



## **ASX RELEASE**

**For Immediate Release – 31 July 2012**

### **QUARTERLY REPORT Quarter Ended 30 June 2012**

Aspire Mining Limited (ASX: AKM, “Aspire” or “the Company”) is pleased to present its June 2012 Quarterly Report.

Aspire is focused on developing its world-class 100%-owned Ovoot Coking Coal Project (“Ovoot Project”) in northern Mongolia and advancing the region’s infrastructure to bring Ovoot Project coking coal to world markets. The Ovoot Project is a new discovery of a large coking coal deposit and the Company has so far spent AU\$21 M on its discovery and development.

Aspire’s other Mongolian projects include the Nuramt Coal Project (100%), Jilchigbulag Coal Project (100%) and the Zavkhan Iron Ore Project (earning 70%).

#### **Highlights**

- **Positive Pre-Feasibility Study for the Ovoot Project completed;**
- **Initial Probable Reserve of 178 Mt of coking coal, 82% yield and Life of Mine average operating costs of US\$118/t;**
- **Mine Plan has ROM tonnes of 185 Mt and saleable coking coal production of 153 Mt over 15 years;**
- **Mr James Benson appointed as the Mongolian based Ovoot Project Director. Jim has significant experience in design and construction of large coal, iron ore and associated rail projects in former CIS countries;**
- **Basin Evolution Study at Ovoot Project by SRK identifies additional exploration targets;**
- **23 holes for 4,974 metres of drilling completed at the Ovoot Project in the Quarter;**
- **Review of Rail Pre-Feasibility Study identifies potential cost savings;**
- **Ministerial approval received for the alignment of a sealed road from Ovoot to the regional capital of Moron to support initial coal haulage, project development and construction; and**
- **Non Binding MOU entered into with the Mongolian subsidiary of JSC Russian Railways to discuss a joint development of the Erdenet – Moron – Ovoot rail line.**

## A Comment From the Managing Director

The June 2012 Quarter was a period with significant developments for the Company. We received new Coal Resources and Coal Reserves statements and a completed a Pre-Feasibility Study in relation to our flagship Ovoot Coking Coal Project ("Ovoot Project"). These statements and study show that the Ovoot Project is a very large and valuable coking coal asset in a global context.

The spotlight was also placed on the role of foreign investment in Mongolia with the Government implementing new legislation that presents a layered approval process for future foreign investment into key industries such as resources. This new law, along with the 28 June national elections, caused a significant amount of uncertainty with respect to the value of resource companies operating in Mongolia. Aspire looks forward to working with the new Government of Mongolia to see the development of the Ovoot Project and the further development of rail in northern Mongolia.

During the Quarter and through to the date of this report, Aspire continues to push ahead with the development of the Ovoot Project. We have appointed James Benson, a high calibre engineer uniquely qualified to handle the mine and rail construction going forward. Aspire has received Ministerial approval for the alignment and construction of the Ovoot to Moron road as well as an executed Memorandum of Understanding from the Ministry for Roads, Rail and Urban Development supporting Aspire/Northern Railway's potential association with JSC Russian Rail and the joint application with Russian Railways for a concession to Build, Own, and Operate the Erdenet – Moron – Ovoot rail line in northern Mongolia. These latter approvals and MOU's indicate growing support from the Mongolian authorities for Aspire's efforts to develop the Ovoot Project and bring significant economic development benefits to northern Mongolia.

While there is poor equity market sentiment at present, the Company is continuing to add materially to the value of the Ovoot Project and this Quarterly Report details the significant progress made during the period.

## Ovoot Coking Coal Project (100%)

### Coal Reserves and Resources

During the Quarter the Company announced its maiden open pit Coal Reserves and an updated Coal Resource statement.

The Ovoot Project Coal Reserve and Coal Resource Statements were completed independently by Xstract Mining Consultants Pty Ltd ("Xstract") and provided the basis for the Ovoot Project Pre-Feasibility Study.

### Reserves

Category	Coal Reserve (adb) ROM Mt	Coal Reserve, (arb, 2% Moisture) ROM Mt	Marketable Coal Reserve (arb, 8.5% Moisture) Mt
Probable	176	178	147
Total	176	178	147

**Table 1: Ovoot Coal Reserve to 300m depth (25 May 2012)**

The Probable Coal Reserves are based on 2% moisture on an as received basis (refer Table 1).

There are a number of opportunities available to increase Coal Reserves from the existing 178 Mt:

- 1) 8 Mt of coal within the FP1 and ULS seams remain categorised as Inferred Resources due to the density of coal quality sampling. This coal has only been included in the scheduled ROM tonnage. With additional drilling to increase coal quality confidence there is an opportunity to bring this coal into the Coal Reserves;
- 2) A newly identified, locally developed, thick basal seam named 'OVB' contains 10 Mt of coal that has been classified as Inferred Resources due to coal quality sample and drilling density concerns. The OVB will also be the focus of additional work in order to upgrade its Resource status. When this has been achieved additional studies will investigate deepening of the pit and the possibility of including OVB in the Coal Reserves;
- 3) Currently 20 Mt of Measured and Indicated Coal Resources are below 300 m depth and there is insufficient detailed geotechnical data to confidently extend the pit to beyond these depths. Additional geotechnical drilling and investigations targeting this area will be planned for in the September 2012 Quarter; and
- 4) There are 25 Mt of Indicated Coal Resources to the northeast of the project area that will be the focus of underground mining studies in the second half of 2012.

The existing reserves when added to the 8 Mt of Inferred Coal Resources, which will be mined within the existing pit design, totals 185 Mt of coal. Using average modelled yields of 82% this equates to 153 Mt of marketable coking coal from the mine plan.

