

Aspire Mining Limited

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ASX RELEASE



For Immediate Release – 31 October 2019

QUARTERLY REPORT

Quarter Ended 30 September 2019

- On 6 September 2019 the Company announced that it had 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.
- The Placement to Mr Tserenpuntsag is 1,595.9 million Aspire shares for a subscription price of 2.1 cents per share and will increase Mr Tserenpuntsag's interest in the Company from 27.5% to 51% (on an undiluted basis) if and when approved by the Company's shareholders.
- The Ovoot Early Development Plan (OEDP) Definitive Feasibility Study continued to be the main focus of the Company's activities during the quarter by engaging in community relations programs and continuing to seek ground access and other approvals from the local community and government.
- With the delays in obtaining the approvals to undertake required drilling and other analysis and studies, completion of the Definitive Feasibility Study, as previously announced on 8 October 2019, is not now expected until May 2020.
- On 25 October 2018 the Company announced that it had appointed Mr Sam Bowles as the Company's Chief Operating Officer from March 2020 with responsibility to deliver the OEDP.

Aspire Mining Limited (ASX: AKM, **Aspire**, or the **Company**), focussed on the exploration and development of metallurgical coal assets in Mongolia and the rail infrastructure is pleased to present its Quarterly Activities Report for the quarter ending 30 September 2019.

The Company currently wholly owns 100% of the large scale, world class Ovoot Coking Coal Project (**Ovoot Project**) and a 90% interest in the Nuurstei Coking Coal Project (**Nuurstei Project**), both located in northern Mongolia.

Ovoot Early Development Plan

Mine Planning for Definitive Feasibility Study

In the June Quarter, the Company reassessed the first 5 years of the Pre-Feasibility (PFS) Mine Plan and has identified a staged waste removal strategy which results in a significantly shorter pre-strip period of 7 months (down from 12 months) delivering 4.1 million tonnes of coal production in the first two years including the 7 month pre strip period.

This new plan reduces the cost of the pre-strip while also deferring a significant amount of waste from years 1 and 2 into year 3 and later. Total pit volumes remain the same.

In the September Quarter the Company engaged with a number of mining contractors and received quotes which are currently being modelled into this staged mine plan. The expectation is that this will reduce the PFS pre-stripping and mine operating costs. The results of this work should be made available shortly.

As previously reported, results from geotechnical and hydrological drilling are required to bring the OEDP Extended Case up to DFS status. The company is continuing to engage with local community leadership regarding mining and road approvals. The local communities have tied further on-site work to negotiating a Community Benefits Agreement which is being progressed.

Management – Chief Operating Officer Appointment

As disclosed in the 6 September 2019 announcement regarding the Subscription Agreement with Mr Tserenpuntsag, there was agreement to appoint a Chief Operating Officer. On 25 October 2019 the Company is pleased to confirm that it had appointed Mr Sam Bowles as its Chief Operating Officer.

Mr Bowles, a highly experienced coal mining executive, will be charged with deliver the first-stage start-up of Aspire's 100%-owned, world-class Ovoot Coking Coal Project in northern Mongolia.

Mr Bowles joins Aspire from TerraCom (ASX: TER), where he has been leading the Mongolian Business Unit overseeing the operation of the Baruun Noyon Uul coking coal mine in southern Mongolia. Prior to joining TerraCom, Mr Bowles was chief operating officer for Mongolian Mining Corporation (HKEX: 0.975) and oversaw the commissioning and start-up of the Ukhaa Khudag and Baruun Naram coal mines. Mr Bowles, a graduate of the University of NSW and member of the Australasian Institute of Mining and Metallurgy, began his career as a graduate mining engineer in the Dartbrook Colliery in NSW in 2002 before moving to Rio Tinto's Hail Creek operations.

Marketing

During the Quarter, the Company visited a number of steel mills which have been identified as potential cornerstone customers in north-eastern China. Follow up meetings are being planned in the December Quarter.

The steel mills confirmed that they had previously acquired Mongolian coking coal and that there were logistics solutions available to transport coal from Gashuun Sukhait border into North East China. The Ovoot Coking Coal will be exported from the border port of Erenhot, which is 350 kilometres closer than the Gashuun Sukhait border and directly accessible via Chinese rail solutions.

The Company has signed a non-binding contract to supply up to 600,000 tonnes per annum over 5 years with a Russian trading company delivering coal into the Russian steel industry.

Firm off take agreements will be able to be negotiated once trial shipments have been made and evaluated.

