Aspire Mining Limited
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ASX RELEASE

For Immediate Release – 29 July 2022

QUARTERLY ACTIVITIES REPORT

Quarter Ended 30 June 2022

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

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

Quarter Highlights

- **Planned on-the-ground development work within the Ovoot mining license requires approval of the Detailed Environmental Impact Assessment (DEIA) for the mine, and subsequently an annual Environmental Management Plan (EMP). During the Quarter, the DEIA was discussed at the technical committee of the Ministry of Nature, Environment and Tourism (MNET). The company provided the clarifications requested at the committee meeting and is now waiting for the final approval of the DEIA.**
- **Sedgman Pty Ltd (Sedgman) completed the Front-End Engineering Design (FEED) study on the Coal Handling and Preparation Plant (CHPP) to be constructed at the Ovoot Coal Mine (OCM), resulting in a capital estimate of US$77m for a 350 tonne per hour operation on an Engineer, Procure and Construct (EPC) basis.**
- **O2 Mining Limited (O2 Mining) completed the FEED study on the Erdenet Rail Terminal (ERT) infrastructure. US$17.7m is the estimated capital cost to construct the ERT on an EPC basis.**
- **Feasibility Study on road from Ovoot to Erdenet has been submitted to the Science and Technology Council for review. Terms of reference for incorporation into the detailed design, which has been progressing in parallel, are expected to be received with approval of this study.**
- **The Company's local fodder programme commenced for the 2022 year and continues to foster cooperative relations with the local and nearby communities.**
- **The Company re-commenced negotiations with the local community regarding a Community Cooperation Agreement where a fixed amount per tonne of washed coking coal produced will be allocated to important community infrastructure projects.**

- **Potential new railway connection between Sainshand and Bichigt may facilitate rail access to another Mongolia – China export gateway for Ovoot washed coking coal, as well as future access to the Dalian seaport for access to the seaborne market.**
- **End of Quarter cash balance of A$32 million (US$22 million).**

OCCP DFS Progress

For the Company to complete the Definitive Feasibility Study for the Ovoot Coking Coal Project (OCCP), additional infill drilling around the intended starter pit location is required. For this to occur, a Detailed Environmental Impact Assessment (DEIA) is required to be approved by the Ministry of Nature, Environment and Tourism (MNET), ahead of obtaining approval for an annual Environmental Management Plan in accordance with the DEIA.

The completed DEIA report has been presented to and discussed with the Professional Council appointed by the MNET, and the Company understands that all issues relating to the DEIA have been assessed, communicated and met. Required community consultation has been satisfied with overwhelming local community support for the OCCP to proceed. Written confirmation of this from the MNET is pending.

During the Quarter, the Company completed the FEED studies required for the CHPP and ERT infrastructure, as well as road engineering and design. The Company has spent $0.78 million on the OCCP over the Quarter, principally on these studies.

CHPP FEED Study

Sedgman Pty Ltd (Sedgman) was engaged by the Company to conduct a FEED study on CHPP infrastructure for the OCCP (refer *AKM (2021) Award of Contract for CHPP Study. ASX release 31 May 2021*).

During the Quarter, Sedgman submitted its final report for the CHPP FEED study as announced on the 19th of May 2022.

Key outcomes from the FEED Study include:

- Preparation of concept design with nameplate capacity of 350 tonnes per hour (tph) feed, based on a simple, robust process flowsheet comprising proven technologies.
- Incorporation of reliable equipment capable of operating more than 7,200 hours per annum and 20 years life with appropriate training and maintenance regimes in place.
- Meeting design objectives to maximise water and power efficiency, containment of potential dust emissions, and avoidance of requirement for tailings storage facility.
- Optimisation of layout conducive to future phased expansion, including product handling system capable of supporting doubling of initial throughput.
- Engineering conducted in sufficient detail to underpin ±15 per cent capital and operating cost estimates.
- Forecast construction schedule of 15 months on the ground.
- Total capital cost for construction of the described CHPP infrastructure is estimated at US$77.0 million, including assumed EPC contract margin but excluding project and owner contingency allowances.
- The increase in estimated capital cost compared to that produced in an earlier study is primarily attributable to the extensively modified scope of facilities incorporated within

the new design, which will support achieving and maintaining a social license to operate, application of more stringent design standards and a backdrop of stretched supply chains and higher capital cost environment leading to conservative and short duration price estimates.

