

Aspire Mining Limited

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ASX RELEASE



For Immediate Release – 31 October 2023

QUARTERLY ACTIVITIES REPORT

Quarter Ended 30 September 2023

Aspire Mining Limited (ASX: **AKM**, **Aspire**, or the **Company**) is developing metallurgical coal assets in northwestern Mongolia, with current focus on permitting, engineering, and financing for its wholly owned Ovoot Coking Coal Project (**OCCP**).

Company Highlights

- **Market capitalisation of A\$39.1 million (as at market close 30 October 2023), with combined cash in bank and bond investments totalling A\$27.6 million (as at 30 September 2023), and zero debt.**
- **100% ownership of the Ovoot Coking Coal Project, for which:**
 - **Valid mining license was granted in 2012, valid for 30 years, and extendable twice by 20-year periods;**
 - **Detailed Environmental Impact Assessment (“DEIA”) for mining operations is approved by the Ministry of Nature, Environment and Tourism (“MNET”);**
 - **Feasibility Study for mining operations is approved by the Mineral Resources and Petroleum Authority of Mongolia (“MRPAM”); and**
 - **Applications for remaining major permissions including DEIA for Coal Handling and Preparation Plant (“CHPP”) and Detailed Design and DEIA for paved road development are planned to be submitted in the December quarter.**

The Company hereby presents its Quarterly Activities Report for the quarter ending 30 September 2023 (the **Quarter**).

Quarter Highlights

- **Preliminary evaluation of coal and coke marketing samples prepared from the float/sink testing of Ovoot coal by a group of independent, Chinese, coal and coke industry experts indicates that the coal will be considered as an ‘FM36 Metabittuminous’ type of coal in the Chinese classification system and is colloquially referred to as a ‘fat coal’ and a ‘scarce coal’.**

- **Approval was received from Ulaanbaatar Tumor Zam for Feasibility Study conducted on trackwork required to enable connection of the planned coal unloading and loading facility adjacent to the Salkhit – Erdenet railway line.**
- **General Environmental Impact Assessments (“GEIAs”) were received from officers of the MNET in relation to the Company’s planned CHPP and paved road development. With these the Company can finalise preparation of the subsequent DEIAs, consult with local communities, and submit these for approval.**

OCCP Development

During the Quarter, the Company invested A\$0.65 million on exploration and evaluation activities, which were related to development of the OCCP. The main purposes for this investment expenditure included in relation to testing and evaluation of coal and coke marketing samples, completion of Feasibility Study in relation to trackwork infrastructure to facilitate the coal transloading terminal planned near Erdenet, and community relations activities.

Mining

The major permissions required for the Company to commence mining activities have already been acquired. These include a valid mining license, and government approved Feasibility Study and DEIA. The commencement of overburden stripping is not on critical path, with less than 12 months stripping operation expected required to uncover the first coal scheduled for processing.

SRK Consulting MGL LLC is engaged to produce an updated JORC (2012) compliant Coal Resource estimate, incorporating the latest geological information obtained, and thoroughly reviewing all historical information available and its interpretation. Following this, it is planned that work will continue to update the JORC (2012) compliant Coal Reserve estimate in alignment with update to date plans and input assumptions.

In this regard, output from an independent group of Chinese coal and coke industry experts regarding coal classification and value in use will be incorporated, in conjunction with market price appraisal for such product to be undertaken in the December quarter by a reputable independent Chinese coal industry analyst.

The Life-of-Mine plan prepared as basis to update the estimate of JORC (2012) compliant Coal Reserve will be used to underpin an Independent Technical Report to be produced to support the raising of project finance.

Processing

Feasibility Study for the CHPP planned for construction within the Ovoot mining license has already been approved by MRPAM. The design within this Feasibility Study was based upon the design and technologies incorporated into the Front End Engineering Design (“FEED”) study prepared prior by Sedgman Pty Ltd.

This comprised a three-circuit wet processing layout including dense medium cyclones separation of coarse coal, and reflux classifier separation of fine and ultrafine coal separation. The nameplate capacity is 350 tph, and it is considered capable to operate for up to 7200 hours per annum, and for a design life of 20 years.