Logistics

Key to the future development of the OEDP is the access to available rail capacity on the central Mongolian rail line from Erdenet to the China border at Erlian and the Russian border at Naushki and identifying the available transport infrastructure and costs to deliver coking coal to end customers.

During the Quarter, the Company was provided a competitive coal transport cost for capacity of up to 600,000 tonnes per annum from the Russian\Mongolian border at Naushki through to Russia's steel making region in the west of the Country. Russian domestic coking coal pricing when combined with this competitive transport cost has confirmed that the Russian steel industry has similar margins to the Chinese coking coal market and is a viable alternative market.

Preliminary cost estimations have also been received from rail logistics consultants showing that exporting into North East China is feasible by exporting north to Naushki then east to the Manzhouli Port on the Russian\China border. This is the largest land port between Russia and China and significant quantities of commodities such as coal, iron ore and lumber are imported into China. During the December Quarter Company management will be visiting Manzhouli to confirm capacities and costs on both sides of the border.

Ovoot's location on the north of Mongolia opens up these logistics options that are not available to other Mongolian coal exporters.

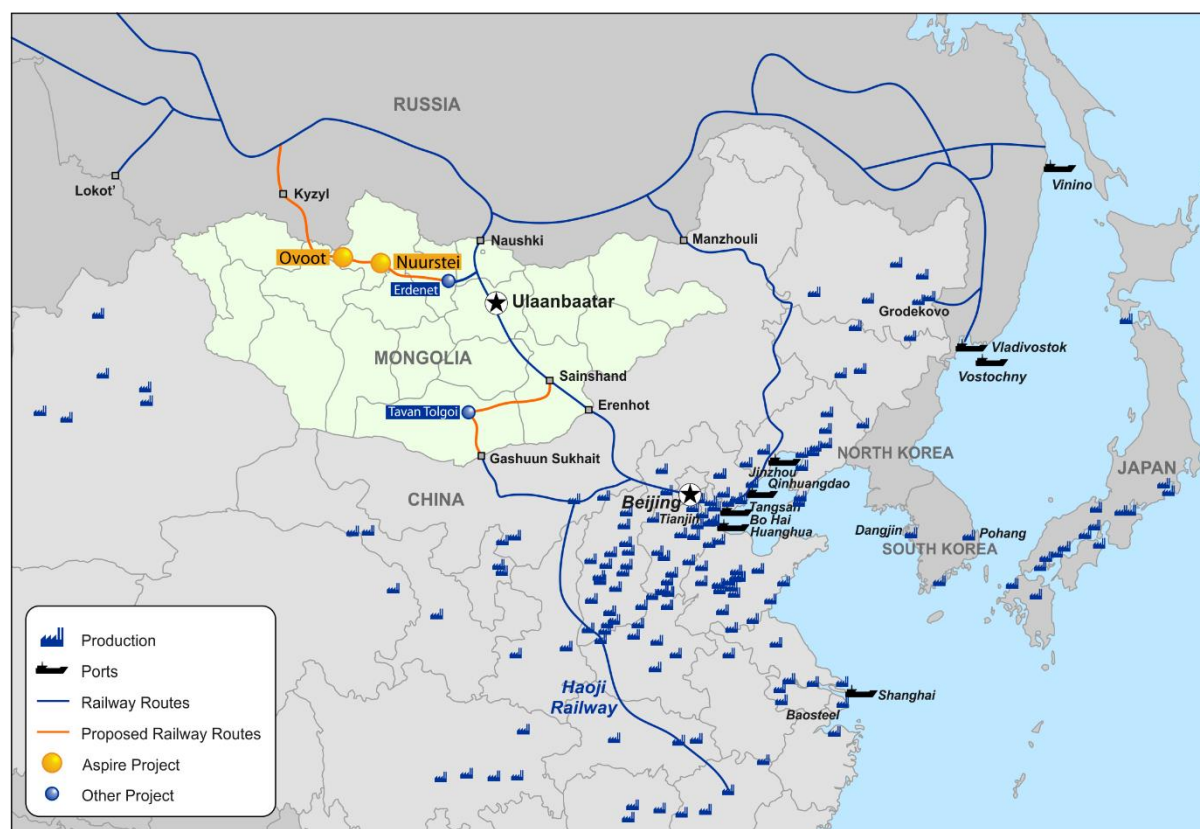


Figure 1: Location of Ovoot Coking Coal Project and key rail transport links to steel mills.