Process Flowsheet Selection and Outline

Sedgman prepared Limn simulations to evaluate potential combinations of processing equipment. These considered use of dense media cyclones to treat the coarse fraction, spirals and reflux classifiers for fine fraction, and reflux classifiers and froth flotation for the ultrafine fraction.

The simulations were performed on a weighted average feed blend derived from all working sections available from six large diameter core samples. Results indicated that the best overall yield would be achieved from a process comprising dense media cyclones for coarse fraction treatment, and reflux classifiers for both fine and ultrafine fraction treatment.

Whilst incorporation of reflux classifiers requires slightly higher initial capital cost, payback was achieved quickly in discounted cashflow analysis on account of the increased yield achievable. It also reduces the operational complexity, allowing for simpler monitoring and control, whilst avoiding use of chemical reagents to separate ash from the product coal. The process flowsheet is displayed in Figure 1.

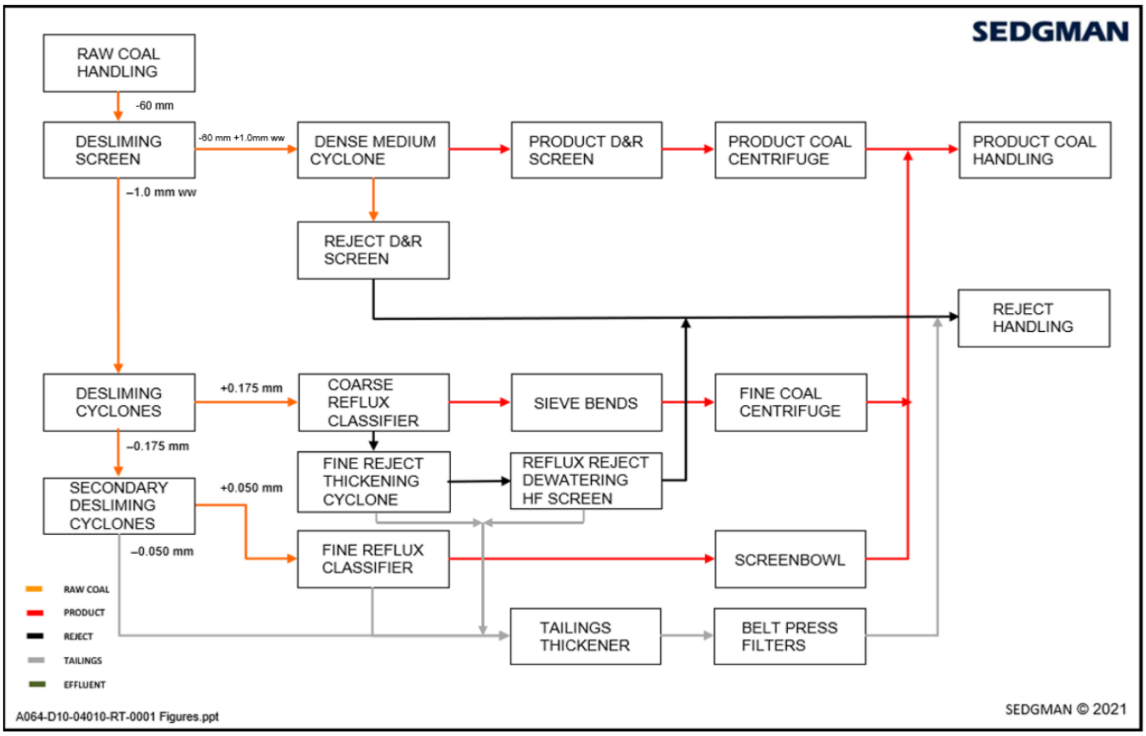


Figure 1. Process Flow Diagram

Whilst the flowsheet design is innovative, it is based upon well-known and established technology, as per a direct quote from the FEED Study report:

> *"The CHPP flowsheet and plant selection used in this facility is based on design arrangements and components which have been proven in many applications designed, constructed and in some cases operated by Sedgman."*

According to the simulation results, the chosen process flowsheet can produce a 10.5 per cent ash (air dried) product, at greater than 80 per cent yield (air dried), whilst achieving total product moisture of less than 11 per cent (as received). Such performance is of course subject to the actual quality of the ROM coal feed, which will vary.