Based on existing Coal Reserves, Aspire's Ovoot Project is the second largest coking coal Reserve in Mongolia after the very large government owned Tavan Tolgoi deposit (refer Figure 1). Mongolia is the single largest source of coking coal imports into China which contains the world's largest steel industry and is the world's largest consumer of coking coal.

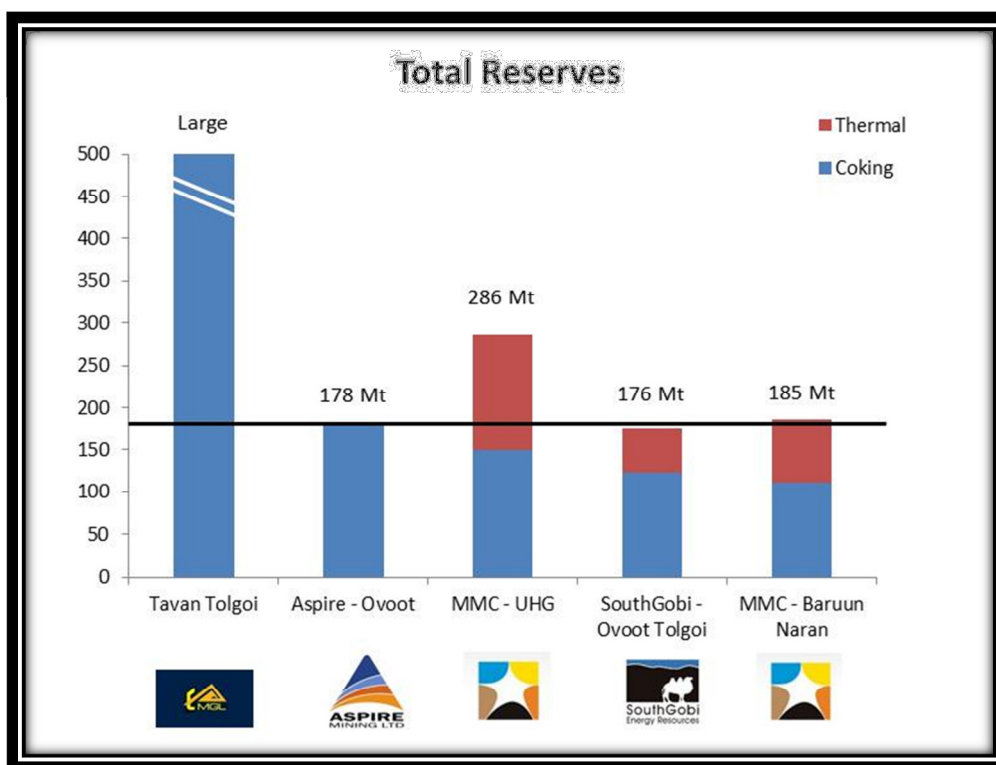


Figure 1: Mongolian Total Coal Reserves

## Resources

The Ovoot Coal Resource base for the Ovoot Project has decreased after reassessment by Xstrat, including the substantial amount of additional drilling data acquired since October 2010 that better defines the deposit.

		< 300 m Depth	> 300 m Depth	Total	Ash (adb)	CSN
Seam	Class	(Mt)	(Mt)	(Mt)	(%)	
<b>Main Area</b>						
UPPER	Measured	100.0	0.4	100.3	17.9	7.5
LOWER	Measured	38.8	16.8	55.7	28.5	7.0
		138.8	17.2	<b>156.0</b>		
UPPER	Indicated	28.3	0.0	28.3	20.4	7.0
LOWER	Indicated	14.0	2.3	16.4	32.3	6.0
		42.4	2.3	<b>44.7</b>		
UPPER	Inferred	2.6	-	2.6	26.1	6.5
LOWER	Inferred	4.6	0.5	5.1	34.2	6.0
OVB	Inferred	10.4	-	10.4	42.0	6.0
Coal Above BOW	Inferred	5.0	-	5.0	16.0	-
		22.6	0.5	<b>23.1</b>		
<b>Total Main Area</b>		<b>203.8</b>	<b>20.1</b>	<b>223.9</b>		
<b>NE UG Area</b>						
UPPER	Indicated	-	18.2	18.2	26.9	8.0
LOWER	Indicated	-	7.2	7.2	23.2	8.0
		-	25.4	<b>25.4</b>		
UPPER	Inferred	-	1.1	1.1	34.7	7.5
LOWER	Inferred	-	1.5	1.5	23.4	8.0
		-	2.6	2.6		
<b>Total NE UG Area</b>				<b>27.9</b>		
<b>GRAND TOTAL</b>				<b>251.8</b>		

Table 2: Ovoot Coking Coal Project Updated JORC Coal Resource (May 2012)

Three main coal seam groups have been identified in the Main Area, namely the Upper, Lower and OVB (refer Table 2). Both the Upper and Lower groups in the Main Area are composite seams comprised of twelve and four separate plies respectively. The OVB seam consists of numerous thin plies not yet uniquely identified and correlated. “Coal above BOW” describes coal above the base of weathering horizon that at this stage is assessed as not suitable as coking coal, but is an acceptable thermal coal product.

The Coal Resources include 28 Mt (25 Mt Indicated and 3 Mt Inferred) in the recently discovered area to the north east of the open pit.

Potential for resource growth is discussed in the exploration section of this Quarterly Report.

