Aspire Mining Limited
ABN: 46 122 417 243

9th Floor, 182 St Georges Terrace
Perth WA 6000

PO Box 1918
Subiaco WA 6904

Tel: (08) 9287 4555
Fax: (08) 9321 4914

Web: www.aspiremininglimited.com
Email: info@aspiremininglimited.com

ASX RELEASE

For Immediate Release – 16 January 2019

Ovoot Coking Coal to help address forecast 16-22 Mtpa shortage of Fat Coking Coal in China

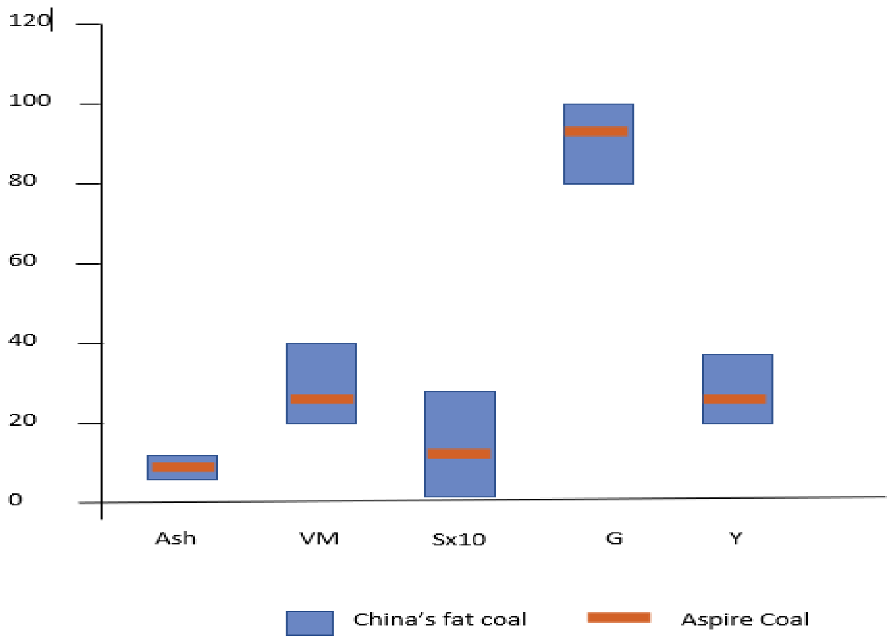
- **International coal market consultants Fenwei Energy Information Services Co Ltd has undertaken a Coal Quality Competitive Assessment of the Ovoot Early Development Plan in Chinese markets.**
- **Fenwei's report forecasts a relatively balanced overall Chinese metallurgical coal market through to 2025 but with rising demand for quality "Fat" Coking Coal.**
- **The Fenwei report identifies a supply gap of 16–22 Mt per annum for Fat Coking Coal over the period to 2025.**
- **China's Hebei Province is forecast to provide the highest value markets for Ovoot Fat Coking Coal with a long-term price forecast range of Rmb 1,217 (US$176\t) to 1,307 (US$191\t) per tonne delivered to customers in the Hebei Province.**

As part of the Aspire Mining Limited (**Aspire** or **the Company**) Ovoot Early Development Plan (**OEDP**) Pre-Feasibility Study, the Company has engaged Fenwei Energy Information Services Co Ltd to review and report on the Chinese metallurgical coal market and pricing expectations out to 2025 (**Fenwei Report**).

The Fenwei Report categorises the OEDP washed coking coal as a moderate ash, moderate sulphur fat coking coal based on the following indicative washed coking coal product specification. This indicative specification will be confirmed on the release of the results of the Pre-Feasibility Study due shortly.

Moisture	Ash (adb)	Volatiles (adb)	Sulphur %	G Index	Y Index	Ro Max
9%	10%	25%	1.2%	95	26	1.2

Figure 1 : Aspire Coal Quality Indicators **Unit : %, mm**



This specification puts Ovoot coking coal well within the marketable specification ranges for fat coking coal brands in China.

Fat coking coal is used in blends to produce coke for steel making in blast furnaces. Fat coal creates conditions for good meltability, improving coke's wear strength and creates conditions for adding other coals with low caking capability.