From the outset of design, stringent focus was placed upon control of potential fugitive dust and maximising the efficiency of water use. The complex designed by Sedgman and included for in the approved Feasibility Study prepared by Goldman Project LLC, included for enclosures containing potential sources of dust and filter press technology to ensure maximum water recovery and reuse.

During the Quarter, an Order and Conclusion was received from the MNET which together comprised the GEIA for the Ovoot CHPP. The DEIA has subsequently been updated and will be presented to the local community ahead of submission to the MNET for approval.

The approved DEIA in relation to mining activities within the Ovoot license has already highlighted that processing activities are planned to be undertaken within the license area. On basis that the proposed design includes world class infrastructure, designed to prevent dust generation, and minimize water consumption, approval of the Professional Council within the MNET is anticipated to be obtained within the December quarter.

Transportation

During the Quarter an Order and Conclusion was received from the MNET constituting the GEIA for the proposed road to be constructed to facilitate haulage of washed product coking coal from the Ovoot CHPP to planned railway transloading facility to be constructed near Erdenet. This has allowed for preparation of the DEIA to be finalised, and for official community consultations to occur with local communities along the route. This consultation will build upon the preliminary consultations already throughout communities along the planned route across the spring and summer months.

Community relations employees, and environmental and road design consultants representing the Company have commenced official presentation of the DEIA at autumn bagh meetings of communities along the route. A bagh represents the lowest administrative sub-division of territory in the Mongolian countryside, and there are in total nine baghs through which the route passes. Presentation at such meetings is subject to meeting scheduling and inclusion on the meeting agenda, however the Company is confident that all nine communities will be presented to prior to winter to enable submission of the DEIA to the MNET for review and approval.

The Detailed Design for road proposed to be constructed was largely completed by ICT Sain Consulting LLC, with only minor amendments requiring additional work to complete prior to being able to submit for expert review and subsequently approval from the Ministry of Road and Transportation Development. Gobi Infrastructure Partners LLC also completed work in to assess an existing major bridge planned to be used, and determined that it is structurally sound for use by the coal haulage vehicles planned to be used.

Logistics

During the Quarter a Feasibility Study prepared by Start Alliance LLC on the trackwork required within the Erdenet – Salkhit railway line to facilitate access to the planned coal unloading and loading facility to transload coal from trucks to rail wagons was completed and approved by Ulaanbaatar Tumor Zam (UBTZ), the national rail operator. Further approval is now required from the MRTD, however it is of note that the included track design was based upon the conceptual layout previously supported by a combined working group from UBTZ and MRTD.

This approved Feasibility Study will be used in conjunction with a Feasibility Study to be prepared on the coal unloading and loading infrastructure (based upon the FEED study already completed by O2 Mining Limited), by Erdeny Nogoolin LLC to prepare Environmental Impact

Assessments for approval. The administration of Jargalant soum have been quite supportive of the proposed terminal development thus far, and in conjunction with the world class infrastructure planned, this is expected to progress smoothly.

Community Relations and Sustainable Development

Green Fodder Project

The Company has been implementing the Green Fodder Project since 2021. This program has involved the cropping of approximately 200 hectares of land within the Ovoot mining license area each year. Historically, the same parcel of land was worked similarly under collective farming arrangements in place prior to the 1990 Democratic Revolution. This historical activity had stalled since then, to the detriment of the local livestock industry, as result of lack of local investment capability.

By promoting this project, the Company is having a positive impact on the local community, as result of producing fodder which is being donated and sold under subsidized arrangement to local herders, as well as creating employment opportunities for local people during the planting and harvesting seasons.

The 200 hectares of land under crop is wholly within the Ovoot mining license, approximately 3 km from where mining is planned to commence, 1 km from where processing infrastructure is planned to be constructed, and adjacent to where washed product is to be transported across paved road planned to be built. The Company intends to continue the Green Fodder Project as a means of demonstrating that agriculture and mining can coexist successfully.



Figure 1. Harvesting the fodder at the end of the growing season.

After an excellent growing season, in which there was adequate precipitation and unusual, sustained warmer temperatures through until late September, a bumper 2023 harvest is expected. By mid-October, with the harvest still underway, fodder production had already surpassed that of the inaugural 2021 harvest, and drought affected 2022 harvest combined.

The fodder produced from the 200-hectare plot is being gathered within the grounds of the Ovoot exploration camp, for inventorying ahead of distribution to the local community. Priority access will be given to local community members from Tsetserleg soum for the consumption of their own animals, and further afield into neighbouring soums along the planned road route as stock allows.