### Ovoot Pre-Feasibility Study

During the Quarter, the Company received the Ovoot Project Pre-Feasibility Study (“PFS” or the “Study”), managed by Xstract, targeting a large open pit mine at the Ovoot Project.

The PFS is based on a large open pit mine delivering up to 15 million tonnes per annum of raw coal to a Coal Handling and Preparation Plant (“CHPP”) for 15 years producing 153 Mt of high quality coking coal. Mine life and the quantity of marketable coking coal can be increased through further geotechnical and infill drilling as well as underground mining studies.

### Estimated Annual Coking Coal Production

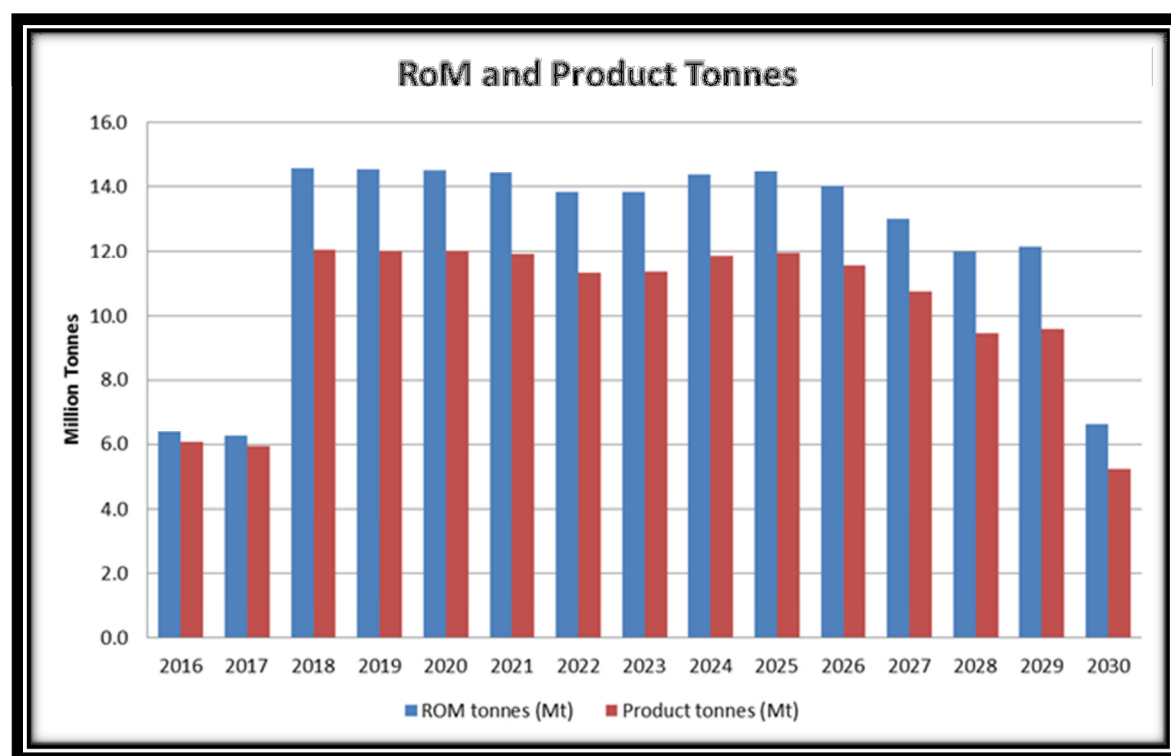


Figure 2: Annual Forecast ROM Production

The ROM production forecast assumes the grant of a mining license, other approvals, access to rail capacity and ports in Mongolia, Russia and China and the completion of Northern Railways LLC’s (“Northern Railways”) multi-user railway connecting Erdenet with the town of Moron by January 2016. Production at the higher 10-12 million tonnes per annum assumes the completion of the Ovoot to Moron spur line by Aspire by January 2018.

The PFS confirms that the Ovoot Project is financially robust and technically and commercially feasible.

The Ovoot Project's attractive economics are driven by a high 82% average conversion rate of ROM tonnes to product, together with a low life of mine ("LOM") strip ratio of 7.6 bcm of waste per ROM tonne of coal including pre-strip.

The PFS defines a two stage production profile for the Ovoot Project over an initial mine life of 15 years:

- **Stage 1:** Production of 6 Mtpa saleable coking coal delivered by 191km sealed road to the new railhead at Moron before being transported to end markets from 2016; and
- **Stage 2:** Production of up to 12 Mtpa saleable coking coal delivered by rail from Ovoot to Erdenet before being transported to end markets from 2018.

The staged development will de-risk the production ramp up and enable the Stage 1 operational cashflows to underpin a future rail spur line connection from Ovoot to link up with the multi-user rail line at Moron. The rail spur line from Ovoot to Moron will facilitate the targeted full scale 12 Mtpa coking coal operation.

The Ovoot Project will generate very substantial cashflows based on its competitive average LOM operating cost of US\$118 per tonne. Aspire assumes its coking coal will be sold on a 50/50 basis at FOB Russian Far East Port and the Chinese border. Using long term applicable coking coal price estimates of US\$200/t, a Life of Mine EBITDA of more than US\$68 per tonne is achievable.

The financial calculations assume Aspire has 100% equity funding for all mine site plant, equipment and infrastructure, contract mining fleet and the construction of a 222km rail spur line from Ovoot to Moron.

Northern Railways LLC ("Northern Railways"), a special purpose rail infrastructure company currently 100% owned by Aspire, is responsible for delivering the Erdenet to Moron Multi-user rail line to underpin Stage 1 production. This rail line has an estimated capex of US\$1.1 billion (plus contingency). The Ovoot Project operating cost assumptions assume rail tariffs on this line sufficient to support attractive financial returns to Northern Railways.

