

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

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

The financial report is presented in Australian dollars.

The Company is a listed public Company, incorporated in Australia and operating in Mongolia. The principal activity of the Group during the year was the progression for the approvals, completion of studies, and funding towards the development of the Ovoot Early Development Project (**OEDP**).

(b) Going concern

The 30 June 2021 financial report has been prepared on the going concern basis that contemplates the continuity of normal business activities and the realisation of assets and discharge of its liabilities as and when they fall due, in the ordinary course of business.

(c) Adoption of new and revised standards

Standards and Interpretations applicable 30 June 2021

In the year ended 30 June 2021, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company and effective for the current annual reporting period. As a result of this review, the Directors have determined that there is no material impact of the new and revised Standards and Interpretations on the Group and therefore, no material change is necessary to Group accounting policies.

Standards and interpretations in issue not yet adopted

The Directors have also reviewed all Standards and Interpretations in issue not yet adopted for the period 30 June 2021. As a result of this review the Directors have determined that there is no material impact of the Standards and Interpretations in issue not yet adopted on the Company.

(d) Statement of Compliance

The financial report was authorised for issue on 28 September 2021.

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

(e) Basis of Consolidation

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

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

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

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. Control exists where the Company has the power to govern the financial and operating policies of an entity so as to obtain

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Basis of Consolidation (continued)

benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing when the Group controls another entity.

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

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

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

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

The application of accounting policies requires the use of judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions are recognised in the period in which the estimate is revised if it affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Share-based payment transactions:
The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using a Black and Scholes model for unlisted options and the market traded price for listed options and performance rights that are bought to account, having regard to the terms and conditions upon which the instruments are granted.

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

(g) Segment Reporting

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Revenue Recognition

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

Interest income

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

(i) Cash and cash equivalents

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

(j) Trade and other receivables

Trade receivables are measured on initial recognition at fair value. Trade receivables are generally due for settlement within periods ranging from 15 days to 30 days. The Group measures the loss allowance for trade and other receivables at an amount equal to lifetime expected credit loss. The expected credit losses on trade and other receivables are estimated with reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtor, general economic conditions of the industry in which the debtor operates and an assessment of both the current and the forecast direction of conditions at the reporting date.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery; for example, when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over two years past due, whichever occurs earlier. The amount of the impairment loss is recognised in the statement of profit or loss and other comprehensive income within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the statement of profit or loss and other comprehensive income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Derecognition of financial assets and financial liabilities

(i) Financial assets

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

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

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

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

(ii) Financial liabilities

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

(l) Foreign currency translation

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

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Foreign currency translation (continued)

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

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

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

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

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

(m) Income tax

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

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

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

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Income tax (continued)

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance date. Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss. Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

(n) Other taxes

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

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

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

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

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

(o) Business combinations

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Business combinations (continued)

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

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

(p) Impairment of assets

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

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

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

(q) Trade and other payables

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) Property, plant and equipment

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

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

(i) Impairment

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

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

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

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

(ii) Derecognition and disposal

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

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

(s) Provisions

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) Share-based payment transactions

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

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

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

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

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

Cash settled transactions:
The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using a Black and Scholes model for unlisted options and the market traded price for listed options and performance rights that are bought to account, having regard to the terms and conditions upon which the instruments are granted. This fair value is expensed over the period until vesting with recognition of a corresponding liability. The liability is re-measured to fair value at each balance date up to and including the settlement date with changes in fair value recognised in profit or loss.

(u) Issued capital

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

(v) Earnings per share

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(v) Earnings per share (continued)

result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

(w) Exploration and evaluation

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

i) the rights to tenure of the area of interest are current; and
ii) at least one of the following conditions is also met:
    (a) the exploration and evaluation expenditures are expected to be recouped through successful development and exploration of the area of interest, or alternatively, by its sale; or
    (b) exploration and evaluation activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

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

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

(x) Parent entity financial information

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(y) Leases

Where the Company is the lessee, the Group recognises a right-of-use asset and a corresponding liability at the date which the lease asset is available for use by the Group (i.e. commencement date). Each lease payment is allocated between the liability and the finance cost.

The lease liability is initially measured at the present value of the lease payments that are not paid at commencement date, discounted using the rate implied in the lease. If this rate is not readily determinable, the Group uses its incremental borrowing rate.

