Aspire Mining Limited

Annual Report 2012

ASPIRE
MINING LTD

Corporate Information

Aspire Mining Limited
ABN 46 122 417 243

Directors

Mr David McSweeney (Non-Exec. Chairman)
Mr David Paull (Managing Director)
Mr Neil Lithgow (Non-Exec. Director)
Mr Sado Demchingsuren Turbat (Non-Exec. Director)
Mr Mark Read (Non-Exec. Director)
Mr Andrew Edwards (Non-Exec. Director)
Mr Tony Pearson (Non-Exec. Director)

Company Secretary

Mr Philip Rundell

Registered Office

Level 2, Suite 20
22 Railway Road
Subiaco WA 6008
AUSTRALIA

Telephone: +61 8 9287 4555
Facsimile: +61 8 9388 1980
Email: info@aspiremininglimited.com

Principal Place of Business

AUSTRALIA
Level 2, Suite 20
22 Railway Road
Subiaco WA 6008

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

Share Registry

Security Transfer Registrars Pty Ltd
770 Canning Highway
Applecross WA 6153
Telephone: (08) 9315 2333

Solicitors

Corrs Chambers Westgarth Lawyers
Level 15, Woodside Plaza
240 St Georges Terrace
Perth WA 6000
Australia

Steinepreis Paganin
Level 4, The Read Buildings
16 Milligan Street
Perth WA 6000
Australia

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, Australia

Deloitte Onch LLC, 6th Floor, Gurvan Gol
Holding Company Building Sukhbaatar District,
2nd Khoroo, Ulaanbaatar, Mongolia

Securities Exchange Listing

AKM

Website

www.aspiremininglimited.com

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Chairman's Address

Dear Shareholders,

I am pleased to report to you on the activities of Aspire Mining Limited during the year under review.

Your Company successfully completed a significant milestone in its progress towards development of the Ovoot Coking Coal Project ("Ovoot Project") in northern Mongolia by the completion of the Ovoot Pre-Feasibility Study ("PFS"). One of the outstanding features of the PFS was the high level of Coal Reserves within the 4km long, 1.5km wide, 300m deep Ovoot Project open pit at 178Mt. The Ovoot Project is now capable of supporting a 15 year mine life supplying up to 12Mt per annum of high quality coking coal to the growing markets in Asia. The scale of the Ovoot Project is such that it is now regarded as the second largest coking coal project in Mongolia and at full production it would make Aspire one of the largest coking coal producers in the world.

The delivery of the positive PFS paved the way for the grant of the Ovoot Project Mining Licence which was issued in August 2012. It also set the stage for high level discussions with Mongolian government officials regarding permitting and environmental approvals. In addition, the PFS provided the basis for discussions with potential customers of Ovoot Project coking coal, infrastructure providers, partners and financiers. The PFS confirmed the robust economics of the Ovoot Project and outlined the strength of the strategy for the staged development of the project with the decision taken to promote the Ovoot railway as part of a special purpose vehicle to be financed as a third party infrastructure facility.

Infill Coal Reserve drilling at the Ovoot Project deposit and Coal Resource modelling for the PFS together with additional geophysics during the year has significantly enhanced the Company's understanding of the geology and prospectivity for additional coking coal deposits within the Company's 509km^2 licence area over the Ovoot Basin. The results of these efforts have confirmed the potential for the Ovoot Basin to host additional deposits of both open cut and underground coking coal deposits.

Importantly, Aspire demonstrated during the year that developing the Ovoot Project and Northern Rail Line would provide much needed economic and social benefits to the north of Mongolia. In fact, in addition to the several thousand jobs that the Ovoot Project mine and railway would create, it would also be the catalyst for transforming the opportunities for the mainly herding population of the Khuvsgul province by the benefits of establishing a new rail linked to the Trans Mongolian rail network at Erdenet. Aspire is proud of the many projects that it has already contributed to in the Khuvsgul province including investment in hospitals, schools, education and training. In October 2012, Aspire will be present at the opening of a new 20 bed hospital in Tsetserleg, a joint venture between the Khuvsgul Provincial Government and Aspire.

The Mongolian general elections are held every four years and were successfully conducted in June 2012. Mongolia is leading the way as an emerging Asian democracy and the high level of political debate leading up to the general elections is evidence of a healthy process. The elections resulted in the formation of a coalition government and the appointment of Norovyn Altankhuyag as Prime Minister. Your Company is working closely with its advisors in Mongolia and the new government representatives to promote the social, economic and strategic benefits of the Ovoot Project mine and Northern Rail Line project.


David McSweeney (right) and David Paull (left)

We are confident that the Mongolian government will continue to encourage foreign investment in Mongolia and that the mining sector will continue to play a large role in promoting growth within Mongolia. I am pleased to say that Mongolia achieved 17.3% GDP growth in 2011 mainly as a result of the continuing development of the Mongolian mining industry and the investment by Rio Tinto in the massive Turqouise Hill copper mine in the Gobi region of southern Mongolia.

During the year Aspire added to its team of senior Mongolian and international executives in Ulaanbaatar with the appointment of senior project director, James Benson to lead the Company in Mongolia. I would like to take this opportunity to thank Managing Director David Paull and the management team for their efforts and leadership during the year. I would also like to take this opportunity to thank my fellow directors for their contributions. Finally, I would like to thank Gan-Ochir Zunduisuren for his guidance and advice as a non executive director in Mongolia over the past three years and to welcome Sado Demchingsuren Turbat to the board of Aspire Mining Limited.

With the growing high quality Ovoot Project I believe that Aspire is well positioned to grow shareholder wealth as additional permits are obtained, funding is secured and the Company moves closer to realising the substantial in ground value for the Ovoot Project. In this way our Australian, Mongolian and international shareholders will be rewarded for their ongoing support.

David McSweeney

Non Executive Chairman

27 September 2012

Review of Operations

Above Picture: Infill drilling at the Ovoot Coking Coal Project

During the 12 month period between 1 July 2011 to 30 June 2012 (the "year", or the "period"), the Company has been largely focussed on its wholly owned flagship Ovoot Coking Coal Project ("Ovoot Project"), located in the Khuvsgul province of northern Mongolia, and completing several commercialisation studies necessary in the lead up to development.

The period saw a significant increase in activity at the Ovoot Project to complete an extensive exploration and infill drilling programme, as well as geotechnical and water drilling to support Pre-Feasibility studies. During the year, a total of 25,093 meters were drilled, including 12,816 meters of infill, plus additional geotechnical, water and exploration holes. The identification of a second coal seam area has seen the establishment of an underground Coal Resource to the northeast of the Ovoot Project which is now the subject of economic studies.

The Company is well funded having completed a AU$32.8 million placement to Institutional and Sophisticated investors in October 2011. In May 2012, the Company announced that it had received a maiden Coal Reserve estimation and Coal Resource update from Xstract Group ("Xstract") for the Ovoot Project. A maiden Probable Coal Reserve for the Ovoot Project open-cut mine of 178Mt was reported along with total project Coal Resources of 252Mt (156Mt Measured, 70Mt Indicated, and 26Mt Inferred). This large Coal Reserve base makes the Ovoot Project the second largest coking coal deposit by Reserves in Mongolia.

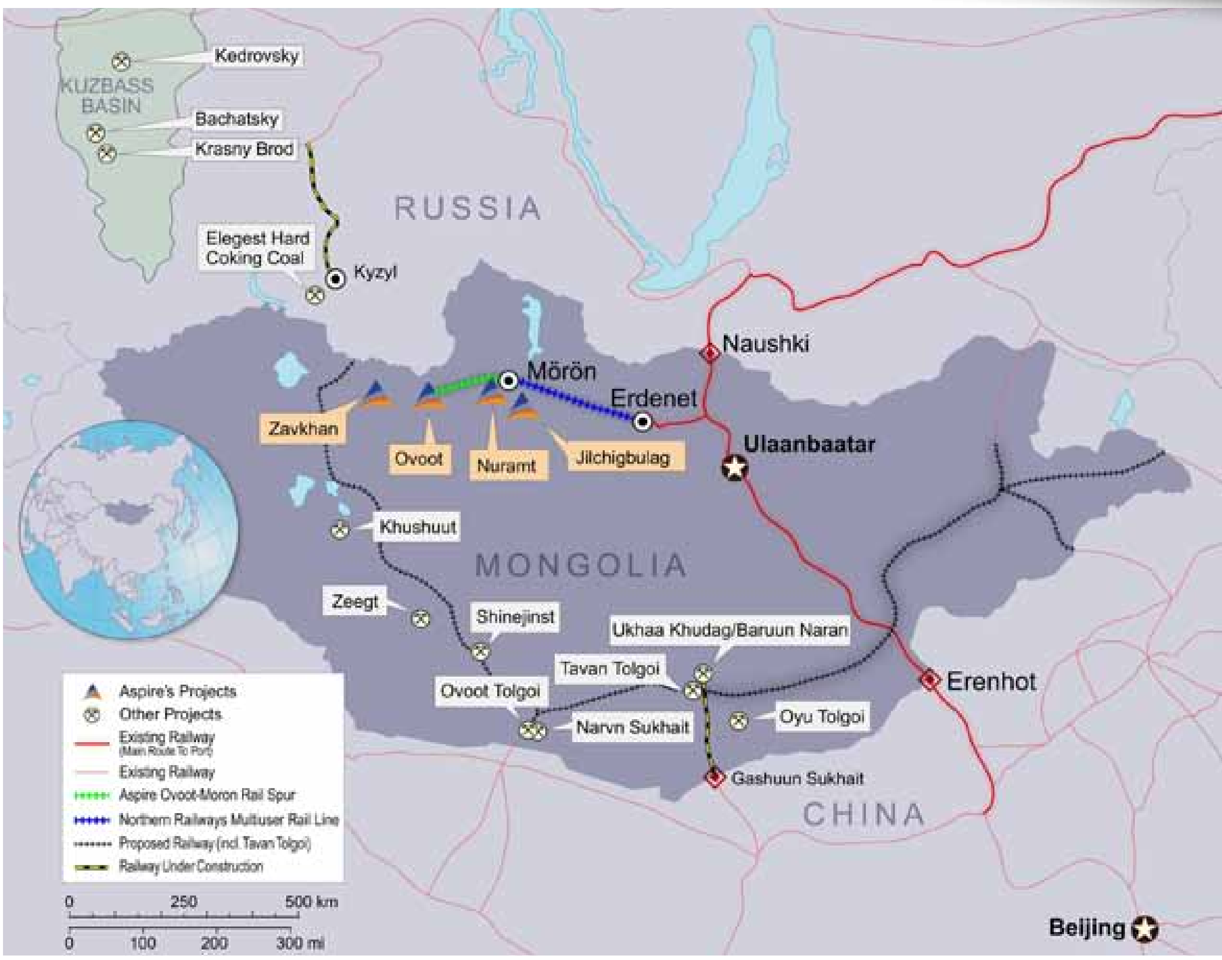
The Probable Coal Reserve provided the basis of a Pre-Feasibility Study ("PFS") which was released in early June 2012. The PFS confirmed that the Ovoot Project was both technically and financially feasible. The PFS identified an open-pit producing 185Mt of Run Of Mine ("ROM") coal producing 153Mt of saleable high quality coking coal.

During the year, the Company developed several important relationships with both Noble Group and RZD Russian Railways, making the first steps in putting Ovoot coking coal into the marketplace. A strategic Marketing and Alliance Agreement was entered into with the Noble Group, currently one of Aspire's larger shareholders. In addition, Aspire, through its Mongolian rail infrastructure subsidiary Northern Railways LLC ("Northern Railways"), has commenced preliminary discussions with the Mongolian subsidiary of rail giant, RZD Russian Railways to discuss a potential partnership in relation to developing rail between Erdenet to Moron and the Ovoot Project in northern Mongolia.

Since opening a regional office in Moron, the capital of Khuvsgul province in 2010, Aspire has now also opened an office in the Tsetserleg soum (local region) centre. These two regional offices provide a base for the Company's Community Relations team who are actively involved in the local community and are vital for successfully running the Company's community programmes.

Exploration

The Company has four exploration projects in Mongolia, three focused on coking coal (the Ovoot Coking Coal Project, Nuramt Coal Project and Jilchigbulag Coal Project) and one focussed on iron ore (Zavkhan Iron Ore Project).



Aspire's Project Locations

Ovoot Coking Coal Project (100%)

The Ovoot Coking Coal Project ("Ovoot Project") is the Company's largest project covering 509 square kilometres and comprise three license areas: Ovoot Resource, Hurimt, and Zuun Del.

A total of 25,093 meters were drilled during the year and included:

- Exploration drilling totalling 11,797 metres,
- Infill drilling totalling 12,816 metres,
- Geotechnical drilling totalling 341 metres, and
- Water bore drilling.

The Company successfully identified its second coal seam formation at the Ovoot Basin which is located to the northeast of the original Ovoot Resource area (October 2010). Coal Resources found in this northeast area are included in the updated Ovoot Coal Resource (May 2012), however with coal intersected deeper than 300 metres these are considered underground tonnes.

Coal Resources were updated in May 2012 by Xstract based on a substantially larger database.

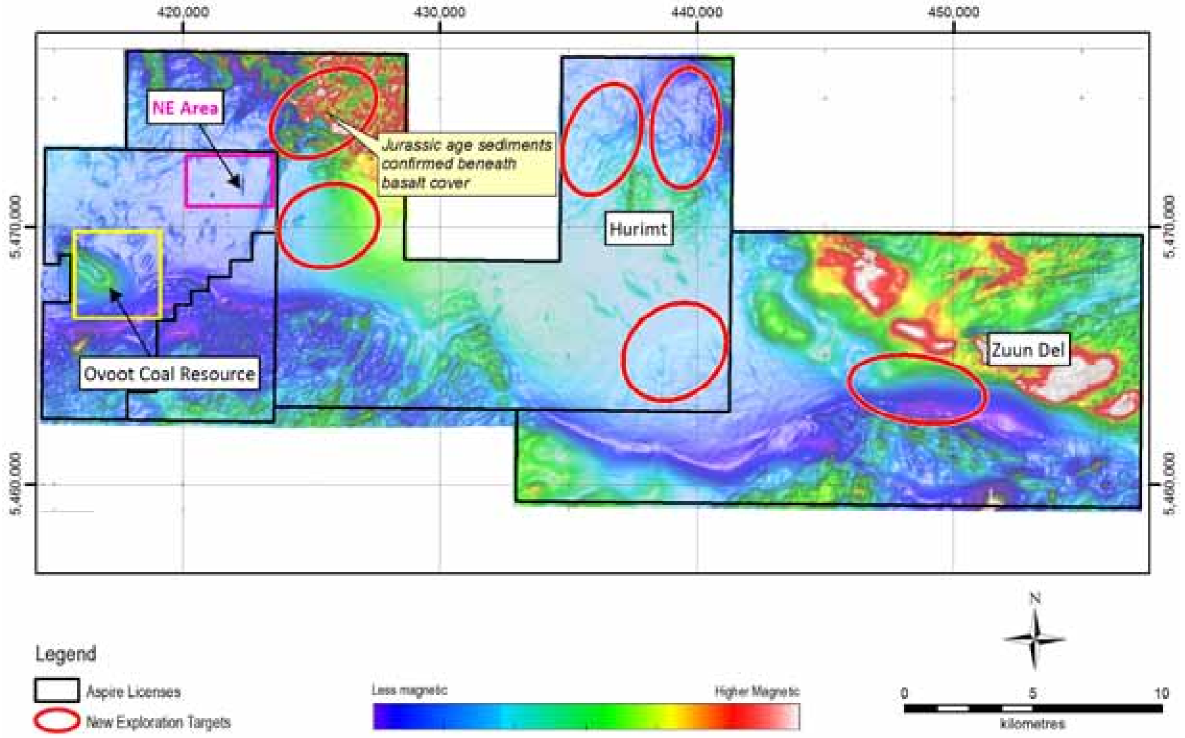
Resource	Above 300 m (Mt)	Below 300 m (Mt)	Total (Mt)
Measured	139	17	**156**
Indicated	42	28	**70**
Inferred	23	3	**26**
Total	**204**	**48**	**252**

Ovoot Project Updated JORC Coal Resource (May 2012)

This total Coal Resource is less than the initial resource of 330 million tonnes (93.3 Measured, 182.4 Indicated, 55.0 Inferred) prepared by independent resource consultants and was prepared on four times the number of drill holes. This increased density of drilling identified higher basement positions which caused loss of estimated lower coal seam tonnage.