## Key PFS Outcomes

Item	Outcome
ROM Tonnes	185Mt
Conversion rate to product	82% LOM
Tonnes of coking coal produced	153Mt
Coal Product	100% High quality Coking Coal
Initial Mine Life	15 years
Production Profile	Stage 1: 6 Mtpa and Stage 2: 12 Mtpa
Production Sales	50/50 sales at FOB Russian Far East Port and Chinese border
Average Strip Ratio (LOM)	7.6 bcm waste per tonne of coal (including pre-strip)
Average Opex (LOM) <sup>1</sup>	US\$118 / tonne (2012 real dollars) (excluding royalties)
Capex (excluding Northern Railways)	Stage 1: US\$565 M with contingency (including US\$88 M for a sealed road and US\$109 M pre-strip)
	Stage 2: US\$710 M with contingency (including 222 km Rail Spur Line from Ovoot to Moron)
Internal rate of return after tax <sup>2</sup>	43%

**Table 3: PFS Outcomes**

Notes:

1 Inclusive of all freight and border costs and calculated assuming 50/50 sales at FOB Russian Far East Port and Chinese border

2 IRR calculation assumes Capex including contingencies, as per Table 4.

## Capital Expenditure (excluding Northern Railways)

The PFS has identified an initial capital cost of US\$565 million (including a 20% contingency) to establish a coal handling wash plant, haulage road and all of the necessary support infrastructure to produce 6 Mtpa of coking coal product, pre-stripping of waste and to transport and market product. A further US\$710 million (including a 20% contingency) is required to increase the Ovoot Project's capacity to process 15 Mtpa of coal and to transport and market up to 12 Mtpa of product, including the Ovoot to Moron spur line.

Description		Stage 1	Stage 2	Total
<b>Mine Site Infrastructure</b>				
Mine mobilisation and establishment <sup>Note1</sup>	US\$ m	12.3	13.2	25.5
Mine pre-strip	US\$ m	108.9	-	108.9
Camp and Office Complex	US\$ m	23.1	-	23.1
Airstrip and Associated Facilities	US\$ m	13.1	-	13.1
Power, water and communications	US\$ m	19.6	5.1	24.7
<b>Coal Handling and Preparation Plant</b>				
CHPP	US\$ m	187.4	198.0	385.4
Tailings Storage Facility (TSF) <sup>Note2</sup>	US\$ m	6.1	1.6	7.7
<b>Off-Site Infrastructure</b>				
Mine Access and Coal Haul Road	US\$ m	87.8	-	87.8
Power Supply (HV aerials)	US\$ m	2.1	-	2.1
Rail Connection - Moron to Ovoot	US\$ m	-	373.9	373.9
<b>Working Capital</b>				
	US\$ m	10.7	-	10.7
<b>Total Capital</b>				
	US\$ m	471.1	591.8	1,062.9
<b>Capital Contingencies (20%)</b>	US\$ m	94.2	118.3	212.6
<b>Capital Including Contingencies</b>	US\$ m	565.3	710.1	1,275.4

**Table 4: Capital Expenditure**

Note 1: There will be future mobilisation and establishment costs after Stage 2 estimated at approximately US\$1.9m pa.

Note 2: There will be additional TSF costs after Stage 2 estimated at approximately US\$1.3m pa

## Operating Expenditure

The PFS has identified an average ex-mine gate cost of US\$39 per tonne of coking coal produced for the life of mine. This translates into an FOB cost Russian Far East Port of US\$134 per tonne and US\$102 per tonne at Chinese border, both excluding royalties.

These FOB costs are made up of:

Operating Costs	US\$/t Produced FOB Russian Far East Port	US\$/t Produced DAF China	Average US\$/t (Assumes 50\50 split)
Mining and Processing Costs	\$39	\$39	\$39
Rail and Port Costs	\$95	\$63	\$79
<b>Total</b>	<b>\$134</b>	<b>\$102</b>	<b>\$118</b>

**Table 5: Operating Costs**

The above costs are in real terms (not inflation adjusted) and a LOM average based on the scheduled production rate from the open pit mine.

## Mine Access and Coal Haulage Road

The Company has received Ministerial approval for a 200 kilometre road alignment joining the Ovoot Project to the Khuvsgul Provincial capital of Moron. This road will be sealed, capable of supporting the construction of the Ovoot Project, and provides initial coal haulage capabilities.

## Senior Management Appointment

During the Quarter, the Company was pleased to announce the appointment of Mr James Benson to the role of Ovoot Project Director. Based in Ulaanbaatar James will be the Company's senior representative in country and will drive the further development work and construction of the Ovoot Project and associated rail.

James is an internationally experienced engineer with a project leadership background in constructing coal, iron ore and Russian gauge rail in former CIS countries.

## Exploration

Aspire has four exploration projects in Mongolia, three of which are focused on coking coal (Ovoot Coking Coal Project, Nuramt Coal Project and Jilchigbulag Coal Project) and one focused on iron ore (Zavkhan Iron Ore Project).



**Figure 3: Project Location Map of Mongolia**

## Ovoot Coking Coal Project (100% Owned)

The Ovoot Project comprises three contiguous exploration licenses covering approximately 500 square kilometres of the Ovoot Coking Coal Basin in northern Mongolia.

Resource infill drilling conducted during the June 2012 Quarter totalled 4,096 metres with results shown in Table 6.