There has also been a major development in coal rail logistics inside China. During the Quarter, China opened the Haoji Railway. Ten years in the making, this key piece of infrastructure can carry 200 million tonnes per annum of coal and is designed to reduce the

internal cost of transport from the coal rich northern provinces of Inner Mongolia and Shanxi to central and south east provinces. This removes the added cost of transshipment of coal by sea and has been predicted by Fenwei Energy Consultants as potentially being beneficial for Mongolian coal exports, increasing their penetration into the Chinese market.

Community Relations

The Company continues to build its reputation in the local community that it operates in through the holding of open days and the establishment of a “Information and Training Centre” in the Tsetserleg soum where the Ovoot Project is located. During the Quarter, the Company increased the number of local community liaison officers from 12 to 30 and arranged for a site visit to an existing large-scale coal mining operation in country to improve local understanding of the opportunity.

Recent modelling of the OEDP PFS has confirmed that over the first 10 years of its planned mine life, it will generate 2.3 trillion MNT (approximately US\$860 million) in royalties and taxes to various levels of the Mongolian Government, including approximately 87 billion (approximately US\$32 million) to the Tsererleg Soum.

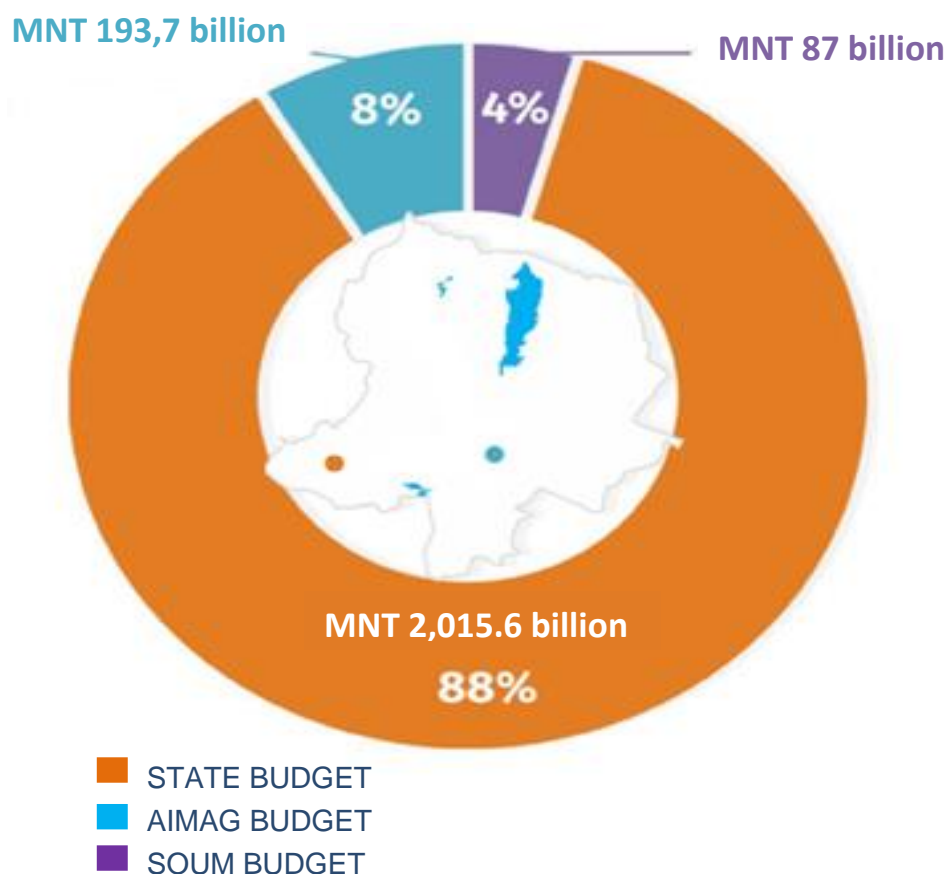


Figure 2: Allocation of Taxes and Royalties between Aimag and Soum over the first 10 years of the Ovoot Coking Coal Project.

Funding

During the Quarter, the Company along with its financial advisers, continued its engagement with a range of potential debt and equity funders. A dataroom has been established. Progression of discussions with potential debt sources will require further on the ground progress to confirm PFS estimates. In the December quarter the Company will be re-engaging with a number of potential Chinese funding and offtake partners.

Corporate

On 6 September 2019 the company entered into a Transaction by way of a Subscription Agreement with major shareholder Mr Tserenpuntsag whereby he agrees to receive a placement of 1,595.9 million shares in Aspire at 2.1 cents per share for a total additional investment of \$33.5 million before costs (Placement).