Lease payments included in the initial measurement if the lease liability consist of:

- Fixed lease payments less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at commencement date;
- Any amounts expected to be payable by the Group under residual value guarantees;
- The exercise price of purchase options, if the Group is reasonably certain to exercise the options; and
- Termination penalties of the lease term reflects the exercise of an option to terminate the lease.

Extension options are included in a number of property leases across the Group. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option. Extension options are only included in the lease term if, at commencement date, it is reasonably certain that the options will be exercised.

Subsequent to initial recognition, the lease liability is measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made. The lease liability is remeasured (with a corresponding adjustment to the right-of-use asset) whenever there is a change in the lease term (including assessments relating to extension and termination options), lease payments due to changes in an index or rate, or expected payments under guaranteed residual values.

The finance cost is charged to profit or loss over the lease period so as to produce a consistent period rate of interest on the remaining balance of the liability for each period.

Right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before commencement date, less any lease incentives received and any initial direct costs. These right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses.

Where the terms of lease require the Group to restore the underlying asset, or the Group has an obligation to dismantle and remove a leased asset, the provision is recognised and measured in accordance with AASB 137. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset.

Right-of-use assets are depreciated on a straight-line basis over the term of the lease (or the useful life of the leased asset if this is shorter). Depreciation starts on commencement date of the lease.

Where leases have a term of less than 12 months or relate to low value assets, the Group has applied the optional exemptions to not capitalise these leases and instead account for the lease expense on a straight-line basis over the lease term.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

NOTE 2: REVENUES AND EXPENSES

	2021	2020
	$	$
(a) Revenue		
Interest income	158,707	425,330
Cash flow boost	17,147	-
	175,854	425,330
(b) Other Expenses		
Accounting and audit fees	174,452	176,770
Amortisation and depreciation expense	234,814	297,782
Community relations	37,257	139,458
Company secretarial	101,538	161,453
Consultants	-	209,663
Corporate costs	258,659	289,250
Directors' fees	238,013	965,372
Insurance	173,700	170,126
Legal fees	12,825	62,218
Office and administration costs	118,255	118,255
Share registry and listing expenses	54,034	81,542
Media, promotion and investor relations	59,216	168,878
Short term lease rent and outgoings	86,750	181,377
Travel expenses	68,812	216,739
Other	32,170	127,236
	1,650,495	3,366,119

NOTE 3: INCOME TAX

Income tax recognised in profit or loss

The prima facie income tax expense on pre-tax accounting loss from operations reconciles to the income tax expense in the financial statements as follows:	2021 $	2020 $
Accounting loss before tax	(5,164,945)	(5,476,692)
Income tax benefit calculated at 30%	(1,549,484)	(1,643,008)
Accrued expenses	10,620	473
Other non-deductible expenses	905,445	392,709
Deductions available over more than one year	(15,461)	(41,103)
Exploration and tenement expenses	249	369,966
Income tax benefit not brought to account	660,050	932,471
Income tax expense	11,419	11,508
Made up of:		
Income tax expense on Mongolian operations	11,419	11,508
Income tax expense	11,419	11,508

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

The Group has an unrecorded deferred tax asset of $6,529,888 (2020: $6,321,138) in respect to tax losses arising in Australia and $255,189 (2020: $207,313) in respect to tax losses arising in Mongolia, the tax benefit of which has not been brought to account and are available subject to confirmation of the continuity of ownership test or the same business test.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 3: INCOME TAX (continued)

The Group has an unrecorded deferred tax asset of $15,461 (2020: $30,922) relating to share issue and other costs, and deferred tax liabilities of $1,984,673 (2020: $1,931,565) relating to capitalised exploration and evaluation expenditure arising in Australia for which an offsetting deferred tax asset has been recognised.

The Group also has an unrecorded deferred tax asset of $345,745 (2020: $345,745) in respect to capital losses arising in Australia.

The recovery of the carried forward tax losses is subject to the applicable Group companies continuing to satisfy the continuity of ownership test or the similar business test or other tax legislation requirements or limitations.