### *Significant Resource Infill Drilling Results Completed During the Quarter:*

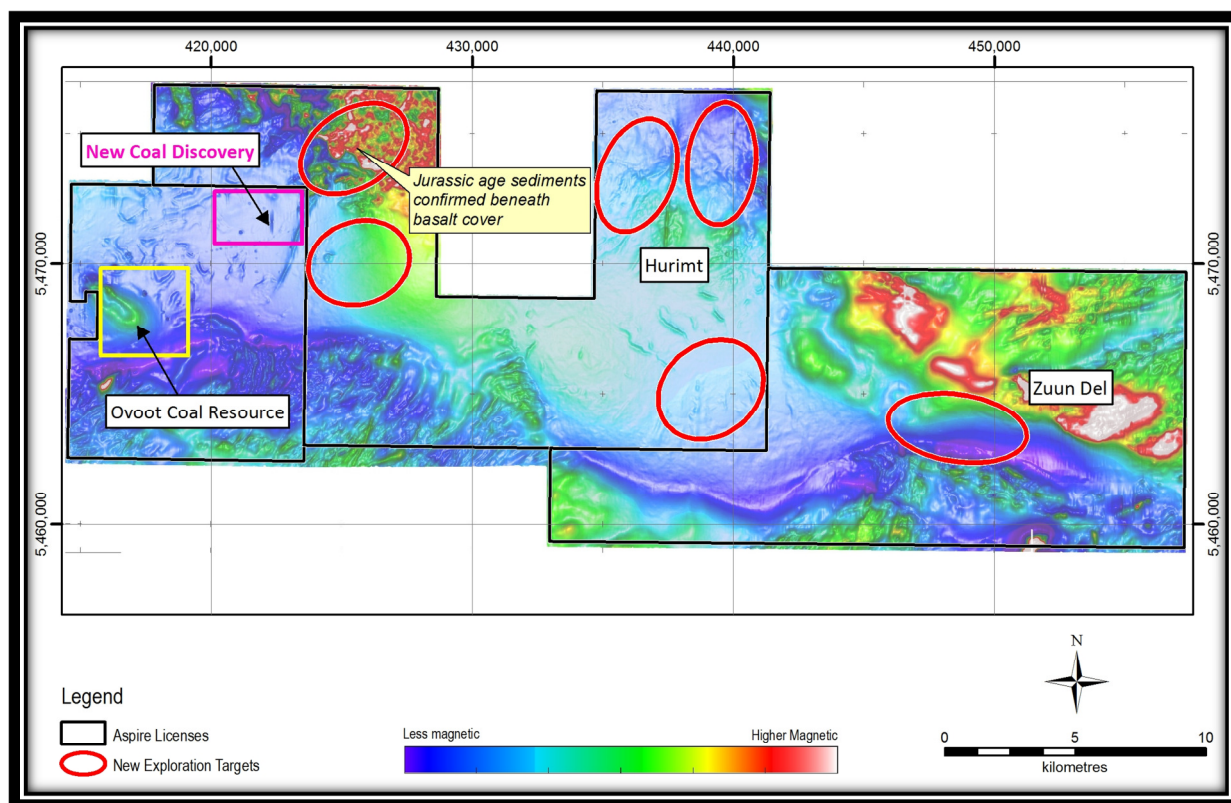
Hole ID	Coordinates		Start Depth	End Depth	Thickness*
	East (m)	North (m)	(m)	(m)	(m)
DH343	418,071	5,469,191	97.40	103.30	5.90
DH344	418,928	5,469,156	252.60	253.20	0.60
			255.80	256.55	0.75
			260.80	268.20	7.40
			272.50	272.90	0.40
DH345	419,264	5,468,953	292.50	293.00	0.50
			298.20	298.70	0.50
			300.80	302.10	1.30
			304.30	304.90	0.60
			308.20	311.60	3.40
DH347A	419,966	5,468,342	135.40	140.00	4.60
			318.00	330.66	12.66
DH348	417,864	5,468,894	130.70	138.60	7.90
DH350	418,993	5,468,596	328.50	329.30	0.80
			341.20	341.70	0.50
			345.10	346.60	1.50
			347.00	347.60	0.60
DH353	419,359	5,468,342	154.20	155.40	1.20
			234.50	235.50	1.00
			317.90	324.10	6.20
			330.75	337.65	6.90
			374.30	375.10	0.80
			378.75	379.75	1.00
			382.10	383.40	1.30
			384.50	385.30	0.80
			393.80	400.30	6.50
			414.00	418.00	4.00
DH354	419,466	5,468,028	92.85	98.10	5.25
			99.20	112.20	13.00
			115.00	118.30	3.30
			120.20	127.00	6.80

Hole ID	Coordinates		Start Depth	End Depth	Thickness*
	East (m)	North (m)	(m)	(m)	(m)
DH355	419,609	5,468,816	301.70 315.85	302.62 319.55	0.92 3.70
DH356	415,330	5,466,770	74.90 87.10	79.50 87.90	4.60 0.80
DH358	420,173	5,468,110	144.00 166.70 169.20 174.70 237.40	145.00 167.70 171.80 180.30 238.00	1.00 1.00 2.60 5.60 0.60
DH359	419,330	5,469,300	254.86 261.73	260.06 273.50	5.20 11.77
DH361	416,850	5,468,920	94.45	101.65	7.20
DH362	415,300	5,466,430	75.30 77.40 84.10	76.70 82.80 84.70	1.40 5.40 0.60

**Table 6: Significant results for infill drilling within the current Ovoot Resource Area. Note that above results were previously reported in an announcement dated 28 May 2012.**

### Gravity Survey

A gravity survey will be conducted over the Ovoot Project area and extensions during the September 2012 Quarter. This is another geophysical tool aimed at identifying basement depth as well as near surface coal seams due to coal's significantly lighter density than surrounding sediments and basement rock. With the recently flown airborne magnetics and the re-processed seismic data, the addition of gravity will give the Company the best chance to develop lower risk exploration targets in the Basin. Target areas are highlighted in Figure 4.