A magnetics programme was completed over the entire 509 square kilometre Ovoot Basin during the year to compliment the 2-D seismic work completed in 2011.

An Ovoot Basin Evolution Study, completed by SRK Consulting, was received by Aspire in the June 2012 Quarter, which predicts high potential for the existence of coal in other areas of the Ovoot Basin. This is extremely positive as Aspire moves to explore these target areas in the 2013 financial year with the focus heavily on Hurimt.



Airborne Magnetics Image and Exploration Targets over the Ovoot Basin

Nuramt Coal Project (100%)

The Nuramt Coal Project ("Nuramt") is a 200 square kilometre licence located near the town of Moron. During the year, detailed mapping was completed over the area. A close spaced airborne magnetic programme was also planned however this has been deferred due to weather and aircraft availability issues. The programme will be conducted during the balance of 2012, providing an opportunity to understand the scale and shape of the potentially coal bearing basin in preparation for a reconnaissance drilling programme.

Jilchigbulag Coal Project (100%)

The Jilchigbulag Coal Project ("Jilchigbulag") comprises a 2.5 square kilometre exploration license which surrounds an existing mine lease that supplies coal for thermal purposes to Moron.

Early in the year the Company conducted an initial reconnaissance drilling programme over the area for a total of 3,000 metres. Initial coal quality results from coal intersected in drilling confirm the presence of a semi-soft coking coal with moderate ash, high volatiles and relatively low CSN range.

Although discovery of coal at other nearby coal projects confirms the high prospectively of the region, resource potential at Jilchigbulag is considered to be small.

Zavkhan Iron Ore Project (70% earn in)

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.

A magnetics programme and inversion modelling completed during the period identified two adjacent shallow, highly magnetic bodies, with tops around 75 metres from surface. The Company is currently completing a paleontological survey prior to commencing a reconnaissance drilling programme.

The Company wishes to assess the resource potential at Zavkhan which could potentially add tonnes to utilise the rail extension of the Trans-Mongolian railway from Erdenet to Moron.

Shanagan Coal Project

The Shanagan Joint Venture Project ("Shanagan"), was a 20 square kilometre licence area located to the southeast of Mongolia's capital, Ulaanbaatar.

The Company conducted an initial reconnaissance drilling programme during the June 2011 Quarter, however after reviewing its results, it was decided that there was not sufficient encouragement to continue to farm into Shanagan. The Company decided to withdraw from the project during the year.

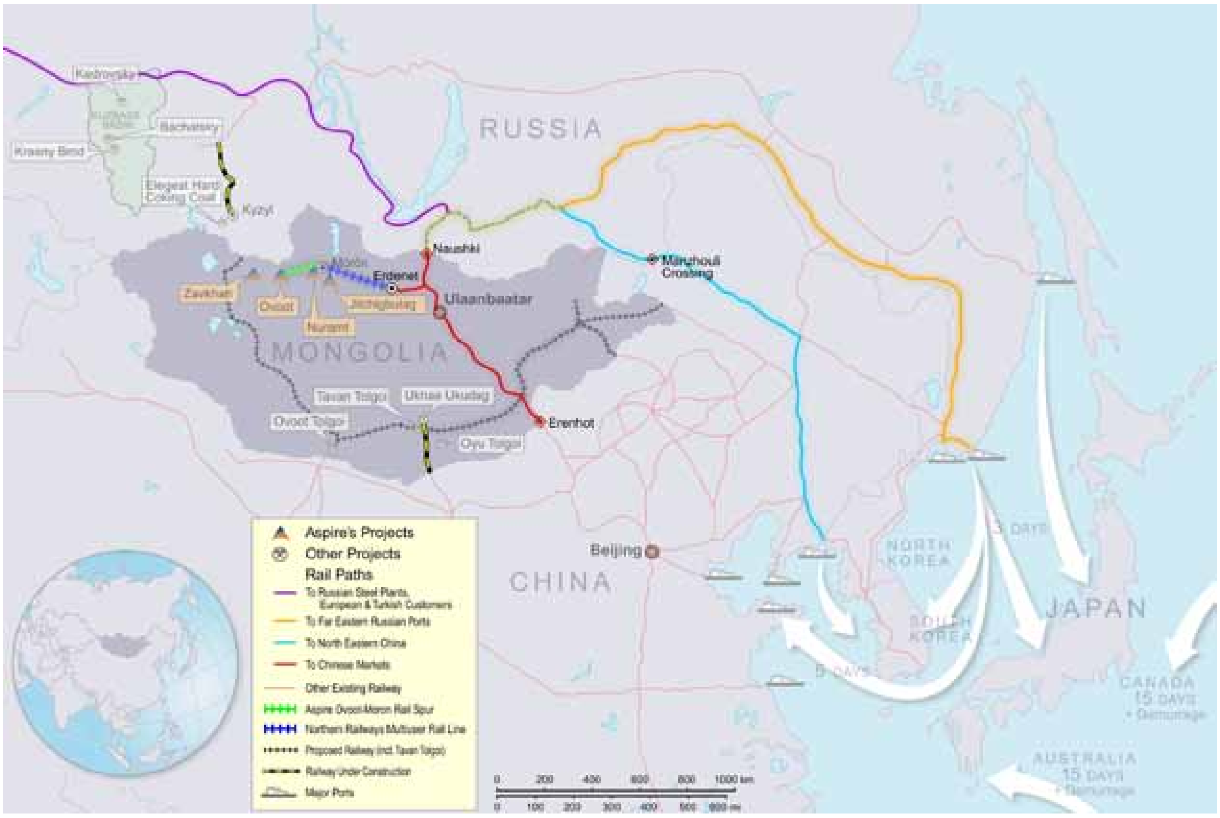
Coking Coal Market Update

Aspire is focused on the exploration and development of coking coal projects in Mongolia.

According to some of the world's largest coking coal producers, BHP Billiton and Peabody Energy, expectations are that demand for high quality coking coal is to continue growing, particularly from developing countries such as China, India and Brazil as these economies consume more steel to meet demand from with increasing urbanisation of their populations. Peabody Energy expects a 40% increase in steel production by 2020 (Source: Peabody Presentation dated 17 May 2012). Supply of quality coking coals into the future are expected to struggle to meet this anticipated demand.

China is importing more of its coking coal from nearby sources. In 2011, Mongolia was the dominant import source of coking coal with 20Mt (2010: 15Mt), whilst imports from Australia fell to 10.3Mt (2010: 17.4Mt) (Source: Shanxi Fenwei Energy Consulting Co.,Ltd).

Aspire plans to access the Chinese as well as seaborne coking coal markets in North Asia. In November 2011 the Company entered into a Marketing Alliance Agreement with Noble Group to assist with marketing and supply chain logistics to establish Ovoot Project coking coal in the marketplace. In exchange, Aspire has agreed to issue a marketing right to Noble over at least 50% of the initial five million tonnes of Ovoot Project coking coal sold.



Potential Routes to Market for Ovoot Project coking coal

Ovoot Coking Coal Project Development

Ovoot Project Pre-Feasibility Study

In May 2012, the Company received a positive Pre-Feasibility Study ("PFS") with respect to the Ovoot Project. The PFS, conducted by Xstract on Aspire's behalf, confirms the technical and commercial viability of the Ovoot Project and included an update to the initial October 2010 Coal Resource, and a maiden Coal Reserve.

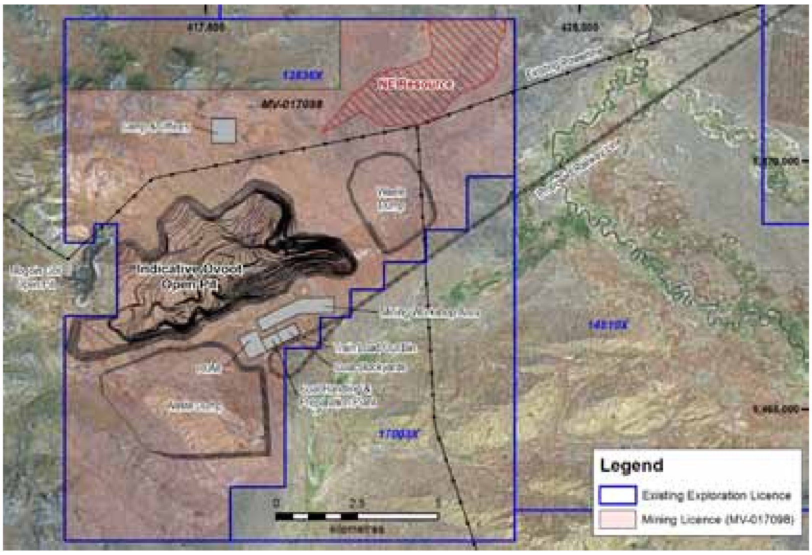
Category	Coal Reserve (adb) ROM Mt	Coal Reserve, (arb, 2% Moisture) ROM Mt	Marketable Coal Reserve (arb, 8.5% Moisture) Mt
Probable	176	178	147
Total	176	178	147

Ovoot Project Coal Reserve to 300m depth (25 May 2012)

The PFS was completed assuming a two staged development of a single large open pit at the Ovoot Project. The first stage, planned to commence in 2016 will see production of up to 6Mtpa, while stage two doubles annual production to 12 Mtpa from 2018. The initial life of mine of the Ovoot Project is 15 years, realising a total of 153 Mt saleable coking coal with an average yield of 82% from Run of Mine ("ROM") production of 185 million tonnes. The life of mine ROM includes 7mt of Inferred Coal Resources which will be mined in the planned open pit.

To support full scale production, two coal handling and preparation plant facilities would be required on site, designed to handle up to 16 Mtpa ROM material per year, including bypass product.

Coal quality analysis provided by Sedgman Limited ("Sedgman") for the PFS shows that at an average washing yield of 82%, a 9% ash, with 10% moisture product would be achievable.



Ovoot Project Planned Open Pit and Site Infrastructure Plan over Mining Licence Area

Ovoot Project Pre-Feasibility Study Key Highlights

Highlights - General	
Ownership	100% Aspire Mining Limited
ROM	185 MT
Initial Life of Mine	15 years
Yield (LOM)	82%
Total Saleable Product	153 Mt
Coal Type	100% High Quality Coking Coal
Sales Assumption	50% Chinese border 50% Russian Far East Ports
Average Strip Ratio (LOM)	7.6 bcm waste/t coal (including pre strip)
OPEX (LOM)[1]	US$118/t
EBITA (LOM)[2]	US$68/t
IRR[2,3]	43%
Production Profile	
STAGE 1	
CAPEX	US$565M incl 20% contingency
Production	6 Mtpa
Commencement	Early 2016
STAGE 2	
CAPEX	US$710M incl 20% contingency
Production	12 Mtpa
Commencement	From 2018

1. Prices are in 2012 real dollars (excluding royalty), and includes all freight and border costs providing sales assumptions hold.
2. Based on long term average coking coal price of US$200/t in 2012 real dollar.
3. Based on total project CAPEX of US$1.314B incl 20% contingency.

Hydrogeology

The Company engaged Aquaterra LLC to identify water reserves which would meet the Ovoot Project requirements during production. Aquaterra have found four potential water supply areas, one within the Ovoot Project area itself and the remaining three within 20 kilometres.

The identification of these potential nearby water supply sources is valuable with access to water an issue in Mongolia given its relatively dry climate.

Environment

In addition to the Environmental Management Plan (reviewed annually by the Company), a number of Environmental Impact Assessments were completed during the year which included the road alignment, the Ovoot Project area, and the planned rail alignment between Erdenet – Moron.

These assessments will be reviewed by the relevant Mongolian ministries and used to support the application of necessary licences to support exploration and mining activities at the Ovoot Project.

Power

A new coal fired power station is planned to be commissioned by a third party provider in 2014, approximately 70 kilometres south-west of the Ovoot Project. A line connecting to this power station, runs directly through the Ovoot licence area, and negotiations are underway to access this line for the Ovoot Project's power requirements.

Road

A feasibility study was completed on a 200 kilometre road alignment between the Ovoot Project and Moron. The road, which will essentially follow the current track will be sealed and capable of supporting construction of the Ovoot Project as well as acting as a coal haulage route.

The Company has received Mongolian Ministerial approval to commence the construction of the road.