The high yield is possible because of the soft nature of Ovoot coal (Hargrove Grind Index of 100) and the distinctive difference between the specific gravity of the coal versus inherent ash. The energy content within the separated ash is very low, and hence the proposed plant design does not include middling circuits for production of a thermal coal by-product.

By incorporating belt press filters for dewatering of fine and ultrafine tailings, the requirement for raw water to the Coal Processing Plant (CPP) is reduced. Importantly, this enables the dewatered fine and ultrafine tailings to be combined with the coarse tailings for co-disposal in the mine overburden dumps, thus avoiding requirement for a tailings storage facility (dam).

Estimated Operating Cost

The unit operating cash cost for the CHPP infrastructure is estimated to be US$2.39 per ROM tonne, when at a 2.5 Mtpa throughput rate. This includes costs for operations, maintenance and supervisory labour, maintenance parts and materials, process consumables, general and administrative expenses and sustaining capital provisions. This does not include costs for the CHPP mobile plant, delivery of raw coal, and collection of product coal and reject material (which are to be completed as part of mining and transportation activities).

Aspire provided input regarding locally sourced labour and consumables and Sedgman provided input regarding parts, materials, and capital provisions. Costs for electricity and heating are not included, pending further investigation and analysis of plausible sources, though the respective average peak and seasonal loads have been determined for this purpose.

Erdenet Terminal FEED Study

As announced to the market on 30 July 2021 (*AKM (2021) Quarterly Activities Report . ASX Release 30 July 2021)*, O2 Mining was engaged by the Company to conduct a FEED study on the ERT infrastructure for the OCCP.

This infrastructure is intended to facilitate transloading of washed coking coal from road trucks to rail wagons, and the coal handling system incorporates truck unloading, coal storage and train loadout facilities. The final report was provided and announced on 17 June 2022, with the following key outcomes:

- Conceptual designs for process infrastructure including train loadout facility of 1,700 tonnes per hour (tph), enclosed storage of 58,500 tonnes and truck unload facility of 750 tph nominal capacities.
- Conceptual designs for all non-process related supporting commercial and residential facilities, including the internal road network, site lighting and security, raw and wastewater reticulation, and electricity supply.
- Preparation of all conceptual designs compliant with the Construction Code of Mongolia and the National Fire Protection Authority (NFPA**)** requirements in relation to the process infrastructure.
- Optimisation of infrastructure layout allowing for future expansion, potentially enabling the doubling of the throughput with minimal additional capital expenditure and indicatively a one third reduction in unit operating cost.

- Engineering supportive of -10 to +25 per cent accuracy of capital and operating cost estimates. The wide range reflects the current difficulties in securing firm quotations.
- Forecast total construction schedule of 15 months including 8 months pre-construction procurement, permitting and detailed design and 7 months on-ground construction activity involving up to 170 construction workers.
- Total capital cost estimated for construction of the ERT infrastructure is US$17.7 million, including an EPC contract allowance of US$2.3 million and excluding owner's costs such as for further studies, permitting and tendering.

