



For Immediate Release – 6 September 2019

\$33.5m Placement to Mr. Tserenpuntsag as part of a Strategic Repositioning to Deliver Early Development

Highlights

- **\$33.5 million proposed investment by Mr. Tserenpuntsag to provide Aspire with a significantly strengthened financial position as project financing discussions continue.**
- **Placement price of 2.1 cents per share represents a significant premium of:**
 - **40% to the closing price of Aspire shares of 1.5 cents per share on 4 September 2019, the last day on which shares traded before this announcement of the Placement; and**
 - **27.7% to the 30 day VWAP of 1.645 cents per share for the period ending 4 September 2019.**
- **On completion of the placement Mr. Tserenpuntsag will increase his investment in Aspire from 27.5% to emerge as a 51.0% shareholder of Aspire.**
- **Repositions Aspire as a Mongolian led development company as it progresses community approvals in parallel with the Ovoot Early Development Plan (“OEDP”) Definitive Feasibility Study and associated road engineering study.**
- **New executive team to be led by Managing Director-elect Mr. Achit-Erdene Darambazar and supported by a to be appointed Chief Operating Officer to deliver the OEDP.**
- **Aspire Board size to be reduced from seven to five members with Executive Chairman Mr. David Paull to transition to Non-Executive Chairman over a four month period.**
- **Share consolidation of 10 to 1 proposed to reduce the number of Aspire shares on issue.**
- **Aspire’s Directors (other than those nominated by Mr. Tserenpuntsag) unanimously recommend that shareholders support the Placement to Mr. Tserenpuntsag in the absence of a superior proposal and subject to an independent expert opinion that the terms of the Placement are reasonable and in the best interests of shareholders.**

Mongolian metallurgical coal and infrastructure company, Aspire Mining Limited (ASX:**AKM**, the **Company** or **Aspire**), is pleased to announce that it has entered into a Share Subscription Deed with Aspire’s major substantial shareholder, Mr. Tserenpuntsag Tserendamba, to raise \$33.5 million before costs and strategically reposition Aspire as a Mongolian led company as it progresses with delivery of the Ovoot Early Development Plan (**OEDP**).

Following Placement completion, Mr. Tserenpuntsag's ownership of Aspire will increase from 27.5% to 51.0% of Aspire on an undiluted basis.

The Placement price per share represents a significant premium to relevant share price trading measures including a 27.7% to the 30 day volume weighted average price (**VWAP**) of 1.645 cents per share for the period ending 4 September 2019.

The Placement reinforces the commitment of the Aspire Board and Mr. Tserenpuntsag to transform Aspire into a significant pure play coking coal producer positioned in the second quartile of the global cost curve. The Placement is expected to provide a significant proportion of the estimated equity capital component required for the OEDP and the Company understands that Mr Tserenpuntsag intends to support any future fund raising activities required to complete OEDP funding.

Importantly, Aspire will emerge post Placement in its strongest ever financial position with an estimated cash backing in excess of \$40.0 million¹ and nil borrowings. Mr. Tserenpuntsag has confirmed to Aspire his intention to support Aspire in completing future debt financing on favorable terms to fund the OEDP.

To reflect the Company's strategic repositioning as a Mongolian majority-owned and led development company, the Aspire Board and key executive team will be restructured in conjunction with the Placement. This will involve a reduction in the Board size to five members and Executive Chairman Mr. David Paull transitioning to Non-Executive Chairman over a four month period following completion of the Placement. The new Executive team will be led by Managing Director-elect Mr. Achit-Erdene Darambazar (supported by Mr. Paull in respect of corporate and funding matters through the transition period).

Aspire's Executive Chairman Mr. David Paull commented: *"This funding not only provides important equity capital but also significant in-country support and assistance with future project financing. It is an important recognition by Mr. Tserenpuntsag of the value inherent in the OEDP. The Company and Mr Tserenpuntsag have a shared vision on how the OEDP can be financed and brought into production so that all shareholders can share in the realization of this value."*

Company Update

In February 2019, Aspire announced the OEDP Pre-Feasibility Study (**PFS**) which identified a low strip ratio, high yielding coking coal project based on an initial open pit mine running 12.5 years within the existing Ovoot Open Pit JORC Ore Reserves. Mine capital investment was estimated to be US\$110 million, whilst US\$165 million was estimated for the costs of constructing a road to deliver to an existing rail head.

Aspire has since commenced a Definitive Feasibility Study (**DFS**) and associated road engineering study. As previously announced, these studies have been delayed for several months as the Company progressed with negotiations at both the soum (local government) and airmag (provincial government) administrations to allow ground activities to be undertaken to complete data collection requirements for the DFS and the road engineering study that crosses through the Khuvsgul airmag. While the Company believes that it is making positive progress on both fronts, and notwithstanding that the Company may receive approvals to conduct the drilling activities required in the near term, there are additional significant approvals outstanding prior to mining being able to commence.

