ASPIRE
MINING LTD

ANNUAL REPORT
2018

CORPORATE INFORMATION

ASPIRE MINING LIMITED
ABN 46 122 417 243

DIRECTORS
Mr David Paull (Executive Chairman)
Mr Gan-Ochir Zunduisuren (Executive Director)
Mr Neil Lithgow (Non-Exec Director)
Ms Hannah Badenach (Non-Exec Director)
Mr Alex Passmore (Non-Exec Director)

COMPANY SECRETARY
Mr Philip Rundell

REGISTERED OFFICE
Level 9, 182 St George's Terrace
Perth, WA 6000 AUSTRALIA
Telephone: +61 8 9287 4555
Email: info@aspiremininglimited.com

PRINCIPAL PLACE OF BUSINESS
AUSTRALIA
Level 9, 182 St George's Terrace
Perth, WA 6000

MONGOLIA
Sukhbaatar District, 1st Khoroo
Chinggis Avenue-8
Altai Tower, 3rd Floor, Room 302
Ulaanbaatar 14253

WEBSITES
ASPIRE MINING LIMITED
www.aspiremininglimited.com

SHARE REGISTRY
Security Transfer Australia Pty Ltd
770 Canning Highway
Applecross WA 6153 AUSTRALIA
Telephone: 1300 992 916
Email: registrar@securitytransfer.com.au

SOLICITORS
Corrs Chambers Wesgarth Lawyers
Level 6, Brookfield Place Tower 2
123 St Georges Terrace
Perth WA 6000 AUSTRALIA

BANKERS
National Australia Bank
Level 1, 1238 Hay Street
West Perth WA 6005 AUSTRALIA

AUDITORS
HLB MANN JUDD
Level 4, 130 Stirling Street
Perth WA 6000 AUSTRALIA

KPMG
Suite 602, 6th Floor, Blue Sky Tower
Peace Avenue 17
Sukhbaatar District, 1 Khoroo
Ulaanbaatar 14200 MONGOLIA

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CHAIRMAN'S LETTER

Dear Aspire Shareholders,

After a number of years of incremental progress while the Company conserved cash expenditure in the face of weak capital markets, 2017\2018 has certainly become a watershed year.

In July 2017 the Company completed a small placement as well as the acquisition of the remaining half of the ECJV which increased the Company's ownership of the Nuurstei Coking Coal Project to 90%. In October 2017 the Company secured a 30 year Mining License over the project.

In December 2017 the Company completed a 6 for 5 Rights Issue which raised A$16.5 million to reduce debt and fund a development of the newly acquired Nuurstei Coking Coal Project.

The Company immediately commenced a feasibility study and worked on getting an infill drilling programme completed at Nuurstei with a view to commence a road based hard coking coal project in 2019 delivering coal to the nearest rail head at Erdenet. However, there was a concerted local protest effort and drilling was delayed as further negotiations on local community agreements continued and the Company responded to the politically motivated localised opposition.

Meanwhile the Company started to investigate trucking options for the world class Ovoot Coking Coal Project to deliver washed coking coal to Erdenet.

We also saw a Feasibility Study for the Erdenet to Ovoot Railway Project completed by China Gezhouba Group (CGGC) in April 2018 confirming the overall cost of the rail line at US$1.25bn. The Concession Agreement was later amended to include CGGC as a joint EPC Contractor with the Concession time line to complete all conditions precedent later extended by 18 months out through to February 2020.

In August 2018 we announced a $15 million Strategic Financing Package with Mr Tserenpuntsag, a new major Mongolian shareholder who had bought a substantial stake in the Company on market, recognising the deep value that the Company represented. The Strategic Financing Package is subject to shareholder approval and will see Mr Tserenpuntsag's interest in the Company rise to 27%. The Company and Mr Tserenpuntsag are aligned in refocusing the company on an early trucking based development of the Ovoot Project (the Ovoot Early Development Project) which will direct the Company's activities into 2019.

It will also lead to Mongolian ownership of Aspire increasing to nearly a third, making the company a true Australian/Mongolian partnership.

There is no doubt a heightened interest in Coking Coal with the medium term pricing outlook looking stable and the supply side suffering from a lack of investment over the last few years. We look forward to 2019 with great optimism and expect accelerated progress toward development of the Company's quality portfolio of assets.

As always, I would like to thank our very supportive shareholders and staff for their hard work in what was a watershed year for the Company.

David Paull

Chairman

OPERATIONAL OVERVIEW

REVIEW OF OPERATIONS

Listed on the Australian Stock Exchange, Aspire Mining Limited (ASX: AKM, Aspire or the Company) is a metallurgical coal resource development and infrastructure company with its assets in Mongolia.

STRATEGY

The Company's strategy is to create wealth for its shareholders through the discovery and development of metallurgical coal deposits. The Company chose to focus on Mongolia due to its favourable geology for metallurgical coal and close access to China, the world's largest consumer of metallurgical coal.

Metallurgical or coking coal is used in a blast furnace to reduce iron ore and provide carbon to produce steel. In 2017 around 72% of all steel produced globally required coking coal. Steel is a fundamental building block for industrialised economies.

The specifications for metallurgical coal are demanding and only a small proportion of all coal deposits globally have the necessary combination of properties. Mongolia is one of the few regions in the world where the geological conditions are conducive to hosting large metallurgical coal deposits with the country exporting 33 million tonnes of coking coal in 2017, nearly entirely into China. This made Mongolia the largest exporter of metallurgical coal into China.

Since commencing operations in Mongolia in 2010 the Company has made a discovery of the world class Ovoot Coking Coal Project, acquired 90% of and established resources for the much smaller but still very high quality Nuurstei Hard Coking Coal Project and established a Public Private Partnership with the Mongolia Government to build, operate then transfer the Erdenet to Ovoot Railway, required to fully develop and commercialise the Ovoot Coking Coal Project.

MONGOLIA IS ONE OF THE FEW REGIONS IN THE WORLD WHERE THE GEOLOGICAL CONDITIONS ARE CONDUCIVE TO HOSTING LARGE METALLURGICAL COAL DEPOSITS WITH THE COUNTRY EXPORTING 33 MILLION TONNES OF COKING COAL IN 2017.

METALLURGICAL COAL MARKET COMMENTARY

Robust international coking coal prices were in evidence throughout the 2018 financial year, with the Newcastle FOB Hard Coking Coal price traded in a tight range for the majority of the year to close at ~$US215/t.

Tight global supply together with Chinese structural shifts provided key support to metallurgical coal prices during the period, as China offset smaller regional blast furnaces closures by establishing new larger coastal furnaces as it moves to eliminate high cost/marginal steel production capacity. At the same time, its in-country metallurgical coal production increasingly moves from the Shanxi to the deeper, higher sulphur Taiyuan formation. Both factors drove increased Chinese steel mill demand for higher fluidity, lower sulphur imported coking coals.

Thermal coal prices rising toward US$100/t also contributed indirect support to the metallurgical coal complex - absorbing some low yield coal production from entering the SSCC/PCI market.

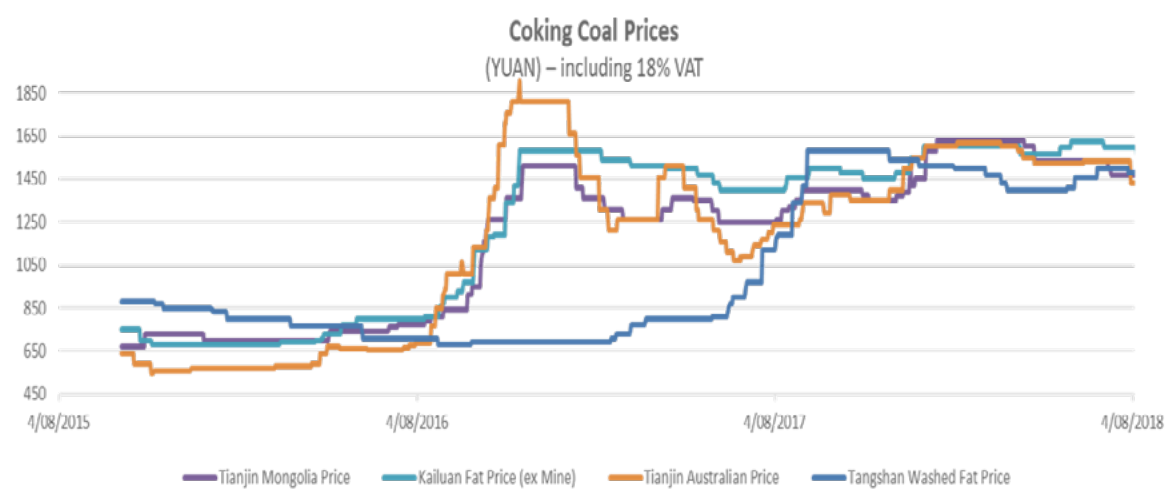

Figure 1: Coking Coal Prices. Source: sxcoal.com

COAL PROJECTS

OVOOT COKING COAL PROJECT (100%)

The Ovoot Coking Coal Project (Ovoot) is a world class coking coal discovery in Northern Mongolia. Based on a 2013 Pre-feasibility Study the project can produce up to 10 million tonnes per annum of a “fat” coking coal. Fat coking coal is highly desirable in the Chinese market due to its excellent blend carrying characteristics and the ability to improve coke quality when blended with lower quality coking coals.

In August 2012 the Company received a mining license granting a minimum 30 year tenure over the deposit.

In order to maximise value from the Ovoot Project and minimise operating costs a rail connection to the central Mongolian rail system is required. Hence the establishment of Northern Railways LLC to progress this important infrastructure project. However, with the improved coking coal market, the Company is now investigating an initial road based trucking solution to the nearest rail heading at the northern Mongolian city of Erdenet while waiting for rail funding. This would be targeting available rail capacity along the main line of 3 to 4 million tonnes per annum.

This trucking option has been labeled the Ovoot Early Development Project (OEDP) and is now the subject of preliminary feasibility studies. This presents as a very exciting opportunity as it will provide an early start to material production and cash flow from this world scale project.

Ovoot Coking Coal Project JORC Coal Reserves and Resources					
Deposit	**Probable Reserves**	**Measured**	**Indicated**	**Measured + Indicated**	**Inferred Resources**
Ovoot Open Pit(2)	247.0	197.0	46.9	243.9	9.2
Ovoot Underground(2)	8.0	-	25.4	25.4	2.6
Nuurstei(3)	-	-	4.8	4.8	8.1
TOTAL	**255.0**	**197.0**	**77.1**	**274.1**	**19.9**

Notes:

1. *Ovoot's Resource and Reserve estimates have been estimated by independent third parties (Xstract Mining Consultants Pty Ltd) and are reported in accordance to the JORC 2012 Code. Various visual and statistical checks were made to validate the results.*

2. *For full JORC 2012 disclosure in relation to the Ovoot project JORC 2012 Coal Resources and Reserves, refer the Company's Quarterly Report for the period ended 31 December 2013. The Company is not aware of any new information or data that materially affects the information included in this December 2013 Quarterly Report. All material assumptions and technical parameters underpinning the estimates in the December 2013 Quarterly Report continue to apply and have not materially changed.*

3. *There have been no changes to the JORC 2012 Coal Resources and Reserves reported in the December 2013 Quarterly Report.*

4. *The JORC Code (2012) compliant Ore Reserves and JORC compliant Mineral Resources for the Nuurstei Coking Coal Project is reported in the Company's ASX Announcement dated 13 April 2016.*

Competent Persons Statement – Ovoot Coking Coal Project

In accordance with the Australian Securities Exchange requirements, the technical information contained in this announcement in In accordance with the Australian Securities Exchange requirements, the technical information contained in this announcement in relation to the JORC Code (2012) Compliant Coal Reserves and JORC Compliant Coal Resource for the Ovoot Coking Coal Project in Mongolia has been reviewed by Mr Ian De Klerk and Mr Kevin John Irving of Xstract Mining Consultants Pty Ltd.

The Coal Resources at Ovoot Project documented in this release are stated in accordance to the JORC Code, 2012. They are based on information compiled and reviewed by Mr. Ian de Klerk who is a Member of the Australasian Institute of Mining and Metallurgy (Member #301019) and is a full time employee of Xstract Mining Consultants Pty Ltd. He has more than 20 years' experience in the evaluation of coal deposits and the estimation of coal resources. Mr. de Klerk has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration to qualify him as a Competent Person as defined in the JORC Code, 2012. Neither Mr. de Klerk nor Xstract have any material interest or entitlement, direct or indirect, in the securities of Aspire Mining Limited or any companies associated with Aspire Mining Limited. Fees for work undertaken are on a time and materials basis. Mr. de Klerk consents to the inclusion of the Coal Resources based on his information in the form and context in which it appears.

The Coal Reserves at Ovoot Project documented in this release are stated in accordance with the guidelines set out in the JORC Code, 2012. They are based on information compiled and reviewed by Mr. Kevin Irving who is a Fellow of the Australasian Institute of Mining and Metallurgy (Member #223116) and is a full time employee of Xstract Mining Consultants Pty Ltd. He has more than 35 years' experience in the mining of coal deposits and the estimation of Coal Reserves and the assessment of Modifying Factors. Mr. Irving has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration to qualify him as a Competent Person as defined in the JORC Code, 2012. Neither Mr. Irving nor Xstract have any material interest or entitlement, direct or indirect, in the securities of Aspire Mining Limited or any companies associated with Aspire Mining Limited. Fees for work undertaken are on a time and materials basis. Mr. Irving consents to the inclusion of the Coal Reserves based on his information in the form and context in which it appears.

NUURSTEI COKING COAL PROJECT (90%)

The Nuurstei Project was the Company's focus for much of 2018. The Company completed the acquisition of the additional 45% interest in the Nuurstei Project in July 2017 from Noble Group for US$1 million and in October 2017 received a mining license granting 30 year tenure over the licensed area.