**Figure 4: Ovoot Coking Coal Project Exploration Targets on Airborne Magnetics Image over the Ovoot Basin**

### SRK Basin Evolution Study

During the Quarter, the Company received a report from SRK Consulting which looked at why coking coal is found at Ovoot and where else within the greater Orkhon – Selenge Region, more specifically the Ovoot Basin, coal could be expected to be found.

One point of particular note relates to the metamorphism of Ovoot Project coal which assists in explaining why the Ovoot Project coal has such a high rank (Ro Max 1.2) and moderate volatility (25 – 28% adb) for a Jurassic age fat coking coal as well as the consistency in coal quality that is seen across the resource identified so far.

Rather than being driven by a heating event that changed the coal, which would then see variations in the coal quality the nearer the coal was to a heat source, SRK in their evolution study has noted that the Ovoot Basin is the remnant of what was once a very large basin that stretched into north east Siberia. Over time this basin was filled in with sediments. At one time the Ovoot Basin had over two kilometers of sediments sitting above the coal forming a pressure blanket effect transforming the coal. Over time these sediments have eroded away to the point that they are now relatively near surface. The relevance of this interpretation is that as Aspire explores further into the Basin any identified new coal seams should continue to be a quality coking rather than thermal coal, reducing exploration risk significantly.

At present only 25% of the 500 square kilometre basin has been effectively tested by drilling through sediments to basement. In order to further reduce exploration risk, SRK reviewed the recently completed airborne magnetics programme, reprocessed available seismic data collected in 2010/2011 and combined this data with their recent interpretation of how the Basin came into existence. This work also identified the merits of integration with gravity surveys which are to be undertaken in the September Quarter. This work further confirmed the attractiveness of the Hurimt area in the central part of the Ovoot Basin as well as identifying potential coal targets to the south and northeast of the existing Ovoot Project Coal Resource.

The Company is currently operating two drilling rigs at the Ovoot Project to follow up on the extension targets to existing resources, test targets at Hurimt and to complete further geotechnical drilling.

#### **Nuramt Coal Project (100%)**

The Company currently holds exploration licences in respect of 200 square kilometres of the Nuramt Basin. The exploration licences cover 35 kilometres along the Jurassic Sediments which contain known coal occurrences in the western end of the tenements. The Jurassic Sediment package with coal seams are thought to be similar to those at the Ovoot and Jilchigbulag Projects.

The execution of a close spaced airborne magnetics programme was deferred due to weather and aircraft availability issues. This magnetics programme will now be conducted from the ground and is expected to be completed by the end of the year.

#### **Zavkhan Iron Ore Project (Earning 70%)**

Aspire has the right to earn into a 70% interest in the Zavkhan Iron Ore Project ("Zavkhan"), a six square kilometre exploration license covering a known magnetic anomaly associated with high grade magnetite and hematite at surface.

The Company is currently completing a paleontological survey prior to commencing a reconnaissance drilling programme.

The Company is targeting a direct shipping magnetite/hematite resource at Zavkhan which could also potentially require rail access to the Trans-Mongolian Railway. The Zavkhan project is also adjacent to a proposed western Mongolian rail link from Russia through to the border crossing at Ceke on the Chinese border.

#### **Jilchigbulag Coal Project (100% Owned)**

Jilchigbulag is a 2.5 square kilometre exploration license which surrounds an existing mine lease that supplies coal for thermal purposes to the town of Moron.

No further exploration was carried out during the June 2012 Quarter.

### **Rail Infrastructure Update**

During the Quarter, the Company and its subsidiary, Northern Railways LLC ("Northern Railways"), made further significant advances in the development of transport infrastructure to deliver Ovoot Project coking coal to customers.

#### **Non-Binding MOU with Russian Rail's Mongolian Subsidiary**

The Company entered into a non-binding Memorandum of Understanding ("MOU") with Infrastructure Development LLC ("ID"), the Mongolian subsidiary of rail giant JSC Russian Railways, to explore the development of a strategic partnership between the Company and ID to build, own and operate an extension of the existing Trans-Mongolian Railway at Erdenet through to the Ovoot Project via the town of Moron.

This MOU provides a framework for Aspire and ID to discuss amongst other things, the application for a rail concession for the Erdenet – Moron – Ovoot rail line, investment and network rail capacity and integration. The Company has received confirmation that the relevant Ministry supports this potential strategic partnership and a concession application.

## **Rail Alignment Confirmation Study: Erdenet – Moron – Ovoot**

The Company has received a Rail Pre-Feasibility Study in relation to the Erdenet to Moron multi user rail line and the Moron to Ovoot rail spur line in the March 2012 Quarter.

The rail path identified in the Rail Pre-Feasibility Study is 406 kilometres between Erdenet and Moron and 222 kilometres from Moron to Ovoot. The Company enlisted Calibre Rail, a global expert on bulk commodity rail to undertake an independent review of the alignment and identify ways to enhance the design. Calibre's conclusions found that the rail alignment from Erdenet to Moron, apart from some minor recommendations for modifications, was largely confirmed as being the most efficient alignment.