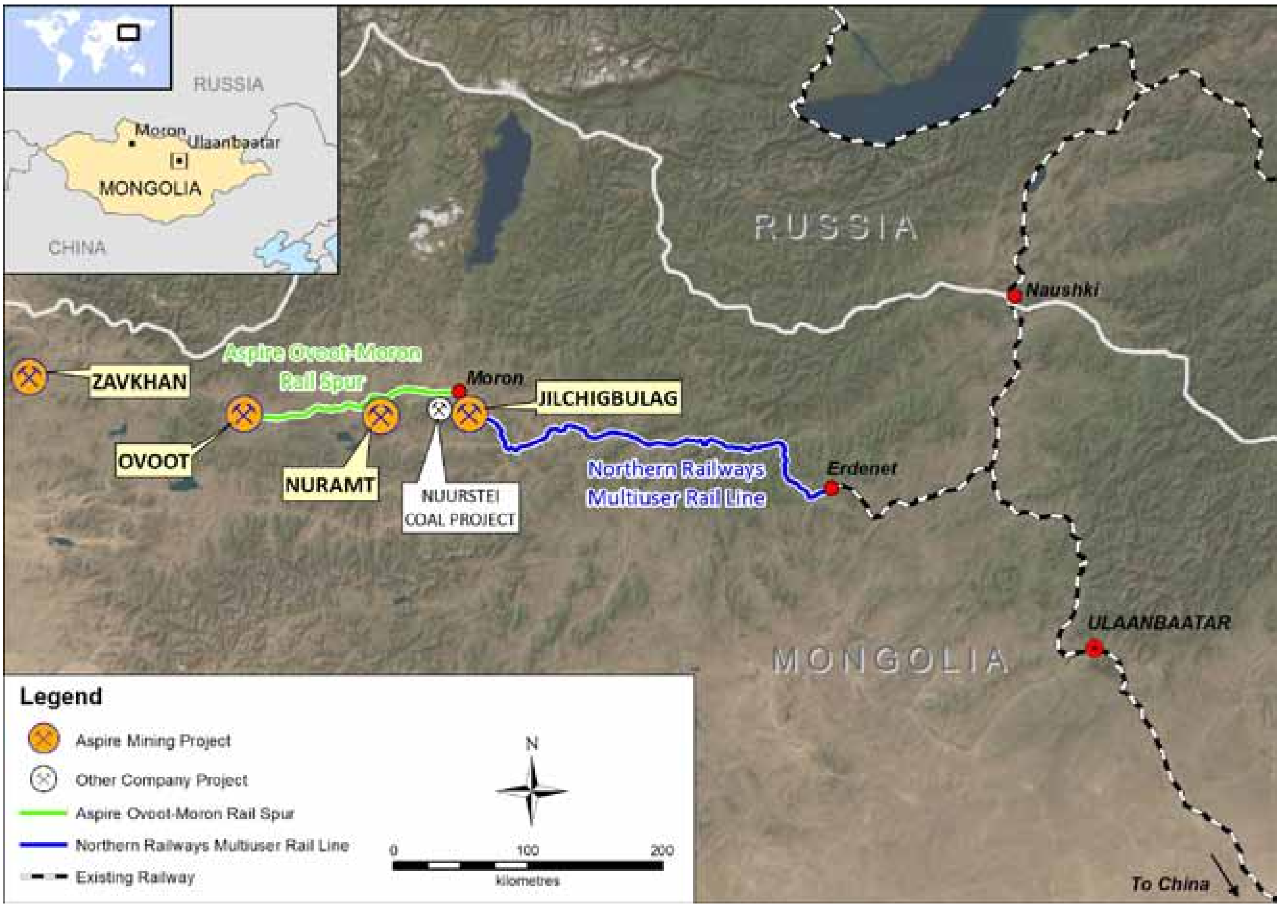
Northern Railways LLC

Northern Railways LLC is the wholly owned Mongolian rail infrastructure subsidiary of Aspire which is tasked with the responsibility of seeking the necessary capital investment as well as managing the construction and operation of the planned 406 kilometre multi-user rail line between the towns of Erdenet and Moron. A further rail spur to connect Ovoot to Moron is part of the Ovoot Project stage two capital expenditure. These planned rail extensions will see north Mongolia and the Ovoot Project connect to the overall Trans-Mongolian rail network.

NORTHERN RAILWAYS LLC

During the period, a Rail Pre-Feasibility Study ("RPFS") was completed on the alignment between Erdenet – Moron – Ovoot ("Northern Rail Line"). The results of the RPFS were positive indicating that the Northern Rail Line is commercially and technically viable. Capital expenditure required for the multi-user Erdenet – Moron section is estimated at US$1.1B plus contingencies. The rail line has been designed to accommodate a 22Mtpa capacity which would see the transport of 20Mtpa bulk commodities and 2Mtpa general freight, agricultural products and passengers. Its alignment and corresponding General Environmental Social Impact Assessment ("GESIA") were reviewed by the Mongolian Rail Authority who have confirmed that it meets Mongolian rail design standards.

Trans-Mongolian Railway, coal from Baganuur coal mine



Rail Pre-Feasibility Study Alignment of the Northern Rail Line

During the March 2012 Quarter, Aspire Mining also purchased five hectares of land at the Erdenet rail siding which can be used to stockpile coking coal to load onto trains for delivery to end users. This stockpile area can be used to support a pre-rail operation based on trucking Ovoot Project coking coal to Erdenet.

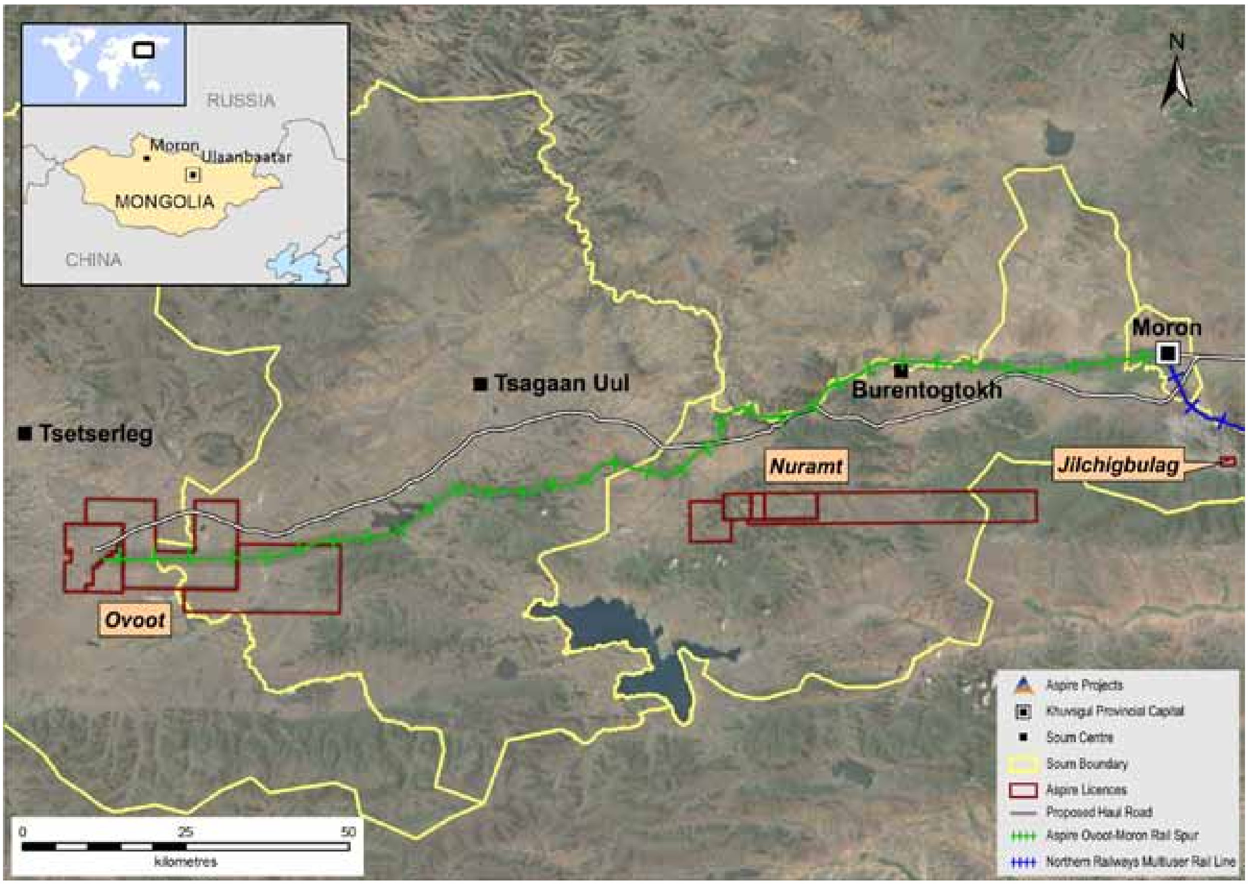
Aspire announced in June 2012 that it had entered into a non-binding Memorandum of Understanding ("MOU") with Infrastructure Developments LLC, the Mongolian Subsidiary of RZD Russian Railways. The MOU essentially initiates discussions between the parties to investigate, among other things, a possible partnership to develop the Northern Rail Line.

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.

Aspire's Community Relations team are responsible for engaging with the local community, raise awareness of the Ovoot Project's exploration and development plans and build closer relationships with local Government and contractors.

The overall aim of Aspire's Community Relations Programmes are to ensure that the involvement of Aspire and development of the Ovoot Project will result in net social, economic and environmental benefits to the local regions and Mongolia overall.



Key Soums Surrounding Aspire's projects in Northern Mongolia

There are essentially four components to Aspire's Community Relations Programmes:

- Improving local healthcare
- Investing in tertiary and vocational education
- Initiating programmes to improve herder incomes
- Local environmental enhancements

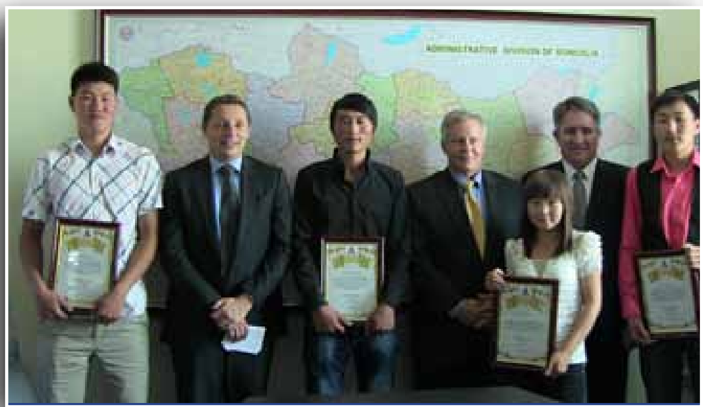
Health Improvements

During the period, the Company in partnership with the Khuvsgul province provided the funding to complete the construction of a new hospital in the Tsetserleg soum, and provided funding for the nearby Mogoin Gol Health Clinic, including the Doctor's salary.

Encouraging Further Education and Training

A Company funded inaugural scholarship programme was rolled out during the 2012 financial year with its first four successful students selected. Commencing University studies in September 2012, the Mongolian students selected from the Tsetserleg and Tsagaan Uul soums will receive financial assistance over the course of four years to obtain a Bachelor degree, and in addition will be provided with practical work experience at Aspire whilst completing their studies. It is planned to award four new scholarships a year.

A Tailoring Training programme was supported by Aspire for ten local women residing in the Tsetserleg and Tsagaan Uul soums. The course was successfully completed by all women who during their training, produced a variety of work uniforms including trousers, shirts and jackets. The participants are encouraged to use their skills to produce clothing items for their local soums and potentially supply safety work ware to suit the requirements of the Company.



Aspire hosted a study tour at the Ovoot Project for 50 local Mongolian high-school students. The students were introduced to the field of geology and the day-to-day activities of a mineral exploration company, and included a video-link to an Australian same age high school class where they participated in question-answer forum discussing the different cultures.

2012 Scholarship Awardee's with Aspire's Managing Director, Project Director and Country Director

Improving Herder Incomes

The Company is considering a number of initiatives to improve herder incomes and demonstrate the benefits of rail in reducing transport costs for both agricultural inputs and exports. These include research and development on improving animal bloodlines, pasture management and potentially meat processing facilities within the Khuvsgul province.

The Company is developing a herder relocation programme for local herder families to minimise the impact by the development of the Ovoot Project. The programme will ensure that prior to the development of the Ovoot Project, herder families who currently use the Ovoot licence area as pastureland, will be assisted in terms of replacement feed sources and ultimately in relocating to another area within the Khuvsgul province, of equivalent or better condition.

Environment Enhancement

Aspire assisted to overcome the effect of widespread forest fires which broke out in nearby Tsetserleg and Tsagaan Uul soums. Assistance included a 20million tugrik (US$14,000) donation to the National Disaster Rehabilitation Fund of Tsagaan Uul soum to support green development and reforestation as well as supplying a water truck, and providing food to fire-fighters.

In addition, Aspire has arranged rehabilitation of local roads and tracks, and 31 hectares of tree seedlings were planted under the Company's reforestation programme.

Section 2

Financial report

SECTION 2:

Aspire Mining Limited

ABN 46 122 417 243

Annual Financial Report

30 June 2012

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CORPORATE INFORMATION

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Directors
Mr David McSweeney (Non-Executive Chairman)
Mr David Paull (Managing Director)
Mr Neil Lithgow (Non-Executive Director)
Mr Tony Pearson (Non-Executive Director)
Mr Andrew Edwards (Non-Executive Director)
Mr Mark Read (Non-Executive Director)
Mr Sado Demchigsuren Turbat (Non-Executive Director)

Company secretary
Mr Philip Rundell

Registered office
Level 2, Suite 20, 22 Railway Road,
SUBIACO WA, AUSTRALIA 6008

Telephone: (08) 9287 4555
Facsimile: (08) 9388 1980
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AUSTRALIA
Level 2, Suite 20, 22 Railway Road,
SUBIACO WA, AUSTRALIA 6008

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

Share Register
Security Transfer Registrars Pty Ltd
770 Canning Highway
APPLECROSS WA 6153

Telephone: (08) 9315 2333

Solicitors
Corrs Chambers Westgarth Lawyers
Level 15, Woodside Plaza
240 St Georges Terrace
PERTH WA 6000

Steinepreis Paganin
Level 4, The Read Buildings
16 Milligan Street
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

Deloitte Onch LLC
6th Floor, Gurvan Gol Holding Company Building
Sukhbaatar District
2nd Khoroo, ULAANBAATAR
MONGOLIA

Securities Exchange Listing
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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 2012.

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 McSweeney – Non-Executive Chairman
Mr David Paull – Managing Director
Mr Neil Lithgow – Non-Executive Director
Mr Gan-Ochir Zunduisuren – Non-Executive Director (resigned 20 September 2012)
Mr Tony Pearson – Non-Executive Director (appointed 23 December 2010)
Mr Andrew Edwards – Non-Executive Director (appointed 1 July 2011)
Mr Mark Read – Non-Executive Director (appointed 1 July 2011)
Mr Sado Demchigsuren Turbat - Non-Executive Director (appointed 20 September 2012)

Names, qualifications, experience and special responsibilities

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Mr David McSweeney

Non-Executive Chairman

Qualifications: LLB, MAICD

Mr McSweeney is an experienced mining company executive who has worked in the resources sector for over 20 years. His direct responsibilities have ranged from exploration to project management, project finance, commercial and legal structuring and corporate development.

A founder of Gindalbie Metals Ltd, Mr McSweeney was the Managing Director from 1998 until December 2006. During his time at Gindalbie, he oversaw the discovery and commissioning of two successful gold production centres and the repositioning of the company as an emerging diversified Australian iron ore producer with a market capitalisation of ~$340 million.

Mr McSweeney is Chairman of FeCon Limited and Chairman of MSP Engineering Pty Ltd. He was a director of Bauxite Resources Limited from 20 November 2007 to 5 January 2011 and of Avalon Minerals Ltd from 20 December 2006 to 6 February 2012.

Mr McSweeney is a member of the Audit & Risk and Remuneration Committees.