In the latter half of 2017 the Company refocused its efforts on the Nuurstei Project as a potential truck based operation delivering coal to the rail head at Erdenet. With funding from the 6 for 5 Rights Issue that was completed in December 2017, the Company commenced a feasibility study for the Nuurstei Project. This included a drilling programme designed to convert existing Inferred Resources into Measured and Indicated Resources as well as logistics studies and product market assessment. The latter included the purchase of 90,000 tonnes of raw coking coal from an open pit mine adjacent to Nuurstei where the Company would acquire the coal and test logistics assumptions prior to Nuurstei production. To the end of June 2018, the Company has not acquired any coal under this arrangement although mining activities were underway.

The Company was not able to make any real progress with the drilling programme due to substantial local opposition to the drilling activity, notwithstanding that the Company had approval from the local village authorities. There was initially a misunderstanding that drilling meant a mining activity. Mining would have required additional permits and local community agreement that outlined the community investment the Company would make during the life of mine. The opposition was sustained by organised protests that essentially are anti mining and development.

With the redirection towards the OEDP, the emphasis has been on engaging with the airmag level administration with the Nuurstei Drilling Programme to continue to be deferred. The other feasibility study activities however successfully identified capacity capabilities on the existing Mongolian Rail system and road transport costs that supported the preliminary investigations into the OEDP.

Nuurstei Project JORC Total Coal Resources at 31 December 2015 (JORC 2012 Compliant) [1, 2, 3]											
Potential Mining Method	**Depth Interval (m)**	**Measured (A)**			**Indicated (B)**			**(A+B)**	**Inferred**		
		Tonnes (mt)	Quality CV (kcal/kg)	Quality Ash (%)	Tonnes (mt)	Quality CV (kcal/kg)	Quality Ash (%)	Tonnes (mt)	Tonnes (mt)	Quality CV (kcal/kg)	Quality Ash (%)
OC	BOC – BOW[5]	-			0.41			0.41	0.5		
OC	BOW – 50	-			1.18			1.18	1.5		
OC	50 – 100	-			1.72			1.72	2.3		
-	100 – 150	-			1.10			1.10	2.1		
-	150 – 200	-			0.34			0.34	1.7		
Total		-	-	-	4.75	-	36%	4.75	8.1	-	-
Total Resources (Rounded)		-	-	-	**4.8**	-	**36%**	**4.8**	**8**	-	-

Notes:

1. *For full JORC 2012 disclosure in relation to the Nuurstei project JORC 2012 Coal Resources and Reserves, refer to the Company's ASX Announcement dated 13 April 2016. The Company is not aware of any new information or data that materially affects the information included in this ASX Announcement. All material assumptions and technical parameters underpinning the estimates in the ASX Announcement continue to apply and have not materially changed.*

2. *There have been no changes to the JORC 2012 Coal Resources and Reserves reported in the 13 April 2016 ASX Announcement.*

3. *Nuurstei's Resource and Reserve estimates have been estimated by independent third parties (McElroy Bryan Geological Services) and are reported in accordance to the JORC 2012 Code. Various visual and statistical checks were made to validate the results.*

Competent Persons Statement – Nuurstei Coking Coal Project

The information in this report that relates to Reporting of Coal Resources at Nuurstei Project, is based on information compiled under the supervision of, and reviewed by, the Competent Person, Mr Parbury, who is a full time employee of McElroy Bryan Geological Services, is a Member of the Australasian Institute of Mining and Metallurgy (101430) and who has no conflict of interest with Aspire Mining Limited.

The reporting of Coal Resources for 13580X presented in this report has been carried out in accordance with the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves', The JORC Code 2012 Edition prepared by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia (JORC).

Mr Parbury has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 JORC Code. Mr Parbury consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Interests in Mining and Exploration Tenements		
Tenement	**Location**	**Percentage Interest**
Ovoot		
MV-017098 17003X	Mongolia Mongolia	100% 100%
Hurimt		
14510X	Mongolia	100%
Myangan		
17922X	Mongolia	100%
Nuurstei		
MV-020941	Mongolia	90%

COMMUNITY RELATIONS

In all resource related projects and jurisdictions, acquiring and retaining a social license to operate is vital to a project's success. The Company's Community Relations Policy prides itself on open and transparent communications.

"Aspire is committed to establishing and maintaining transparent and professional relationships within the communities in which we operate. Maintaining and nurturing our community relationships is a critical part of how we do business. Through active community participation and consultation, we are committed to developing a long-term association that will create a positive relationship which is built on mutual respect, trust and understanding."

The Company has rebuilt its community relations department given the additional funding from the December 2017 Rights issue. In the Khuvsgul Province where the Company's Ovoot and Nuurstei Coking Coal assets are located there has not been a quality mine development of scale that ensures that there are benefits for the local communities. This requires education and a clear demonstration of the value of resource development in terms of community investments, local direct and indirect employment and capacity building and infrastructure investment. The OEDP and Nuurstei Projects have the capacity to materially improve the local economies on a sustainable basis while the investment in infrastructure will benefit all industries.

Figure 2: Winners of volleyball and basketball competitions, Erchim Bagh Youth Event sponsored by Aspire.

ASPIRE IS COMMITTED TO ESTABLISHING AND MAINTAINING TRANSPARENT AND PROFESSIONAL RELATIONSHIPS WITHIN THE COMMUNITIES IN WHICH WE OPERATE. MAINTAINING AND NURTURING OUR COMMUNITY RELATIONSHIPS IS A CRITICAL PART OF HOW WE DO BUSINESS. THROUGH ACTIVE COMMUNITY PARTICIPATION AND CONSULTATION, WE ARE COMMITTED TO DEVELOPING A LONG-TERM ASSOCIATION THAT WILL CREATE A POSITIVE RELATIONSHIP WHICH IS BUILT ON MUTUAL RESPECT, TRUST AND UNDERSTANDING.

Figure 3: Refurbished Doctor's surgery, Erchim Bagh and Aspire funding health screening campaign.

RAIL INFRASTRUCTURE INVESTMENT

In order to fully develop the Ovoot Coking Coal Project which can produce up to 10 M tonnes per annum of washed coking coal, the current rail terminus at the city of Erdenet needs to be extended through to the Ovoot Project.

Aspire currently owns an 80% interest in Northern Railways LLC (NR), the Mongolian registered company that owns the Rail Concession to build the 547 kilometres long Erdenet to Ovoot Railway, part of the Northern Rail Corridor, a new rail connection between China and Russia through Mongolia.

This 80% interest is expected to be diluted as additional investment is attracted to the Project. Under the Rail Concession Agreement, which was initially issued to the Company in August 2015, NR reached an agreement with the Mongolian Government to build, operate then transfer after 30 years of operation the Erdenet to Ovoot Railway. Aspire's ownership interest in NR during the term of the Concession must not drop below 34%. NR is supported by a Consortium of experienced rail and bridge engineering and construction houses including China Gezhouba Group Corporation and China Railways Construction Corp Bureau 20 Group both large Chinese State Owned Enterprises. Sponsoring funding of the construction for the Erdenet to Ovoot Railway is a key objective of the Consortium.

ASPIRE CURRENTLY OWNS AN 80% INTEREST IN NORTHERN RAILWAYS LLC (NR), THE MONGOLIAN REGISTERED COMPANY THAT OWNS THE RAIL CONCESSION TO BUILD THE 547 KILOMETRES LONG ERDENET TO OVOOT RAILWAY, PART OF THE NORTHERN RAIL CORRIDOR, A NEW RAIL CONNECTION BETWEEN CHINA AND RUSSIA THROUGH MONGOLIA.

This Financial Year saw a substantial increase in activity in relation to the Erdenet to Ovoot Railway with the inclusion of CGGC into the Consortium. CGGC funded the Erdenet to Ovoot Feasibility Study which reconfirmed the capital estimate at US$1.25bn. This estimate was further refined and the specifications for a 30 Mtpa capacity line has been designed.

Further, in a binding Memorandum of Understanding signed in October 2017, a process of CGGC acquiring shares in NR was agreed with the investment of a further US$5 million to fund pre development expenditure subject to further due diligence and internal approvals. CGGC has confirmed that the only remaining pre condition for this investment is the receipt of an available freight capacity guarantee from Ulaanbaatar Railways JSC (UBTZ) , the operator of the existing Trans Mongolian Rail system. NR continues to engage with UBTZ, a Mongolian\Russian Government Joint Venture Company.

Figure 4: Consortium representatives meeting at CGGC office in Beijing.

Figure 5: David Paull (Aspire) and Mr Jiang, Executive President (CGGC) in CGGC Beijing office.

Aspire Mining Limited

ABN 46 122 417 243

Annual Financial Report

30 June 2018

Contents

CORPORATE INFORMATION

ABN 46 122 417 243

Directors

Mr David Paull (Executive Chairman)
Mr Neil Lithgow (Non-Executive Director)
Ms Hannah Badenach (Non-Executive Director)
Mr Gan-Ochir Zunduisuren (Non-Executive Director)
Mr Alexander Passmore (Non-Executive Director)

Company secretary

Mr Philip Rundell

Registered office

Level 9, 182 St Georges Terrace,
PERTH WA, AUSTRALIA 6000

Telephone: (08) 9287 4555
Facsimile: (08) 9321 4914
Email: info@aspiremininglimited.com

Principal place of business

AUSTRALIA
Level 9, 182 St Georges Terrace,
PERTH WA 6000

MONGOLIA
Sukhbaatar District, 1st Khooro
Chinggis Avenue-8,
Altai Tower, 3rd Floor, Room 302
ULAANBAATAR

Share Register

Security Transfer Australia Pty Ltd
770 Canning Highway
APPLECROSS WA 6153
T: 1300 992 916
F: +61 8 9315 2233
E: registrar@securitytransfer.com.au

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
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 consolidated entity consisting of Aspire Mining Limited ("Aspire" or "Company") and the entities it controlled during the financial year ended 30 June 2018.

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. Directors were in office for this entire period unless otherwise stated.

Mr David Paull	Executive Chairman
Mr Neil Lithgow	Non-Executive Director
Ms Hannah Badenach	Non-Executive Director
Mr Gan-Ochir Zunduisuren	Non-Executive Director
Mr Alexander Passmore	Non-Executive Director (appointed 4 April 2018)
Mr David McSweeney	Non-Executive Chairman (retired 19 March 2018)

Names, qualifications, experience and special responsibilities

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

Mr Paull has over 25 years' experience in resource business development and industrial minerals marketing. For the past 7 years, Mr Paull has been Managing Director of Aspire 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 and as Managing Director on 1 July 2010. With the retirement of the Non-Executive Chairman in March 2018, Mr Paull became Chairman.

Prior to joining Aspire, Mr Paull was active in public and private resource companies' and was previously Executive General Manager of Sons of Gwalia Limited, responsible for lithium and tantalum production.

Mr Paull has had no other ASX listed public company directorships in the last three years. Mr Paull was appointed a Director of AIM listed Hunter Resources PLC on 28 December 2012 and resigned on 2 September 2018.

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

Mr Lithgow is a geologist by profession with over 25 years' experience in mineral exploration, economics and mining feasibility studies, covering base metals, coal, iron ore and gold.

Mr Lithgow is a member of the Australian Institute of Mining and Metallurgy and the Financial Services Institute of Australia.

Mr Lithgow has previously worked for Aquila Resources Limited and Eagle Mining Corporation NL and is currently a Non-Executive Director of Bauxite Resources Limited (appointed 15 May 2006). Mr Lithgow has had no other public company directorships in the last three years.

DIRECTORS' REPORT (continued)

Names, qualifications, experience and special responsibilities (continued)

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

Ms Badenach is currently Executive Director Mongolia & Base Metals 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 is also a Director of ASX listed and Mongolian focussed explorer, Xanadu Mines Limited (appointed 4 October 2011). Ms Badenach has had no other public company directorships in the last three years.

Mr Gan-Ochir Zunduisuren
Non-Executive Director
Qualifications: B.Eng, MSGF (Stern)

Mr Zunduisuren has over 15 years of experience in the resource sector including underground zinc mining, gold mining and mining business development in Mongolia and Canada. Mr Zunduisuren is a Managing Executive Director and co-founder of Altai Gold LLC, a mineral resource focused investment company, and was a key part of the syndicate that made the Ovoot Coking Coal project discovery.

Mr Zunduisuren has a Degree in Mining Engineering from the Mongolian University of Science and Technology and a MSc in Global Finance from NYU Stern School of Business and HKUST.

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

Mr Alexander Passmore
Non-Executive Director
Qualifications: B.Sc(Hons) ASIA MAusIMM

Mr Passmore is a qualified geologist and experienced and well-regarded corporate executive with a strong financial and technical background in the resource sector. Alexander has a diverse background having held technical roles in the industry and then senior positions in both the institutional debt financing and equity capital market arenas.

Mr Passmore has a Bachelor of Science Degree with first class honours in Geology.

Mr Passmore was a director of Equator Resources Ltd from September 2016 to July 2017. He has had no other public company directorships in the last three years.

DIRECTORS' REPORT (continued)

Names, qualifications, experience and special responsibilities (continued)

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, specialising in company reconstructions and corporate recovery. Mr Rundell has provided management accounting and company secretarial services to a number of listed companies.

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 David Paull[1]	26,052,791	1,145,833	45,833,333
Mr Neil Lithgow	237,278,501	6,354,167	36,250,000
Mr Gan-Ochir Zunduisuren	47,392,203	-	30,500,000
Ms Hannah Badenach	12,700,000	2,083,334	18,083,333
Mr Alex Passmore	-	-	-

1. Mr David Paull is a Director of Red Island Resources Limited, a public unlisted company, which is a beneficial owner of 8,350,000 ordinary shares.

There were no options granted to Directors of the Company during or since the end of the financial year as part of their remuneration. Subject to shareholder approval,12,000,000 options exercisable at 1.8 cents on or before 11 December 2019 are to be issued to the Non-Executive Director, Alex Passmore, as part of his remuneration.

During the 2018 financial year 55,000,000 performance rights were issued to David Paull and 101,800,000 performance rights granted to the Non-Executive Directors. Of those performance rights, 9,166,667 performance rights issued to David Paull and 16,966,667 to the Non-Executive Directors vested and 26,133,334 Ordinary Shares were issued to the Directors on 13 July 2018.