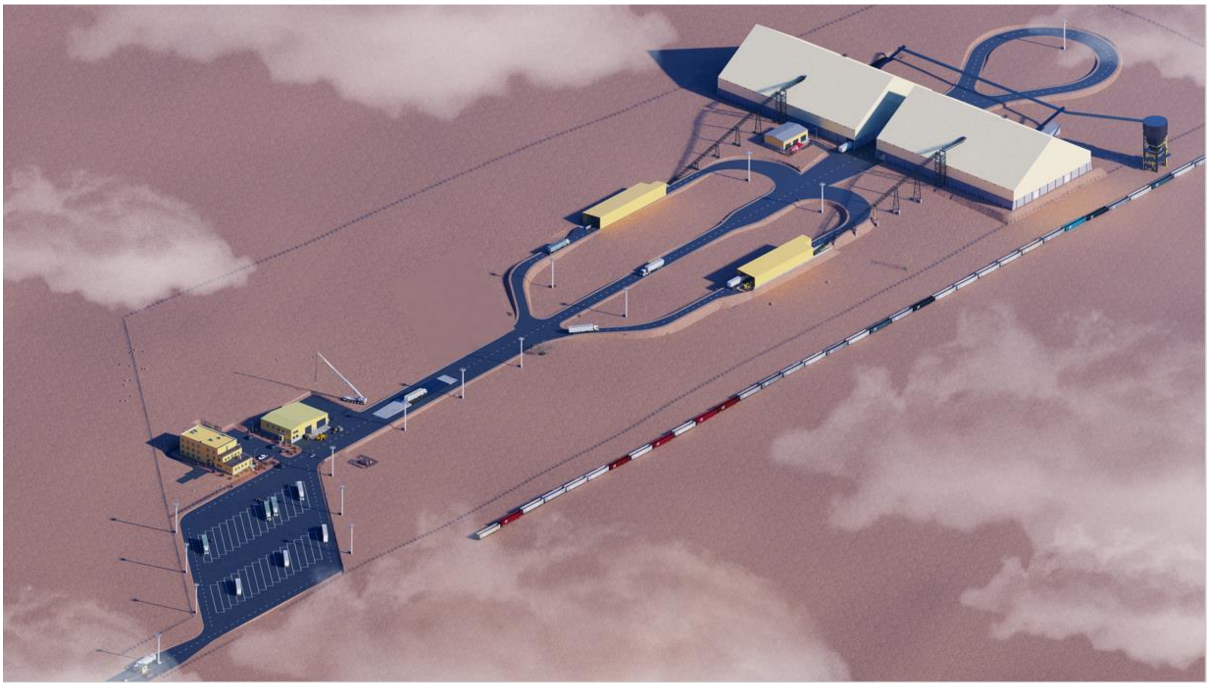


Figure 2: ERT Conceptual Schematic (inclusive of potential future expansion)

Pre-construction activities including preparation of a government compliant feasibility study, and community engagement as part of the environmental impact assessment process can now commence. Support from local government is anticipated on the basis that construction will create significant local employment and commercial opportunities.

Road Design and Planning

During the Quarter, local engineering consultants, Gobi Infrastructure Partners LLC (GIP) and ICT Sain Consulting LLC (ICT), continued development of the Feasibility Study and Detailed Design for the paved road to be used for hauling washed coking coal from the OCCP to the ERT in compliance with requirements of the Ministry of Road and Transport Development (MRTD).

The Feasibility Study section is complete and has been submitted to the Science and Technology Council appointed by the Road and Transport Development Centre for review. Submission of the Detailed Design follows approval of the Feasibility Study, which is anticipated to be received in the September quarter.

Sustainable Development Activities

The Company continues to actively engage with local government and communities within the area of intended OCCP activities.

The Company is in discussions with the Tsetserleg Soum khural (local government council) on advancement of a Community Cooperation Agreement ("CCA"). These are well structured agreements encouraged by the minerals law to ensure there is specific and well targeted benefits from resource development for local communities. An advisory board is proposed to be established between local leadership and the Company and projects are ranked, approved and funded from a Company provided pool of funds linked to production. The Company presented the draft CCA to the Tsetserleg Khural at a meeting on 25 July 2022. The Company will look to have the CCA approved before the end of 2022.

During the Quarter, the Company purchased additional cropping equipment and seed to commence the 2022 "Green Fodder Project". This is the Company's most significant investment in its community development programme with last year's programme assisting over 100 families in the region with heavily discounted, and in some instances, free fodder allocations.

This programme has been well received by the local community.

In the March quarter, the Company committed to planting 10 million trees in alignment with the President of Mongolia's 'One Billion Trees' initiative, which he announced at the COP26 World Leaders Summit in Glasgow, Scotland in November 2021.

The company started tree planting activities on a trial basis, converting a greenhouse that the company owned in the Tsetserleg soum into a tree nursery and adding an irrigation system. Planting of seeds for different types of trees, such as poplar, larch and elm commenced in the Quarter.