DIRECTORS' REPORT (continued)

Names, qualifications, experience and special responsibilities (continued)

Mr David Paull
Managing Director
Qualifications: B.Com, FSIA, MBA (Cornell)

Mr Paull has over 20 years' experience in resource business development and industrial minerals marketing. For the past two years, Mr Paull has been Managing Director of Aspire after being involved in the recapitalization of the Company and redirection to targeting Mongolian coking coal assets. Prior to joining Aspire, Mr Paull was working on private equity and seed capital opportunities in the resources sector, biofuels, and transport services.

Mr Paull holds a Bachelor of Commerce from the University of Western Australia, is a Fellow of the Financial Services Institute of Australia and has an MBA with distinction from Cornell University New York.

He is a Non-Executive Director of Pacific Wildcat Resources Corp, an industrial minerals explorer and developer listed on the TSX Ventures Exchange.

Mr Paull was appointed as Executive Director of the Company on 12 February 2010 and as Managing Director on 1 July 2010.

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

Mr Lithgow is a geologist by profession with over 20 years' experience in mineral exploration, economics and mining feasibility studies, covering base metals, coal, iron ore and gold. 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). He is a member of the Australian Institute of Mining and Metallurgy and the Financial Services Institute of Australia.

Mr Lithgow is a member of the Remuneration Committee.

Mr Gan-Ochr Zunduisuren (Resigned 20 September 2012)
Non-Executive Director
Qualifications: B.Eng, MSGF (Stern)

Mr Zunduisuren has over 10 years of experience in the resource sector in Mongolia and Canada where he worked as an underground mining engineer. Mr Zunduisuren is an Executive Director and co-founder of Altai Gold LLC which is a successful gold miner in Mongolia and was a key part of the syndicate that made the Ovoot Coking Coal project discovery.

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

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

DIRECTORS' REPORT (continued)

Names, qualifications, experience and special responsibilities (continued)

Mr Tony Pearson
Non-Executive Director
Qualifications: B.Com

Mr Pearson has approximately 15 years' experience in the resources, mining and infrastructure sectors. He is the current Vice President Corporate Development with SouthGobi Resources Limited, a leading Mongolian coal producer listed on the Toronto and Hong Kong stock exchanges.

He has previously held senior positions with the Australian Securities & Investments Commission, Citigroup's Metals and Mining Investment Banking team and Westpac Banking Corporation. During his time with Citigroup, Mr Pearson advised mining clients on capital raisings, mergers, acquisitions and divestitures, particularly for Asian and Australian mining companies. At Westpac, Mr Pearson was integral to the establishment of the bank's infrastructure and funds management business, focusing on financing and investment activities in the infrastructure and transportation sectors.

Mr Pearson has held no other public company directorships in the last three years.

Mr Pearson is a member of the Remuneration Committee.

Mr Andrew Edwards
Non-Executive Director
Qualifications: B. Com, FCA, SF Fin, GAICD

Mr Edwards is a former senior partner of PricewaterhouseCoopers. Mr Edwards has had a distinguished career with PwC spanning 35 years in Perth, Auckland and Sydney. He served as Managing Partner of the Perth practice for five years and led the Perth Advisory business. Mr Edwards is a past National Vice President of the Financial Services Institute of Australasia (formerly Securities Institute of Australia) and past President of the Western Australian division of that Institute.

He currently serves as a Non-Executive Director of Mermaid Marine Australia Ltd (appointed 18 December 2009), Nido Petroleum Ltd (appointed 11 December 2009) and is Non-Executive Chairman of MACA Ltd (appointed 1 October 2010).

Mr Edwards is Chairman of the Audit & Risk Committee.

Mr Mark Read
Non-Executive Director
Qualifications: B. Eng, FAICD, FIEA, MBA (Harvard)

In November 2011, Mr Read was appointed President, Minerals, with KBR Inc, the multi-national engineering, procurement and construction company.

Mr Read is a past CEO and Managing Director of ASX listed coal engineering and technology company Sedgman Ltd. Whilst at Sedgman, Mr Read was responsible for an overseas expansion strategy that led Sedgman to position itself in emerging high-grade coal regions including Mongolia and Mozambique. Prior to his appointment as chief of Sedgman, Mr Read was Global General Manager of Mining and Metals and Executive Director of engineering services firm Sinclair Knight Merz, where he was employed for 20 years.

Mr Read is a member of the Audit & Risk Committee and Chairman of the Remuneration Committee.

DIRECTORS' REPORT (continued)

Names, qualifications, experience and special responsibilities (continued)

Mr Sado Demchigsuren Turbat (Appointed 20 September 2012)
Non-Executive Director
Qualifications: BSc., MBA (Waseda, Leeds)

Mr. Turbat has over 12 years of experience in the resource sector of Mongolia. As one of the authors of the 1997 Minerals Law of Mongolia and as an Honorary Member of Mongolian National Mining Association, Mr Turbat is a key figure in the development of Mongolian mining industry policy and regulative framework. Mr Turbat is a founder of Mine Info LLC and the "Discover Mongolia" annual international mining forum. Currently Mr Turbat serves a Managing Director of Behre Dolbear Mongolia LLC.

Mr. Turbat holds an MBA degree from University of Waseda in Japan and Leeds University in UK.

Company Secretary

Mr Philip Rundell
Company Secretary
Qualifications: Dip BS (Accounting) ACA

Over the past 25 years Mr Rundell has worked at a Partner and Director level for Coopers & Lybrand and Ferrier Hodgson specialising in company reconstructions and corporate recovery. He has vast and diverse experience in many industries including technology, mining, earthmoving, construction, entertainment, financial services, retailing and manufacturing. He 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 and options of the Company are as follows:

Directors	Number of Fully Paid Ordinary Shares	Number of Class A Options over Ordinary Shares	Number of Performance Options over Ordinary Shares
Mr David McSweeney	13,783,962	4,716,981	10,000,000
Mr David Paull (Note 1)	1,986,792	943,396	20,000,000
Mr Neil Lithgow (Note 1)	63,378,501	29,000,000	36,000,000
Mr Gan-Ochir Zunduisuren	39,300,000	-	10,000,000
Mr Tony Pearson	-	-	-
Mr Andrew Edwards	-	-	-
Mr Mark Read	-	-	-
Mr Sado Demchigsuren Turbat	2,416,609	-	-

Note 1: Mr David Paull and Mr Neil Lithgow are directors of Red Island Resources Limited, a public unlisted company, which is a beneficial owner of 49 million 5c Class A Options over ordinary shares and 49 million 5c Performance Options over ordinary shares.

There were no options granted to directors or management of the Company during or since the end of the financial year as part of their remuneration.

DIRECTORS' REPORT (continued)

Interests in the Shares and Options of the Company and Related Bodies Corporate (continued)

At a General Meeting held on 19 August 2011, shareholders approved the Aspire Mining Limited Performance Rights Plan and the issue of Performance Rights to each of the executive and non-executive directors in office on 19 August 2011. The relief sought from ASIC for the issue of the Performance Rights did not extend to the non-executive directors. Accordingly, the issue of Performance Rights to those directors will be outside of the Performance Rights Plan and will require further approval by the shareholders.

Details of ordinary shares issued by the Company during or since the end of the financial as a result of the exercise of an option are:

Number of Shares Issued	Amount Paid Per Share
500,000	$0.05

There are no unpaid amounts on the shares issued.

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

Type	Expiry Date	Exercise Price	Number of Shares
Class A Options	12 February 2015	$0.05	96,186,842
Unlisted Options	31 December 2012	$0.15	6,000,000
Performance Options	12 February 2015	$0.05	145,000,000
Total			247,186,842

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.

Review of Operations

Ovoot Coking Coal Project

In the year, the Group has focussed on the wholly owned Ovoot Coking Coal Project ("Ovoot Project"), located in the Khuvsgul province of northern Mongolia.

The year saw a significant increase in activity at the Ovoot Project to complete an extensive exploration drilling programme, together with geotechnical and water drilling to support Pre-Feasibility studies. During the year, a total of 25,093 metres were drilled which included 11,797 metres of exploration drilling and a total of 12,816 metres of infill was completed, with additional geotechnical, and water holes. The identification of a second coal seam area has seen the establishment of an underground Coal Resource to the northeast of the Ovoot Project which became an area of exploration focus.

In May 2012, the Company announced that it had received a maiden Coal Reserve estimation and Coal Resource update from Xstract Group ("Xstract") for the Ovoot Project. A maiden Probable Coal Reserve for the Ovoot Project open-cut mine of 178Mt was reported along with total project Coal Resources of 252Mt (156Mt Measured, 70Mt Indicated, and 26Mt Inferred). This Coal Reserve base makes the Ovoot Project the second largest coking coal deposit by Coal Reserves in Mongolia.

DIRECTORS' REPORT (continued)

Review of operations (continued)

The Coal Reserve provided the basis of a Pre-Feasibility Study ("PFS") which was released in early June 2012. The PFS confirmed that the Ovoot Project was both technically and commercially feasible. The PFS identified an open-pit providing 185Mt of Run Of Mine ("ROM") coal over a 15 year life of mine to produce 153Mt of saleable quality coking coal. The life of mine ROM includes 7 million tonnes of Inferred Coal Resources which will be mined in the planned open pit.

A magnetics programme was completed over the entire 509 square kilometre Ovoot Basin.

An Ovoot Basin Evolution Study, completed by SRK Consulting, was received in the June 2012 Quarter, which predicts high potential for the existence of coal in other areas of the Ovoot Basin. This is positive as Aspire moves to explore these and other target areas with the focus heavily on the Hurimt.

During the year, the Group also developed several important relationships with both Noble Group and the Mongolian subsidiary of RZD Russian Railways, marking the first steps in putting Ovoot Project coking coal into the marketplace. A strategic Marketing and Alliance Agreement was entered into with the Noble Group, currently one of Aspire's largest shareholders. In addition, Aspire, through its Mongolian rail infrastructure subsidiary, Northern Railways LLC ("Northern Railways"), has commenced preliminary discussions with the Mongolian subsidiary of rail giant, RZD Russian Railways to discuss a potential partnership in relation to developing rail between Erdenet to Moron and the Ovoot Project in northern Mongolia.

Northern Railways LLC

Northern Railways LLC, the wholly owned Mongolian rail infrastructure subsidiary of Aspire, is tasked with the responsibility of seeking the necessary capital investment, as well as managing the construction and operation of the planned 406 kilometre multi-user rail line between the towns of Erdenet and Moron. A further rail spur to connect Ovoot to Moron is part of the Ovoot Project stage two capital expenditure. These planned rail extensions will see north Mongolia and the Ovoot Project connect to the overall Trans-Mongolian rail network.

During the year, a Rail Pre-Feasibility Study ("RPFS") was completed on the alignment between Erdenet – Moron – Ovoot ("Northern Rail Line"). The results of the RPFS were positive indicating that the Northern Rail Line is commercially and technically viable. Capital expenditure required for the multi-user Erdenet – Moron section is estimated at US$1.1B plus contingencies. The rail line has been designed to accommodate a 22Mtpa capacity which would see the transport of 20Mtpa bulk commodities and 2Mtpa general freight, agricultural products and passengers. The alignment and corresponding General Environmental Social Impact Assessment ("GESIA") were reviewed by the Mongolian Rail Authority who have confirmed that it meets Mongolian Rail design standards.

During the March 2012 Quarter, five hectares of land was purchased at the Erdenet rail siding for future use to stockpile coking coal for loading onto trains for delivery to end users. This stockpile area can be used to support a pre-rail operation based on trucking Ovoot Project coking coal to Erdenet.

Aspire announced in June 2012 that it had entered into a non-binding Memorandum of Understanding ("MOU") with Infrastructure Developments LLC, the Mongolian Subsidiary of RZD Russian Railways. The MOU essentially initiates discussions between the parties to investigate, among other things, a possible partnership to develop the Northern Rail Line.

Competent Person Statements

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.

DIRECTORS' REPORT (continued)

Review of operations (continued)

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.

Review of financial conditions

At balance date, the Group had $19,694,188 (2011: $12,021,339) in cash assets which the directors believe provides the Group with a reasonable financial position. However, additional capital will need to be raised to fund the optimal exploration of the Ovoot Project and the rail development.

Operating results for the year

The Group made an operating loss after tax of $5,237,743 (2011: Loss $4,490,106).

Significant changes in the state of affairs

Since the previous 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

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. Post balance date events are disclosed at Note 20 in the financial statements.

Likely developments and expected results

The Group will continue to explore the Ovoot Project and advance the requirements for the development of the Northern Rail Line.

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 function falls within the Charter of the Audit & Risk 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 following:

- Board approval of the annual strategic plan which includes initiatives designed to meet stakeholder needs and expectations and to manage business risk.
- The implementation of Board approved operating plans and budgets and Board monitoring of progress against these budgets.

DIRECTORS' REPORT (continued)

Corporate governance

Details of the Company's Corporate Governance policies are contained within the Corporate Governance Plan adopted by the Board.

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 period.

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 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.

Remuneration Report (audited)

This report outlines the remuneration arrangements in place for Key Management Personnel of the Company and its controlled entities for the financial year ended 30 June 2012.

The following persons acted as directors during or since the end of the financial year:

Mr David McSweeney	(Non-Executive Chairman)
Mr David Paull	(Managing Director)
Mr Neil Lithgow	(Non-Executive Director)
Mr Gan-Ochir Zunduisuren	(Non-Executive Director – resigned 20 September 2012)
Mr Tony Pearson	(Non-Executive Chairman)
Mr Andrew Edwards	(Non-Executive Director)
Mr Mark Read	(Non-Executive Director)
Mr Sado Demchigsuren Turbat	(Non-Executive Director – appointed 20 September 2012)

The following person acted as an executive during the financial year:

Mr Fergus Campbell	(Chief Operating Officer 2011)

DIRECTORS' REPORT (continued)

Remuneration Report (audited) (continued)

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:

- set competitive remuneration packages to attract and retain high calibre employees;
- link executive rewards to shareholder value creation; and
- establish appropriate performance hurdles for variable executive remuneration.

Remuneration committee

The Remuneration Committee of the Board of Directors of the Group is responsible for determining and reviewing compensation arrangements for the director and the senior management team.

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.

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.

The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst directors is reviewed annually. The Board considers advice from external consultants as well as the fees paid to non-executive directors of comparable companies when undertaking the annual review process.

Each director receives a fee for being a director of the Company.

The remuneration of non-executive directors for the year ended 30 June 2012 is detailed in the Remuneration of Key Management Personnel section of this report in Table 3.

Senior manager and executive director remuneration

Remuneration consists of fixed remuneration and Performance Rights (as determined from time to time).

Fixed Remuneration

Fixed remuneration is reviewed annually by the Remuneration Committee. 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 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 Company executives is detailed in Table 3.

DIRECTORS' REPORT (continued)

Remuneration Report (audited) (continued)

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. 2Rs Pty Ltd is paid an annual fee of $500,000 from 1 January 2011. He is also entitled to an offer of Performance Rights exercisable on achievement of performance milestones. 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.