During the 2017 financial year 8,000,000 performance rights were issued to David Paull and 5,500,000 performance rights granted to the Non-Executive Directors. The 5,500,000 performance rights vested on 30 June 2017 and 5,500,000 ordinary shares were issued to the Non-Executive Directors on 3 July 2017. Of the 8,000,000 performance rights issued to David Paull, 6,000,000 vested and ordinary shares issued on 4 October 2017 and 2,000,000 did not vest and were cancelled on 2 July 2018.

There are no unpaid amounts on the shares issued.

At the date of this report, unissued ordinary shares of the Company under option and performance rights are:

Type	Expiry Date	Exercise Price	Number of Shares
Options	11 December 2019	$0.018	688,786,052
Performance Rights	Various	-	211,083,329
Total			899,869,381

DIRECTORS' REPORT (continued)

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 the exploration for coal and progression of the approval process for the development and funding of a rail line in northern Mongolia.

Review of Operations

Aspire Mining Limited ("Aspire" or the "Company") is focused on the exploration and 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.

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 Railway in northern Mongolia. The Erdenet to Ovoot Railway will provide a higher capacity and lower cost transport alternative to road for the Ovoot and Nuurstei Coking Coal Projects when the rail is constructed.

During the year and subsequent to year end, the Company, or its relevant subsidiary company:

(a) exercised the option to acquire the remaining 50% interest in the corporate structure that holds the 90% interest in the Nuurstei Coking Coal Project by the issue of securities with the agreement of the vendor;

(b) obtained a 30-year mining license for the Nuurstei Coking Coal Project;

(c) adopted but suspended a strategy to bring the Nuurstei Coking Coal Project into production with a drilling programme and studies to be funded by the renounceable rights issue capital raising of $16.53 million before costs completed in December 2017. The drilling programme has been temporarily suspended in response to community concerns whilst these are dealt with and the opportunity to early develop the Ovoot Coking Coal Project;

(d) adopted a strategy to bring the Ovoot Coking Coal Project into early production to be funded by a $12.1 million placement before costs to be completed early November 2018;

(e) entered into a memorandum of understanding with China Gezhouba Group International Company Limited to complete the Erdenet to Ovoot Northern Rail bankable feasibility study and assist with the sourcing or provision of funding required to complete other Concession Agreement conditions precedent; and

(f) obtained an 18-month extension to 20 February 2020 to complete the Rail Concession Agreement conditions precedent.

DIRECTORS' REPORT (continued)

Review of financial conditions

At balance date, the Group had $7,488,401 (2016: $412,089) in cash assets. A placement to raise $12.1 million before costs has been agreed subject to shareholder approval at a meeting proposed to be held late October or early November 2018.

Post-year end, $1.1million was received on the exercise of 2.5 cent options. Further funds may be available from the exercise of 1.8 cent options on or before 11 December 2019. These sources of funding will be sufficient to meet required coal and rail evaluation activities. However, further raisings or other means of funding will be required for the development of the Ovoot Project, the Nuurstei Project and the Erdenet to Ovoot Railway.

Operating results for the year

The Group made an operating loss after tax of $6,980,272 for the year ended 30 June 2018 (2017: Loss $4,883,519).

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

In August 2018 the Company entered into definitive and binding documentation (**Agreements**) with existing substantial shareholder, Mr. Tserenpuntsag Tserendamba, to invest $10 million as part of a $12.1 million strategic financing package to implement the Ovoot Early Development Plan (**OEDP**).

The OEDP will involve mining a low ash and high yielding coal from a starter pit that sits within the previously defined Ovoot orebody and construction of a new private haul road beside the planned 547km rail path for the Erdenet to Ovoot Railway. The designed production rate at Ovoot under the OEDP will be matched to forecast logistics capacities which are limited by existing Mongolian rail capacity and expected to be in the range of 3 to 4Mtpa from work undertaken during the Nuurstei Feasibility Study.

Under the Agreements, Mr Tserenpuntsag has agreed to subscribe for 476.2 million new ordinary Aspire shares at $0.021 per share. The placement to Mr Tserenpuntsag is conditional upon the approval of Aspire shareholders. It is also conditional upon the Company raising at least an additional $1.7 million from other investors. Binding pre-commitments to subscribe for $2.1 million have been received to satisfy the later condition precedent.

Delivery of the road-based OEDP complements the development of the Erdenet to Ovoot Railway without causing any delay to the rail development. Much of the permitting and approvals required for the road path are also applicable for the future rail development, whilst early production and cashflow will materially de-risk the project. Once commissioned, the Northern Rail Line is expected to support up to 10Mtpa of high quality washed coking coal from Ovoot on a low cost, long term basis.

The placement proceeds of A$12.1 million before costs, together with existing cash reserves, are expected to fully fund the Company to complete feasibility studies for the mine and road components of the OEDP to support a planned project financing and decision to mine in the first half of calendar 2019.

The shareholders meeting to consider and if thought fit, approve the placement is expected to be held in late October or early November 2018.

DIRECTORS' REPORT (continued)

Significant events after balance date (continued)

The Company also entered into an agreement with major shareholder, Noble Resources International Pte Ltd, for a debt to equity conversion of up to the existing debt of US$2.4 million (plus accrued interest on that amount), with any residual balance of that debt to be repaid out of funds raised from the strategic financing.

On 13 July 2018, 34,216,671 ordinary shares were issued to Directors, employees and qualifying consultants on the vesting of performance rights.

On 15 August 2018, 44,527,250 ordinary shares were issued following exercise of 2.5 cent options.

The dormant subsidiary CEADM LLC was deregistered.

Other than the above, 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 to maintain and develop the Ovoot Coking Coal Project and the Nuurstei Coking Coal Project and advance the requirements for the development of the Erdenet to Ovoot railway.

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 ending 30 June 2017 can be found on the Company's website at http://www.aspiremininglimited.com. The Corporate Governance Statement for the year ending 30 June 2018 will be available on the Company's website and the ASX announcements platform following announcement with the Company's Annual Report in October 2018.

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 2018, as follows:

Mr David Paull	(Executive Chairman)
Mr Neil Lithgow	(Non-Executive Director)
Ms Hannah Badenach	(Non-Executive Director)
Mr Gan-Ochir Zunduisuren	(Non-Executive Director)
Mr Alexander Passmore	(Non-Executive Director)
Mr David McSweeney	(Retired Non-Executive Chairman)

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 employees;
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:

	2018	2017	2016	2015	2014
	$	$	$	$	$
Revenue	216,309	4,133	30,210	66,887	178,848
Net profit/(loss) after tax	(6,989,272)	(4,883,119)	(2,312,480)	(15,108,329)	(2,840,015)
Basic loss per share	(0.0035)	(0.0052)	(0.0025)	(0.0215)	(0.0043)
Share price at year-end	0.022	0.018	0.025	0.022	0.037

Economic and other circumstances have meant that the Non-Executive Directors have not received fee payments from September 2015 to April 2018. The level of remuneration to be reintroduced is currently under review by the Board.

Remuneration committee

If appointed, the Remuneration Committee of the Board of Directors is responsible for determining and reviewing compensation arrangements for the Director and the senior management team. Where a Remuneration Committee does not exist, its role is carried out by the Board of Directors.

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.

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

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

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.

Each Director is entitled to receive a fee for being a Director of the Company.

The remuneration of Non-Executive Directors for the year ended 30 June 2018 is detailed in the Remuneration of Key Management Personnel section of this report in Table 1. The Non-Executive Directors, excluding Alexander Passmore, have not received cash fee payments since September 2015.

Following shareholder approvals, performance rights have been issued to Non-Executive Directors or their nominees.

Following the 2016 Annual General Meeting, 5,500,000 performance rights with a tenure based milestone were issued and vested on 30 June 2017. The shares were issued on 3 July 2017 following the exercise of the performance rights.

Following the 2017 Annual General Meeting, 101,800,000 performance rights were issued to the Non-Executive Directors to vest in six tranches on achievement of milestones based on share price performance and development of the Group's assets. The performance rights are valued at share price at the grant date of 1.2 cents per share.

On 13 July 2018, 16,966,667 ordinary shares were issued to Non-Executive Directors on exercise of performance rights vested on achievement of a share price milestone. The remaining performance rights will vest in five tranches if and when one or more of the remaining following five milestones are achieved:

1. if 80% or more of the initial issue of 1.8 cent AKMOA listed options are exercised on or before 11 December 2019.
2. If following a decision by the Company to mine the Nuurstei Project, or a Board approved equivalent project, the Company achieves production of a combined 500,000 tonnes per annum of washed hard coking coal by 31 December 2019.
3. if the Company achieves net profit after tax of at least $10 million by no later than 31 December 2019.
4. if the 30-day VWAP of the Company's Shares as traded on ASX is equal to or greater than A$0.03 by 30 June 2020.
5. if the 30-day VWAP of the Company's Shares as traded on ASX is equal to or greater than A$0.04 by 30 June 2021.

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

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

The Executive Director has taken voluntary fee reductions from and including 1 August 2012 as outlined below.

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.

Employment Contracts
The Company has a Consultancy Agreement with 2Rs Pty Ltd, a company associated with Mr David Paull (Agreement) effective as from 1 July 2010. Under the Agreement, as varied, Mr Paull is engaged by the Company to provide services to the Group in the capacity of Managing Director. The Consultancy Agreement continues unless terminated in accordance with the relevant provisions of the Service Agreement. The Services Agreement contains standard termination provisions under which the Group must give a minimum three months' notice of termination, or alternatively, payment in lieu of service.

The annual fee paid to 2Rs Pty Ltd commenced in 2010 at $500,000 per annum but has there been intermittently reduced to $216,000 per annum from 1 February 2015. The fee reductions were not performance based but taken voluntarily in line with market at the time. The Consultancy Agreement and annual fee is currently being reviewed by the Board.

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

	2018 $	2017 $
Short-term employee benefits	221,400	216,000
Post-employment benefits	-	-
Share-based payments	435,388	388,234
	656,788	604,234

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

The shares, options and rights held by key management personnel in the year ended 30 June 2018 are detailed in Tables 2 to 6.

Options
During the year ended 30 June 2018 there were no options granted, vested or lapsed as part of Key Management Personnel remuneration.

Performance Rights
Following from shareholder approval given at the 2016 Annual General Meeting held on 26 November 2016, 8,000,000 performance rights were issued to the nominee of David Paull and 5,500,000 performance rights were issued to Non-Executive Directors or their nominees on 6 February 2017.

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

Of the 8,000,000 performance rights issued to the nominee of David Paull on 6 February 2017:

(a) 6,000,000 tenure based performance rights vested on 30 September 2017; and

(a) 2,000,000 were cancelled as no production was commenced on or before 30 June 2018 from a project in which the Company or one of its subsidiaries has at least a 50% direct or indirect ownership interest.

Following from shareholder approval given at the 2017 Annual General Meeting held on 26 November 2017, 55,000,000 performance rights were issued to the nominee of David Paull.

The performance rights were valued at share price at the grant date of 1.2 cents per share.

The performance milestones attaching to the performance rights are strategic. One of the six tranches vested and 9,166,667 ordinary shares issued on exercise on 13 July 2018 as the 30 day VWAP of the Company's Shares as traded on ASX was equal to or greater than A$0.02 by 30 June 2019.

The remaining performance rights will vest in five tranches if and when one or more of the remaining following five milestones are achieved:

1. if 80% or more of the initial issue of 1.8 cent AKMOA listed options are exercised on or before 11 December 2019.
2. If following a decision by the Company to mine the Nuurstei Project, or a Board approved equivalent project, the Company achieves production of a combined 500,000 tonnes per annum of washed hard coking coal by 31 December 2019.
3. if the Company achieves net profit after tax of at least $10 million by no later than 31 December 2019.
4. if the 30-day VWAP of the Company's Shares as traded on ASX is equal to or greater than A$0.03 by 30 June 2020.
5. if the 30-day VWAP of the Company's Shares as traded on ASX is equal to or greater than A$0.04 by 30 June 2021.

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

Remuneration of Key Management Personnel

Table 1: Key management personnel remuneration

Year ended 30 June 2018

	Short term employee benefits	Post-employment benefits	Other		
	Salary & Fees	Superannuation	Performance Rights	Total	Performance Related
	$	$	$	$	%
Mr David Paull[1]	216,000	-	152,719	368,719	41
Mr David McSweeney[2]	-	-	-	-	-
Mr Neil Lithgow[3]	-	-	120,787	120,787	100
Ms Hannah Badenach	-	-	101,627	101,627	100
Mr Gan-Ochir Zunduisuren	-	-	60,255	60,255	100
Mr Alexander Passmore[4]	5,400	-	-	5,400	-
Total	**221,400**	**-**	**435,388**	**656,788**	**66**

Year ended 30 June 2017

	Short term employee benefits	Post-employment benefits	Other		
	Salary & Fees	Superannuation	Performance Rights	Total	Performance Related
Mr David Paull[1]	216,000	-	206,734	422,734	49
Mr David McSweeney[2]	-	-	82,500	82,500	100
Mr Neil Lithgow[3]	-	-	66,000	66,000	100
Ms Hannah Badenach	-	-	-	-	-
Mr Gan-Ochir Zunduisuren	-	-	33,000	33,000	100
Total	**216,000**	**-**	**388,234**	**604,234**	**64**

[1] Paid or issued to 2Rs Pty Ltd, a company associated with Mr David Paull.

[2] Issued to D McSweeney Consulting Pty Ltd, a company associated with Mr David McSweeney. All unvested performance rights lapsed on his retirement on 19 March 2018.

[3] Issued to Spectral Investments Pty Ltd, a company associated with Mr Neil Lithgow.