NOTE 4: EARNINGS PER SHARE

	2021	**2020**
	Cents per share	Cents per share
Basic loss per share:	(1.02)	(1.26)

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share is as follows:

Earnings used in calculation of basic loss per share:		
Loss attributable to owners of the parent	(5,167,777)	(5,440,715)
Weighted average number of ordinary shares for the purpose of basic loss per share	507,636,563	433,448,136

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

NOTE 5: SEGMENT INFORMATION

	Continuing operations			Total
	Australia $	Mongolia $	Singapore $	$
Year ended 30 June 2021				
Total segment revenue	61,664	114,190	-	175,854
Interest revenue	44,517	114,190	-	158,707
Depreciation and amortisation	-	234,814	-	234,814
Exploration and evaluation expenditure impaired	-	884	-	884
Segment net operating loss after tax	(3,909,987)	(1,239,939)	(26,438)	(5,176,364)
Segment assets	29,863,351	40,373,520	12,864	70,249,735
Segment liabilities	(156,023)	(116,168)	-	(272,191)
Capital expenditure during the year	-	(1,250,218)	-	(1,250,218)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 5: SEGMENT INFORMATION (CONTINUED)

	Continuing operations			Total
	Australia	Mongolia	Singapore	
	$	$	$	$
Year ended 30 June 2020				
Total segment revenue	310,247	115,083	-	425,330
Interest revenue	310,247	115,083	-	425,330
Depreciation and amortisation	-	297,782	-	297,782
Exploration and evaluation expenditure impaired	-	1,233,218	-	1,233,218
Segment net operating loss after tax	(1,870,918)	(3,582,814)	(34,468)	(5,488,200)
Segment assets	36,186,821	42,264,347	9,665	78,460,833
Segment liabilities	(61,637)	(170,971)	-	(232,608)
Capital expenditure during the year	-	(1,604,710)	-	(1,604,710)

NOTE 6: ISSUED CAPITAL

	2021	**2020**
	$	$
Ordinary shares		
Issued and fully paid	157,999,366	157,999,366
Less share issue costs	(7,972,958)	(7,972,958)
	150,026,408	150,026,408

Movements in ordinary shares on issue

	No.	**$**
At 1 July 2019	**3,326,541,075**	**114,897,715**
Shares issued at 1.8 cents on 29 November 2019 on exercise of options	99,334	1,788
Shares issued at 2.1 cents on 3 December 2019 pursuant to the Placement with a substantial shareholder	1,595,900,000	33,513,900
Shares issued at 1.8 cents on 4 December 2019 on exercise of options	214,499	3,861
Securities consolidation 1 for 10 on 5 December 2019	(4,430,478,995)	-
Shares issued at 18 cents on 11 December 2019 to a substantial shareholder on exercise of options	15,333,012	2,759,942
Shares issued at 18 cents on 11 December 2019 on exercise of options	28,060	5,051
Share issue costs	-	(1,155,849)
At 30 June 2020	**507,636,985**	**150,026,408**
At 30 June 2021	**507,636,985**	**150,026,408**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

NOTE 7: ACCUMULATED LOSSES AND RESERVES

Accumulated losses

Movements in accumulated losses are as follows:	**2021** $	**2020** $
Balance at beginning of financial year	(64,267,695)	(59,963,072)
Net loss for the year attributable to owners of the parent	(5,167,777)	(5,440,715)
Transfer on expiry of options/performance rights	281,233	1,136,092
Balance at end of financial year	(69,154,239)	(64,267,695)

Reserves

	Contribution Reserve	Foreign currency translation reserve	Share based payments reserve	Total
	$	$	$	$
At 30 June 2019	1,805,302	(8,164,866)	1,167,852	(5,191,712)
Currency translation differences	-	(859,245)	-	(859,245)
Options expired	-	-	(760,877)	(760,877)
Performance rights expired	-	-	(375,215)	(375,215)
Performance rights to account	-	-	169,480	169,480
At 30 June 2020	1,805,302	(9,024,111)	201,240	(7,017,569)
At 30 June 2020	1,805,302	(9,024,111)	201,240	(7,017,569)
Currency translation differences	-	(3,311,094)	-	(3,311,094)
Performance rights expired	-	-	(281,233)	(281,233)
Performance rights to account	-	-	79,993	79,993
At 30 June 2021	1,805,302	(12,335,205)	-	(10,529,903)

Nature and purpose of reserves
Foreign currency translation reserve
The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

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

Contribution Reserve
The contribution reserve is used to record the value which arises as a result of transactions with non-controlling interests that do not result in a loss of control.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

NOTE 7: ACCUMULATED LOSSES AND RESERVES (continued)

Options

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

	2021 No.	**2021** Weighted average exercise price	**2020** No.	**2020** Weighted average exercise price
Outstanding at the beginning of the year	-	-	700,722,235	0.018
Granted during the year	-	-	-	0.018
Exercised during the year (pre-consolidation)	-	-	(313,833)	0.018
Share Consolidation (1:10)	-	-	(630,367,523)	-
Exercised during the year (post-consolidation)	-	-	(15,361,072)	0.018
Expired during the year	-	-	(54,679,807)	0.018
Outstanding at the end of the year	-	-	-	-
Exercisable at the end of the year	-	-	-	-

On 5 December 2019, all options outstanding were consolidated on a 1:10 basis. All remaining options expired on 11 December 2019 and as such there were no options on issue as at 30 June 2021 (30 June 2020: Nil).