Up to 28 April 2012, the Company had an agreement with Bluesky Minerals LLC, a company associated with Mr Gan-Ochir Zunduisuren, for a twelve month term from 2 February 2011. Under this agreement, Mr Zunduisuren provides assistance with business development opportunities in Mongolia and general advice and support. Bluesky Minerals LLC is paid a monthly fee of US$15,000.

The Company has an Employee Services Agreement with Mr Fergus Campbell for a two year term commencing on 7 February 2011 unless extended on 6 months' notice by either party, or terminated on up to three (3) months' notice depending on the circumstances. Mr Campbell is employed as Chief Operating Officer at an annual remuneration of $400,000, with tenure bonuses and an offer of Performance Rights that vest on achievement of performance milestones. The salary is to be reviewed annually.

Options

During the year ended 30 June 2012, there were no Options that were granted, vested or lapsed as part of Key Management Personnel remuneration.

Performance Rights

On 19 August 2011 shareholders approved the introduction of the Aspire Mining Limited Performance Rights Plan. During the year ended 30 June 2012, there were no Performance Rights issued, vested or lapsed as part of Key Management Personnel remuneration.

DIRECTORS' REPORT (continued)

Remuneration Report (audited) (continued)

Remuneration of Key Management Personnel

Table 3: Key management personnel remuneration for the year ended 30 June 2012

	Short-term employee benefits	Post-employment benefits	Equity	Other	Total	%
	Salary & Fees	Superannuation	Options			Performance Related
Mr David Paull	500,000	-	-	-	500,000	-
Mr David McSweeney	119,266	10,734	-	-	130,000	-
Mr Neil Lithgow	55,046	4,954	-	-	60,000	-
Mr Gan-Ochir Zunduisuren	60,000	-	-	-	60,000	-
Mr Tony Pearson	60,000	-	-	-	60,000	-
Mr Andrew Edwards	55,046	4,954			60,000	-
Mr Mark Read	60,000	-	-	-	60,000	-
Mr Fergus Campbell	443,668	6,332	-	-	450,000	-
Total	**1,353,026**	**26,974**	**-**	**-**	**1,380,000**	**-**

Table 4: Key management personnel remuneration for the year ended 30 June 2011

	Short-term employee benefits	Post-employment benefits	Equity	Other	Total	%
	Salary & Fees	Superannuation	Options			Performance Related
Mr David Paull	363,500	-	-	-	363,500	-
Mr David McSweeney	45,385	4,085	-	-	49,470	-
Mr Neil Lithgow	34,038	3,067	-	-	37,105	-
Mr Gan-Ochir Zunduisuren	37,777	-	-	-	37,777	-
Mr Russell Lynton-Brown	28,962	2,607	-	-	31,569	-
Mr Tony Pearson	16,979	-	-	-	16,979	-
Mr Fergus Campbell	154,921	6,078	-	-	160,999	-
Total	**681,562**	**15,837**	**-**	**-**	**697,399**	**-**

DIRECTORS' REPORT (continued)

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

	Director Meetings	
Director	**Attended**	**Eligible to Attend**
Mr David McSweeney	9	10
Mr David Paull	9	10
Mr Neil Lithgow	8	10
Mr Gan-Ochir Zunduisuren	10	10
Mr Tony Pearson	8	10
Mr Andrew Edwards	10	10
Mr Mark Read	6	10

In addition, two (2) circular resolutions were signed by the board during the period.

Two (2) meetings of the Audit Committee and one (1) meeting of the Remuneration Committee were held during the year with all members of those committees present.

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 14 and forms part of this directors' report for the year ended 30 June 2012.

Non-Audit Services
No non-audit services were provided by the auditors or any entity associated with the auditor during the year.

Signed in accordance with a resolution of the directors.

David Paull
Director
Dated this 27 September 2012

HLB Mann Judd

Accountants | Business and Financial Advisers

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Aspire Mining Limited for the year ended 30 June 2012, I declare that to the best of my knowledge and belief, there have been no contraventions of:

a) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

b) any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Aspire Mining Limited.

Perth, Western Australia
27 September 2012

W M CLARK
Partner, HLB Mann Judd

HLB Mann Judd (WA Partnership) ABN 22 193 232 714
Level 4, 130 Stirling Street Perth WA 6000. PO Box 8124 Perth BC 6849 Telephone +61 (08) 9227 7500. Fax +61 (08) 9227 7533.
Email: hlb@hlbwa.com.au. Website: http://www.hlb.com.au

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2012

	Note	2012 $	2011 $
Other income	2	1,001,483	488,119
Consultants and corporate costs		(972,747)	(459,768)
Accounting and audit fees		(102,032)	(61,130)
Amortisation expense		(50,507)	(8,980)
Depreciation expense		(149,699)	(16,253)
Directors' fees		(686,973)	(495,779)
Employee benefits expense		(1,634,300)	(665,389)
Exploration expenditure written off		(295,800)	(2,102,897)
Realised exchange gain		-	328,649
Unrealised exchange gain/(loss)		345,005	(57,003)
Travel expenses		(742,415)	(322,203)
Other expenses	2	(1,931,778)	(1,117,472)
Loss before income tax expense		(5,219,763)	(4,490,106)
Income tax expense	3	(17,980)	-
Net loss for the year		(5,237,743)	(4,490,106)
Other comprehensive income			
Exchange differences on translation of foreign operations		207,793	(692,123)
Net change in fair value of available-for-sale-assets		(16,000)	16,000
Other comprehensive income/(loss) for the year net of tax		191,793	(676,123)
Total comprehensive loss		(5,045,950)	(5,166,229)
Basic loss per share (cents per share)	4	(0.88)	(0.93)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2012

	Note	2012 $	2011 $
Current Assets			
Cash and cash equivalents	8	19,694,188	12,021,339
Trade and other receivables	9	1,103,982	332,464
Available for sale assets	10	-	167,000
Total Current Assets		20,798,170	12,520,803
Non-Current Assets			
Deferred exploration and evaluation expenditure	11	34,513,551	16,379,283
Property plant and equipment	13	966,591	227,997
Intangible asset	14	126,037	78,704
Total Non-Current Assets		35,606,179	16,685,984
Total Assets		**56,404,349**	**29,206,787**
Current Liabilities			
Trade and other payables	12	1,881,752	891,876
Total Current Liabilities		1,881,752	891,876
Non-Current Liabilities		-	-
Total Liabilities		**1,881,752**	**891,876**
Net Assets		**54,522,597**	**28,314,911**
Equity			
Issued capital	6	70,413,846	39,156,503
Reserves	7	377,038	188,952
Accumulated losses	7	(16,268,287)	(11,030,544)
Total Equity		**54,522,597**	**28,314,911**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2012

	Issued Capital	Accumulated losses	Foreign Currency Translation Reserve	Option Reserve	Asset revaluation reserve	Total Equity
	$	$	$	$	$	$
Balance at 1 July 2010	19,258,064	(6,540,438)	22,465	867,176	-	13,607,267
Shares issued during the year	19,873,873	-	-	-	-	19,873,873
Loss for the year	-	(4,490,106)	-	-	-	(4,490,106)
Exchange differences arising from translation of foreign operations	-	-	(692,123)	-	-	(692,123)
Transfer on exercise of options	24,566	-	-	(24,566)	-	-
Revaluation of available-for-sale assets	-	-	-	-	16,000	16,000
Balance at 30 June 2011	39,156,503	(11,030,544)	(669,658)	842,610	16,000	28,314,911
Balance at 1 July 2011	39,156,503	(11,030,544)	(669,658)	842,610	16,000	28,314,911
Shares issued during the year	31,253,636	-	-	-	-	31,253,636
Loss for the year	-	(5,237,743)	-	-	-	(5,237,743)
Exchange differences arising from translation of foreign operations	-	-	207,793	-	-	207,793
Transfer on exercise of options	3,707	-	-	(3,707)	-	-
Revaluation of available-for-sale assets	-	-	-	-	(16,000)	(16,000)
Balance at 30 June 2012	70,413,846	(16,268,287)	(461,865)	838,903	-	54,522,597

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2012

	Note	2012 $	2011 $
Cash flows from operating activities			
Interest received		892,057	477,494
Interest expense		-	(3,497)
Payments to suppliers and employees		(5,627,821)	(2,991,013)
Income tax paid		(14,304)	-
Net cash used in operating activities	8	(4,750,068)	(2,517,016)
Cash flows from investing activities			
Proceeds from sale of available-for-sale-asset		239,219	-
Payments for exploration and evaluation expenditure		(18,316,121)	(7,576,717)
Purchase of non-current assets		(756,506)	(238,624)
Purchase of intangible asset		(97,025)	(87,684)
Payment of deferred consideration		-	(2,948,640)
Net cash used in investing activities		(18,930,433)	(10,851,665)
Cash flows from financing activities			
Net proceeds from issue of shares		31,253,636	19,881,167
Net cash provided by financing activities		31,253,636	19,881,167
Net increase in cash and cash equivalents		7,573,135	6,512,486
Cash and cash equivalents at the beginning of the period		12,021,339	5,665,382
Effect of foreign exchange rate fluctuations on cash held		99,714	(156,529)
Cash and cash equivalents at the end of the year	8	19,694,188	12,021,339

The accompanying notes from part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

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 activity is mineral exploration and development.

(b) Going concern

The financial statements have been prepared on the going concern basis, the validity of which depends upon the positive cash and working capital positions.

At balance date, the Group had cash and cash equivalents of $19,694,188 (2011: $12,021,339) and an excess of current assets over current liabilities of $18,916,418 (2011: $11,628,927).

(c) Adoption of new and revised standards

Changes in accounting policies on initial application of Accounting Standards

In the year ended 30 June 2012, the Group has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for the current annual reporting period.

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

The Group has also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the year ended 30 June 2012. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change necessary to Group accounting policies.

(d) Statement of Compliance

The financial report was authorised for issue on 27 September 2012.

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).

(e) 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Basis of Consolidation (continued)

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

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(o)).

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.

(f) 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 an external valuer 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 1(w). 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 or where 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 written off to the profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) 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.

(h) 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.

(i) 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.

(j) 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 FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) 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.

(l) 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.

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 foreign operations, Khurgatai Khairkhan LLC is Mongolian Tugriks (MNT).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Foreign currency translation (continued)

As at the balance date the assets and liabilities of this subsidiary 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 weighted 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.

(m) 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.

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) 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.

(o) 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.

(p) 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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Impairment of assets (continued)

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.

(q) 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 services.

(r) 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 estimated useful life of the assets as follows:

Plant and equipment – over three (3) years

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.

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.

An 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) Property, plant and equipment (continued)

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.

(s) 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.

(t) 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.

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) Share-based payment transactions (continued)

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.

(u) 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.

(v) 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.

(w) 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 and an allocation of depreciation and amortisation of assets used in exploration and evaluation 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 FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(w) 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.

(x) Parent entity financial information

The financial information for the parent entity, Aspire Mining Limited, disclosed in Note 23 has been prepared on the same basis as the consolidated financial statements, other than investments in subsidiaries are accounted for at cost.

NOTE 2: REVENUES AND EXPENSES

	2012 $	2011 $
(a) Revenue		
Interest income	1,001,483	475,542
Sundry income	-	12,577
Interest income	1,001,483	488,119
(b) Other Expenses		
Company secretarial	200,715	56,090
Interest expense	19	3,497
Insurance	121,578	54,875
Legal fees	241,137	157,756
Office and administration costs	406,657	175,057
Share registry and listing expenses	100,369	22,232
Profit on sale of tenements	-	(17,993)
Profit on sale of available-for-sale-assets	(88,219)	-
Loss on sale of property, plant and equipment	6,122	-
Media, promotion and investor relations	399,264	219,790
Recruitment fees	96,592	106,000
Rent & outgoings	351,847	101,240
Other	95,697	238,928
	1,931,778	1,117,472

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

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:	2012 $	2011 $
Accounting loss before tax	(5,219,763)	(4,490,106)
Income tax benefit calculated at 30%	(1,565,929)	(1,347,032)
Accrued expenses	11,420	7,104
Other non-deductible expenses	90,321	108,640
Exploration and tenement expenses	(5,351,043)	(1,991,676)
Exploration and tenement expenses written off	88,740	630,869
Deductions available over more than one year	(184,874)	(78,129)
Income tax benefit not brought to account	6,893,385	2,670,224
Income tax expense	17,980	-

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 a deferred tax asset of $2,638,395 (2011: $1,599,574) in respect to tax losses arising in Australia and of $2,730,815 (2011: $1,868,716) 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 same business test. The Group has unrecorded deferred tax assets of $191,379 (2011: $217,458) relating to share issue costs and deferred tax liabilities of $5,177,033 (2011: $2,456,893) relating to capitalised exploration and evaluation expenditure.