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

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DIRECTORS' REPORT (continued)

Remuneration Report (audited) (continued)

Key Management Personnel Equity Holdings

Table 2 - Fully Paid Ordinary Shares

	Balance at beginning of period	Purchased /Debt for equity	On exercise of options or performance rights	Balance on appointment/ (retirement)	Balance at end of period
2018					
Mr David Paull[1]	4,902,792	5,583,332	6,000,000	-	16,486,124
Mr David McSweeney	16,466,962	2,166,666	2,500,000	(21,133,628)	-
Mr Neil Lithgow	182,611,834	35,416,667[2]	2,000,000	-	220,028,501
Ms Hannah Badenach	750,000	8,333,333	-	-	9,083,333
Mr Gan-Ochir Zunduisuren	40,292,203	-	1,000,000	-	41,292,203
Mr Alexander Passmore	-	-	-	-	-
Total	245,023,791	51,499,998	11,500,000	(21,133,628)	286,890,161
2017					
Mr David Paull[1]	4,902,792	-	-	-	4,902,792
Mr David McSweeney	16,466,962	-	-	-	16,466,962
Mr Neil Lithgow	179,278,501	-	3,333,333	-	182,611,834
Ms Hannah Badenach	750,000	-	-	-	750,000
Mr Gan-Ochir Zunduisuren	40,292,203	-	-		40,292,203
Total	241,690,458	-	3,333,333	-	245,023,791

[1] Mr David Paull is a Director of Red Island Resources Limited, a public unlisted company which is the beneficial owner of 8,350,000 ordinary shares (2017: 8,350,000 ordinary shares).

[2] Mr Neil Lithgow received 10,000,000 shares in repayment of a loan (refer Note 13)

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

	Balance at beginning of period	Granted	Exercised	Expired	Balance on appointment/ (retirement)	Balance at end of period
2018						
Mr David Paull	8,000,000	55,000,000	(6,000,000)	(2,000,000)	-	55,000,000
Mr David McSweeney	2,500,000	-	(2,500,000)	-	-	-
Mr Neil Lithgow	2,000,000	43,500,000	(2,000,000)	-	-	43,500,000
Ms Hannah Badenach	-	21,700,000	-	-	-	21,700,000
Mr Gan-Ochir Zunduisuren	1,000,000	36,600,000	(1,000,000)	-	-	36,600,000
Mr Alexander Passmore	-	-	-	-	-	-
Total	13,500,000	156,800,000	(11,500,000)	(2,000,000)	-	156,800,000
2017						
Mr David Paull	4,000,000	8,000,000	-	(4,000,000)	-	8,000,000
Mr David McSweeney	-	2,500,000	-	-	-	2,500,000
Mr Neil Lithgow	-	2,000,000	-	-	-	2,000,000
Ms Hannah Badenach	-	-	-	-	-	-
Mr Gan-Ochir Zunduisuren	-	1,000,000	-	-	-	1,000,000
Total	4,000,000	13,500,000	-	(4,000,000)	-	13,500,000

DIRECTORS' REPORT (continued)

Remuneration Report (audited) (continued)

Key Management Personnel Equity Holdings (continued)

Table 4 – Options exercisable at 1.8 cents on or before 11 December 2019

	Balance at beginning of period	Issued by participation in placement	Exercised	Expired	Balance on Appointment/ (resignation)	Balance at end of period
2018						
Mr David Paull	-	1,145,833	-	-	-	1,145,833
Mr Neil Lithgow	-	6,354,167	-	-	-	6,354,167
Ms Hannah Badenach	-	2,083,334	-	-	-	2,083,334
Mr Gan-Ochir Zunduisuren	-	-	-	-	-	-
Mr Alex Passmore	-	-	-	-	-	-
Total	-	9,583,334	-	-	-	9,583,334

Table 5 – Options exercisable at 2.5 cents on or before 14 or 24 August 2018

	Balance at beginning of period	Issued by participation in placement	Exercised	Expired	Balance on Appointment/ (resignation)	Balance at end of period
2018						
Mr David Paull	-	1,000,000	-	-	-	1,000,000
Mr Neil Lithgow	-	10,000,000	-	-	-	10,000,000
Ms Hannah Badenach	-	-	-	-	-	-
Mr Gan-Ochir Zunduisuren	-	-	-	-	-	-
Mr Alex Passmore	-	-	-	-	-	-
Total	-	11,000,000	-	-	-	11,000,000

Table 6 – Options exercisable at 3 cents on or before 15 June 2017

	Balance at beginning of period	Purchased	Exercised	Expired	Balance on appointment (resignation)	Balance at end of period
2017						
Mr David Paull[1]	1,250,000	-	-	(1,250,000)	-	-
Mr David McSweeney	625,000	-	-	(625,000)	-	-
Mr Neil Lithgow	50,000,000	-	(3,333,333)	(46,666,667)	-	-
Ms Hannah Badenach	375,000	-	-	(375,000)	-	-
Mr Gan-Ochir Zunduisuren	-	-	-	-	-	-
Total	52,250,000	-	(3,333,333)	(48,916,667)	-	-

[1] Mr David Paull is a Director of Red Island Resources Limited, a public unlisted company, which was the beneficial owner of 125,000 options over ordinary shares (2017: 125,000 options over ordinary shares). Those options expired unexercised on 15 June 2017.

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

Related Party Transactions

In August 2016, the Company secured interim short-term funding of US$150,000 from Spectral Investments Pty Ltd, a company associated with the Director, Neil Lithgow, to assist with the funding of rail pre-development activities, including completion of the Erdenet to Ovoot Railway First Stage Feasibility Study.

The Short-Term Loan Facility was for 12 months at an interest rate of 9% per annum and was drawn down in three tranches in August, October and December 2016. The loan was repayable on 17 August 2017. In the event that the loan was repaid, the lender was entitled to receive 110% of the face value of the loan. In the event that the loan was not repaid in 12 months, the loan could be converted at the lender's' option to a royalty of US$1.25\tonne of coking coal sold from the first 10 Mt of Ovoot Project production.

Spectral Investments Pty Ltd agreed to accept shares and options on the same terms as the securities offered under a capital raising in satisfaction of the loan principal of US$150,000. That capital raising was completed on 14 August 2017 and 10,000,000 shares and options were issued to Spectral Investments Pty Ltd. All accrued interest and the repayment fee were paid on 17 August 2017 (refer Note 13). The total interest and repayment fee paid on discharge of the principal were $8,502 and $19,050 respectively. The interest and repayment fee accrued at 30 June 2017 were US$6,449 and the $19,517, respectively.

In June 2017, Spectral Investments Pty Ltd made available to the Company a A$250,000 short term interest free facility. That facility was repaid by instalments in July 2017 and August 2017. In September 2017, Spectral Investments Pty Ltd again made available to the Company a A$250,000 short term facility. That facility was increased by A$50,000 in November 2017. That facility was repaid in December 2017.

From July 2016 to June 2018, the Company's Perth corporate office was at premises leased and occupied by a company associated with David Paull. Rent of $28,196 was met by the Company on normal commercial terms (2017: $26,763). Those premises were vacated on the relocation of the office to the current registered address.

At 30 June 2018, the Group had a receivable of $9,217 (2017: Nil) due from David Paull for a personal expense met whilst travelling on Group business. The amount has been reimbursed.

As at 30 June 2018, there were unpaid Directors' fees payable to David Paull of $18,000 (2017: Nil) and to Alexander Passmore of $3,400 (2017: Nil).

End of Remuneration Report

DIRECTORS' REPORT (continued)

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

Table 7 – Attendance at Director Meetings

	Director Meetings	
Director	**Attended**	**Eligible to Attend**
Mr David McSweeney	9	9
Mr David Paull	11	11
Mr Neil Lithgow	11	11
Ms Hannah Badenach	8	11
Mr Gan-Ochir Zunduisuren	11	11
Mr Alexander Passmore	2	2

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 annual report. This Independence Declaration is set out on page 17 and forms part of this Directors' report for the year ended 30 June 2018.

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.

David Paull
Managing Director
Dated this 26 September 2018

HLB Mann Judd

Accountants | Business and Financial Advisers

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 2018, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(a) the auditor independence requirements as set out in 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 **N G Neill**

26 September 2018 **Partner**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2018

	Note	2018 $	2017 $
Other income	2(a)	216,309	4,133
Employee benefits expense		(752,719)	(411,467)
Exploration and evaluation expenditure impaired	10	(2,627,205)	(2,140,501)
Recovery of exploration expenditure	10	-	167,584
Contract mining		(735,719)	-
Foreign exchange gain/(loss)		(37,139)	13,702
Interest expense		(581,916)	(771,818)
Borrowing costs		(3,487)	(304,921)
Share based payments		(767,554)	(420,151)
Other expenses	2(b)	(1,675,758)	(1,014,854)
Loss before income tax expense		(6,965,188)	(4,878,293)
Income tax (expense)/benefit	3	(15,084)	(5,226)
Net loss for the year		(6,980,272)	(4,883,519)
Other comprehensive income			
Items that may be reclassified to profit and loss			
Exchange differences on translation of foreign operations		35,894	(4,580,154)
Other comprehensive (loss)/income for the year net of tax		35,894	(4,580,154)
Total comprehensive loss		(6,944,378)	(9,463,673)
Loss attributable to:			
Owners of the parent		(6,643,531)	(4,883,519)
Non-controlling interests	15	(336,741)	-
		(6,980,272)	(4,883,519)
Total comprehensive (loss)/income attributable to:			
Owners of the parent		(6,572,419)	(9,463,673)
Non-controlling interests	15	(371,959)	-
		(6,944,378)	(9,463,673)
Basic loss per share (cents per share)	4	(0.35)	(0.52)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018

	Note	2018 $	2017 $
Current Assets			
Cash and cash equivalents	8	7,488,401	412,089
Trade and other receivables	9	1,386,423	180,685
Total Current Assets		8,874,824	592,774
Non-Current Assets			
Deferred exploration and evaluation expenditure	10	35,609,772	35,875,408
Property plant and equipment	12	269,408	189,145
Total Non-Current Assets		35,879,180	36,064,553
Total Assets		44,754,004	36,657,327
Current Liabilities			
Trade and other payables	11	760,525	1,440,179
Borrowings	13	-	9,358,061
Total Current Liabilities		760,525	10,798,240
Non-Current Liabilities			
Borrowings	13	3,246,630	-
Total Non-Current Liabilities		3,246,630	-
Total Liabilities		4,007,155	10,798,240
Net Assets		40,746,849	25,859,087
Equity			
Issued capital	6	99,087,130	80,200,207
Reserves	7, 15	(4,217,742)	(6,881,040)
Accumulated losses	7	(53,920,814)	(47,460,080)
		40,948,574	25,859,087
Non-controlling interests	15	(201,725)	-
Total Equity		40,746,849	25,859,087

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2018

	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 1 July 2016	79,865,150	(43,366,561)	(2,764,533)	833,496	-	34,567,552	-	34,567,552
Loss for period	-	(4,883,519)	-	-	-	(4,883,519)	-	(4,883,519)
Other comprehensive loss	-	-	(4,580,154)	-	-	(4,580,154)	-	(4,580,154)
Total comprehensive loss	-	(4,883,519)	(4,580,154)	-	-	(9,463,673)	-	(9,463,673)
Share issues net of costs	335,057	-	-	-	-	335,057	-	335,057
Performance rights value brought to account	-	-	-	(84,000)	-	(84,000)	-	(84,000)
Performance rights vested and exercised	-	-	-	504,151	-	504,151	-	504,151
Transfer on expiry of options	-	790,000	-	(790,000)	-	-	-	-
Balance at 30 June 2017	80,200,207	(47,460,080)	(7,344,687)	463,647	-	25,859,087	-	25,859,087
Loss for period	-	(6,643,531)	-	-	-	(6,643,531)	(336,741)	(6,980,272)
Other comprehensive loss	-	-	71,112	-	-	71,112	(35,218)	35,894
Total comprehensive loss	-	(6,643,531)	71,112	-	-	(6,572,419)	(371,959)	(6,944,378)
Share issues net of costs	19,089,050	-	-	-	-	19,089,050	-	19,089,050
Performance rights value brought to account	-	-	-	767,554	-	767,554	-	767,554
Performance rights vested and exercised	486,750	-	-	(486,750)	-	-	-	-
Performance rights expired	-	182,797	-	(182,797)	-	-	-	-
Listed options issued to underwriters	(688,877)	-	-	688,877	-	-	-	-
Non-controlling interest on acquisition of subsidiary	-	-	-	-	-	-	171,265	171,265
Non-controlling interest arising on part disposal of subsidiary	-	-	-	-	1,805,302	1,805,302	(1,031)	1,804,271
Balance at 30 June 2018	99,087,130	(53,920,814)	(7,273,575)	1,250,531	1,805,302	40,948,574	(201,725)	40,746,849

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2018

	Note	2018 $	2017 $
Cash flows from operating activities			
Interest received		215,061	3,940
Payments to suppliers and employees		(3,342,754)	(1,189,322)
Income tax paid		(15,084)	(5,226)
Interest and borrowing costs paid		(587,494)	(260,238)
Net cash used in operating activities	8	(3,730,271)	(1,450,846)
Cash flows from investing activities			
Payments for exploration and evaluation expenditure		(1,179,354)	(1,904,823)
Recovery of exploration expenditure		-	167,584
Purchase of non-current assets		(101,239)	-
Payments for the purchase of subsidiary net of cash acquired	14	(3,888)	-
Net cash used in investing activities		(1,284,481)	(1,737,239)
Cash flows from financing activities			
Proceeds from issue of securities		13,006,838	337,400
Payments for capital raising costs		(282,885)	(2,343)
Proceeds from borrowings	13	305,000	2,852,303
Repayment of borrowings	13	(934,826)	-
Net cash provided by financing activities		12,094,127	3,187,360
Net increase/(decrease) in cash and cash equivalents		7,079,375	(725)
Cash and cash equivalents at the beginning of the year		412,089	418,529
Effect of foreign exchange rate fluctuations on cash held		(3,063)	(5,715)
Cash and cash equivalents at the end of the year	8	7,488,401	412,089

The accompanying notes from part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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 Group's principal activities are mineral exploration and evaluation, and progressing the approval process for the development of a railway in northern Mongolia.

(b) Going concern

The 30 June 2018 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

Changes in accounting policies on initial application of Accounting Standards

In the year ended 30 June 2018, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group and effective for the current annual reporting period.

It has been determined by the Directors that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on the Group and, therefore, no change is necessary to the Group accounting policies.