Performance rights

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

The vesting requirements applicable to the issued performance rights are based on achievement of operational and strategic milestones. The value of the performance rights is taken to the Share Based Payments Reserve progressively over the period the performance rights are expected to vest. The cumulative expense that will be recorded will equate to the performance rights that ultimately vest.

There were no performance rights unexercised at 30 June 2021. The performance rights unexercised at 30 June 2020 were:

	2021 No	**2020** No.
Outstanding at the beginning of the year	2,294,998	161,083,330
Granted during the year	-	-
Share Consolidation 1:10 – 5 December 2019	-	(137,474,993)
Vested and shares issued during the year	-	-
Forfeited/Expired during the year	(2,294,998)	(21,313,339)
Outstanding at the end of the year	-	2,294,998

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 7: ACCUMULATED LOSSES AND RESERVES (continued)

Nature and purpose of reserves (continued)

Performance rights (continued)

At the Company's Annual General Meeting held on 29 November 2019, shareholders approved a 1 for 10 securities consolidation. The consolidation was completed on 5 December 2019.

During 2020:

- 3,055,003 performance rights lapsed and were cancelled as the milestone of 80% or more of the Listed Options were not exercised on or before 11 December 2019.
- Two tranches (total 6,110,004 performance rights) with production and profitability milestones did not vest on or before 31 December 2019 and were cancelled.
- 3,055,001 performance rights lapsed and were cancelled as the milestone of a 30 day VWAP of the Company's shares as traded on ASX at equal to or greater than A$0.30 by 30 June 2020 did not occur.
- 9,093,331 performance rights were forfeited and cancelled on termination of employment.

During 2021:

- The remaining 2,294,998 performance rights lapsed and were cancelled as the milestone of a 30-day VWAP of the Company's Shares as traded on ASX at equal to or be greater than A$0.40 by 30 June 2021 did not occur.

NOTE 8: CASH AND CASH EQUIVALENTS

	2021 $	2020 $
Cash at bank and on hand	5,894,268	730,004
Short term interest bearing deposits	28,279,598	39,982,945
	34,173,866	40,712,949

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

All cash was available for use and no restrictions were placed on the use of it at any time during the period, other than a short term deposit of $10,000 (2020: $10,000) is on deposit as cash backed security against a business use credit card limit and office rental.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

NOTE 8: CASH AND CASH EQUIVALENTS (continued)

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

	2021 $	2020 $
Loss for the year	(5,176,364)	(5,488,200)
Change in net assets and liabilities:		
Change in trade and other receivables	260,118	(289,735)
Changes in trade and other payables	4,672	315,441
Profit on sale of property, plant and equipment	9,759	2,227
Amortisation and depreciation expense	234,814	297,782
Share based payments	79,993	169,480
Exploration expenditure impairment	884	1,233,218
Foreign exchange (gain)/loss	2,922,426	84,124
Net cash used in operating activities	(1,663,698)	(3,675,663)

NOTE 9: CURRENT TRADE AND OTHER RECEIVABLES

	2021 $	2020 $
GST recoverable	12,691	17,035
Prepayments	457,770	445,648
Interest receivable	5,356	23,424
Other receivables	57,690	316,253
	533,507	802,360

There were no credit losses in the current or the prior year.

NOTE 10: DEFERRED EXPLORATION AND EVALUATION EXPENDITURE

	2021 $	2020 $
Costs carried forward in respect of:		
Exploration and evaluation phase – at cost		
Balance at beginning of year	36,470,102	37,461,876
Expenditure incurred, net of cost recoveries	934,829	1,374,197
Impairment of exploration and evaluation expenditure	(884)	(1,233,218)
Foreign exchange loss	(2,360,258)	(1,132,753)
Total exploration and evaluation expenditure	35,043,789	36,470,102
Total expenditure incurred and carried forward in respect of specific projects -		
Ovoot Coking Coal Project	34,435,087	35,433,775
Nuurstei Coking Coal Project	608,702	1,036,327
Total exploration and evaluation expenditure	35,043,789	36,470,102

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

NOTE 10: DEFERRED EXPLORATION AND EVALUATION EXPENDITURE (continued)

Exploration expenditure incurred on the Ovoot Coking Coal Project and Nuurstei Coking Coal Project mining licences has been carried forward as that expenditure is expected to be recouped through successful development and exploration of the areas of interest, or alternatively, by sale.