Logistics and Marketing Update

Further to the rail update in the March quarter, there continues to be regular and significant advances in the Mongolian Rail network, specifically focused on improving bulk commodity exports.

On 2 July 2022 the Prime Minister of Mongolia, Mr Oyun-Erdene, announced the development of the 415 km Choibalsan – Khuut – Bichigt railway with construction to commence from the China – Mongolian border post at Bichigt with an initial target capacity of 25 million tonnes per annum. The border port at Bichigt is expected to be built within two years with funding from Asian Development Bank.

This development in the east of the country is in addition to the recently completed construction of the railway to connect Tavan Tolgoi with rail connections directly south the China border at Gashuun Sukhait. (see Figure 3).

Further, Japanese engineering group Nippon Koei has conducted environmental assessments and preliminary designs for a future Sainshand – Khuut railway, which would integrate the central and eastern rail infrastructure and provide a path for Ovoot coking coal to access the Bichigt border by rail from Erdenet. This has been a long-term goal for the country's rail strategy.

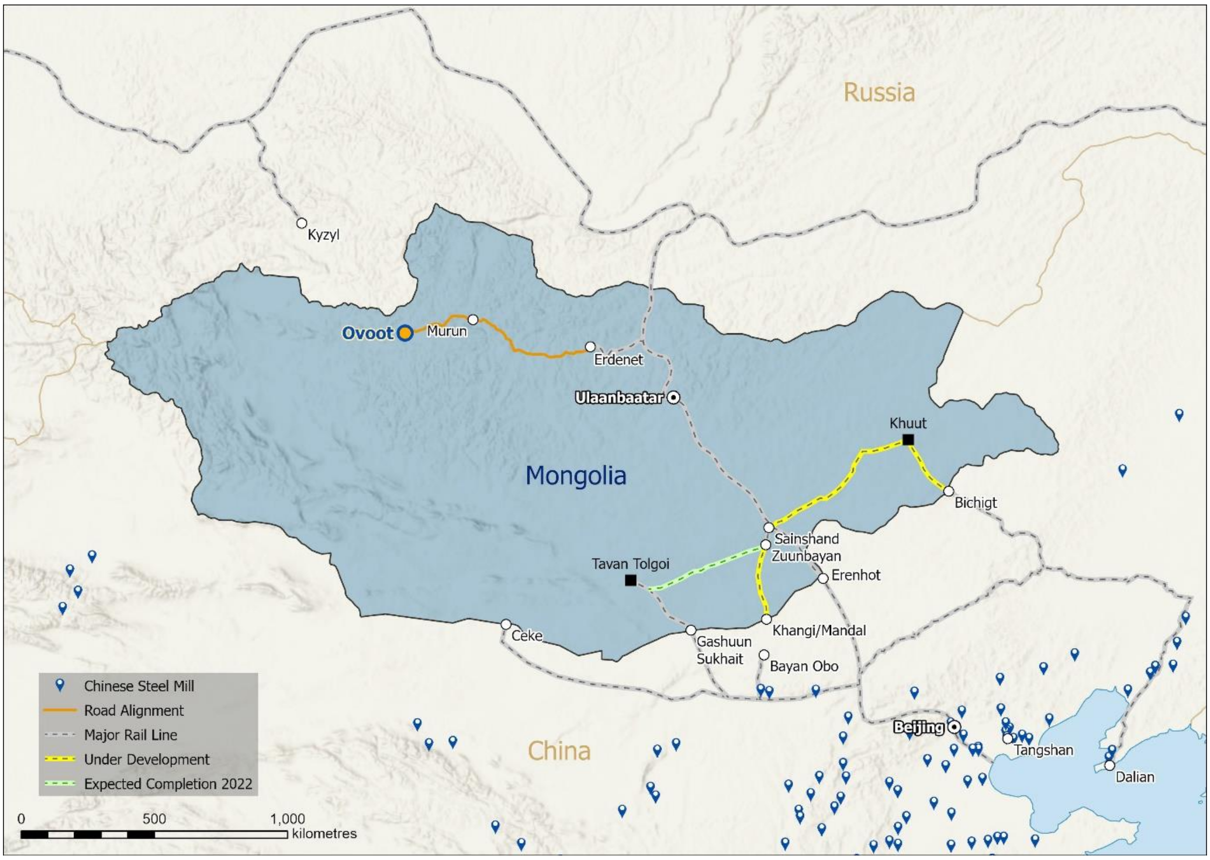


Figure 3. Mongolia's evolving rail network.