In addition to the Placement:

- Mr Tserenpuntsag has the right to exercise up to 153,330,119 options at the exercise price of 1.8 cents per share before expiry of the options on 11 December 2019.
- Mr Tserenpuntsag has the right to receive that number of shares (top-up shares) at 2.1 cents per share to maintain his holding at 51% if and when other holders of exercise options before expiry on 11 December 2019.
- There will be changes in the Company's Board and Management as set out in the Explanatory Statement to the Notice of Meeting.
- Mr Tserenpuntsag has provided further commitments in relation to the provision of up to A\$100 million in debt guarantees and to provide pro-rata future equity raising opportunities to complete funding for the Ovoot Early Development Plan.

The Placement will increase Mr Tserenpuntsag's interest in Aspire from 27.5% to 51% (and as much as 52.5% should Mr Tserenpuntsag receive approval and exercises all 153.3 million 1.8 cent options and no other options are exercised.).

Completion of the Placement is subject to:

1. An independent expert's report concluding that the Transaction is fair and reasonable or not fair but reasonable to the Aspire shareholder; and
2. Shareholder approval,

The Board engaged BDO Corporate Finance (WA) Pty Ltd (Independent Expert) to opine on the merits of the Transaction. The Independent Expert has concluded that the Transaction, including the issue of the Placement shares to Mr Tserenpuntsag, is not fair but reasonable to shareholders. The Independent Expert's Report is attached to the Notice of meeting which has been despatched to shareholders on 30 September 2019.

The Annual General Meeting (AGM) will be held on 29 November 2019. The Notice of the AGM, an Explanatory Statement and the Independent Expert's Report can be viewed on the Company's website at www.aspiremininglimited.com and the ASX announcements platform.

Cash Position

At 30 September 2019, the Aspire Group had A\$9.8 million cash at bank with no borrowings.

Capital Structure

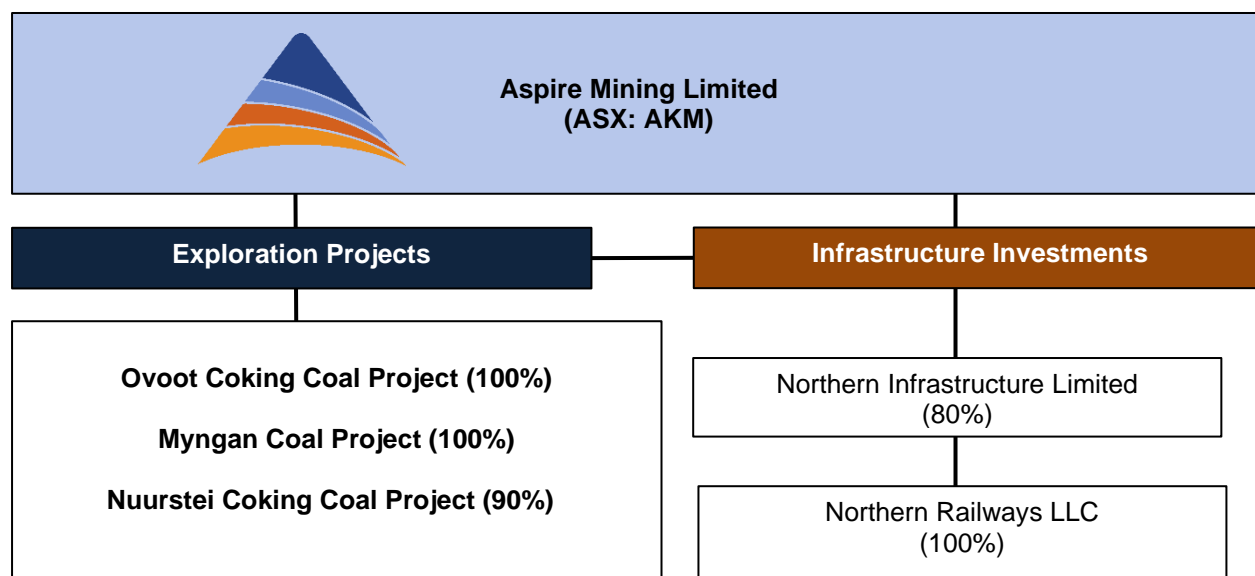
The securities on issue at 30 September 2019 are:

Security	No. on issue
Quoted Ordinary Shares	3,326,541,075
Unlisted Performance Rights	167,749,996
Listed Options (1.8c expiring 11 December 2019)	700,722,235