Standards and interpretations in issue not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2018 reporting periods. Those which may have a significant to the Group are set out below. The Group does not plan to adopt these standards early.

AASB 9 Financial Instruments (2014)

AASB 9 (2014), published in December 2014, replaces the existing guidance AASB 9 (2009), AASB 9 (2010) and AASB 139 *Financial Instruments: Recognition and Measurement* and is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

The new standard results in changes to accounting policies for financial assets and liabilities covering classification and measurement, hedge accounting and impairment. The Group has assessed these changes and determined that based on the current financial assets and liabilities held at reporting date, the Group will not need to reconsider its accounting policies surrounding impairment recognition. The new impairment requirements for financial assets are based on a forward looking 'expected loss model' (rather than the current 'incurred loss model').

The Group does not expect any significant effect on the financial statements resulting from the change of this standard. Any change to the Group's accounting policies from the adoption of AASB 9 will be applied from 1 July 2018 onwards.

AASB 15 Revenue from Contracts with Customers

AASB 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised, including in respect of multiple element arrangements. It replaces existing revenue recognition guidance, AASB 111 *Construction Contracts,* AASB 118 *Revenue* and AASB 1004 *Contributions.* AASB 15 is effective from annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Adoption of new and revised standards (continued)

AASB 15 Revenue from Contracts with Customers

The core principle of AASB 15 is that it requires identification of discrete performance obligations within a transaction and associated transaction price allocation to these obligations. Revenue is recognised upon satisfaction of these performance obligations, which occur when control of goods or services is transferred, rather than on transfer of risks and rewards. Revenue received for a contract that includes a variable amount is subject to revised conditions for recognition, whereby it must be highly probable that no significant reversal of the variable component may occur when the uncertainties around its measurement are removed. If and when the Group has revenue streams, it will then apply AASB 15 in the relevant financial year.

AASB 16 Leases

AASB 16 replaces the current AASB 17 Leases standard. AASB 16 removes the classification of leases as either operating leases or finance leases- for the lessee - effectively treating all leases as finance leases. Most leases will be capitalised on the balance sheet by recognising a 'right-of-use' asset and a lease liability for the present value obligation. This will result in an increase in the recognised assets and liabilities in the statement of financial position as well as a change in expense recognition, with interest and deprecation replacing operating lease expense.

Lessor accounting remains similar to current practice, i.e. lessors continue to classify leases as finance and operating leases.

AASB 16 is effective from annual reporting periods beginning on or after 1 January 2019, with early adoption permitted for entities that also adopt AASB 15.

The Group does not expect a significant effect on the financial statements resulting from the change of this standard. The impact of the new lease standard will be dependent on the Group's leasing arrangements when the new standard comes into effect.

No other new standards, amendments to standards and interpretations are expected to affect the Group's consolidated financial statements.

(e) Statement of Compliance

The financial report was authorised for issue on 26 September 2018.

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).

(f) 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Basis of Consolidation (continued)

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 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(p)).

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.

(g) 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.

The Group measures the cost of cash-settled share-based payments at fair value at the grant date using the Black and Scholes formula taking into account 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(x). 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 comprehensive income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) 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.

(i) Revenue Recognition

Revenue is recognised to the extent that 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.

(j) 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.

(k) 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. Impairment of trade receivables is continually reviewed and those that are considered to be uncollectible are written off by reducing the carrying amount directly. An allowance account is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original contractual terms. Factors considered by the Group in making this determination include known significant financial difficulties of the debtor, review of financial information and significant delinquency in making contractual payments to the Group. The amount of the impairment loss is recognised in the statement of 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 comprehensive income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) 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.

(m) 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 2018

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) 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 and Black Rock 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 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.

(n) 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 2018

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) 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.

(o) 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.

(p) 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 expenses 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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) 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.

(r) 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

(s) 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Property, plant and equipment (continued)

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.

(t) 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 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.

(u) 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 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(u) Share-based payment transactions (continued)

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 cost of cash-settled transactions is measured initially at fair value at the grant date using the Black-Scholes formula taking into account the terms and conditions upon which the instruments were 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.

(v) 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.

(w) 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 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.

(x) 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(x) Exploration and evaluation (continued)

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.

(y) 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.

(z) Interest in joint venture and associates

An associate is an entity over which the group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is an arrangement where the parties have joint control of the arrangement and have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates and joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with AASB 5. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position and adjusted thereafter to recognise the Groups' share of the profit or loss in other comprehensive income. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in associate or joint venture, the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of ASSB 139 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in associate or joint venture. When necessary, the entire carrying amount if the investment (including goodwill) is tested for impairment in accordance with AASB 136 'Impairment of Assets' as a single asset by comparing its recoverable amount (higher of value in use less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with AASB 136 to the extent that the recoverable amount of the investment subsequently increases.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(z) Interest in joint venture and associates (continued)

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture, or when the investment is classified as held for sale. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with AASB 139. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities.

Therefore, if a gain or loss recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no re-measurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit and loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate or a joint venture of the Group, profits and loss resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

NOTE 2: REVENUES AND EXPENSES

	2018	2017
	$	$
(a) Revenue		
Interest income	216,309	4,133
	216,309	4,133
(b) Other Expenses		
Accounting and audit fees	128,877	83,831
Amortisation and depreciation expense	32,015	44,936
Company secretarial	143,860	160,605
Consultants and corporate costs	294,479	81,301
Directors' fees	230,781	216,000
Insurance	65,636	29,845
Legal fees	82,577	53,425
Office and administration costs	62,788	48,431
Share registry and listing expenses	68,677	44,335
Media, promotion and investor relations	143,753	53,122
Rent and outgoings	71,718	70,599
Travel expenses	184,780	109,036
Other	165,817	19,388
	1,675,758	1,014,854

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

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:	**2018** $	**2017** $
Accounting loss before tax	(6,965,188)	(4,878,293)
Income tax benefit calculated at 30%	(2,089,556)	(1,463,488)
Accrued expenses	150	(26,882)
Other non-deductible expenses	423,689	320,076
Deductions available over more than one year	(94,878)	(103,149)
Exploration and tenement expenses	788,162	591,875
Income tax benefit not brought to account	987,517	686,794
Income tax (benefit)/expense	15,084	5,226
Made up of:		
Income tax expense on Mongolian operations	15,084	5,226
Income tax (benefit)/expense	15,084	5,226

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 $5,616,754 (2017: $5,232,851) in respect to tax losses arising in Australia and $4,170,439 (2017: $3,082,923) 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. The Group has an unrecorded deferred tax asset of $119,057 (2017: $213,934) relating to share issue and other costs, and deferred tax liabilities of $1,806,310 (2017: $1,781,246) 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 (2017: $887,026) in respect to capital losses arising in Australia.

NOTE 4: EARNINGS PER SHARE

	2018 Cents per share	**2017** Cents per share
Basic loss per share:	(0.35)	(0.52)
Continuing operations		
The earnings and weighted average number of ordinary shares calculation of basic earnings per share is as follows:		
Earnings used in calculation of basic earnings per share:		
Loss attributable to owners of the parent	(6,643,531)	(4,883,519)
Weighted average number of ordinary shares for the purpose of basic earnings per share	1,873,070,955	933,955,785

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

NOTE 5: SEGMENT INFORMATION

	Continuing operations			Total
	Australia $	Mongolia $	Singapore $	$
Year ended 30 June 2018				
Total segment revenue	64,913	151,396	-	216,309
Segment net operating loss after tax	(1,889,369)	(4,517,424)	(573,479)	(6,980,272)
Interest revenue	64,913	151,396	-	216,309
Depreciation and amortisation	-	(32,015)	-	(32,015)
Segment assets	4,736,085	40,013,542	4,377	44,754,004
Segment liabilities	(144,608)	(490,575)	(3,371,972)	(4,007,155)
Capital expenditure during the year	-	2,310,736	-	2,310,736
Cash flow information				
Net cash flow from operating activities	(1,174,240)	(1,981,018)	(575,013)	(3,730,271)
Net cash flow from investing activities	-	(1,284,481)	-	(1,284,481)
Net cash flow from financing activities	12,094,127	-	-	12,094,127

	Continuing operations			Total
	Australia $	Mongolia $	Singapore $	$
Year ended 30 June 2017				
Total segment revenue	1,771	2,362	-	4,133
Segment net operating loss after tax	(1,596,661)	(2,657,758)	(629,100)	(4,883,519)
Interest revenue	1,771	2,362	-	4,133
Depreciation and amortisation	-	(44,936)	-	(44,936)
Segment assets	505,008	36,144,330	7,989	36,657,327
Segment liabilities	(3,448,810)	(24,200)	(7,325,230)	(10,798,240)
Capital expenditure during the year	-	1,769,637	-	1,769,637
Cash flow information				
Net cash flow from operating activities	(824,256)	(392,038)	(234,552)	(1,450,846)
Net cash flow from investing activities	-	(1,737,239)	-	(1,737,239)
Net cash flow from financing activities	3,187,360	-	-	3,187,360

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

NOTE 6: ISSUED CAPITAL

	2018 $	2017 $
Ordinary shares		
Issued and fully paid	105,085,021	84,131,715
Less share issue costs	(5,997,891)	(3,931,508)
	99,087,130	80,200,207

Movements in ordinary shares on issue

	No.	$
At 1 July 2016	928,288,306	79,865,150
Shares issued at 3c on 6 October 2016 on exercise of options	50,000	1,500
Shares issued at 3c on 21 December 2016 pursuant to a placement	7,283,332	218,500
Shares issued at 3c on 21 December 2016 on exercise of options	3,333,333	100,000
Shares issued at 3c on 6 February 2017 on exercise of options	50,000	1,500
Shares issued at 3c on 24 May 2017 on exercise of options	50,000	1,500
Shares issued at 3c on 15 June 2017 on exercise of options	480,000	14,400
Share issue costs		(2,343)
At 30 June 2017	939,534,971	80,200,207
At 1 July 2017	939,534,971	80,200,207
Shares issued at 3.3c on 3 July 2017 on exercise of performance rights	5,500,000	181,500
Shares issued at 2c on 14 August 2018 pursuant to a placement	54,922,250	1,098,445
Shares issued at 2c on 24 August 2018 pursuant to a placement	500,000	10,000
Shares issued at 2c on 24 August 2018 equity for debt	23,333,333	466,667
Shares issued at 2c on 1 September 2018 equity for debt	108,337,867	2,166,757
Shares issued at 3.3c on 4 October 2017 on exercise of performance rights	6,000,000	198,000
Shares issued at 1.9c on 7 November 2017 as part asset acquisition consideration	10,000,000	190,000
Shares issued at 1.2c on 11 December 2017 pursuant to a 6 for 5 rights issue	1,081,121,401	12,973,457
Shares issued at 1.2 c as repayment of loans on 11 December 2017	296,632,704	3,559,592
Shares issued at 1.8c on 9 February 2018 on exercise of options	42,000	756
Shares issued at 3.3c on 9 May 2018 on exercise of performance rights	3,250,000	107,250
Shares issued at 1.8c on 25 May 2018 on exercise of options	13,000	234
Shares issued at 1.8c on 25 June 2018 on exercise of options	36,000	648
Share issue costs		(2,066,383)
At 30 June 2018	**2,529,223,526**	**99,087,130**

For accounting purposes, the price of the performance rights is the quoted share price at the date the issues were approved. Nil consideration was paid for the performance rights.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

NOTE 7: ACCUMULATED LOSSES AND RESERVES

Accumulated losses

Movements in accumulated losses are as follows:	2018 $	2017 $
Balance at beginning of financial year	(47,460,080)	(43,366,561)
Net loss for the year attributable to owners of the parent	(6,643,531)	(4,883,519)
Transfer on expiry of options	-	790,000
Transfer on expiry of performance rights	182,797	-
Balance at end of financial year	(53,920,814)	(47,460,080)

Reserves

	Contribution Reserve $	Foreign currency translation reserve $	Share based payments reserve $	Total $
At 30 June 2016	-	(2,764,533)	833,496	(1,931,037)
Currency translation differences	-	(4,580,154)	-	(4,580,154)
Issue of performance rights	-	-	504,151	504,151
Performance rights expired unvested	-	-	(84,000)	(84,000)
Transfer on expiry of options		-	(790,000)	(790,000)
At 30 June 2017	-	(7,344,687)	463,647	(6,881,040)
At 30 June 2017	-	(7,344,687)	463,647	(6,881,040)
Currency translation differences	-	71,112	-	71,112
Issue of performance rights	-	-	767,554	767,554
Issue of listed options to underwriter	-	-	688,877	688,877
Performance rights expired unvested	-	-	(182,797)	(182,797)
Performance rights vested	-	-	(486,750)	(486,750)
Non-controlling interest arising on part disposal	1,805,302	-	-	1,805,302
At 30 June 2018	1,805,302	(7,273,575)	1,250,531	(4,217,742)

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 described in Note 15 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 2018

NOTE 7: ACCUMULATED LOSSES AND RESERVES (continued)

Nature and purpose of 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:

	2018 No.	**2018** Weighted average exercise price	**2017** No.	**2017** Weighted average exercise price
Outstanding at the beginning of the year	-	-	188,912,500	0.03
Granted during the year	875,970,502	0.019	-	-
Exercised during the year	(91,000)	0.018	(3,963,333)	0.03
Expired during the year	-		(184,949,167)	0.03
Outstanding at the end of the year	875,879,502	0.019	-	-
Exercisable at the end of the year	875,879,502	0.019	-	-

At 30 June 2018 there were 875,879,502 unexercised options (30 June 2017: Nil).