Figure 2. Local community assisting with baled fodder collection.



Figure 3. Fodder from the 2023 harvest stockpiled at the Ovoot exploration camp ahead of distribution.

Baseline Environmental Monitoring

Ahead of the commencement of construction or operations within the Ovoot mining license, the Company is working to acquire baseline environmental data with focus on air, surface water, ground water, and soil qualities. Regular measurements are being taken at defined locations inside and outside the mining license area, by accredited third parties.

During the Quarter, the 'Zavkhan Province Water and Climate Environment Analysis Center' was engaged to conduct air, water and soil sampling and analyses. Examples of this work in progress being conducted by their officers is shown in Figure 4 and Figure 5. All samples collected when analysed returned results in compliance with relevant Mongolian standards.

Work was also completed during the Quarter in preparation of establishing permanent air quality monitoring stations around the Ovoot project, which are expected to be operational withing 2024. This will provide for continuous air quality monitoring, against which the accredited third-party point source data can be compared. This monitoring information will be able to be published live, to facilitate transparency of performance monitoring.



Figure 4. Collection of water samples from the Tes river, downstream from the Ovoot mining license.



Figure 5. Collection of water samples from the seasonal Mogoi river, upstream from the Ovoot mining license

Logistics and Marketing

During the Quarter, just short of 15.5 million tonnes ("Mt") of coking coal was imported from Mongolia into China, according to the General Administration of Customs of the People's Republic of China ("GAPRC").

This represents a significant increase in comparison to 2022, and the total of 37.7 Mt of coking coal imported from Mongolia to China year-to-date by end of September represents record year-to-date tonnage, surpassing pre-COVID levels of trade, and is on track to surpass 50 Mt in 2023.

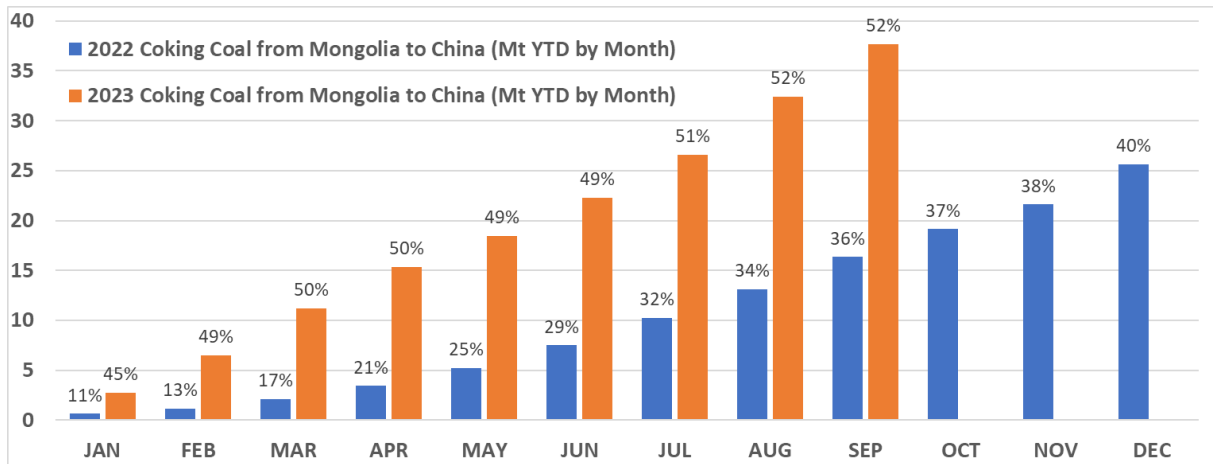
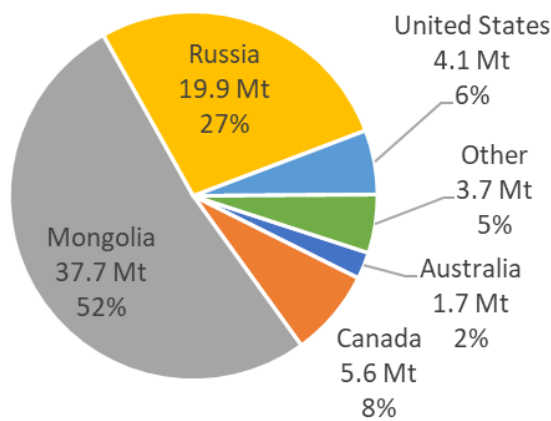


Figure 6. Mongolian coking coal Imported into China YTD by Month 2022-23 (Source: GACPRC).