The Fenwei Report indicates fat coal as a percentage of total Chinese coal blends is to rise from 13.6% to 14.7% over the forecast period resulting in a total fat coal demand of 76 Mt per annum. Of this, only 11 Mt pa of low sulphur (< 0.75%) fat coal is expected to be mined from Chinese domestic mines. Ovoot coal is considered to be medium sulphur at 1.2%. Medium sulphur coking coal makes up 44% of fat coal consumption in China's steel industry with high sulphur coals starting at + 1.5% having a 28% share of the market.

Given the forecast higher proportion in blends, demand for fat coal in China is rising at a time when domestic fat coal production is predicted to be stagnant over the forecast period 2019 to 2025.

Price Forecasts

Pricing in China aligns with seaborne coking coal pricing benchmarks over time although from time to time there are short term divergences.

With Mongolian coking coals being delivered into end markets in China, prices for similar quality imported coals will essentially include seaborne transport costs, port retrieval charges and costs to move the coal off the receival port to customers. These costs can add US$20–US$25\t to FOB pricing depending on the end customer location.

Fenwei have provided a price forecast of Rmb 1,307 falling to 1,217 per tonne excluding VAT over the forecast period 2019 to 2025 based on an equivalent fat coal benchmark product from the Hebei Province. Based on the current exchange rate of Rmb 6.9:1 USD this equates to US$189 falling to US$176\t. The current ex-VAT Price for this benchmark fat coking coal in the Hebei Province is Rmb 1,341\t ex-works or US$194 per tonne.

Summary

The market dynamics for coking coal, and fat coking coal in particular, are expected to underpin relatively stable future pricing.

While the Fenwei Report focused on the Chinese market place, given the location of Ovoot in the north of Mongolia, there are also viable markets in Eastern Europe, Russia and the Russian Far East with new lower rail tariffs being offered by Russian Railways.

Fenwei noted in its Report that:

"Due to the stricter requirements on coke quality in large blast furnaces and the increasing blending ratio of hard coking coal, fat coal market may see a large gap of 16-22Mt (per annum) in 2018-2025, which needs to be filled by imported coal, especially low and medium sulphur fat coal."

Aspire's Chairman Mr David Paull noted that: "The targeted 3 to 4 million tonnes per annum of washed fat coal production from the Aspire OEDP[1] will go part of the way to meeting this deficit."

END

For more information contact:

David Paull
Executive Chairman
Aspire Mining Ltd
Tel: +61 8 9287 4555
Email: David@aspiremininglimited.com

[1] See ASX Announcement 29 August 2018

Forward Looking Statements

This announcement contains certain statements which constitute “forward-looking statements”. Such statements are only predictions and are subject to inherent risks and uncertainties which could cause actual values, results, and performance achievements to differ materially from those expressed, implied or projected in any forward-looking statements.

About Aspire Mining Limited

Aspire Mining Limited is on the ASX (ASX: AKM) and is the largest coal tenement holder in Mongolia’s Northern provinces and is focused on identifying, exploring and developing quality coking coal assets.

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

Aspire is targeting early production of washed coking coal from the Ovoot Project via a truck and rail operation to end markets with 12 to 15 months of final operational and Board approvals (the Ovoot Early Development Plan). Operational expansion can occur following the construction of the Erdenet to Ovoot Railway being progressed by Aspire’s subsidiary, Northern Railways LLC (Northern Railways).

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

The proximity of the Nuurstei Project to existing infrastructure (town, road, rail and services) also provides an excellent opportunity to assess the economics of a road-based operation prior to the construction of the Erdenet to Ovoot Railway. However, that assessment is currently on hold with the focus on the Ovoot Early Development Plan.

Dependent on that further analysis of the results of an additional drilling program, future positive economic studies, funding and the grant necessary approvals and licenses, the Nuurstei Project could commence a road-based production operation and then later have access to the new Erdenet to Ovoot Railway two years from commencement of the rail construction.

About Northern Railways LLC

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

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

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

In August 2015, Northern Railways was granted an exclusive 30 years concession by the Mongolian Government to build and operate the Erdenet to Ovoot Railway. Northern Railways is now progressing funding negotiations for the completion of the concession conditions precedent, other studies to support applications for licenses, permits and approvals, the EPC contract and railway construction.