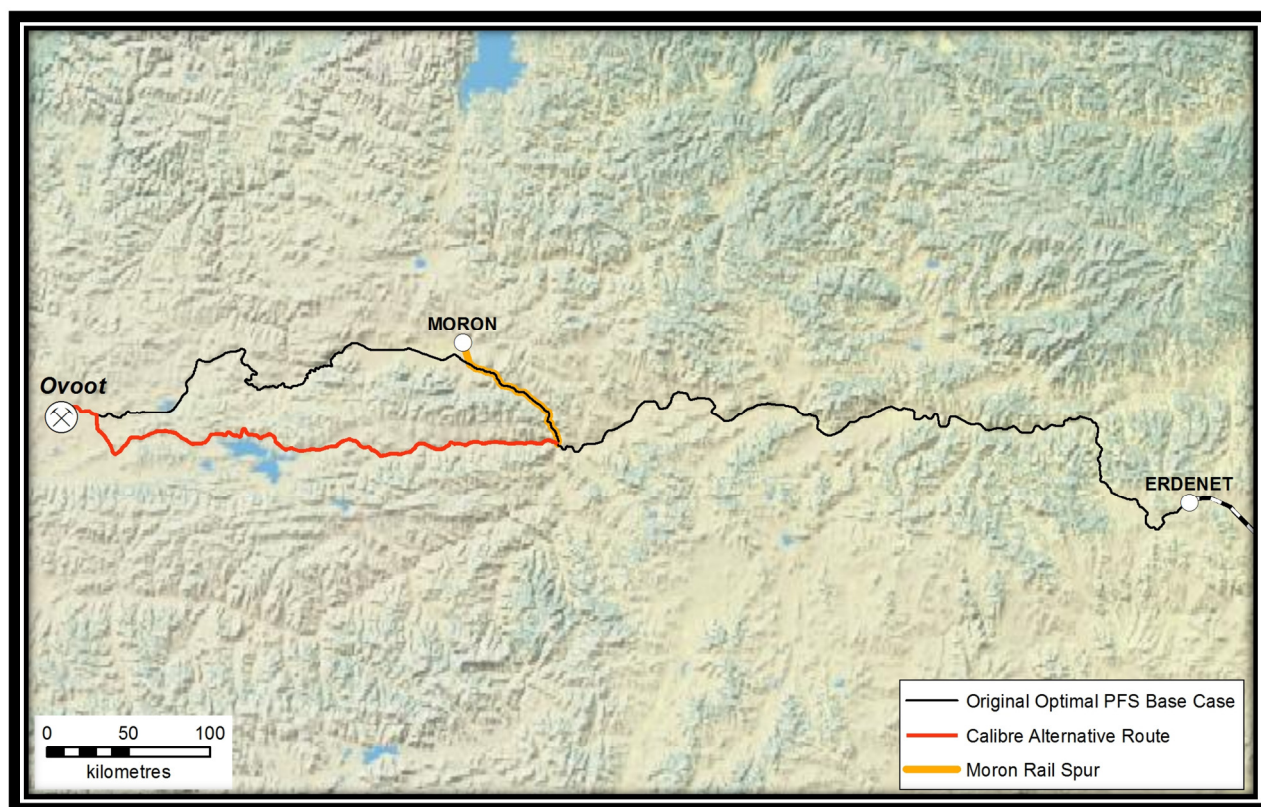
However, in the event that Aspire relaxed the requirement of linking rail directly through the town of Moron, there is a significant capital and operating cost saving for Ovoot Project coal in staying well south of Moron. The total distance to be travelled between Ovoot and Erdenet falls by nearly 50 kms to 581 kilometres and the cost of the Ovoot extension, based on cut and fill and other cost factors in the Pre-Feasibility Study falls by \$188m (refer table 7).

	Rail PFS			Calibre Review	
	Ovoot - Moron	Moron - Erdenet	Total	Ovoot - Erdenet	Total
Total length of track, km	222	406	628	581	581
US\$ million (plus contingencies)	\$400	\$1,100	\$1,500		\$1,312

**Table 7: Comparison of rail distances and cost between Rail PFS and Alternative Alignment**

Further savings from this alternative alignment relate primarily to the more agreeable terrain which reduces the necessity of several capital intensive components including tunnels, bridges and complexity of design. Calibre has estimated that two locomotive and 100 wagon consists are possible between Ovoot and Erdenet, thereby increasing the availability of capacity for other users (the Rail PFS had assumed 50 wagon consists). Further capital savings will also be investigated by the Company resultant from the capacity de-rating.

The result of using larger trains will result in fuel savings of approximately 11% per tonne of coal transported, as well as lower locomotive leasing and maintenance costs.



**Figure 5: Map of Alternative Alignment**

This alternative Moron to Ovoot rail alignment will now need to be reviewed in detail and a revised Rail Pre-Feasibility Study submitted for this section of the rail alignment.

### **Northern Railways LLC**

Northern Railways is tasked with the development of the Erdenet to Moron multiuser rail line, an extension of the existing Trans-Mongolian Railway that currently terminates at Erdenet.

Northern Railways has received a Rail Pre-Feasibility Study ("Rail PFS") which has identified a 406 kilometre rail path from Erdenet to the Khuvsgul provincial capital of Moron. The current estimated cost of the construction for this path, which is US\$1.1 billion plus contingency. The rail path is designed to carry 22 Mtpa, comprising 20 Mtpa of bulk commodity freight and 2 Mtpa of general freight and passengers. Modelling looking at larger train consists has the potential to increase capacity further if needed. The alignment options study recently completed by Calibre Rail has essentially confirmed this alignment as being the most appropriate.

