



ASX RELEASE

For Immediate Release

Northern Railways Update

- **Northern Railways LLC and China Railways Bureau 20 Group working on a debt facility to fund pre development activities.**
- **Mongolia's Ulaanbaatar Railway Corporation (UBTZ) and Northern Railways to work together to agree access, capacity and future rail tariff structures along Mongolia's existing rail network.**

Mongolian metallurgical coal explorer and infrastructure company, Aspire Mining Limited (ASX: AKM, the **Company** or **Aspire**), is pleased to provide an update on funding of pre development activities required to be undertaken by its Mongolian rail infrastructure subsidiary, Northern Railways LLC (**Northern Railways**) and the establishment of a working group with Ulaanbaatar Railway Corporation ("**UBTZ**"). UBTZ is a joint venture between Mongolia and Russia and operates the domestic Mongolian Rail network.

Northern Railways is working with its nominated EPC contractor and consortium partner China Railways Construction Bureau 20 Group ("**CRCB20G**") to source bridge funding from a Chinese bank. The proposed funding is a line of credit to enable completion of all pre development activities required under the Erdenet to Ovoot Rail Concession Agreement. The credit facility allows the completion of a rail bankable feasibility study, environmental permitting, completion of a number of commercial agreements including the EPC and debt refinance. The line of credit is intended to be supported by guarantees from Construction Contractors and Aspire. It should be noted that there is no guarantee that the bridge funding negotiations will be successful and that Northern Railways will gain access to this funding facility.

The Rail Project spans 547km and forms part of Mongolia's Rail Policy to provide rail access to its northern provinces through the extension of its existing rail network from Erdenet to Ovoot to the Russian/Mongolian border at Arts Suuri with a Russian connection planned to Kyzyl (refer Figure 1). At full operation, the Rail Project will have capacity to move 30 Mtpa of bulk commodities, agricultural, general and passenger freight including transit freight between Russia and China.

The Company is also pleased to confirm that it has agreed with UBTZ to establish a working group to work through the technical and commercial issues in connecting the Erdenet to Ovoot Railway onto the

existing Mongolian rail network operated by UBTZ and the operational management of the Northern Railway..

Noble continues to be part of the Northern Rail consortium and welcomes the participation of new partners. Noble has agreed to revised terms on the existing loan with Aspire to allow the partnership time to complete its 24 month rail development process.

Aspire's Managing Director, Mr David Paull said that "With the continued support of the Mongolian Government, CRCB20G and now with the support of UBTZ, the Erdenet to Ovoot to Arts Suuri railway continues to progress as a viable inclusion in Mongolia's "Economic Corridor" between China and Russia."



Figure 1: Erdenet – Ovoot railway forming part of the Mongolian rail policy and the trilateral Economic Corridor between Russia, Mongolia and China

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About Aspire Mining Limited

Aspire Mining Limited is listed on the ASX (ASX: AKM) and is the largest coal tenement holder in Mongolia's Northern provinces and is focused on identifying, exploring and developing quality coking coal assets. Aspire currently owns a 50% interest in and is the operator of the Ekhgoviin Chuluu Joint Venture (ECJV), and has an option to increase its ownership to 100% of the ECJV. The ECJV owns a 90% interest in the Nuurstei Coking Coal Project (Nuurstei), and following a successful 2014 exploration program conducted additional exploration work through 2015 with the aim of identifying a JORC 2012 coal resource and defining coal quality across the deposit. Depending on the results of the 2015 program, future positive economic studies, funding and the grant of necessary approvals and licenses, Nuurstei could commence a road based production operation as early as 2016, and access the new Erdenet to Ovoot railway as early as two years from commencement of its construction.

Aspire is also the owner of the world class Ovoot Coking Coal Project (Ovoot) which is the second largest coking coal project by reserves in Mongolia. The Ovoot project development is dependent on the construction of the Erdenet to Ovoot railway which is being progressed by Northern Railways LLC (Northern Railways).

Production from the Ovoot project can coincide with the commissioning of the Erdenet to Ovoot railway.

About Northern Railways LLC

Northern Railways LLC (Northern Railways) is a Mongolian registered rail infrastructure Company, and mandated to pursue the development of the Erdenet to Ovoot Railway, is supported by a consortium consisting of Aspire Mining, and subsidiaries of fortune 500 listed China Railway Construction Corporation – China Railway 20 Bureau Group Corporation (CR20G) and China Railway First Survey & Design Institute (FSDI).

The Erdenet – Ovoot Railway extends 547km between the town of Erdenet to Aspire's Ovoot Project, which connects northern Mongolia to China and international markets. In accordance with Mongolian National Rail Policy, the Erdenet – Ovoot Railway is a multi-user rail line and will be available for the transport of bulk materials, agricultural and general freight from the region to export markets including China, Russia and seaborne markets.

The Erdenet to Ovoot Railway will play an important part in the establishment of an Economic Corridor through Mongolia, the subject of a trilateral agreement signed by the Presidents of China, Russia and Mongolia. The Economic Corridor through Mongolia is primarily aimed at improving trade by reducing regulation, improving capacity at borders and to improve road and rail infrastructure to meet this increased demand for transport services. This Economic Corridor through Mongolia links closely with Chinese policies to establish a New Silk Road to improve Euro-Asian trade, and Russia's policy of establishing a Euro-Asian economic zone.

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. Northern Railways is now progressing the completion of a bankable feasibility study and other studies to support applications for licences, permits and approvals, as well as progressing negotiations for the EPC contract and financing of the railway construction.

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