The Mongolian Customs General Administration reported that 48.8 Mt of total coal (including thermal coal products) had been exported by the end of September 2023, surpassing the total amounts achieved in 2022 (37.7 Mt) and budgeted in 2023 (50.0 Mt). With such levels of coal export having made significant, positive economic contribution, Mongolia’s Minister of Finance, Mr B.Javkhlan, recently stated the minimum target for total coal export in 2024 would be 60 Mt.



The Mongolian share of total Chinese coking coal imports year-to-date has increased to 52 per cent as shown in Figure 7 and continues to trend upwards month-by-month per Figure 6.

The index prices for comparable coals remained robust during the Quarter, recovering from the recent lower levels seen during the June quarter, as shown in Figure 8, and have held steady since the Golden Week public holidays in China in early October.

Figure 7. Coking Coal imported into China by Source, September 2023 YTD (Source: GACPRC)

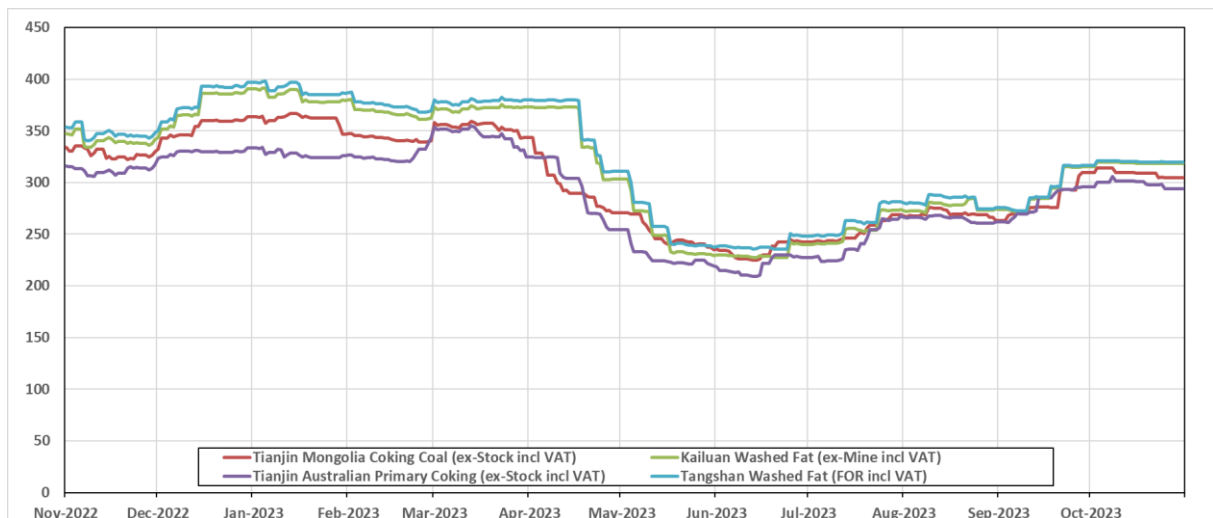


Figure 8. Index Prices for Comparable Coals (Source www.fwenergy.cn, www.wsj.com).

Corporate

At the end of the Quarter the Company held A\$12.04 million in cash and cash equivalents, which represents a A\$0.88 million reduction from the end of the June Quarter. Additional to the cash and cash equivalents, the Company continues to hold a portfolio of major Australian bank senior debt and covered bonds denominated in US\$ (the “**Bond Portfolio**”) which was worth approximately A\$15.60 million at the end of Quarter.

Within the Quarter a total of A\$1.41 million was spent by the company, however the end of Quarter cash and cash equivalent balance only reduced by A\$0.88 million as result of \$A0.24 million in investment earnings and A\$0.29 million in unrealised gains as result of foreign currency fluctuation. This quarterly expenditure included payments to related parties of A\$0.05 million, comprising executive and non-executive directors’ remuneration.