Gaining access to the Chinese rail system via the Bichigt port presents opportunity to access the high-capacity bulk commodity export port at Dandong and to the north-eastern Chinese steel industries in Jilin and Liaoning provinces, which have blast furnace capacities of approximately 11 Mt and 69 Mt respectively. This could significantly diversify Aspire's potential customer base.

Corporate

As at 30 June 2022, the Company had A$32 million (US$22 million) in cash and term deposits. The quarterly expenditure included payments to related parties of $0.15 million which comprised executive and non-executive directors' remuneration. Cash balances in Australian dollar terms increased during the quarter given the devaluation of the AUD versus USD. The exchange rate at 30 June 2022 was USD/AUD 0.68.

On 13 May Aspire's Chairman, Mr David Paull, met with the newly appointed Mongolian Ambassador to Australia, Mr D. Davaasuren, in Aspire's Perth corporate office. 2022 marks the 50th anniversary of diplomatic relations between the two countries. Discussions were around the Mongolian minerals industry and the government support for foreign investment and the resource industry in general.

Figure 4. David Paull and his Excellency Mr D. Davaasuren, Mongolian Ambassador to Australia.

Substantial beneficial shareholders as at 30 June 2022 are:

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

Capital Structure

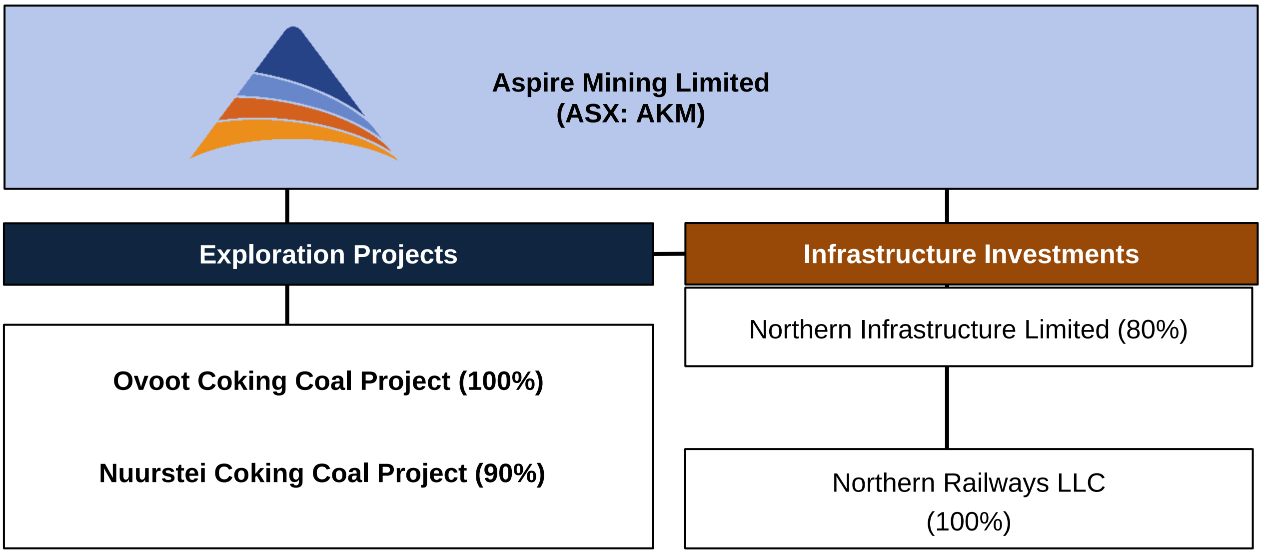
The securities on issue at 30 June 2022 were:

Security	No. on issue
Quoted Ordinary Shares	507,636,985

Interests in mining and exploration tenements at 30 June 2022

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

Group Investment Structure



This announcement is authorised for release by the Managing Director.