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

NOTE 11: TRADE AND OTHER PAYABLES (CURRENT)

	2021	2020
	$	$
Trade payables	152,866	130,592
Accrued expenses	60,403	25,000
Employee entitlements	5,433	5,925
Corporate credit card	-	599
	218,702	162,116

Trade payables and accrued expenses are normally settled on 30 day terms.

NOTE 12: PROPERTY, PLANT AND EQUIPMENT

	Right of use property	Plant & Equipment	Furniture & Fittings	Office Equipment	Motor Vehicles	Total
	$	$	$	$	$	$
30 June 2021						
Carrying value at 1 July 2020	123,897	49,045	36,553	40,534	54,280	304,309
Additions	228,370	-	4,972	14,419	63,494	311,255
Disposals	-	-	(154)	(2,244)	-	(2,398)
Depreciation charge for the year	(24,087)	(37,777)	(23,309)	(22,897)	(54,717)	(162,787)
Exchange rate movement	(12,410)	(4,322)	(3,270)	(3,674)	(5,035)	(28,711)
Carrying value at 30 June 2021	315,770	6,946	14,792	26,138	58,022	421,668
30 June 2021						
Cost						1,093,194
Accumulated depreciation						(671,526)
Net carrying amount						421,668
30 June 2020						
Carrying value at 1 July 2019	134,291	102,880	53,789	57,499	128,597	477,056
Additions	13,199	-	20,061	29,248	-	62,508
Disposals	-	-	(7,380)	(12,633)	(8,870)	(28,883)
Depreciation charge for the year	(18,549)	(52,678)	(28,668)	(32,159)	(64,415)	(196,469)
Exchange rate movement	(5,044)	(1,157)	(1,249)	(1,421)	(1,032)	(9,903)
Carrying value at 30 June 2020	123,897	49,045	36,553	40,534	54,280	304,309
30 June 2020						
Cost						1,291,603
Accumulated depreciation						(987,294)
Net carrying amount						304,309

The carrying value of motor vehicles held under a finance loan agreement at 30 June 2021 is $4,652 (2020: $54,280). The motor vehicle is pledged as security for the finance loan liability.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

NOTE 13: INTANGIBLE ASSET

	Exploration Software 2021 $	2020 $
Carrying value at beginning of year	171,113	112,618
Additions	4,094	168,005
Disposals	(10,932)	(16)
Amortisation for the year	(72,027)	(101,313)
Exchange rate movement	(15,343)	(8,181)
At end of year	76,905	171,113
At 30 June		
Cost	206,391	307,782
Accumulated amortisation	(129,486)	(136,669)
Net carrying amount	76,905	171,113

NOTE 14: FINANCIAL LIABILITIES

	2021 $	2020 $
Finance loan liability	53,489	70,492
	53,489	70,492
Current liability	10,522	11,588
Non-current liability	42,967	58,904
	53,489	70,492
	$	$
Balance at beginning of period	70,492	85,479
Payments	(17,003)	(14,987)
Balance at end of period	53,489	70,492

In August 2018, the Company's Mongolian subsidiary, Khurgatai Khairkhan LLC, entered into a loan agreement for two motor vehicles for use by the Ulanbaatar office. The loan is for 180million MNT ($98,795) with monthly principal instalments of 1.875 million MNT per month (approx. $1,040 pm) and interest at 15.6% pa over the 96 month term.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

NOTE 15: NON-CONTROLLING INTERESTS AND CONTRIBUTION RESERVE

There is a 10% non-controlling interest in the Coalridge Limited group entity that holds the Nuurstei Coking Coal mining and exploration licenses.

There is also a 20% non-controlling interest in Northern Rail Holdings Limited. During 2018, the Group disposed of a 10% interest in NRML to the Noble Group to bring Noble's interests in NRML to 20% in exchange for a US$1.4 million reduction of the long-term facility payable to Noble.

In 2018, the gain on divestment of the shares held by the Company in NRIPL of $1,805,302 was reclassified to a contribution reserve on consolidation.