Interests in mining and exploration tenements at 30 September 2019

Tenement	Location	Attributable Equity
Ovoot MV017098	Mongolia	100%
Hurimt 14510X	Mongolia	100%
Nuurstei MV-020941	Mongolia	90%

Group Investment Structure



JORC Code 2012 Reserves and Resources

Ovoot Coal Resources

JORC Code Resource	Ovoot Open Pit	Ovoot Underground	Total (Mt)
Measured	197.0	0.0	197.0
Indicated	46.9	25.4	72.3
Inferred	9.2	2.6	11.8
Total	253.1	27.9	281.0

Ovoot Coal Reserves

JORC Code Reserves	Probable (Mt) (Arb, 2% moisture)	Total (Mt)	Marketable (Mt) (Arb, 9.5% moisture)
Open Pit	247	247	182
Underground	8	8	6
Total	255	255	188

The technical information and competent persons statements for the Ovoot Coal Reserves and Resources are reported in the Company's ASX announcements dated 2 November 2012, 31 July 2013 and 30 January 2013 (December 2013 Quarterly Activities Report) which are available to view on the Company's website and the ASX Announcements platform. The Company confirms that it is not aware of any new information or data that materially affects the information included in the announcements, and that all material assumptions underpinning the estimates continue to apply and have not materially changed.

Ovoot OEDP Reserves

The OEDP Reserves have been confirmed as:

Category	Coal Reserve (adb) ROM Mt	Coal Reserve Total Moisture 2.0% arb ROM Mt	ROM Coal adb Ash Content %	ROM Coal adb CSN%
Probable Ore Reserve Ore Open Pit OEDP	36.8	37.6	17.2	7.9
Probable Ore Reserve Open Pit OEDP Plus OEDP Extension	53.8	54.9	18.0	8.5

Category	Marketable Coal Reserve Total Moisture 10% arb Mt	Product Specification adb Ash Content %	Product Specification adb CSN%
Probable Product Reserve Ore Open Pit OEDP	32.2	10.5	8.5
Probable Product Reserve Open Pit OEDP Plus OEDP Extension	46.2	10.5	8.5

The technical information and competent persons statements for the OEDP Reserves are reported in the Company's ASX announcements dated 28 February and 1 March 2019 which are available to view on the Company's website and the ASX Announcements platform. The Company confirms that it is not aware of any new information or data that materially affects the information included in the announcements, and that all material assumptions underpinning the estimates continue to apply and have not materially changed.

Nuurstei Coal Resources

JORC Code Resources	Mt
Indicated	4.75
Inferred	8.1
Total (Mt)	12.85

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

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Forward Looking Statements

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

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

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

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

About Aspire Mining Limited

Leading pure-play metallurgical coal project developer Aspire Mining Limited (ASX: AKM) is the 100% owner of the world-class Ovoot Coking Coal Project.

Aspire is targeting early production of washed coking coal from a first-stage development of the Ovoot Project, known as the Ovoot Early Development Plan (OEDP). The OEDP is focused on a truck and rail operation to deliver up to 4Mtpa to end markets in China and Russia. Operational expansion can occur following the construction of the Erdenet-to-Ovoot Railway, which is being progressed by Aspire's subsidiary, Northern Railways LLC.

Aspire also has a 90% interest in Nuurstei Coking Coal Project located in northern Mongolia.

About Northern Railways LLC

Northern Railways LLC is a Mongolian-registered rail infrastructure company, mandated to pursue the development of the 547km Erdenet-to-Ovoot Railway, and supported by a consortium comprising Aspire Mining, China Gezhouba Group (CGGC) and subsidiaries of Fortune 500-listed China Railway Construction Corporation Limited – China Railway 20 Bureau Group Corporation and China Railway First Survey & Design Institute Group Co Ltd.

In August 2015, Northern Railways was granted an exclusive 30-year concession by the Mongolian Government to build and operate the Erdenet-to-Ovoot Railway.

About Mr Tserenpuntsag

Mr Tserenpuntsag, already Aspire's largest shareholder with a stake of 27.5%, is a well-regarded and highly successful Mongolian entrepreneur with strong bipartisan political connections across all levels of Mongolia's government. Mr Tserenpuntsag's business interests are spread 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 while in the ICT sector he has created market leaders Mongolia Gemnet, DDish-TV and Kewiko.

Mr Tserenpuntsag was a cornerstone investor in Aspire's \$15 million financing package completed in December 2018 and is committed to assisting the Company with securing the necessary permits and funding to deliver the OEDP.

For more information contact:

Corporate

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Aspire Mining Ltd

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