NOTE 4: EARNINGS PER SHARE

	2012 Cents per share	2011 Cents per share
Basic loss per share:		
Continuing operations	(0.88)	(0.93)
The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share is as follows:		
Earnings used in calculation of basic earnings per share	(5,237,743)	(4,490,106)
Weighted average number of ordinary shares for the purpose of basic earnings per share	596,617,823	483,265,739

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

NOTE 5: SEGMENT INFORMATION

	Continuing operations		Total
	Australia	Mongolia	
	$	$	$
Year ended 30 June 2012			
Total segment revenue	839,193	162,290	1,001,483
Segment net operating loss after tax	(3,382,504)	(1,855,239)	(5,237,743)
Interest revenue	839,193	162,290	1,001,483
Interest expenses	(19)	-	(19)
Depreciation and amortisation	(89,993)	(110,213)	(200,206)
Segment assets	17,040,456	39,363,893	56,404,349
Segment liabilities	(1,170,606)	(711,147)	(1,881,752)
Capital expenditure during the year	114,259	19,202,372	19,316,631
Cash flow information			
Net cash flow from operating activities	(3,769,903)	(980,165)	(4,750,068)
Net cash flow from investing activities	175,859	(19,106,292)	(18,930,433)
Net cash flow from financing activities	31,253,636	-	31,253,636
Year ended 30 June 2011			
Total segment revenue	487,762	357	488,119
Segment net operating loss after tax	(2,516,535)	(1,973,571)	(4,490,106)
Interest revenue	475,185	357	475,542
Interest expenses	(3,497)	-	(3,497)
Depreciation and amortisation	(6,196)	(19,037)	(25,233)
Segment assets	12,149,495	17,057,292	29,206,787
Segment liabilities	(443,149)	(448,727)	(891,876)
Capital expenditure during the year	123,160	7,214,620	7,337,780
Cash flow information			
Net cash flow from operating activities	(1,634,358)	(882,658)	(2,517,016)
Net cash flow from investing activities	(2,984,395)	(7,867,270)	(10,851,665)
Net cash flow from financing activities	19,881,167	-	19,881,167

NOTE 6: ISSUED CAPITAL AND RESERVES

	2012	2011
	$	$
Ordinary shares		
Issued and fully paid	73,967,055	41,077,292
Less share issue costs	(3,553,209)	(1,920,789)
	70,413,846	39,156,503

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

NOTE 6: ISSUED CAPITAL AND RESERVES (continued)

Movements in ordinary shares on issue

	2012 No	2012 $
At 1 July 2011	539,971,483	39,156,503
Share issued at 5c on 17 August 2011 upon the exercise of options	500,000	25,000
Share issued at 49.61c on 30 August 2011[1]	123,073	61,057
Shares issued at 41c on 18 October 2011 pursuant to a placement	80,000,000	32,800,000
Share issue costs	-	(1,632,421)
Transfer from Option Premium Reserve on exercise of options	-	3,707
At 30 June 2012	620,594,556	70,413,846

	2011 No	2011 $
At 1 July 2010	425,563,049	19,258,064
Share issued at 5c on 25 October 2010 upon the exercise of options	37,499	1,875
Share issued at 5c on 1 December 20100 upon the exercise of options	500,000	25,000
Share issued at 19c on 23 December 2010	105,860,186	20,113,435
Share issued at 5c on 25 October 2010 upon the exercise of options	1,712,610	85,630
Share issued at 48.33c on 20 January 2010[1]	425,480	205,635
Share issued at 5c on 25 January 2011 upon the exercise of options	500,000	25,000
Share issued at 64.38c on 4 February 2011[1]	124,220	79,973
Share issued at 5c on 17 March 2011 upon the exercise of options	1,000,000	50,000
Share issued at 69.14c on 28 March 2011[1]	248,439	171,771
Share issued at 5c on 3 May 2011 upon the exercise of options	4,000,000	200,000
Share issue costs	-	(1,084,446)
Transfer from Option Premium Reserve on exercise of options	-	24,566
At 30 June 2011	539,971,483	39,156,503

[1]Issued pursuant to the top-up provisions of the Placement Agreement between SouthGobi Resources Limited and the Company.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

NOTE 7: ACCUMULATED LOSSES AND RESERVES

Accumulated losses

Movements in accumulated losses are as follows:

	2012 $	2011 $
Balance at beginning of financial year	(11,030,544)	(6,540,438)
Net loss for the year	(5,237,743)	(4,490,106)
Balance at end of financial year	(16,268,287)	(11,030,544)

Reserves

	Option reserve $	Foreign currency translation reserve $	Asset revaluation reserve $	Total $
At 30 June 2010	867,176	22,465	-	889,641
Currency translation differences	-	(692,123)	-	(692,123)
Exercise of options transferred	(24,566)	-	-	(24,566)
Revaluation of available for sale assets	-	-	16,000	16,000
At 30 June 2011	842,610	(669,658)	16,000	188,952
Currency translation differences	-	207,793	-	207,793
Exercise of options transferred	(3,707)	-	-	(3,707)
Revaluation of available for sale assets	-	-	(16,000)	(16,000)
At 30 June 2012	838,903	(461,865)	-	377,038

Nature and purpose of reserves

Option reserve

The option reserve records items recognised on valuation of director, employee and contractor share options.

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.

Asset revaluation reserve

The asset revaluation reserve was used to record changes in the fair value of available-for-sale-assets before realisation of those assets.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

NOTE 7: ACCUMULATED LOSSES AND RESERVES (continued)

The following table illustrates the number (No.) and weighted average exercise prices of and movements in share options issued during the year:

	2012 No.	2012 Weighted average exercise price	2011 No.	2011 Weighted average exercise price
Outstanding at the beginning of the year	247,686,842	0.052	255,436,951	0.052
Granted during the year	-	-	-	-
Exercised during the year	(500,000)	0.05	(7,750,109)	0.05
Expired during the year	-	-	-	-
Outstanding at the end of the year	247,186,842	0.052	247,686,842	0.052
Exercisable at the end of the year	247,186,842	0.052	247,686,842	0.052

The number and details of the options unexercised at 30 June 2012 are:

	Number	Grant date	Expiry date	Exercise price $ per option	Fair value at grant date $ per option
Un-listed options	6,000,000	28/06/2010	31/12/2012	0.15	0.021
Class A options[1]	96,186,842	12/02/2010	12/02/2015	0.05	0.007
Performance Options[1,2]	145,000,000	12/02/2010	12/02/2015	0.05	-

[1]These options form part of acquisition costs of Khurgatai Khairkhan LLC. The share issue was based on the fair value of the asset which was determined by an independent valuation of Zephyr Consulting Group Pty Ltd.

[2]No value was attached to these options on settlement of this transaction as the likelihood that they would vest was remote. The options vested following the announcement in October 2010 of a JORC Compliant Coal Resource.

NOTE 8: CASH AND CASH EQUIVALENTS

	2012 $	2011 $
Cash at bank and on hand	2,551,460	4,001,339
Short-term deposits	17,142,728	8,020,000
	19,694,188	12,021,339

Cash at bank earns interest at floating rates based on daily bank deposit rates.

Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term 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 $105,000 (2011: $20,000) is on deposit as cash backed security against business use credit card limit and office rental.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

NOTE 8: CASH AND CASH EQUIVALENTS (Continued)

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

	2012 $	2011 $
Loss for the year	(5,237,743)	(4,490,106)
Change in net assets and liabilities:		
Change in trade and other receivables	(508,932)	(134,727)
Changes in trade and other payables	927,703	269,326
Profit on sale of investments	(88,219)	(17,993)
Loss on sale of property, plant and equipment	6,122	-
Amortisation	50,507	8,980
Depreciation Expense	149,699	16,253
Tenements/exploration written off	295,800	2,102,897
Realised exchange gain on settlement of deferred consideration	-	(328,649)
Unrealised exchange gain/(loss)	(345,005)	57,003
Net cash used in operating activities	(4,750,068)	(2,517,016)

NOTE 9: CURRENT TRADE AND OTHER RECEIVABLES

	2012 $	2011 $
GST recoverable	149,745	91,889
Prepayments	698,291	201,115
Accrued interest	154,837	8,917
Tenant overheads contribution	28,530	13,533
Insurance recovery	-	12,894
Other	72,579	4,116
	1,103,982	332,464

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

NOTE 10: AVAILABLE FOR SALE ASSETS

	2012 $	2011 $
Available-for-sale investments carried at fair value:		
Listed shares	-	167,000
	-	167,000

Available-for-sale investments consisted of investments in ordinary shares, and therefore had no fixed maturity date or coupon rate. In August 2011 the Company realised $239,219 for the 200,000 fully paid shares held in Doray Minerals Limited it received in August 2010 as the consideration on sale of the Tuckanarra and Black Tank Well Projects.

NOTE 11: DEFERRED EXPLORATION AND EVALUATION EXPENDITURE

	2012 $	2011 $
Costs carried forward in respect of:		
Exploration and evaluation phase – at cost		
Balance at beginning of year	16,379,283	11,516,031
Expenditure incurred / (written-off)		
Ovoot Coking Coal Project	16,854,830	5,173,384
Ovoot Coking Coal Project - writen-off	(26,883)	-
Nuramt	268,917	932,998
Nuramt write-off	(268,917)	(932,998)
Jilchigbulag	686,530	410,752
Shanagan	-	259,192
Shanagan write-off	-	(259,192)
Zavkhan	26,533	235,424
Railway evaluation	593,258	-
Windy Knob Tenement	-	87,405
Windy Knob Tenement – writen-off	-	(910,706)
Tuckanarra Tenement Sale	-	(125,148)
Black Tank Well Sale	-	(7,859)
Total exploration and evaluation expenditure	34,513,551	16,379,283

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

NOTE 11: DEFERRED EXPLORATION AND EVALUATION EXPENDITURE (continued)

	2012 $	2011 $
Total expenditure incurred and carried forward in respect of specific projects -		
Ovoot Coking Coal	32,561,054	15,733,107
Jilchigbulag	1,097,282	410,752
Zavkhan	261,957	235,424
Rail evaluation	593,258	-
Total exploration and evaluation expenditure	34,513,551	16,379,283

The recoupment of costs carried forward in relation to areas of interest in the exploration and evaluation phases is dependent on the successful development and commercial exploitation or sale of the respective areas. The expenditure incurred on the Nuramt, Shanagan and Windy Knob interests has been written-off as it is not expected to be recouped through successful development and exploration of the area of interest, or by its sale of those interests.

NOTE 12: TRADE AND OTHER PAYABLES (CURRENT)

	2012 $	2011 $
Trade payables	1,502,418	732,785
Accrued expenses	218,225	52,891
Corporate credit card	22,929	16,845
Income tax	3,676	-
Payroll accruals	108,634	73,068
Annual leave	25,870	16,287
	1,881,752	891,876

Trade payables are non-interest bearing and are normally settled on 30 day terms.

NOTE 13: PROPERTY, PLANT AND EQUIPMENT

	Property $	Plant & Equipment $	Furniture & Fittings $	Office equipment $	Motor Vehicles $	Total $
Year ended 30 June 2012						
Carrying value at 1 July 2011	-	-	34,627	90,422	102,948	227,997
Additions	356,056	188,906	74,231	109,982	165,240	894,415
Disposals	-	-	-	(6,122)	-	(6,122)
Depreciation charge for the year	-	(29,697)	(25,432)	(48,819)	(45,751)	(149,699)
Carrying value at 30 June 2012	356,056	159,209	83,426	145,463	222,437	966,591
30 June 2012						
Cost						1,131,168
Accumulated depreciation						(164,577)
Net carrying amount						966,591
Year ended 30 June 2011						
Carrying value at 1 July 2010	-	-	2,198	3,427	-	5,625
Additions	-	-	35,579	100,098	102,948	238,625
Depreciation charge for the year	-	-	(3,150)	(13,103)	-	(16,253)
Carrying value at 30 June 2011,			34,627	90,422	102,948	227,997
30 June 2011						
Cost						244,605
Accumulated depreciation						(16,608)
Net carrying amount						227,997

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

NOTE 14: INTANGIBLE ASSET

	Exploration software $
Year ended 30 June 2012	
At 1 July 2011, net of accumulated amortisation and impairment	78,704
Additions	97,840
Amortisation for the year	(50,507)
At 30 June 2012, net of accumulated amortisation and impairment	126,037
At 30 June 2012	
Cost	183,991
Accumulated amortisation	(57,954)
Net carrying amount	126,037
Year ended 30 June 2011	
At 1 July 2010, net of accumulated amortisation and impairment	-
Additions	87,684
Amortisation for the year	(8,980)
At 30 June 2011, net of accumulated amortisation and impairment	78,704
At 30 June 2011	
Cost	87,684
Accumulated amortisation	(8,980)
Net carrying amount	78,704

NOTE 15: 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.

	2012 $	2011 $
Financial assets:		
Receivables	405,691	131,350
Available for sale assets	-	167,000
Cash and cash equivalents	19,694,188	12,021,339
	20,099,878	12,319,689
Financial liabilities:		
Trade and other creditors	1,881,752	891,876

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

NOTE 15: 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 undiscounted 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
	%	$	$	$	$	$
2012						
Non-interest bearing		405,691	-	-	-	-
Variable interest rate instruments	0.05	2,027,891	-	-	-	-
Fixed interest rate instruments	6.78	10,019,504	6,541,793	1,105,000	-	-
		12,453,086	6,541,793	1,105,000	-	-

	Weighted average effective interest rate	Less than 1 month	1 – 3 Months	3 months – 1 year	1 – 5 years	5+ years
	%	$	$	$	$	$
2011						
Non-interest bearing		643,023	-	-	-	-
Variable interest rate instruments	0.05	3,656,666	-	-	-	-
Fixed interest rate instruments	5.30		4,000,000	4,020,000	-	-
		4,299,689	4,000,000	4,020,000	-	-

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. The table includes both interest and principal cash flows.

	Weighted average effective interest rate	Less than 1 month	1 – 3 Months	3 months – 1 year	1 – 5 years	5+ years
	%	$	$	$	$	$
2012						
Non-interest bearing	-	1,881,753	-	-	-	-
Variable interest rate instruments	-	-	-	-	-	-
Fixed interest rate instruments	-	-	-	-	-	-
		1,881,753	-	-	-	-
2011						
Non-interest bearing	-	891,876	-	-	-	-
Variable interest rate instruments	-	-	-	-	-	-
Fixed interest rate instruments	-	-	-	-	-	-
		891,876	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

NOTE 16: 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 2012 and 2011, 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. The Group did not have any undrawn facilities at its disposal as at balance date.

(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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

NOTE 16: FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

At 30 June 2012, 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:

	2012	2011
Change in Loss	$	$
Increase in interest rate by 1%	196,942	120,213
Decrease in interest rate by 1%	(196,942)	(120,213)
Change in Equity		
Increase in interest rate by 1%	196,942	120,213
Decrease in interest rate by 1%	(196,942)	(120,213)

(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 explained in Australian dollars are as follows:

	Liabilities		Assets	
	2012	2011	2012	2011
	$	$	$	$
US Dollars	90,058	-	1,729,504	3,719,202
Mongolian Tugriks	707,470	448,727	3,080,057	182,070

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.

	2012	2011
	$	$
Profit and equity – US dollar exposure	163,945	371,920
Profit and equity – Mongolian Tugrik	237,259	19,413

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

NOTE 16: FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(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 or long-term debt, 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.

NOTE 17: COMMITMENTS AND CONTINGENCIES

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:

	2012	2011
	$	$
Within a year	113,793	41,080
Later than one year but not later than five years	686,423	229,462

NOTE 18: DIVIDENDS

The directors of the Group have not declared any dividend for the year ended 30 June 2012.

NOTE 19: CONTINGENT LIABILITIES

There were no contingent liabilities as at 30 June 2012.

NOTE 20: EVENTS SUBSEQUENT TO REPORTING DATE

On 20 September 2012, Sado DemchigsurenTurbat was appointed a non-executive director and Gan-Ochir Zunduisuren resigned as a non-executive director.

Announcements made to the ASX subsequent to financial year end advised that:

1. A mining licence has been granted for the Ovoot Coking Coal Project;
2. Exploration results provide the potential to extend the Ovoot Coking Coal Project; and
3. Potential costs savings on the rail development have been identified from a realignment.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

NOTE 21: AUDITOR'S REMUNERATION

The auditor of Aspire Mining Limited is HLB Mann Judd.

	2012 $	2011 $
Amounts received or due and receivable by HLB Mann Judd for:		
An audit or review of the financial reports	38,470	34,350
Other Services	-	-
	38,470	34,350

The auditor of Khurgatai Khairkhan LLC, its direct subsidiaries and Northern Railways LLC is Deloitte Onch Audit LLC, Mongolia.