Non-controlling interest summary	**Coalridge Limited** **$**	**Northern Rail Holdings Limited** **$**	**Total** **$**
Balance at 30 June 2019	(88,379)	(357,680)	(446,059)
Loss allocated to non-controlling interest	(18,034)	(29,451)	(47,485)
Other comprehensive loss allocated to non-controlling interest	(10,611)	(8,764)	(19,375)
Balance at 30 June 2020	(117,024)	(395,895)	(512,919)
Loss allocated to non-controlling interest	(2,782)	(5,805)	(8,587)
Other comprehensive profit/(loss) allocated to non-controlling interest	(53,141)	209,925	156,784
Balance at 30 June 2021	(172,947)	(191,775)	(364,722)

	Coalridge Limited		**Northern Railway Holdings Limited**	
	30 June 2021 **$**	**30 June 2020** **$**	**30 June 2021** **$**	**30 June 2020** **$**
Current Assets	15,660	30,811	10,210	10,210
Non-Current Assets	608,702	1,038,718	-	-
Total Assets	624,362	1,069,529	10,210	10,210
Current Liabilities	(16,947)	(17,403)	(13,737)	(13,737)
Non-Current Liabilities	-	-	-	-
Total Liabilities	(16,947)	(17,403)	(13,737)	(13,737)
Net Assets	607,415	1,052,126	(3,527)	(3,527)
Revenue			-	-
Loss for the year	(27,809)	(180,333)	(29,025)	(147,256)
Total comprehensive profit/(loss) for the year	(559,221)	(286,442)	1,020,603	(191,077)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 16: FINANCIAL INSTRUMENTS

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

	2021 $	**2020** $
Financial assets:		
Receivables	75,737	356,712
Cash and cash equivalents	34,173,866	40,712,949
	34,249,603	41,069,661
Financial liabilities:		
Trade and other creditors	218,702	162,116
Borrowings	53,487	70,492
	272,189	232,608

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

	Weighted average effective interest rate %	Less than 1 month $	1 – 3 Months $	3 months – 1 year $	1 – 5 years $	5+ years $
2021						
Non-interest bearing		108,019	-	-	-	-
Variable interest rate instruments	0.30	5,861,986	-	-	-	-
Fixed interest rate instruments	0.41	23,980,592	4,299,006	-	-	-
		29,950,597	4,299,006	-	-	-
2020						
Non-interest bearing		390,541	-	-	-	-
Variable interest rate instruments	0.50	696,175	-	-	-	-
Fixed interest rate instruments	1.25	-	34,903,456	5,079,486	-	-
		1,086,716	34,903,456	5,079,486	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

NOTE 16: FINANCIAL INSTRUMENTS (continued)

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

	Weighted average effective interest rate	Less than 1 month	1 – 3 Months	3 months – 1 year	1 – 5 years	5+ years
	%	$	$	$	$	$
2021						
Non-interest bearing	-	218,702	-	-	-	-
Variable interest rate instruments	-	-	-	-	-	-
Fixed interest rate instruments	15.6	-	-	-	10,522	42,965
		218,702	-	-	10,522	42,965
2020						
Non-interest bearing	-	162,116	-	-	-	-
Variable interest rate instruments	-	-	-	-	-	-
Fixed interest rate instruments	15.6	-	-	-	11,588	58,903
		162,116	-	-	11,588	58,903

NOTE 17: FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

This note presents the information about the Group's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk. The Board has overall responsibility for the establishment and oversight of the risk management framework. The Board reviews and agrees policies for managing each of these risks as summarised below. The Group's principal financial instruments comprise cash and short-term deposits. The main purpose of the financial instruments is to earn the maximum amount of interest at a low risk to the Group. The Group also has other financial instruments such as receivables and creditors which arise directly from its operations. For the years ended 30 June 2021 and 2020, it has been the Group's policy not to trade in financial instruments.

(a) Credit risk management

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 17: FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee annually.

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

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

(b) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board, who have built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves and banking by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The Group did not have any undrawn facilities at balance date (2020: $Nil).