The number and details of the options unexercised at 30 June 2018 was:

Number	Grant date	Expiry date	Exercise price $ per option	Fair value at grant date $ per option
54,922,250	14/08/2017	14/08/2018	0.025	0.00
23,833,333	24/08/2017	24/08/2018	0.025	0.00
108,337,867	01/09/2017	01/09/2018	0.025	0.00
688,786,052	11/12/2017	11/12/2019	0.018	0.001

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

NOTE 7: ACCUMULATED LOSSES AND RESERVES (continued)

The number of performance rights unexercised at 30 June 2018 are:

	2018 No.	2017 No.
Outstanding at the beginning of the year	60,000,000	44,000,000
Granted during the year	205,300,000	20,000,000
Vested and shares issued during the year	(14,750,000)	-
Expired during the year	(5,250,000)	(4,000,000)
Outstanding at the end of the year	245,300,000	60,000,000

The performance milestones for 5,500,000 performance rights issued to Non-executive Directors on 6 February 2017 were tenure based, vested on 30 June 2017, were exercised and the shares issued on 3 July 2017.

The performance milestones for 6,500,000 performance rights issued to employees and eligible contractors were both tenure and strategic based. 3,250,000 tenure based performance rights vested on 30 September 2017 and the shares were issued. The 3,250,000 strategic based performance rights did not vest on or before 30 June 2018 and were cancelled on 2 July 2018.

The performance milestones for 8,000,000 performance rights issued to the Executive Director were both strategic and tenure based. The 6,000,000 tenure based performance rights vested on 30 September 2017 and the shares were issued. The 2,000,000 strategic based performance rights did not vest on or before 30 June 2018 and were cancelled.

The vesting requirements applicable to 40,000,000 performance rights issued to a consultant are based on execution of a Concession Agreement to build and operate the Ovoot to Erdenet Northern Railway and provision by 31 December 2018 of an offer to fund 70% of the funding required to build the railway. No expense has been recognised as currently there is no expectation that the funding performance milestone will be met.

Following from shareholder approval given at the 2017 Annual General Meeting held on 26 November 2017, 55,000,000 performance rights were issued to the nominee of David Paull, 101,800,000 performance rights were issued to Non-Executive Directors or their nominees, and 48,500,000 performance rights were issued to employees and qualified contractors on 8 May 2018. The performance milestones attaching to the performance rights are strategic. One of the six tranches vested and 34,216,671 ordinary shares issued on exercise on 13 July 2018 as the 30 day VWAP of the Company's Shares as traded on ASX was equal to or greater than A$0.02 by 30 June 2019.

The remaining performance rights will vest in five tranches if and when one or more of the remaining following five milestones are achieved:

1. if 80% or more of the initial issue of 1.8 cent AKMOA listed options are exercised on or before 11 December 2019.
2. If following a decision by the Company to mine the Nuurstei Project, or a Board approved equivalent project, the Company achieves production of a combined 500,000 tonnes per annum of washed hard coking coal by 31 December 2019.
3. if the Company achieves net profit after tax of at least $10 million by no later than 31 December 2019.
4. if the 30-day VWAP of the Company's Shares as traded on ASX is equal to or greater than A$0.03 by 30 June 2020.
5. if the 30-day VWAP of the Company's Shares as traded on ASX is equal to or greater than A$0.04 by 30 June 2021.

The performance rights are valued at the share price on grant date, being 1.2 cents for each of the performance rights issued to the Directors and 1.4 cents for each of the performance rights issued to the employees and contractors.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

NOTE 8: CASH AND CASH EQUIVALENTS

	2018	2017
	$	$
Cash at bank and on hand	1,665,587	357,089
Short term deposits	5,822,814	55,000
	7,488,401	412,089

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 (2017: $55,000) is on deposit as cash backed security against a business use credit card limit and office rental.

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

	2018	2016
	$	$
Loss for the year	(6,980,272)	(4,883,519)
Change in net assets and liabilities:		
Change in trade and other receivables	(629,537)	174,220
Changes in trade and other payables	(417,764)	834,151
Profit on sale of property, plant and equipment	(35)	-
Amortisation and depreciation expense	32,015	44,936
Share based payments	767,554	420,151
Interest expense settled by issue of shares	833,424	-
Exploration expenditure impairment net of recoupment	2,627,205	1,972,917
Foreign exchange (gain)/loss	37,139	(13,702)
Net cash used in operating activities	(3,730,271)	(1,450,846)

NOTE 9: CURRENT TRADE AND OTHER RECEIVABLES

	2018	2017
	$	$
GST recoverable	18,965	13,252
Prepayments	1,238,175	130,237
Accrued interest	1,530	281
Other receivables	127,753	36,915
	1,386,423	180,685

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

NOTE 10: DEFERRED EXPLORATION AND EVALUATION EXPENDITURE

	2018 $	2017 $
Costs carried forward in respect of:		
Exploration and evaluation phase – at cost		
Balance at beginning of year	35,875,408	40,826,207
Expenditure incurred, net of cost recoveries	515,221	1,769,637
Acquisition costs (see Note 14)	1,684,350	-
Impairment of exploration and evaluation expenditure	(2,627,205)	(2,140,501)
Recovery of mining expenditure	-	167,584
Foreign exchange loss	161,998	(4,747,519)
Total exploration and evaluation expenditure	35,609,772	35,875,408
Total expenditure incurred and carried forward in respect of specific projects -		
Ovoot Coking Coal Project	34,484,418	34,309,364
Nuurstei Coking Coal Project	1,125,354	1,566,044
Northern Railways evaluation	-	-
Total exploration and evaluation expenditure	35,609,772	35,875,408

Exploration expenditure incurred on projects other than the Ovoot Coking Coal Project and Nuurstei Coking Coal Project has been impaired, written-off or expensed as that expenditure is not expected to be recouped through successful development and exploration of the areas of interest, or alternatively, by sale. The recoupment of the expenditure that has been carried forward is dependent upon the successful development and commercial exploitation or sale of the respective areas.

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)

	2018 $	2017 $
Trade payables	575,955	141,544
Accrued expenses	54,861	134,074
Borrowing fees payable	-	260,230
Corporate credit card	4,366	5,043
Interest payable[1]	125,343	899,288
	760,525	1,440,179

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

[1]The Company has agreed with Noble Resources International Pte Ltd that interest will be converted to equity subject to shareholder approval and completion of a capital raising (refer Note 21).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

NOTE 12: PROPERTY, PLANT AND EQUIPMENT

	Leasehold Improvements	Plant & Equipment	Furniture & Fittings	Office Equipment	Motor Vehicles	Total
	$	$	$	$	$	$
Year ended 30 June 2018						
Carrying value at 1 July 2017	174,884	7,452	128	1,126	5,555	189,145
Additions	-	67,594	-	14,087	22,417	104,098
Acquired on acquisition (see Note 14)	-	6,876	190	-	-	7,066
Depreciation charge for the year	(17,074)	(4,753)	(302)	(2,714)	(7,172)	(32,015)
Exchange rate movement	(2,124)	2,233	-	552	453	1,114
Carrying value at 30 June 2018	155,686	79,402	16	13,051	21,253	269,408
30 June 2018						
Cost						1,060,233
Accumulated depreciation						(790,825)
Net carrying amount						269,408
Year ended 30 June 2017						
Carrying value at 1 July 2016	235,916	16,751	748	2,916	27,840	284,171
Depreciation charge for the year	(18,045)	(6,316)	(490)	(1,273)	(17,423)	(43,547)
Exchange rate movement	(42,987)	(2,983)	(130)	(517)	(4,862)	(51,479)
Carrying value at 30 June 2016	174,884	7,452	128	1,126	5,555	189,145
30 June 2017						
Cost						947,955
Accumulated depreciation						(758,810)
Net carrying amount						189,145

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

NOTE 13: BORROWINGS

	Consolidated	
	Year ended 30 June 2018 $	Year ended 30 June 2017 $
USD long term facility	3,246,630	6,505,758
USD short term facility	-	2,602,303
AUD short term facility	-	250,000
	3,246,630	**9,358,061**
Current borrowings	-	9,358,061
Non-current borrowings	3,246,630	-
	3,246,630	**9,358,061**

USD long term facility movement for the period	**US$**	**A$**
Balance at beginning of period	5,000,000	6,505,758
Transfer from short term facility and repayment fee	1,650,000	2,146,900
Repayment from participation in rights issue capital raising (Note 6)	(2,701,987)	(3,559,592)
Repayments by cash	(144,532)	(190,442)
Acquisition of 10% interest in NRHL in exchange for debt forgiveness (Note 14)	(1,400,000)	(1,804,270)
Foreign exchange	-	148,276
Balance at end of period	**2,403,481**	**3,246,630**

USD short term facility movement for the period	**US$**	**A$**
Balance at beginning of period	2,000,000	2,602,303
Transfer to long term facility	(1,500,000)	(1,951,727)
Repayment by cash	(150,000)	(189,384)
Repayment by issue of securities (Note 6)	(350,000)	(466,667)
Foreign exchange movement	-	5,475
Balance at end of period	**-**	-

AUD short term facility movement for the period	**A$**
Balance at beginning of period	250,000
Proceeds from borrowing	305,000
Repayments by cash	(555,000)
Balance at end of period	**-**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

NOTE 13: BORROWINGS (continued)

Cash flows from financing activities:	**A$**
USD long term facility family repayments	(190,442)
USD short term facility repayments	(189,384)
AUD short term facility repayments	(555,000)
Repayment of borrowings	(934,826)
Proceeds from borrowings	305,000

In January 2013, Noble Resources International Pte Ltd (NRIPL) confirmed its support for the development for the Ovoot Coking Coal Project by a series of agreements with the Company and/or certain of its subsidiaries. The agreements were implemented on 21 February 2013 and included a Facility Agreement to provide a US$5m loan on commercial terms to assist with rail pre-development expenditures (Long Term Facility). The Long-Term Facility Agreement was entered into on 21 February 2013 and drawdowns of US$3 million and US$2 million were made on 10 May 2013 and 8 July 2013, respectively. 50% of the Company's ownership interest in the ECJV is provided as security. In March 2016, the Company agreed with NRIPL that the repayment date be extended to 15 March 2018 and in June 2017 the repayment date was again extended to 17 August 2019.

In August 2016, the Company secured interim short-term funding of US$2 million from a group of four investors, including NRIPL for US$1.5 million and three other substantial shareholders of the Company for US$0.5 million, to fund rail pre-development activities, including completion of the Erdenet to Ovoot Railway First Stage Feasibility Study. The Short-Term Loan Facility was for 12 months at an interest rate of 9% per annum and was drawn down in three tranches in August, October and December 2016. The loan was repayable on 17 August 2017. In the event that the loan was repaid, the lenders were entitled to receive 110% of the face value of the loan. In the event that the loan was not repaid in 12 months, the loan could be converted at the lender's' option to a royalty of US$1.25\tonne of coking coal sold from the first 10 Mt of Ovoot Project production.

In June 2017, the Company secured an interest free short-term facility of $250,000 from a substantial shareholder of the Company to fund working capital.

Pursuant to a Term Sheet between Noble Resources International Pte Ltd (NRIPL), Aspire, Logarta Limited and Coalridge Limited dated 26 May 2017 (effective from 13 June 2017), NRIPL and Aspire agreed various transactions and variations to loan facilities. Other lenders also agreed to variations to loan facilities conditional on the transactions with NRIPL being completed.

The agreements between NPRIL and Aspire were subject to Aspire:

1. having its shareholders approve the transactions;
2. completion by Aspire of a placement capital raising; and
3. obtaining legal advice that the increase in the facility was secured by the existing security.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

NOTE 13: BORROWINGS (continued)

At the general meeting of the Company's shareholders held on 26 July 2017, the shareholders gave approval for the Company to:

1. exercise the option to acquire the remaining 50% interest in Coalridge Limited, the corporate entity that holds a 90% interest in the Nuurstei Coking Coal Project (See Note 6); and
2. make a public offer of its securities pursuant to a prospectus to issue up to 200,000,000 fully paid ordinary shares in the Company at an issue price of $0.02 per Share, together with one attaching option for every Share subscribed for exercisable at 2.5 cents within 12 months from grant, to raise up to $4,000,000 (exclusive of oversubscriptions) (Offer); and
3. satisfy the cash consideration payable to NRIPL on the exercise of the ECJV Option of US$1,000,000 by the issue of 66,666,667 shares and 66,666,667 options; and
4. satisfy loan interest of US$625,068 due to NRIPL on 2 July 2017 through the issue of 41,671,200 shares and 41,671,200 options; and
5. satisfy amounts owing of US$350,000 to two other lenders through the issue of 23,333,333 shares and 23,333,333 options.

The offer made pursuant to a Prospectus dated 27 June 2017 opened on 5 July 2017, closed on 14 August and raised A$1.09 million before costs. All conditions precedent was satisfied by Aspire and all transactions completed. All other obligations under the loan facilities were met by the Company on the 17 August 2017 due date.

Separately but contingent on completion of the transactions with NRIPL, two of the three lenders under the US$2 million short term facility also agreed in June 2017 to convert their loan principal to equity in the Company. On 24 August 2017 the securities were issued to the applicable lenders.

Pursuant to a further Term Sheet between NRIPL, Aspire, Logarta Limited and Coalridge Limited dated on or about 10 October 2017, NRIPL and Aspire agreed that:

1. NRIPL take up its entitlement and participate in an underwritten renounceable rights issue capital raising and sub-underwrite additional participation such that a maximum of A$3.75 million will be contributed to the capital raising by NRIPL and applied by NRIPL in reduction of the loan; and
2. The loan facility with NRIPL be further reduced by US$1.4 million by NRIPL being issued sufficient shares in Northern Rail Holdings Limited (NRHL) to give NRIPL a 20% interest in NRHL; and
3. In the event that China Gezhouba Group Corporation International Ltd (CGGC) exercises its option to acquire 51% of NRHL by CGGC contribution of a minimum of US$5.4m to complete the Rail Concession conditions precedent, the facility will be reduced by US$1 million by Noble being issued sufficient shares in NRHL such that Noble will have a diluted interest in NRHL of 15%; and
4. In the event that CGGC does not exercise its NR Option, the facility can be reduced at the election of Aspire by a payment US$1 million to Noble or by the issue of the number of shares to Noble at an equivalent value of US$1 million calculated at a 5% discount to the 30 Day VWAP prior to the date of issue of the shares; and
5. In the event that the Nuurstei Coking Coal Project commences commercial production at least 18 months prior to 17 August 2019, US$600,000 will be paid 6, 12 and 18 months after the commencement of commercial production; and
6. The remainder of the facility will be repaid on 17 August 2019; and
7. The interest rate on the facility increased from 9% to 10.45% from 17 August 2017.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

NOTE 13: BORROWINGS (continued)

The capital raising offer made pursuant to a Prospectus dated 10 November 2017 opened on 20 November 2017, closed on 5 December 2017 and raised A$16.53 million before costs and including $3.56 million applied to debt reduction.