In addition, the Company and its financial advisers are continuing to progress project financing discussions to deliver the OEDP (mine and road) into first production. To this end, the Company has initiated a strategic investor process. However, at this stage all discussions are preliminary in nature. The process is open to consider all financing alternatives across the project value chain including debt, royalty, product-related financing, and corporate and project level equity or a combination

¹ Based on cash on hand of A\$10.2 million as at 30 August 2019 and the Placement consideration, but excluding any amounts received as a result of the issue of additional top up shares to Mr. Tserenpuntsag in the event his shareholding is diluted due to the exercise of Aspire listed options on issue.

thereof. The Company considers that many of the current project financing discussions are complementary with, and supported by, the proposed Placement.

Placement Overview

Under the proposed Placement, Mr. Tserenpuntsag will subscribe for 1,595.9 million ordinary fully paid shares at an issue price of 2.1 cents per share to raise \$33.5 million in cash before costs (**Placement**).

The Placement price of 2.1 cents per share represents a significant premium of:

- 40% to the closing price of Aspire shares of 1.5 cents per share on 4 September 2019, the last day shares traded before this announcement of the Placement; and
- 27.7% to the 30 day VWAP of 1.645 cents per share for the period ending 4 September 2019.

The funds raised from the Placement will be used to meet the costs associated with early mine construction activities (some of which can be undertaken prior to completion of the DFS) and for general working capital purposes.

Upon Placement completion, Mr. Tserenpuntsag will hold 51.0% of Aspire's issued share capital (on an undiluted basis) such that the Company will become a majority Mongolian owned entity. The Placement arrangements also provide for Mr. Tserenpuntsag subscribing for additional shares at the Placement price of 2.1 cents to retain a 51.0% interest in Aspire's issued share capital in the event that his interest is diluted post Placement completion as a result of the exercise of the December 2019 listed options currently on issue in the company.

In connection with Aspire becoming majority Mongolian owned, the management changes outlined below will result in the appointment of Mr. Achit-Erdene Darambazar (a Mongolian resident) as the Company's new Managing Director, who will be based in Ulaanbaatar to lead a new executive team.

This strategic repositioning of Aspire into a majority Mongolian owned company led by a Mongolian resident Managing Director is expected to materially assist the Company's ability to receive the Mongolian permits and approvals required to continue with the development of the OEDP while enhancing the Company's ability to attract debt funding from internal Mongolian sources. It is also expected to significantly improve the Company's community engagement and acceptance of its mining and transport activities in the future. Timely receipt of the necessary Mongolian permits and approvals is critical to enabling Aspire to maintain its targeted mid-2021 production start date to develop Ovoot.

The cash injection from the Placement, along with existing cash resources, represents a material component of the estimated equity capital required to complete the envisaged project financing for the OEDP. The Company expects to have a significant advantage in securing debt facilities on attractive terms, particularly from domestic Mongolian sources, as it will be able to demonstrate a majority Mongolian resident shareholder base together with a Mongolian resident led management team.

The Placement arrangements also include agreed commitments and safeguards for minority shareholders during a transition period from completion of the Placement (**Transition Period**). These include:

- a commitment for the first 6 months post the Placement to make no changes to the agreed Board composition and to support the agreed development path for the OEDP; and
- to offer all shareholders an equal opportunity to participate in any new equity issues offered over the next 12 months post Placement completion on the same terms as all other participants, unless otherwise agreed by the Directors (other than Directors nominated by Mr. Tserenpuntsag) (the **Non-Aligned Directors**).

As part of the proposed Placement, Aspire has agreed to remove the standstill restriction which was previously put in place with Mr. Tserenpuntsag as part of an equity fundraising conducted in 2018.

The Placement is subject to an independent expert opining that the terms of the Placement are reasonable and in the best interests of shareholders and to shareholders subsequently approving the proposed Placement.

Board and Management Changes & Share Consolidation

Upon completion of the Placement, Aspire's Board size is to reduce from seven to five members. To facilitate this restructure, Mr. Gan-Ochir Zunduisuren (Executive Director) and Mr. Alex Passmore (Non-Executive Director) have agreed to resign from the Board. Following the resignations, the Board will comprise the three Non-Aligned Directors, Mr. David Paull, Mr. Neil Lithgow, Ms. Hannah Badenach, and the nominees of Mr Tserenpuntsag, Mr Achit-Erdene Darambazar and Mr. Boldbaatar Bat-Amgalan.

The Company sincerely thanks Mr. Zunduisuren and Mr. Passmore for their advice, input and support at the Board level. Mr. Zunduisuren will continue to assist Aspire in a senior management technical role.