The Mongolian Rail Authority has reviewed and confirmed that the Rail PFS meets the Mongolian rail design standards and it has received a General Environmental Impact Assessment ("GEIA"). This now allows for a more detailed Environmental and Social Impact Assessment ("ESIA") along the specified path. The Company has contracted Sustainability LLC to commence the ground surveys required to complete the ESIA and this is expected to be completed by the end of 2012.

Northern Railways has received a number of proposals to conduct a Bankable Feasibility Study in relation to this alignment. A short list has been prepared and discussions are ongoing with respect to these engineering groups.

## Community Relations

The Company conducts its exploration and rail activities in the vicinity of various sub provinces (“soums”) within the Khuvsgul province of northern Mongolia. The soums which lie closest to Aspire's projects are Tsetserleg, Tsagaan Uul and, Burentogtokh.

### Scholarship Programme

During the Quarter, the Company was pleased to award its first scholarship under the Company's Mongolian tertiary scholarship programme.

The scholarship was awarded to a first year female student studying Geology and Mineral Resource Management at the Mongolian National University. The Awardee grew up in the nearby Tsetserleg soum, adjacent to the Ovoot Project.

The awarding of the remaining three scholarships has been delayed to allow high school students to complete final university entrance exams which were being held during June.

The Company's scholarship programme, which commenced in 2012, provides students funding for a four year university degree. The programme is designed to assist Mongolian nationals to obtain Bachelor degrees in geology, earth sciences, mining engineering, science and technology, social sciences, cultural heritage related professions (archaeology, palaeontology, ethnography), media and community relations. Awardees are also provided the opportunity to gain practical work experience with Aspire whilst completing their studies.

### Other Assisted Training and Education

A Company sponsored tailoring training programme, which commenced in February 2012, was completed during the June 2012 Quarter by ten women who reside in the local Tsetserleg and Tsagaan Uul soums.

Over the duration of the course, which consisted of both theoretical and practical components, each participant was required to produce ten pieces of work uniforms including shirts, trousers, and jackets.

The participants are encouraged to use their skills to produce clothing items within their soums, and Aspire is now helping a number of the participants to access their own sewing machines to continue to use their new learnt skills. It is envisaged that in future, the Company can source uniforms and safety clothing made locally.



**Figure 6: Participant of Tailoring Training**



**Figure 7: Five Participants with Certificates**

In May, Aspire hosted a group of 50 high school students at the Ovoot Project. The study tour named “Geologist, My Favourite Profession” introduced students to the field of geology, and provided a hands on experience to drilling and other exploration activities which occur on a daily basis at the Ovoot Project. As part of the overall tour, the Company organised a video-link connection with same age children at an Anglican Grammar school in New South Wales, Australia where both groups were introduced to the Australian-Mongolian cultures and participated in a question-answer forum.



**Figure 8: Geologist, My Favourite Profession tour**



**Figure 9: Students participate in video-link**

### **Herding Impact Strategy**

During the June 2012 Quarter, the Company commenced mapping over the Ovoot Project tenement area to identify the herder families who currently reside on and use the 500 square kilometre Ovoot Project area for raising livestock.

Leading up to the development of the Ovoot Project, the Company will assist to relocate these families, under its Herder Relation Plan, to another area within the Khuvsgul province which is of equivalent or better condition, suitable for the grazing needs of animals, and which would provide adequate protection in the winter season.

Under the plan, the Company would cover relocation costs and other compensations and ensure that a suitable water well or water bore is available at the new location.

Aspire’s community relations team met 95 herder families over the April – June months.

### **Environmental Assistance**

During April 2012, a severe forest fire broke out near the Tsetserleg soum, the closest town to the Ovoot Project. Throughout the two months the fire remained burning, Aspire was pleased to contribute to fire fighting efforts with the provision of a water truck and supply of food to volunteers.

The Company completed a large rehabilitation programme over the Ovoot and Nuramt licences, and Tsetserleg town site during the Quarter. Included in the activities, Aspire and local residents worked together to re-grade dirt roads, and much needed clean-up following the winter months. In addition, the Company completed tree seedling planting with the help of local school children.



**Figure 10: Tree seedling planting**



**Figure 11: Fire Fighting Assistance**

**--Ends--**

## **About Aspire Mining Limited**

Aspire is listed on the ASX (Code: AKM) and owns 100% of the Ovoot Coking Coal Project in northern Mongolia. Aspire completed a Pre-Feasibility Study for the Ovoot Project in May 2012, targeting a large scale open pit mining operation, with production of 10-12 Mtpa of saleable coking coal at full capacity. Aspire is targeting first production at Ovoot in early 2016 subject to approvals and licenses. Ovoot ranks as the second largest coking coal Reserve in Mongolia, by project with a JORC Code compliant Coal Resource at Ovoot of 252 Mt (156 Mt Measured, 70 Mt Indicated, 26 Mt Inferred) and Probable Coal Reserves of 178 Mt. Aspire is continuing to progress its application for a mining license, and access to rail infrastructure and other regulatory approvals.

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## **Competent Persons Statement**

*In accordance with the Australian Securities Exchange requirements, the technical information contained in this announcement in relation to the JORC 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 documented in this release are stated in accordance with the guidelines set out in the JORC Code, 2004. 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, 2004. 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 documented in this release are stated in accordance with the guidelines set out in the JORC Code, 2004. 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, 2004. 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.*

*The technical information contained in this announcement in relation to the Ovoot Coking Coal Project in Mongolia has been reviewed by Mr Neil Lithgow – Non Executive Director for Aspire Mining Limited. Mr Lithgow is a Member of the Australian Institute of Geoscientists and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves." Mr Lithgow consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.*