All conditions precedent were satisfied and both transactions were completed.

Subsequent to the end of the Period (refer Note 21) and pursuant to a further Term Sheet between NRIPL, Aspire and Ovoot Coking Coal Pte Ltd, the parties have agreed that the remaining debt and interest owed to NRIPL be discharged by the issue of the equivalent number of ordinary shares at 2.1 cents per share at the agreed exchange rate.

NOTE 14: ASSET ACQUISITION

On 13 June 2014, Ovoot Coking Coal Pte Ltd (OCC), 100% owned subsidiary of Aspire, acquired the 50% interest held by Xanadu Limited (Xanadu) in Coalridge Limited. Noble Group retained its 50% ownership.

Coalridge Limited owns the entities that operated the Ekhgoviin Chuluu Joint Venture (“ECJV”) and hold a 90% interest in the Nuurstei Coking Coal Project (“Nuurstei Project”) in northern Mongolia.

Aspire paid $1 for the initial investment and agreed to issue 10 million shares in Aspire to Xanadu upon agreement to undertake feasibility studies on the Nuurstei Project area or upon the Mineral Resource Authority of Mongolia granting a mining license over all or part of the Nuurstei Project area. Aspire has agreed to issue a further 5 million shares in Aspire in the event that 30 million tonnes of JORC compliant resources are identified in the Nuurstei Project area.

A mining license on part of the Nuurstei Project area was granted on 9 October 2017 and the 10,000,000 shares were issued to Xanadu. Those shares are valued at $190,000 being the 10,000,000 shares at the Aspire share price of 1.9 cents on the date of the grant of the Mining Licence.

OCC exercised its option to acquire Noble’s 50% interest for a consideration of US$1 million and a royalty from production sufficient to discharge the loan owed to Noble by the ECJV. It has been agreed with Noble and approved by the Company’s shareholders that the initial US$1 million be satisfied by the Company by the issue of 66,666,667 shares at 2 cents per share and 66,666,667 options. Those securities were issued to Noble Resources International Pte Ltd on 1 September 2017.

The consideration for the investment or 90% of the Nuurstei Coking Coal Project is $1,541,390 made up as follows:

	$
Initial investment acquisition of Xanadu’s 50% interest	1
Consideration to Xanadu (10,000,000 shares at $0.019)	190,000
Acquisition of Noble’s 50% share (66,666,667 shares at $0.02 and free attaching options)	1,333,333
Acquisition costs	18,056
Investment in Coalridge Limited	1,541,390

This values 100% of the Coalridge Limited Group inclusive of the Nuurstei Coking Coal Project at $1,712,655, represented by the following assets and liabilities of the Coalridge Limited Group at acquisition:

	$
Cash and cash equivalents	14,168
Receivables	8,409
Exploration expenditure	1,684,350
Property, plant and equipment	7,066
Intangible asset	2,830
Trade and other payables	(4,168)
Net assets	1,712,655

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

NOTE 14: ASSET ACQUISITION (continued)

Non-controlling interest

The consideration determines that the10% non-controlling interest is $171,265.

Net cash outflow arising on acquisition

	$
Cash paid	18,056
Less: Net cash acquired with the subsidiary	(14,168)
Net cash outflow	3,888

Impact of acquisition on the results of the Group

Aspire proposes to conduct a drilling and exploration program targeted at increasing the existing mineral resources at the Nuurstei Coking Coal Project (including seeking to convert Inferred Mineral Resources to Indicated Mineral Resources categories) and establishing an ore reserve at the project.

It is proposed that this new resource model will feed into the feasibility study process for the Nuurstei Coking Coal Project, the end objective being to confirm that an economically viable mining operation can commence.

The ability to achieve this is dependent on the analysis of the results of the drilling program, future positive economic studies, the grant of necessary approvals and licences, and any further required funding in addition to (but not limited to) that provided by other possible sources (such as coal pre-sales and contractor funding).

The exploration and evaluation expenditures incurred on the Nuurstei Coking Coal Project licences will continue to be recognised as an exploration and evaluation asset at cost in each year in which they are incurred where the following conditions are satisfied:

1. the rights to tenure of the area of interest remain current; and
2. at least one of the following conditions is also met:
   - (c) 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
   - (d) 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 is continuing.

If and when a decision is made to proceed with development of the Nuurstei Coking Coal Project, the Nuurstei Coking Coal Project exploration and evaluation asset will be tested for impairment before reclassification to development.

NOTE 15: NON-CONTROLLING INTERESTS AND CONTRIBUTION RESERVE

As set out in Note 14, there is a 10% non-controlling interest in the corporate 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 the period, the Group disposed of a 10% interest in NRML to the Noble Group 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 (Note 13).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

NOTE 15: NON-CONTROLLING INTERESTS AND CONTRIBUTION RESERVE (continued)

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

Non-controlling interest summary	**Coalridge Limited 30 June 2018 $**	**Northern Rail Holdings Limited 30 June 2018 $**	**Total 30 June 2018 $**
Non-controlling interest arising on the acquisition of subsidiary	171,265	-	171,265
Non-controlling interest arising on part disposal of subsidiary	-	(1,031)	(1,031)
Profit/(loss) allocated to non-controlling interest	(264,078)	(72,663)	(336,741)
Other comprehensive income/(loss) allocated to non-controlling interest	23,871	(59,089)	(35,218)
Closing Balance	(68,942)	(132,783)	(201,725)

The summarised financial information at 30 June 2018 is as follows:

	Coalridge Limited $	**Northern Railway Holdings Limited $**
Current Assets	628,025	6,482
Non-Current Assets	1,131,519	-
Total Assets	1,759,544	6,482
Current Liabilities	(725,555)	-
Non-Current Liabilities	-	-
Total Liabilities	(725,555)	-
Net Assets	1,033,989	6,482
Revenue	-	6
Loss for the year	(2,640,775)	(363,316)
Total comprehensive loss for the year	(2,402,067)	(658,759)

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.

	2018 $	**2017** $
Financial assets:		
Receivables	148,248	50,448
Cash and cash equivalents	7,488,401	412,089
	7,636,649	462,537
Financial liabilities:		
Trade and other creditors	760,525	1,440,179
Borrowings	3,246,630	9,358,061
	4,007,155	10,798,240

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

NOTE 16: FINANCIAL INSTRUMENTS (continued)

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
	%	$	$	$	$	$
2018						
Non-interest bearing		212,859	-	-	-	-
Variable interest rate instruments	1.00	1,584,783	-	-	-	-
Fixed interest rate instruments	2.37	-	5,829,007	10,000	-	-
		1,797,642	5,829,007	10,000	-	-
2017						
Non-interest bearing		319,560	-	-	-	-
Variable interest rate instruments	0.09	87,977	-	-	-	-
Fixed interest rate instruments	2.10	-	55,000	-	-	-
		407,537	55,000	-	-	-

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
	%	$	$	$	$	$
2018						
Non-interest bearing	-	760,525	-	-	-	-
Variable interest rate instruments	-	-	-	-	-	-
Fixed interest rate instruments	10.45%	-	-	3,246,630	-	-
		760,525	-	3,246,630	-	-
2017						
Non-interest bearing	-	1,354,197	85,982	-	-	-
Variable interest rate instruments	-	-	-	-	-	-
Fixed interest rate instruments	9%	-	2,852,303	6,505,758	-	-
		1,354,197	2,938,285	6,505,758	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

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 2018 and 2017, 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. 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. Other than the facilities referred to in Note 13, the Group did not have any undrawn facilities at its disposal as at balance date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

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

(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. 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 2018, 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:

	2018	**2017**
Change in Loss	$	$
Increase in interest rate by 1%	15,848	880
Decrease in interest rate by 1%	(15,848)	(880)
Change in Equity		
Increase in interest rate by 1%	15,848	880
Decrease in interest rate by 1%	(15,848)	(880)

(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	
	2018	**2017**	**2018**	**2017**
	$	$	$	$
US Dollars	3,246,630	10,362,896	580,549	9,100
Mongolian Tugriks	462,968	23,266	3,503,583	77,243

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. For a strengthening of the Australian Dollar against the respective currency there would be an equal and opposite impact on the profit and equity and the balances below would be negative.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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

	2018	2017
10% Increase	$	$
Profit/(loss) and equity – US dollar exposure	242,371	941,254
Profit/(loss) and equity – Mongolian Tugrik	(276,419)	(4,907)
10% Decrease	$	$
Profit/(loss) and equity – US dollar exposure	(296,231)	(1,150,422)
Profit/(loss) and equity – Mongolian Tugrik	337,846	5,997

(e) Market risk

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.

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

	2018	2017
	$	$
Within a year	156,154	294,487
Later than one year but not later than five years	63,573	390,875

Investment Consideration Commitments

Pursuant to the initial acquisition of the 50% interest in Coalridge Limited that owns the Ekhgoviin Chuluu Joint Venture ("ECJV") that has a 90% interest in the Nuurstei Coking Coal Project (Nuurstei Project) (see Note 14) and Aspire's agreement to issue (to addition to the 10 million shares in Aspire issued upon the Mineral Resource Authority of Mongolia granting a mining license over all or part of the Nuurstei Project area) a further 5 million shares in Aspire in the event that 30 million tonnes of JORC compliant resources are identified in the Nuurstei Project area.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

NOTE 19: DIVIDENDS

The Directors of the Group have not declared any dividend for the year ended 30 June 2018

NOTE 20: CONTINGENT LIABILITIES

There are no contingent liabilities at 30 June 2018.

NOTE 21: EVENTS SUBSEQUENT TO REPORTING DATE

In August 2018 the Company entered into definitive and binding documentation (**Agreements**) with existing substantial shareholder, Mr. Tserenpuntsag Tserendamba, to invest $10 million as part of a $12.1 million strategic financing package to implement the Ovoot Early Development Plan (**OEDP**).

The OEDP will involve mining a low ash and high yielding coal from a starter pit that sits within the previously defined Ovoot orebody and construction of a new private haul road beside the planned 547km rail path for the Erdenet to Ovoot Railway.

The designed production rate at Ovoot under the OEDP will be matched to forecast logistics capacities which are limited by existing Mongolian rail capacity and expected to be in the range of 3 to 4Mtpa from work undertaken during the Nuurstei Feasibility Study.

Under the Agreements, Mr Tserenpuntsag has agreed to subscribe for 476.2 million new ordinary Aspire shares at $0.021 per share. The placement to Mr Tserenpuntsag is conditional upon the approval of Aspire shareholders. It is also conditional upon the Company raising at least an additional $1.7 million from other investors. Binding pre-commitments to subscribe for $2.1 million have been received to satisfy the later condition precedent.

Delivery of the road-based OEDP complements the development of the Erdenet to Ovoot Railway without causing any delay to the rail development. Much of the permitting and approvals required for the road path are also applicable for the future rail development, whilst early production and cashflow will materially de-risk the project. Once commissioned, the Northern Rail Line is expected to support up to 10Mtpa of high quality washed coking coal from Ovoot on a low cost, long term basis.

The placement proceeds of A$12.1 million before costs, together with existing cash reserves, are expected to fully fund the Company to complete feasibility studies for the mine and road components of the OEDP to support a planned project financing and decision to mine in the first half of calendar 2019. The shareholders meeting to consider and if thought fit, approve the placement is expected to be held in late October or early November 2018.

The Company also entered into an agreement with major shareholder, Noble Resources International Pte Ltd, for a debt to equity conversion of up to the existing debt of US$2.4 million (plus accrued interest on that amount), with any residual balance of that debt to be repaid out of funds raised from the strategic financing.

On 13 July 2018 34,216,671 ordinary shares were issued to Directors, employees and qualifying consultants on the vesting of performance rights.

On 15 August 2018 44,527,250 ordinary shares were issued following exercise of 2.5 cent options.

The dormant subsidiary CEADM LLC was deregistered.

Other than the above, 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 2018

NOTE 22: DIRECTORS AND EXECUTIVE DISCLOSURES

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

	2018 $	2017 $
Short-term employee benefits	221,400	216,000
Post-employment benefits	-	-
Share-based payments	435,388	388,234
	656,788	604,234

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

Related Party Transactions

In August 2016, the Company secured interim short-term funding of US$150,000 from Spectral Investments Pty Ltd, a company associated with the Director, Neil Lithgow, to assist with the funding of rail pre-development activities, including completion of the Erdenet to Ovoot Railway First Stage Feasibility Study.

The Short-Term Loan Facility was for 12 months at an interest rate of 9% per annum and was drawn down in three tranches in August, October and December 2016. The loan was repayable on 17 August 2017. In the event that the loan was repaid, the lender was entitled to receive 110% of the face value of the loan. In the event that the loan was not repaid in 12 months, the loan could be converted at the lender's' option to a royalty of US$1.25\tonne of coking coal sold from the first 10 Mt of Ovoot Project production.

Spectral Investments Pty Ltd agreed to accept shares and options on the same terms as the securities offered under a capital raising in satisfaction of the loan principal of US$150,000. That capital raising was completed on 14 August 2017 and 10,000,000 shares and options issued to Spectral Investments Pty Ltd. All accrued interest and the repayment fee were paid on 17 August 2017 (refer Note 13). The total interest and repayment fee paid on discharge of the principal were $8,502 and $19,050 respectively. The interest and repayment fee accrued at 30 June 2017 were US$6,449 and the $19,517, respectively.

In June 2017, Spectral Investments Pty Ltd made available to the Company a A$250,000 short term interest free facility. That facility was repaid by instalments in July 2017 and August 2017. In September 2017, Spectral Investments Pty Ltd again made available to the Company a A$250,000 short term facility. That facility was increased by A$50,000 in November 2017. That facility was repaid in December 2017.