	2012 $	2011 $
Amounts received or due and receivable by Deloitte Onch Audit LLC for:		
An audit or review of the financial reports	36,125	12,380
Other services	-	-
	36,125	12,380

NOTE 22: DIRECTORS AND EXECUTIVES DISCLOSURES

(a) Details of Key Management Personnel

Mr David McSweeney	(Non-Executive Chairman)
Mr David Paull	(Managing Director)
Mr Neil Lithgow	(Non-Executive Director)
Mr Gan-Ochir Zunduisuren	(Non-Executive Director – resigned 20September 2012)
Mr Tony Pearson	(Non-Executive Director)
Mr Andrew Edwards	(Non-Executive Director)
Mr Mark Read	(Non-Executive Director)
Mr Fergus Campbell	(Chief Operating Officer)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

NOTE 22: DIRECTORS AND EXECUTIVES DISCLOSURES (continued)

Key management personnel remuneration is included in the Remuneration Report section of the Directors' Report.

(b) Option holdings of Key Management Personnel – Class A Options exercisable at 5 cents on or before 12 February 2015.

	Balance at beginning of period	Granted	Exercised	Expired	Balance at end of period
2012					
Mr David Paull (Note 1 and 2)	943,396	-	-	-	943,396
Mr David McSweeney	4,716,981	-	-	-	4,716,981
Mr Neil Lithgow (Notes 2 and 3(a))	29,000,000	-	-	-	29,000,000
Mr Gan-Ochir Zunduisuren	-	-	-	-	-
Mr Tony Pearson	-	-	-	-	-
Mr Andrew Edwards	-	-	-	-	-
Mr Mark Read	-	-	-	-	-
Mr Fergus Campbell	-	-	-	-	-
Total	34,660,377	-	-	-	34,660,377
2011					
Mr David Paull (Notes 1 and 2)	943,396	-	-	-	943,396
Mr David McSweeney	4,716,981	-	-	-	4,716,981
Mr Neil Lithgow (Notes 2 and 3(a))	29,000,000	-	-	-	29,000,000
Mr Gan-Ochir Zunduisuren	-	-	-	-	-
Mr Tony Pearson	-	-	-	-	-
Mr Andrew Edwards	-	-	-	-	-
Mr Mark Read	-	-	-	-	-
Mr Fergus Campbell	-	-	-	-	-
Total	34,660,377	-	-	-	34,660,377

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

NOTE 22: DIRECTORS AND EXECUTIVES DISCLOSURES (continued)

(c) Option holdings of Key Management Personnel – Performance Options exercisable at 5 cents on or before 12 February 2015

	Balance at beginning of period	Granted	Exercised	Expired	Balance at end of period
2012					
Mr David Paull (Note 1 and 2)	20,000,000	-	-	-	20,000,000
Mr David McSweeney	10,000,000	-	-	-	10,000,000
Mr Neil Lithgow (Notes 2 and 3(b))	36,000,000	-	-	-	36,000,000
Mr Gan-Ochir Zunduisuren (Note 5)	10,000,000	-	-	-	10,000,000
Mr Tony Pearson	-	-	-	-	-
Mr Andrew Edwards	-	-	-	-	-
Mr Mark Read	-	-	-	-	-
Mr Fergus Campbell	-	-	-	-	-
Total	76,000,000	-	-	-	76,000,000
2011					
Mr David Paull (Note 1 and 2)	20,000,000	-	-	-	20,000,000
Mr David McSweeney	10,000,000	-	-	-	10,000,000
Mr Neil Lithgow (Notes 2 and 3(b))	36,000,000	-	-	-	36,000,000
Mr Gan-Ochir Zunduisuren (Note 5)	10,000,000	-	-	-	10,000,000
Mr Tony Pearson	-	-	-	-	-
Mr Andrew Edwards	-	-	-	-	-
Mr Mark Read	-	-	-	-	-
Mr Fergus Campbell	-	-	-	-	-
Total	76,000,000	-	-	-	76,000,000

NOTE 22: DIRECTORS AND EXECUTIVES DISCLOSURES (continued)

(d) Shareholdings of Key Management Personnel

	Balance at beginning of period	Granted	On- and off-Market movements	Balance on appointment/ retirement	Balance at end of period
2012					
Mr David Paull (Notes 1 and 2)	1,886,792	-	100,000	-	1,986,792
Mr David McSweeney (Note 4)	14,283,962	-	(500,000)	-	13,783,962
Mr Neil Lithgow (Notes 2 and 3(a))	60,000,000	-	1,830,000	-	61,830,000
Mr Gan-Ochir Zunduisuren (Note 5)	39,000,000	-	300,000	-	39,300,000
Mr Tony Pearson	-	-	-	-	-
Mr Andrew Edwards	-	-	-	-	-
Mr Mark Read	-	-	-	-	-
Mr Fergus Campbell (Note 6)	592,326	-	1,064,003	-	1,656,329
Total	115,763,080	-	2,494,003	-	118,257,083
2011					
Mr David Paull (Notes 1 and 2)	1,886,792	-	-	-	1,886,792
Mr David McSweeney (Note 4)	14,283,962	-	-	-	14,283,962
Mr Neil Lithgow (Notes 2 and 3(a))	58,000,000	-	2,000,000	-	60,000,000
Mr Gan-Ochir Zunduisuren (Note 5)	48,000,000	-	(9,000,000)	-	39,000,000
Mr Russell Lynton-Brown	4,240,001	-	(2,000,000)	(2,240,001)	-
Mr Tony Pearson	-	-	-	-	-
Mr Andrew Edwards	-	-	-	-	-
Mr Mark Read	-	-	-	-	-
Mr Fergus Campbell (Note 6)	-	-	592,326	-	592,326
Total	126,410,755	-	(8,407,674)	(2,240,001)	115,763,080

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

NOTE 22: DIRECTORS AND EXECUTIVES DISCLOSURES (continued)

(d) Shareholdings of Key Management Personnel (continued)

Note 1: Options and Shares held in 2Rs Pty Ltd ATF The Paull Family Trust. Mr Paull is a Director of 2Rs Pty Ltd.
Note 2: Mr David Paull and Mr Neil Lithgow are directors of Red Island Resources Limited, a public unlisted company, which is a beneficial owner of 49 million 5c Class A Options, 49,000,000 5c Performance Options over ordinary shares and 100,000 Ordinary Shares.
Note 3(a): Options and Shares held in Spectral Investments Pty Ltd. Mr Lithgow is a director of Spectral Investments Pty Ltd.
Note 3(b): Options held in name of Big Fish Nominees Pty Ltd. Mr Lithgow is a director of Big Fish Nominees Pty Ltd.
Note 4: 4,500,000 shares held in the name of Brookman Resources Pty Ltd ATF David McSweeney Superannuation Fund. Mr McSweeney is a Director of Brookman Resources Pty Ltd and is a beneficiary of the David McSweeney Superannuation Fund.
Note 5: Options in the name of GZ Capital LLC of which Mr Zunduisuren is the sole director. 38,000,000 shares were held in the name of GZ Capital LLC until transferred to HSBC Custody Nominees Australia Limited in June 2011. Mr Zunduisuren remains the beneficial owner of the shares. 1,000,000 shares are held by Dorisuren Bayaambatseren, a spouse of Mr Zunduisuren.
Note 6: Shares held in name of Snowleigh Investments Pty Ltd. Mr Campbell is the sole director and shareholder of Snowleigh Investments Pty Ltd. Snowleigh Investments had acquired 59,126 shares (held at 30 June 2010) prior to the appointment of Mr Campbell to the Company.

(e) Related Party Disclosure

Disclosure of interest in Agreement with Bluesky Minerals LLC

- Gan-Ochir Zunduisuren is a director and owner of Bluesky Minerals LLC.
- Services provided include business development and project identification services.
- Services were provided to 28 April 2012 on a retainer basis of US$15,000 (2011: US$15,000) a month. The Group had paid US$166,100 for these services during the year (2011: US$171,800).

(f) 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**	**2012**	**2011**	**2012**	**2011**
Khurgatai Khairkhan LLC	Mongolia	100%	100%	-	$9,428,158
Northern Railways LLC	Mongolia	100%	100%	$97,408	$97,408
Ovoot Coal LLC	Mongolia	100%	100%	-	-
Chilchig Gol LLC	Mongolia	100%	100%	-	-
Ovoot Coking Coal Pte Ltd	Singapore	100%	100%	9,428,158	-

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 2012, amounts of $23,294,856 (2011: Nil), $593,256 (2011: Nil) and $9,433,772 (2011: Nil) were owed by Khurgatai Khairkhan LLC, Northern Railways LLC and Ovoot Coking Coal Pte Ltd to the parent entity, respectively.

Ovoot Coking Coal Pte Ltd was incorporated on 8 May 2012 and the shares held by the parent entity in Khurgatai Khairkhan LLC were transferred to Ovoot Coking Coal Pte Ltd on that date for strategic reasons.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

NOTE 23: PARENT ENTITY DISCLOSURES

Financial position

	2012	2011
	$	$
Assets		
Current assets	16,922,123	12,114,311
Non-current assets	33,537,625	9,560,751
Total assets	50,459,748	21,675,062
Liabilities		
Current liabilities	1,170,606	443,149
Non-current liabilities	-	-
Total liabilities	1,170,606	443,149
Equity		
Issued capital	70,413,846	39,156,503
Reserves	838,903	858,610
Accumulated losses	(21,963,607)	(18,783,200)
Total equity	49,289,142	21,231,913

Included in Non-current assets are the investments in and loans to subsidiaries of $33,321,884, the recoverability of which is dependent on the successful exploitation of the subsidiaries' exploration assets.

Financial performance

	Year ended 30 June 2012	Year ended 30 June 2011
	$	$
Loss for the year	(3,180,407)	(12,253,076)
Other comprehensive income	(16,000)	16,000
Total comprehensive loss	(3,164,407)	(12,237,076)

Parent Company Capital Commitments

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

DIRECTORS' DECLARATION

In the opinion of the directors of Aspire Mining Limited ('the Company'):

1. The financial statements and notes thereto, as set out on pages 15 to 48, 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 2012 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 2012.

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

David Paull
Managing Director
27 September 2012

HLB Mann Judd

Accountants | Business and Financial Advisers

INDEPENDENT AUDITOR'S REPORT

To the members of Aspire Mining Limited

Report on the Financial Report

We have audited the accompanying financial report of Aspire Mining Limited ("the company"), which comprises the consolidated statement of financial position as at 30 June 2012, 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, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration for the consolidated entity. The consolidated entity comprises the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility 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 is free from material misstatement, whether due to fraud or error.

In Note 1(d), the directors also state, in accordance with Accounting Standard AASB 101: *Presentation of Financial Statements*, that the consolidated financial report complies with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

HLB Mann Judd

Accountants | Business and Financial Advisers

Matters relating to the electronic presentation of the audited financial report and remuneration report

This auditor's report relates to the financial report and remuneration report of Aspire Mining Limited for the financial year ended 30 June 2012 published in the annual report and included on the company's website. The company's directors are responsible for the integrity of the company's website. We have not been engaged to report on the integrity of this website. The auditor's report refers only to the financial report and remuneration report. It does not provide an opinion on any other information which may have been hyperlinked to/from the financial report and remuneration report. If users of the financial report and remuneration report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report and remuneration report to confirm the information contained in this website version of the financial report and remuneration report.

Auditor's opinion

In our opinion:

(a) the financial report of Aspire Mining Limited is in accordance with the *Corporations Act 2001*, including:

   (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2012 and of its performance for the year ended on that date; and

   (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1(d).

Report on the Remuneration Report

We have audited the remuneration report included in the directors' report for the year ended 30 June 2012. 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.

Auditor's opinion

In our opinion the remuneration report of Aspire Mining Limited for the year ended 30 June 2012 complies with section 300A of the *Corporations Act 2001*.

HLB Mann Judd

HLB MANN JUDD
Chartered Accountants

WMClark

Perth, Western Australia
27 September 2012

W M CLARK
Partner

CORPORATE GOVERNANCE STATEMENT

Introduction

The Board of Directors ("Board") of Aspire Mining Limited ("Company") is responsible for the performance of the Company and for the overall corporate governance of the Company and its controlled entities.

In carrying out the functions and exercising the powers set out in the Board's Charter, the Board will at all times act to protect and build sustainable value for the shareholders and other stakeholders, and to conduct and manage the Company's business properly, ethically and in accordance with the law.

Compliance with the corporate governance council recommendations

The Company's corporate governance framework is reported against the good corporate governance and best practice recommendations released by the Australian Securities Exchange Corporate Governance Council.

Whilst the Board is committed to its adoption, generally the structure of the Board, the size of the Company and the scale of its activities does not require full adoption of the policies and recommendations at this time. However, when the circumstances require it, policies will be implemented and complied with as they become applicable.

The corporate governance charters and policies adopted by the Board are available from the Company's registered office and website www.aspiremininglimited.com.

Main corporate governance practices

A description of the Company's current corporate governance practices are set out below.

Board composition

The Board operates in accordance with the broad principles set out in its Charter. The Charter details the Board's composition and functions. The Board is now comprised of seven (7) directors, a majority of which are independent non-executive directors. Currently there are six non-executive directors and one executive director. During the year and to 20 September 2012, four (4) of the non-executive directors were and remain independent and two (2) were not by definition as they are substantial shareholders. From 20 September 2012, five (5) of the six (6) non-executive directors are independent.

Details of the members of the Board, their experience, expertise, qualifications, term of office and status are set out in the Directors' Report under the heading "Directors".

Board functions

The Board is responsible for supervising the conduct of the Company's affairs and management of its business.

Although The Board delegates the responsibility for managing the day-to-day affairs of the Company to senior management personnel, the Board retains a supervisory role in respect of, and ultimate responsibility for, all matters relating to the Company and its business.

In addition to matters it is expressly required by law to approve, the Board has the following specific responsibilities:

1. appointment of the Managing Director and other senior executives and the determination of their terms and conditions including remuneration and termination;

2. driving the strategic direction of the Company, ensuring appropriate resources are available to meet objectives and monitoring management's performance;

3. reviewing and ratifying systems of risk management and internal compliance and control, codes of conduct and legal compliance;

4. approving and monitoring the progress of major capital expenditure, capital management and significant acquisitions and divestitures;

5. approving and monitoring the budget and the adequacy and integrity of financial and other reporting;

6. approving the annual, half yearly and quarterly accounts;

7. approving significant changes to the organisational structure;

8. approving the issue of any shares, options, equity instruments or other securities in the Company;

9. ensuring a high standard of corporate governance practice and regulatory compliance and promoting ethical and responsible decision making;

CORPORATE GOVERNANCE STATEMENT (continued)

Main corporate governance practices (continued)

Board functions (continued)

10. recommending to shareholders the appointment of the external auditor as and when their appointment or re-appointment is required to be approved by them; and

11. meeting with the external auditor, at the request of either the auditor or the non-executive directors, without management being present.

Chairperson

The Company has appointed the non-executive director, Mr David McSweeney, as Chairperson. The Chairperson is responsible for leading the Board, ensuring directors are properly briefed in all matters relevant to their role and responsibilities, and facilitating Board discussions. The Chairperson is independent.