(c) Interest rate risk management

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

Interest rate sensitivity
At 30 June 2021, the effect on loss and equity as a result of changes in the interest rate, with all other variable remaining constant would be as follows:

	2021	**2020**
Change in Loss	$	$
Increase in interest rate by 1%	58,620	6,947
Decrease in interest rate by 1%	(58,620)	(6,947)
Change in Equity		
Increase in interest rate by 1%	58,620	6,947
Decrease in interest rate by 1%	(58,620)	(6,947)

(d) Foreign currency risk management

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

	Liabilities		Assets	
	2021	**2020**	**2021**	**2020**
	$	$	$	$
US Dollars	-	-	34,107,102	39,937,178
Mongolian Tugriks	116,167	162,668	359,053	40,953

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 17: FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Foreign currency sensitivity analysis

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

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

	2021	2020
10% Increase	$	$
Profit/(loss) and equity – US dollar exposure	3,100,646	3,644,708
Profit/(loss) and equity – Mongolian Tugrik	42,357	11,142
10% Decrease	$	$
Profit/(loss) and equity – US dollar exposure	(3,789,678)	(4,453,643)
Profit/(loss) and equity – Mongolian Tugrik	(57,248)	(13,618)

(e) Market risk management

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 18: COMMITMENTS

Remuneration Commitments

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

Exploration Commitments

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

	2021	2020
	$	$
Within a year	20,359	22,421
Later than one year but not later than five years	81,437	67,263

Motor Vehicle Loan Commitment

During the prior year, the Group entered into a loan agreement to purchase two motor vehicles.

	2021	2020
	$	$
Within a year	18,117	21,759
Later than one year but not later than five years	56,941	68,972
More than 5 years	-	13,700
Total liability	75,059	104,431
Less unexpired interest	(21,571)	(33,939)
Present value	53,488	70,492
Represented by:		
Current liability	10,522	11,588
Non-current liability:	42,966	58,904
	53,488	70,492

Investment Consideration Commitments

Pursuant to the initial acquisition from Xanadu Limited of the 50% interest in Coalridge Limited that owns 90% interest in the Nuurstei Coking Coal Project (Nuurstei Project), 5 million shares in Aspire are to be issued to Xanadu in the event that 30 million tonnes of JORC compliant resources are identified in the Nuurstei Project area.

NOTE 19: DIVIDENDS

The Directors of the Group have not declared any dividend for the year ended 30 June 2021.

NOTE 20: CONTINGENT LIABILITIES

There are no contingent liabilities at 30 June 2021.

NOTE 21: EVENTS SUBSEQUENT TO REPORTING DATE

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

NOTE 22: DIRECTORS AND EXECUTIVE DISCLOSURES

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

	2021 $	2020 $
Short-term employee benefits	830,469	1,074,555
Post-employment benefits	5,205	5,205
Share-based payments	67,033	160,422
	902,707	1,240,182

Share based payments is the gross accounting value of performance rights and options brought to account in accordance with accounting standards.

Related Party Transactions

In 2021, Kingsland Kingsland Corporate Pty Ltd (formerly 2R's Pty Ltd), a company associated with Mr David Paull, was paid $15,150 for the services provided by David Paull beyond his NED Chair role (2020: Nil). In 2020, MICC LLC, a Company related to Executive Director, Mr Achit-Erdene Darambazar, was paid financial advisory fees of A$55,000 and an equity financing fee of A$418,923 (US$284,750).

NOTE 23: AUDITOR'S REMUNERATION

The auditor of Aspire Mining Limited is HLB Mann Judd.	2021 $	2020 $
Amounts received or due and receivable by HLB Mann Judd for:		
An audit or review of the financial reports	50,460	49,700
Other services	-	-
	50,460	49,700

The auditor of Khurgatai Khairkhan LLC, its direct subsidiaries and Northern Railways LLC is KPMG.

	2021 $	2020 $
Amounts received or due and receivable by KPMG:		
An audit or review of the financial reports	73,614	75,548
Other services	-	-
	73,614	75,548

NOTE 24: PARENT ENTITY DISCLOSURES

Financial position	2021 $	2020 $
Assets		
Current assets	29,863,351	36,186,822
Non-current assets	6,615,577	6,438,548
Total assets	36,478,928	42,625,370
Liabilities		
Current liabilities	156,022	61,636
Total liabilities	156,022	61,636
Net assets	36,322,906	42,563,734
Equity		
Issued capital	150,026,408	150,026,408
Reserves	-	201,240
Accumulated losses	(113,703,502)	(107,663,914)
Total equity	36,322,906	42,563,734

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 24: PARENT ENTITY DISCLOSURES (continued)

Financial performance

	Year ended 30 June 2021 $	Year ended 30 June 2020 $
Operating loss for the year	(6,320,821)	(7,889,619)
Total comprehensive loss	(6,320,821)	(7,889,619)

Parent Company Capital Commitments and Contingent Liabilities

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

See Note 18 for obligations of Aspire to issue securities.