In addition, Executive Chairman Mr. David Paull will transition to Non-Executive Chairman over a four-month period following completion of the Placement. During the transition period, Mr. Paull will focus on funding and market related activities and working with Managing Director-elect Mr. Achit-Erdene Darambazar and the Board to execute the agreed development strategy.

The appointment of Mr. Achit-Erdene Darambazar, as Managing Director based in Ulaanbaatar to lead the new executive team, will provide a strengthened on-the-ground Mongolian focus to ensure the OEDP approvals and development occurs in a timely manner.

Mr. Darambazar is the founder of Mongolian International Capital Corporation LLC (**MICC**) and has significant relevant experience in financing and starting large mining projects in Mongolia. In the past, he has acted as an advisor to Energy Resources, Hunnu Coal and Altain Khuder, where he worked closely with the management and owners in developing large coal and iron ore mines in Mongolia, as well as acquisition of new mining projects. He also acted as an adviser to the Mongolian Mining Corporation IPO, Hunnu Coal on its Australian Stock Exchange IPO and Erdenes Tavan Tolgoi on the privatisation of a 10% stake on the Mongolian Stock Exchange. Following completion of the proposed Placement, MICC will resign its position as a financial adviser to Aspire.

Mr. Darambazar will be supported by a "to be appointed" new Chief Operating Officer. Discussions are well advanced with shortlisted candidates for the Chief Operating Officer role and Aspire expects to be able to announce an appointment prior to the shareholder meeting to consider the proposed Placement.

Aspire Shareholder Approval

As mentioned above, the proposed Placement is conditional upon Aspire shareholder approval being obtained pursuant to section 611 item 7 of the Corporations Act. Approval is also being sought from shareholders to provide Mr. Tserenpuntsag with the flexibility to exercise any listed options he holds to acquire further Aspire shares, as well as to approve the issue of additional shares (if required) to Mr. Tserenpuntsag at the Placement price to retain a 51.0% interest in the event that his interest in Aspire is diluted post Placement completion as a result of the exercise of the December 2019 listed options currently on issue in the company. No additional regulatory approvals are required to complete the Placement.

Aspire shareholder approval will be sought in a general meeting, currently scheduled to be held in late October / early November 2019. A notice of meeting (including an Independent Expert's Report) will be sent to all Aspire shareholders in due course advising the date and location of the meeting.

At that meeting, Shareholders will also be asked to consider a proposed 10 for 1 share consolidation to reduce the Company's shares outstanding post completion of the Placement.

Unanimous Support for the Placement from Non-Aligned Directors

The decision of the Non-Aligned directors to support the Placement has been made after much discussion and consideration. The Non-Aligned Directors unanimously agree that the proposed Placement is the most direct way to maximise shareholder value via progressing the OEDP into production in the absence of being presented with a superior proposal. Accordingly, the Non Aligned Directors unanimously recommend that shareholders vote in favour of the Placement, and intend to vote the shares they own in favour of the Placement, in the absence of a superior alternative proposal and subject to an independent expert opining that the terms of the Placement are reasonable and in the best interests of shareholders.

Argonaut and MICC are acting as Joint Financial Advisers to Aspire and its legal adviser is Corrs Chambers Westgarth.

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For more information:

David Paull

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Appendix A.

About Aspire Mining Limited

Aspire Mining Limited is listed on the ASX (ASX: AKM) and is focused on identifying, exploring and developing quality coking coal assets.

Aspire is the 100% owner of the world class Ovoot Coking Coal Project (“Ovoot Project”) which is the second largest coking coal project by JORC Ore Reserves in Mongolia.

Aspire is targeting early production of washed coking coal from the Ovoot Project via a truck and rail operation to end markets within 15 months of final operational and Board approvals. A Preliminary Feasibility Study has been completed on the Ovoot Early Development Plan (“OEDP”) in March Quarter 2019 and a Definitive Feasibility Study is currently underway.

Aspire has a 90% interest in the Nuurstei Coking Coal Project located in northern Mongolia. This project is a relatively small but potentially attractive addition to the Company’s product mix. Further work on this project has been deferred while the Company focusses on delivering the OEDP.

About Mr Tserenpuntsag

Mr. Tserenpuntsag, Aspire’s largest shareholder with a current 27.5% shareholding, is a highly successful Mongolian entrepreneur across the food & beverage, information and communication technology (ICT), health & recreation and construction sectors. He founded Gem International, a beverage producer, in 1999 and has since gone on to found other leading Mongolian companies. In the beverage sector, these businesses include Gem Khujirt and GN Beverages whilst in the ICT sector he has created market leaders Mongolia Gemnet, DDish-TV and Kewiko. Mr. Tserenpuntsag was a cornerstone investor in Aspire’s \$15m financing package completed in December 2018.