Commitment

The number of meetings of the Company's Board held during the year ended 30 June 2012, and the number of meetings attended by each director is disclosed in the Directors' Report under the heading "Directors' Meetings".

Conflict of interests

Directors must keep the Board advised of any interest that could potentially conflict with those of the Company.

Independent professional advice

If a director considers it necessary to obtain independent professional advice to properly discharge the responsibility of his/her office as a director then, subject to the approval of the Board to the incurrence of the expense, the director has the right to seek that independent professional advice at the Company's expense.

Performance assessment

The Board did undertake an annual self-assessment of its collective and individual performance.

Remuneration

The Remuneration Report outlines the director remuneration arrangements of the Company in accordance with the requirements of the *Corporations Act 2001* and the *Corporations Regulations*. It also provides the remuneration disclosure required by AASB124 Related Party Disclosures.

The Board generally determines the remuneration paid to directors having regard to market practices, the size and nature of the Company and its operations, the prevailing general economic conditions, and the maximum aggregate remuneration approved by the shareholders at a general meeting.

Other than the Chairman, the fee paid to each non-executive director in 2012 was $60,000. The non-executive Chairman received $130,000. However, the Board collectively and unanimously agreed in July 2012 that directors' remuneration be reduced by 10% as a demonstration for the need for conservatism given the decline in market conditions.

No bonuses or retirement benefits were paid during the financial year to any director.

The Company's shareholders approved the adoption of the Aspire Mining Limited Performance Rights Plan on 19 August 2011. Pursuant to the Plan, directors and employees can and will be issued performance rights exercisable into ordinary shares in the Company on satisfaction of performance milestones determined by the Board.

Trading in the Company's shares

The Company adheres to its adopted Share Trading Policy. Directors and key management personnel must not trade in any securities of the Company at any time when they are in possession of unpublished price sensitive information in relation to those securities. There are also closed periods set out in the Policy.

As required by the ASX Listing Rules, the Company is to notify the ASX of any transaction conducted by any director in the listed securities of the Company.

CORPORATE GOVERNANCE STATEMENT (continued)

Main corporate governance practices (continued)

Board committees

The Board's charter allows it to establish committees if and when required to assist in the execution of the duties of the Board. As at the date of this report, the Company has established a Remuneration Committee and an Audit and Risk Committee. When the circumstances require it, further committees will be instituted with each having its own charter approved by the Board that will set the scope and operational arrangements for the committees.

Audit and Risk Committee

The Audit and Risk Committee operates under a charter approved by the Board. It is the Board's responsibility to ensure that an effective internal control framework exists within the entity. This includes internal controls to deal with both the effectiveness and efficiency of significant business processes, the safeguarding of assets, the maintenance of proper accounting records, and the reliability of financial information as well as non financial considerations such as the benchmarking of operational key performance indicators. The Board has delegated responsibility for establishing and maintaining a framework of internal control and ethical standards to the Audit and Risk Committee.

The Committee also provides the Board with additional assurance regarding the reliability of financial information for inclusion in the financial reports.

The members of the Audit and Risk Committee from 30 August 2011 are:

Mr Andrew Edwards (Independent Chairman)
Mr David McSweeney (Independent)
Mr Mark Read (Independent)

All members of the Audit and Risk Committee are non-executive directors.

For details on the number of meetings of the Audit and Risk Committee held during the year and the attendees at those meetings, refer to the Directors' Report.

Remuneration Committee

It is the Company's objective to provide maximum stakeholder benefit from the retention of a high quality Board and executive team by remunerating directors and key executives fairly and appropriately with reference to relevant employment market conditions. To assist in achieving this objective, the Remuneration Committee links the nature and amount of executive directors' and officers' emoluments to the Company's financial and operational performance.

The expected outcomes of the remuneration structure are:

- retention and motivation of key executives;
- attraction of high quality management to the Company; and
- performance incentives that allow executives to share the success of the Company.

For a full discussion of the Company's remuneration philosophy and framework and the remuneration received by directors and executives in the current period please refer to the remuneration report, which is contained within the Directors' Report.

There is no scheme to provide retirement benefits, other than statutory superannuation, to non-executive directors.

The Board is responsible for determining and reviewing compensation arrangements for the directors themselves and the Managing Director.

The Board has established a Remuneration Committee comprising non-executive directors and its members from 30 August 2011are :

Mr Mark Read (Independent Chairman)
Mr David McSweeney (Independent)
Mr Tony Pearson (Independent)

For details on the number of meetings of the Remuneration Committee held during the year and the attendees at those meetings, refer to the Directors' Report.

CORPORATE GOVERNANCE STATEMENT (continued)

Main corporate governance practices (continued)

Remuneration Committee (continued)

External auditors

The Company policy is to appoint external auditors who clearly demonstrate quality and independence. The performance of the external auditor is reviewed annually and applications for tender of external audit services will be requested as deemed appropriate, taking into consideration assessment of performance, existing value and tender costs.

HLB Mann Judd is the appointed external auditor of the Company. It is the Company's policy to rotate audit engagement partners at least every five years. The engagement partner was changed for and from 2012.

An analysis of fees paid to the external auditors, including a break-down of any fees for any non-audit services, is provided in the Directors' Report and in Note 21 to the financial statements. It is a requirement for the external auditors to provide an annual declaration of their independence to the Company.

The external auditor is required to attend annual general meetings and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the audit report.

Risk assessment and management

The Board is responsible for ensuring there are adequate policies in relation to risk management, compliance and internal control systems. In summary, the Company's policies are designed to ensure strategic, operational, legal, reputation and financial risks are identified, assessed, effectively and efficiently managed and monitored to enable achievement of the Company's business objectives.

The Board oversees the establishment and implementation of risk management. The Audit and Risk Committee is delegated the function and responsibility to establish, implement and maintain risk management systems and frameworks. The Company's senior management are delegated the tasks of management of operational risk and implementation of risk management strategies.

The Company's activities are the exploration for coal in Mongolia and the risks associated with that activity and jurisdiction include operating, currency, market and sovereign risk.

Control procedures cover management accounting, financial reporting, compliance, adoption of a delegation and approval policy including expenditure and execution limits and other risk management issues.

There is commentary on financial risk management at Note 16 to the financial statements.

Corporate reporting

The Board has received assurance from the Chief Executive Officer and the Chief Financial Officer by way of the declarations provided in accordance with section 295A of the Corporations Act that for the period ended 30 June 2012:

(i) the Company's Financial Report is complete and presents a true and fair view, in all material respects, of the financial condition and operational results of the Company; and

(ii) the above statement is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board or where those policies are not adhered to that fact is stated in the Annual Report and that the Company's risk management and internal compliance and control is operating efficiently and effectively in all material respects.

Code of Conduct

The Company has a statement of values and a code of conduct endorsed by the Board that applies to all directors and any employees if and when they are engaged. The code is reviewed and updated as necessary to ensure it reflects the highest standards of behaviour and professionalism and the practices necessary to maintain confidence in the Company's integrity. In summary, the code requires that at all times all Company personnel act with the utmost integrity, objectivity and in compliance with the letter and the spirit of the law and Company policies.

The directors are satisfied that the Company has complied with its policies on ethical standards, including trading in securities.

CORPORATE GOVERNANCE STATEMENT (continued)

Main corporate governance practices (continued)

Diversity

The Company has adopted a Diversity Policy in recognisition of the benefits arising from employee and Board diversity, including a broader pool of high quality employees, improving employee retention, accessing different perspectives and ideas and benefiting from all available talent.

The Board is responsible for developing measurable objectives and strategies to meet the objectives of the Diversity Policy and monitoring the progress of the measurable objectives through the monitoring, evaluation and reporting mechanisms listed below. The Board is yet to develop and define the measurable objectives but the strategies include:

a. recruiting from a diverse pool of candidates for all positions, including senior management and the Board;
b. reviewing succession plans to ensure an appropriate focus on diversity;
c. identifying specific factors to take account of in recruitment and selection processes to encourage diversity; and
d. developing programs to develop a broader pool of skilled and experienced senior management and Board candidates, including, workplace development programs, mentoring programs and targeted training and development.

The current gender representation is:

Gender representation	**Female%**	**Male %**
Board representation	0	100
Key management personnel	0	100
Employees	40	60

Continuous disclosure and shareholder communication

The Company has written policies and procedures on information disclosure that focus on continuous disclosure of any information concerning the Company that a reasonable person would expect to have a material affect on the price of the Company's securities. These policies and procedures also include the arrangements the Company has in place to promote communication with shareholders and encourage effective participation at general meetings.

The Company Secretary has been nominated as the person responsible for communications with the ASX. This role includes responsibility for ensuring compliance with the continuous disclosure requirements in the ASX Listing Rules and overseeing and coordinating information disclosure to the ASX. The Managing Director is responsible for communications with analysts, brokers, shareholders, the media and the public.

Shareholders that have made an election, receive a copy of the Company's Annual Report by mail. Otherwise, the Annual Report is available on the Company's website.

Corporate Governance Statement

ASX Principles and Recommendations not followed by the Company and the reasons for non-compliance are as follows.

Recommendation Ref	**Notification of Departure**	**Explanation for Departure**
1.2 1.3	Evaluation of senior executive roles has not taken place	Senior executives were engaged during the year. However, due to the limited tenure and contract terms, no performance evaluations were undertaken or were due to be undertaken.
2.4	A separate nomination committee has not been formed.	The Board as a whole undertakes the process of reviewing the skill base and experience of existing directors to enable identification or attributes required in new directors. Where appropriate, independent consultants are engaged to identify possible new Board candidates.
3.2	The Board has not established measurable objectives for achieving greater diversity for annual assessment and progress achievement.	The recruitment policy for required employees considers diversity. However, the Board has not to date formally established the measurable objectives.

ADDITIONAL SHAREHOLDER INFORMATION

1. Substantial Shareholders

There are six substantial shareholders as at 26 September 2012:

- SouthGobi Resources Limited, 123,498,316 shares or 19.90% on an undiluted basis.
- Lanzoni Limited, 62,680,052 shares or 10.10% on an undiluted basis.
- Spectral Investments Pty Ltd, a company controlled by Mr Neil Lithgow, 63,378,501 shares or 10.21% on an undiluted basis.
- Khadbaasan Bat Erdene, 40,000,000 shares or 6.45% on an undiluted basis.
- Badamdamdin Battuvshin, 49,800,000 shares or 8.02% on an undiluted basis.
- Gan-Ochir Zunduisuren, 39,300,000 shares or 6.33% on an undiluted basis.

2. Number of holders in each class of equity securities and the voting rights attached (as at 26 September 2012)

Ordinary Shares

There are 2,947 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 15 holders of Class A Options, 7 holders of Performance Options and 2 holders of Options. There are no voting rights attached to these options.

3. Distribution schedule of the number of holders in each class of equity security as at 26 September 2012.

a) Fully Paid Ordinary Share

SPREAD OF HOLDINGS	HOLDERS	UNITS	% OF ISSUED CAPITAL
1 – 1,000	245	59,403	0.01%
1,001 – 5,000	455	1,484,102	0.24%
5,001 – 10,000	481	4,101,709	0.66%
10,001 – 100,000	1,433	55,015,716	8.87%
100,001 –	333	559,933,616	90.17%
TOTAL ON REGISTER	2,947	620,594,556	100 .00

b) Unlisted Class A Options exercisable at $0.05 on or before 12 February 2015

SPREAD OF HOLDINGS	HOLDERS	UNITS	Class A Options
1 – 1,000	-	-	0.00 %
1,001 – 5,000	-	-	0.00 %
5,001 – 10,000	-	-	0.00 %
10,001 – 100,000	3	206,950	0.22 %
100,001 –	12	95,979,892	99.78 %
TOTAL ON REGISTER	15	96,186,842	100.00 %

c) Unlisted Performance Options exercisable at $0.05 on or before 12 February 2015

SPREAD OF HOLDINGS	HOLDERS	UNITS	Class A Options
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 –	7	145,000,000	100.00 %
TOTAL ON REGISTER	7	145,000,000	100.00 %

ADDITIONAL SHAREHOLDER INFORMATION (continued)

3. Distribution schedule of the number of holders in each class of equity security as at 26 September 2012 (continued)

d) Unlisted Options exercisable at $0.15 on or before 31 December 2012

SPREAD OF HOLDINGS	HOLDERS	UNITS	Class A Options
NIL HOLDING			
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 –	2	6,000,000	100.00 %
TOTAL ON REGISTER	2	6,000,000	100.00 %

4. Marketable Parcel

There are 715 shareholders with less than a marketable parcel.

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

The names of the twenty largest holders of each class of quoted security, the number of equity security each holds and the percentage of capital each holds (as at 26 September 2012) is as follows:

Ordinary Shares Top 20 holders and percentage held.

	Holder Name	**Units**	**% of Issued**
1	HSBC Custody Nominees Australia Limited	135,544,916	21.84 %
2	SouthGobi Resources Limited	109,199,137	17.60 %
3	Spectral Investments Pty Ltd	58,000,000	9.35 %
4	Lanzoni Limited	39,355,777	6.34 %
5	Lanzoni Limited	23,324,275	3.76 %
6	JP Morgan Nominees Australia Limited	21,394,246	3.45 %
7	SouthGobi Resources Limited	14,299,179	2.30 %
8	David Lesley McSweeney	8,783,962	1.42 %
9	YF Finance Ltd	6,000,000	0.97 %
10	Spectral Investments Pty Ltd	5,378,501	0.87 %
11	Brookman Resources Pty Ltd	5,000,000	0.81 %
12	Timeview Enterprises Pty Ltd	4,395,192	0.71 %
13	UBS Nominees Pty Ltd	3,990,000	0.64 %
14	Custodial Services Limited	3,729,370	0.60 %
15	JP Morgan Nominees Australia	3,425,068	0.55 %
16	Citicorp Nominees Pty Limited	3,150,279	0.51 %
17	Avatar Equities Limited	2,830,189	0.46 %
18	Mrs Carman Kingston	2,548,165	0.41%
19	Mr Darren Paul Townsend	2,420,019	0.39 %
20	Jeema Limited	2,035,925	0.33 %
	Total	**454,804,200**	**73.31 %**

ADDITIONAL SHAREHOLDER INFORMATION (continued)

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

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

10. Restricted Securities

There are no restricted securities.

11. Review of Operations

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

12. Schedule of Tenements

Mining & Exploration Licenses

The following tenements are registered in the name of Aspire Mining Limited or its 100% owned subsidiaries at 26 September 2012.

Mongolia

Tenement	Status	Equity
Ovoot		
13636X	Granted	100%
017003X	Granted	100%
Hurimt		
14510X		
	Granted	100%
Zunn Del		
14637X		
Nuramt		
14499X	Granted	100%
14973X	Granted	100%
Jilchigbulag		
12816X	Granted	100%

Western Australia
Windy Knob Joint Venture

Tenement	Status	Equity
E51/900	Granted	49%
E51/1300	Granted	49%
P51/2596	Granted	49%