From July 2016 to June 2018, the Company's Perth corporate office was at premises leased and occupied by a company associated with David Paull. Rent and outgoings of $28,196 was met by the Company on normal commercial terms (2017: $26,763). Those premises were vacated on the relocation of the office to the current registered address.

At 30 June 2018, the Group had a receivable of $9,217 (2017: Nil) due from David Paull for a personal expense met whilst travelling on Group business. The receivable has been reimbursed.

As at 30 June 2018, there were unpaid Directors' Fees payable to David Paull of $18,000 (2017: Nil) and to Alexander Passmore of $3,400 (2017: Nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

NOTE 23: AUDITOR'S REMUNERATION

The auditor of Aspire Mining Limited is HLB Mann Judd.

	2018	2017
	$	$
Amounts received or due and receivable by HLB Mann Judd for:		
An audit or review of the financial reports	46,250	40,750
Other services	870	-
	47,120	40,750

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

	2018	2017
	$	$
Amounts received or due and receivable by KPMG:		
An audit or review of the financial reports	49,443	40,277
Other services	13,822	-
	63,265	40,277

NOTE 24: PARENT ENTITY DISCLOSURES

Financial position	**2018**	**2017**
	$	$
Assets		
Current assets	4,736,085	505,008
Non-current assets	6,021,032	5,937,487
Total assets	10,757,117	6,442,495
Liabilities		
Current liabilities	144,608	3,448,811
Non-current liabilities	-	-
Total liabilities	144,608	3,448,811
Net assets	10,612,509	2,993,684
Equity		
Issued capital	99,087,130	80,200,207
Reserves	1,250,531	463,647
Accumulated losses	(89,725,152)	(77,670,170)
Total equity	10,612,509	2,993,684

Financial performance

	Year ended 30 June 2018	**Year ended 30 June 2017**
	$	**$**
Operating loss for the year	(12,237,779)	(3,878,349)
Transfer on expiry of options and performance rights	182,797	790,000
Total comprehensive loss	(12,054,982)	(3,088,349)

Parent Company Capital Commitments and Contingent Liabilities

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

See Notes 18 and 20 for obligations of Aspire to issue securities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

NOTE 25: SUBSIDIARIES

The consolidated financial statements include the financial statements of Aspire Mining Limited and the subsidiaries noted in the following table:

		% Equity Owned		Investment	
Name	**Country of incorporation**	**2018**	**2017**	**2018**	**2017**
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%	90%	-	-
Northern Railways Holdings LLC	Mongolia	80%	90%	$136,230	$136,230
Northern Railways Pte Ltd	Singapore	80%	90%	$1	$1
Northern Mongolian Railways Limited	British Virgin Islands	80%	90%	$97,408	$97,408
Coalridge Limited	British Virgin Islands	100%	-	$1,541,390	-
Ekhgoviin Chuluu LLC	Mongolia	100%	-	-	-
Black Rock LLC	Mongolia	90%	-	-	-
CEADM LLC	Mongolia	51%	-	-	-

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 2018 and before impairment, amounts of $47,963,908 (2017: $42,746,425), $17,308,307 (2017: $11,033,671), $138,409 (2017: $138,409), $1,260,558 (2017: $1,250,348), $10,708 (2017: $8,348) and $647,991 (2017: Nil) 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 2018 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 2018.

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

David Paull
Managing Director
26 September 2018

HLB Mann Judd

Accountants | Business and Financial Advisers

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 2018, the consolidated statement of 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 2018 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.

HLB Mann Judd (WA Partnership) ABN 22 193 232 714

Level 4 130 Stirling Street Perth WA 6000 | PO Box 8124 Perth BC WA 6849 | Telephone +61 (08) 9227 7500 | Fax +61 (08) 9227 7533

Email: mailbox@hlbwa.com.au | Website: www.hlb.com.au

HLB Mann Judd

<table>
<tr><th>Key Audit Matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td colspan="2">Deferred exploration and evaluation expenditure
(Note 10 in the annual financial report)</td></tr>
<tr><td>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 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 an exploration and evaluation asset may exceed its recoverable amount.</td><td>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 considered the Directors’ assessment of potential indicators of impairment;
▪ We obtained evidence that the Group has current rights to tenure of its area of interest;
▪ We examined the exploration budget and discussed with management the nature of planned ongoing activities; and
▪ We examined the disclosures made in the financial report.</td></tr>
<tr><td colspan="2">Asset Acquisition
(Note 14 in the annual financial report)</td></tr>
<tr><td>The Group had previously acquired a 50% interest in Coalridge Limited from Xanadu Limited. Coalridge Limited operated the Eckhgoviin Chuluu Joint Venture that holds a 90% interest in the Nuurstei Coking Coal Project. This 50% interest was an equity accounted investment in previous years. During the year, the Group issued 10,000,000 shares to Xanadu Limited to satisfy the contingent consideration in relation to the grant of a mining licence over all or part of Coalridge’s Nuurstei Coking Coal Project.

During the year, the Group exercised its option to acquire Noble Resources International Pte Ltd’s 50% interest in Coalridge Limited. The acquisition cost of US$1 million was settled by the issue of 66,666,667 shares and 66,666,667 options. The change in control of Coalridge has been accounted for as an asset acquisition.

This is considered to be a key matter as it is a material transaction which is considered to be important to users of the financial statements. In addition, the accounting for the transaction is complex.</td><td>Our procedures included but were not limited to the following:
▪ We read the Binding Term Sheet to understand its key terms and conditions;
▪ We considered if acquisition of an additional 50% in Coalridge Limited is to be accounted for as business combination or an asset acquisition;
▪ We obtained audit evidence that the acquisition date assets and liabilities of Coalridge Limited were fairly stated;
▪ We obtained audit evidence that the Non-Controlling Interest’s 10% share of assets and liabilities were fairly stated;
▪ We determined the value of the equity issued as consideration with reference to the share based payments standard; and
▪ We assessed the adequacy of the Group’s disclosure with respect to the change in control and asset acquisition.</td></tr>
</table>

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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 2018, 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

HLB Mann Judd

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.

REPORT ON THE REMUNERATION REPORT

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2018.

In our opinion, the Remuneration Report of Aspire Mining Limited for the year ended 30 June 2018 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

Norman Glad

HLB Mann Judd
Chartered Accountants

N G Neill
Partner

Perth, Western Australia
26 September 2018

ADDITIONAL SHAREHOLDER INFORMATION

Additional information required pursuant to the ASX Listing Rules and not shown elsewhere in this report is as follows. The information is current as at 10 October 2018.

1. Substantial Shareholders

There are three substantial shareholders:

- Noble Resources International Pte Ltd, 502,650,623 shares or 19.27% on an undiluted basis
- Mr Terenpuntsag Tserendamba, 425,177,430 shares or 16.30% on an undiluted basis
- Spectral Investments Pty Ltd, a company controlled by Mr Neil Lithgow, 237,278,501 shares or 9.10% on an undiluted basis

There are five substantial option holders:

- Mr Terenpuntsag Tserendamba, 128,330,119 options or 18.63%
- Noble Resources International Pte Ltd, 74,158,176 options or 10.77%
- CS Third Nominees Pty Ltd, 45,813,970 options or 6.65%
- Melshare Nominees Pty Ltd, 45,000,000 options or 6.53%

There are six substantial unlisted performance rights holders:

- 2Rs Pty Ltd, a company controlled by Mr David Paull, 45,833,333 performance rights, or 21.17%
- Signum Resources Corporation, 40,000,000 performance rights or 18.95%
- Spectral Investments Pty Ltd, a company controlled by Mr Neil Lithgow, 36,250,000 performance rights or 17.17%
- Gan-Ochir Zunduisuren, 30,500,000 performance rights or 14.45%
- Hannah Badenach, 18,083,333 performance rights or 8.57%
- Barkdell Services Pty Ltd, 14,166,666 performance rights or 6.71%

2. Number of holders in each class of equity securities and the voting rights attached

Ordinary Shares

There are 2,878 holders of ordinary shares. Each shareholder is entitled to one vote per share held. In accordance with the Company's Constitution, on a show of hands every member present in person or by proxy or attorney or duly authorised representative has one vote. On a poll every member present in person or by proxy or attorney or duly authorised representative has one vote for every fully paid ordinary share held.

Options

There are 416 holders of unlisted options. The options are exercisable at A$0.018 per option on or before 11 December 2019. There are no voting rights attached to these options. If exercised, each option will be converted into one fully paid ordinary share in the Company which will share the same voting rights as existing outstanding ordinary shares.

Performance Rights

There are 12 holders of performance rights. There are no voting rights attached to the performance rights.

3. Distribution schedule of the number of holders in each class of equity security

a) Fully Paid Ordinary Shares

Spread of Holdings	Holders	Units	%
1 – 1,000	252	42,031	0.00 %
1,001 – 5,000	278	883,940	0.03 %
5,001 – 10,000	261	2,206,709	0.08 %
10,001 – 100,000	1,026	46,667,430	1.79 %
100,001 –	1,061	2,558,220,737	98.09 %
TOTAL ON REGISTER	2,878	2,608,020,847	100.00 %

ADDITIONAL SHAREHOLDER INFORMATION (continued)

b) Options exercisable at A$0.018 on or before 11 December 2019

Spread of Holdings	Holders	Units	%
1 – 1,000	17	6,653	0.00 %
1,001 – 5,000	36	95,412	0.01 %
5,001 – 10,000	21	152,041	0.02 %
10,001 – 100,000	138	6,407,755	0.93 %
100,001 –	204	682,070,791	99.03 %
TOTAL ON REGISTER	416	688,732,652	100.00 %

c) Unlisted Performance Rights that vest at various dates

Spread of Holdings	Holders	Units	%
1 – 1,000	-	-	0.00 %
1,001 – 5,000	-	-	0.00 %
5,001 – 10,000	-	-	0.00 %
10,001 – 100,000	-	-	0.00 %
100,001 –	12	211,083,329	100.00 %
TOTAL ON REGISTER	12	211,083,329	100.00 %

4. Marketable Parcel

There are 1,110 shareholders with less than a marketable parcel.

5. Twenty largest holders of each class of quoted equity security

The names of the twenty largest registered holders of each class of security, the number of equity security each holds and the percentage of capital each holds are as follows:

Ordinary Shares Top 20 holders and percentage held.

	Holder Name	**Units**	**% of Issued**
1	Noble Resources International Pte Ltd	502,650,623	19.27%
2	BNP Paribas Nominees Pty Ltd	288,343,372	11.06%
3	Spectral Investments Pty Ltd	237,278,501	9.10%
4	HSBC Custody Nominees Australia Limited	224,430,469	8.60%
5	MICC LLC	194,607,850	7.46%
6	Oceanwide Securities Company Limited	75,507,984	2.90%
7	Custodial Services Limited	71,009,695	2.72%
8	J P Morgan Nominees Australia Limited	51,303,378	1.97%
9	2Rs Pty Ltd	24,736,791	0.95%
10	Citicorp Nominees Pty Ltd	21,911,854	0.84%
11	Mentok Pty Ltd	12,000,000	0.46%
12	Mrs Janet Monica Henriod	11,183,300	0.43%
13	Brookman Resources Pty Ltd	10,749,666	0.41%
14	Xanadu Mining Limited	10,000,000	0.38%
15	Avanteos Investments Limited	10,000,000	0.38%
16	Ms Hannah Badenach	9,083,333	0.35%
17	Mr Mr Cho Kheen Chong & Mrs Laura Ah Chun Chong <L&C Chong Super Fund A/c>	8,560,600	0.33%
18	Mr Marko Bazdaric	8,550,000	0.33%
19	Red Island Resources Ltd	8,350,000	0.32%
20	Neweconomy Com Au Nominees	8,040,764	0.31%
	Total	**1,788,298,180**	**68.57%**

ADDITIONAL SHAREHOLDER INFORMATION (continued)

Options Top 20 holders and percentage held.

	Holder Name	Units	% of Issued
1	MICC LLC	128,330,119	18.63%
2	Noble Resources International Pte Ltd	74,158,176	10.77%
3	CS Third Nominees Pty Limited	45,813,970	6.65%
4	Melshare Nominees Pty Ltd	45,000,000	6.53%
5	Mentok Pty Ltd	31,000,000	4.50%
6	Nero Resource Fund Pty Ltd	26,361,213	3.83%
7	HSBC Custody Nominees Australia Limited	16,500,000	2.40%
8	Troca Enterprises Pty Ltd	14,260,335	2.07%
9	Mr Graham Alan Canova	12,000,000	1.74%
10	Mr Mark Francalanza	11,000,000	1.60%
11	Oceanwide Securities Company	10,287,500	1.49%
12	Mr Duncan Gerard Gowans	10,000,000	1.45%
13	Sandwich Holdings Pty Ltd	10,000,000	1.45%
14	Swiftsure Investments Pty Ltd	10,000,000	1.45%
15	Mr Duncan Gerard Gowans & Mrs Jodie Louise Gowans <Gowans Superfund A/C>	10,000,000	1.45%
16	Custodial Services Limited	9,034,893	1.31%
17	Donkey Trading Pty Ltd	8,514,745	1.24%
18	Oro Resources Pty Ltd	7,272,059	1.06%
19	Jasper Hill Resources Pty Ltd	6,830,110	0.99%
20	Allora Equities Pty Ltd <C&E Retmnt Fund>	6,465,233	0.94%
	Total	**492,828,703**	**71.56%**

6. Stock exchange on which the Company's securities are quoted:

The Company's listed equity securities are quoted on the Australian Stock Exchange.

7. Restricted Securities

There are no restricted securities.

8. Review of Operations

A review of operations is contained in the Annual Report and Directors' Report within the Annual Financial Report.

9. Corporate Governance Statement

The Corporate Governance Statement for the year ending 30 June 2018 can be found on the company's website at http://www.aspiremininglimited.com.

10. Schedule of Tenements Mining & Exploration Licenses

The licenses registered in the name of Aspire Mining Limited or its 100% owned subsidiaries are set out in the Operational Review in the Annual Report.

ASPIRE MINING LTD

aspiremininglimited.com