- Ends -

Forward Looking Statements

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

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

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

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

About Aspire Mining Limited

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

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

For more information contact:

Corporate

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Achit – Erdene Darambazar Managing Director	Aspire Mining Ltd	+976 7011 6828

Appendix 5B

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

Name of entity

ASPIRE MINING LIMITED

ABN	Quarter ended ("current quarter")
46 122 417 243	30 June 2022

	Consolidated statement of cash flows	Current quarter $A'000	Year to date (12 months) $A'000
1.	**Cash flows from operating activities**		
1.1	Receipts from customers		
1.2	Payments for		
	(a) exploration & evaluation (if expensed)		
	(b) development		
	(c) production		
	(d) staff costs	(231)	(980)
	(e) administration and corporate costs	(226)	(1,152)
1.3	Dividends received (see note 3)		
1.4	Interest received	16	58
1.5	Interest and other costs of finance paid		
1.6	Income taxes paid		
1.7	Government grants and tax incentives		
1.8	Other – GST and other taxes	21	(19)
1.9	**Net cash from / (used in) operating activities**	**(420)**	**(2,093)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire:		
	(a) entities		
	(b) tenements		
	(c) property, plant and equipment	(57)	(178)
	(d) exploration & evaluation (if capitalised)	(783)	(2,639)
	(e) investments		
	(f) other non-current assets		

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (12 months) $A'000**
2.2	Proceeds from the disposal of:		
	(a) entities		
	(b) tenements		
	(c) property, plant and equipment		
	(d) investments		
	(e) other non-current assets		
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other (provide details if material)		
2.6	**Net cash from / (used in) investing activities**	**(840)**	**(2,817)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)		
3.2	Proceeds from issue of convertible debt securities		
3.3	Proceeds from exercise of options		
3.4	Transaction costs related to issues of equity securities or convertible debt securities		
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings		
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)		(10)
3.10	**Net cash from / (used in) financing activities**		**(10)**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	30,658	34,174
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(420)	(2,093)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(840)	(2,817)
4.4	Net cash from / (used in) financing activities (item 3.10 above)		(10)

Consolidated statement of cash flows		Current quarter $A'000	Year to date (12 months) $A'000
4.5	Effect of movement in exchange rates on cash held	2,592	2,736
4.6	**Cash and cash equivalents at end of period**	**31,990**	**31,990**

5.	**Reconciliation of cash and cash equivalents** at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	**Current quarter $A'000**	**Previous quarter $A'000**
5.1	Bank balances	27,266	26,323
5.2	Call deposits	4,724	4,335
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**31,990**	**30,658**

6.	**Payments to related parties of the entity and their associates**	**Current quarter $A'000**
6.1	Aggregate amount of payments to related parties and their associates included in item 1	147
6.2	Aggregate amount of payments to related parties and their associates included in item 2	

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

7.	**Financing facilities** *Note: the term "facility' includes all forms of financing arrangements available to the entity.* *Add notes as necessary for an understanding of the sources of finance available to the entity.*	**Total facility amount at quarter end $A'000**	**Amount drawn at quarter end $A'000**
7.1	Loan facilities		
7.2	Credit standby arrangements		
7.3	Other (please specify)		
7.4	**Total financing facilities**		

7.5	**Unused financing facilities available at quarter end**	

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

8.	**Estimated cash available for future operating activities**	**$A'000**
8.1	Net cash from / (used in) operating activities (Item 1.9)	(420)
8.2	Capitalised exploration & evaluation (Item 2.1(d))	(783)
8.3	Total relevant outgoings (Item 8.1 + Item 8.2)	(1,203)
8.4	Cash and cash equivalents at quarter end (Item 4.6)	31,990
8.5	Unused finance facilities available at quarter end (Item 7.5)	-
8.6	Total available funding (Item 8.4 + Item 8.5)	31,990
8.7	**Estimated quarters of funding available (Item 8.6 divided by Item 8.3)**	26

8.8 If Item 8.7 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

   Answer: N/A

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

   Answer: N/A

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

   Answer: N/A

Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.

Sign here: ....
Print name: Phil Rundell
Company Secretary

Date: 29 July 2022

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

Notes

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