NOTE 25: SUBSIDIARIES

The consolidated financial statements include the financial statements of Aspire Mining Limited and its below subsidiaries.

		% Equity Owned		Investment	
Subsidiary Name	**Country of incorporation**	**2021**	**2020**	**2021**	**2020**
Khurgatai Khairkhan LLC	Mongolia	100%	100%	-	-
Ovoot Coal Mining LLC	Mongolia	100%	100%	-	-
Chilchig Gol LLC	Mongolia	100%	100%	-	-
Ovoot Coking Coal Pte Ltd	Singapore	100%	100%	$9,428,158	$9,428,158
Northern Railways LLC	Mongolia	80%	80%	-	-
Northern Railways Holdings LLC	Mongolia	80%	80%	$136,230	$136,230
Northern Railways Pte Ltd	Singapore	80%	80%	$1	$1
Northern Infrastructure Limited	British Virgin Islands	80%	80%	$97,408	$97,408
Coalridge Limited	British Virgin Islands	100%	100%	$1,541,390	$1,541,390
Ekhgoviin Chuluu LLC	Mongolia	100%	100%	-	-
Black Rock LLC	Mongolia	90%	90%	-	-
Urnuun Elbeg LLC	Mongolia	100%	-	-	-

Aspire Mining Limited is the ultimate Australian parent entity and ultimate parent of the Group. Transactions between these parties involved the provision of funding for operations. As at 30 June 2021 and before impairment, amounts of $61,219,559 (2020: $58,861,726), $20,920,968 (2020: $20,907,766), $138,409 (2020: $138,409), $1,296,755 (2020: $1,286,160), $22,287 (2020: $18,736) and $466,017 (2020: $450,279) were owed by Khurgatai Khairkhan LLC, Ovoot Coking Coal Pte Ltd, Northern Railway Holdings LLC, Northern Railways Pte Ltd, Northern Mongolian Railways Limited and Ekhgoviin Chuluu LLC to the parent entity, respectively. The loans have been impaired.

DIRECTORS' DECLARATION

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

1. The financial statements and notes of the Group are in accordance with the Corporations Act 2001 including:

    a. giving a true and fair view of the Group's financial position as at 30 June 2021 and of its performance for the year then ended; and

    b. complying with Accounting Standards and Corporations Regulations 2001.

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

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

4. This declaration has been made after receiving the declarations required to be made to the Directors in accordance with Section 295A of the Corporations Act 2001 for the financial year ended 30 June 2021.

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

Achit-Erdene Darambazar
Managing Director
28 September 2021

INDEPENDENT AUDITOR'S REPORT
To the members of Aspire Mining Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Aspire Mining Limited ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the Group's financial position as at 30 June 2021 and of its financial performance for the year then ended; and

b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

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HLB MANN JUDD
ADVISORY AND ACCOUNTING

Key Audit Matter	How our audit addressed the key audit matter
Deferred exploration and evaluation expenditure Refer to Note 10	
In accordance with AASB 6 *Exploration for and Evaluation of Mineral Resources*, the Group capitalises acquisition costs of rights to explore as well as subsequent exploration and evaluation expenditure and applies the cost model after recognition. Our audit focussed on the Group's assessment of the carrying amount of the capitalised exploration and evaluation asset. We considered this to be a key audit matter because this is one of the most significant assets of the Group. There is a risk that the capitalised expenditure no longer meets the recognition criteria of the standard. In addition, we considered it necessary to assess whether facts and circumstances existed to suggest that the carrying amount of the exploration and evaluation asset may exceed its recoverable amount.	Our procedures included but were not limited to the following: • We obtained an understanding of the key processes associated with management's review of the exploration and evaluation asset carrying values; • We verified a sample of the exploration additions; • We verified the write-off of capitalised exploration expenditure; • We considered the Directors' assessment of potential indicators of impairment; • We obtained evidence that the Group has current rights to tenure of its areas of interest; • We examined the exploration budget for the year ending 30 June 2022 and discussed with management the nature of planned ongoing activities; and • We examined the disclosures made in the financial report.

Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2021, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

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

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

HLB MANN JUDD
ADVISORY AND ACCOUNTING

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included within the directors' report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of Aspire Mining Limited for the year ended 30 June 2021 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

Perth, Western Australia
28 September 2021

B G McVeigh
Partner