Substantial Shareholders at the end of the Quarter

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

Capital Structure at end of the Quarter

Security	Number on Issue
Quoted Ordinary Shares	507,636,985
Unquoted Performance Rights	5,000,000

Tenement Information

As at the end of the Quarter, the company had interests in the following tenements. There were no changes in the Company’s interests in tenements during the quarter.

Tenement	License	Commodity	Location	Attributable Equity
Ovoot	MV-017098	Coal	Khuvs gul, Mongolia	100%
Nuurstei	MV-020941	Coal	Khuvs gul, Mongolia	90%

Coal Resources and Coal Reserves

The JORC (2012) Coal Resources and Coal Reserves estimated to exist within the tenements controlled by the Company are as follows in Table 1 through Table 3.

Table 1. Ovoot Coal Resources (Mt)

Category	Open Pit	Underground	Total
Measured	197.0	0.0	197.0
Indicated	46.9	25.4	72.3
Inferred	9.2	2.6	11.8
Total	253.1	27.9	281.0

Table 2. Ovoot Coal Reserves (Mt)

Location	Probable (Mar = 2.0%)	Total (Mar = 2.0%)	Marketable (Mar = 9.5%)
Open Pit	247	247	182
Underground	8	8	6
Total	255	255	188

Note: The technical information and competent persons statements for the Ovoot Coal Reserves and Resources are reported in the Company’s ASX announcements dated 02 November 2012, 31 July 2013, and 30 January 2013 (December 2013 Quarterly

Activities Report) which are available to view on the Company's website. The Company confirms that it is not aware of any new information or data that materially affects the information included in the announcements, and that all material assumptions underpinning the estimates continue to apply and have not materially changed.

Table 3. Nuurstei Coal Resources (Mt)

Category	Total
Measured	197.0
Indicated	72.3
Inferred	11.8
Total	281.0

Note: The technical information and competent persons statements for the Nuurstei Coal Resources is taken from the Company's ASX announcement dated 13 April 2016 which is available to view on the Company's website. The Company confirms that it is not aware of any new information or data that materially affects the information included in the announcement, and that all material assumptions underpinning the estimates continue to apply and have not materially changed.

This announcement is authorised for release by the Board of Directors.

– Ends –

Forward Looking Statements

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

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

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

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

About Aspire Mining Limited

Aspire Mining Limited (ASX: AKM) is 100% owner of the Ovoot Coking Coal Project, and 90% owner of the Nuurstei Coking Coal Project, both located in Khuvsgul aimag of north-western Mongolia. The Company is focused upon engineering, permitting, and financing the Ovoot Coking Coal Project to facilitate mining coal via open pit methods, beneficiating the coal onsite, transporting the washed coking coal by truck to a Company owned coal unloading and loading facility near Erdenet, and deliver onward via rail to customers in China, Russia and beyond utilising the existing trans-Mongolian rail network.

For more information, please contact:

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Appendix 5B

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

Name of entity

Aspire Mining Limited

ABN

46 122 417 243

Quarter ended ("current quarter")

30 September 2023

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers		
1.2 Payments for		
(a) exploration & evaluation	-	-
(b) development	-	-
(c) production	-	-
(d) staff costs	(422)	(422)
(e) administration and corporate costs	(343)	(343)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	236	236
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)	5	5
1.9 Net cash from / (used in) operating activities	(525)	(525)

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	(6)	(6)
(d) exploration & evaluation	(643)	(643)
(e) investments	-	-
(f) other non-current assets	-	-

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

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other	-	-
2.6	Net cash from / (used in) investing activities	(649)	(649)

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	-	-
3.10	Net cash from / (used in) financing activities	-	-

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	12,923	12,923
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(525)	(525)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(649)	(649)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-

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

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	293	293
4.6	Cash and cash equivalents at end of period	12,042	12,042

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	1,709	3,279
5.2	Call deposits	10,333	9,644
5.3	Bank overdrafts	-	-
5.4	Other	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	12,042	12,923

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	56
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.

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

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i>		
<i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
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)	(525)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(643)
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(1,168)
8.4 Cash and cash equivalents at quarter end (item 4.6)	12,042
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	12,042
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	10
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1 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	
8.8.2 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	
8.8.3 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	
<i>Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.</i>	

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.

Date: 31 October 2023

The Board of Directors

Authorised by:

(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.