

ASPIRE MINING LIMITED

Fast-tracking the World Class Ovoot Coking Coal Project



Hong Kong | 121 Mining Investment
23 – 24 October 2018

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Competent Person Statements - Ovoot Coking Coal Project

The technical information contained in this presentation in relation to the JORC Code (2012) compliant Ore Reserves and JORC compliant Mineral Resources for the Ovoot Coking Coal Project is reported in the Quarterly Report for the period ended 31 December 2013.

The Company is not aware of any new information or data that materially affects the information included in this presentation. All material assumptions and technical parameters underpinning the estimates in the ASX Announcement continue to apply and have not materially changed.

Competent Persons Statement – Nuurstei Coking Coal Project

The technical information contained in this presentation in relation to the JORC Code (2012) compliant Ore Reserves and JORC compliant Mineral Resources for the Nuurstei Coking Coal Project is reported in the Company's ASX Announcement dated 13 April 2016.

The Company is not aware of any new information or data that materially affects the information included in this presentation. All material assumptions and technical parameters underpinning the estimates in the ASX Announcement continue to apply and have not materially changed.

ASSET OVERVIEW AND LOCATIONS

Key Information

Ovoot	Ownership:	<ul style="list-style-type: none"> Aspire (100%)
	Commodity:	<ul style="list-style-type: none"> Premium "Fat" Coking Coal
	Mine Type:	<ul style="list-style-type: none"> Open Pit & Underground
	JORC Reserves & Resources:	<ul style="list-style-type: none"> JORC Reserves: 255Mt JORC Resources: 281Mt
	Tenement Area:	<ul style="list-style-type: none"> 134km² tenement position 1 Mining Licence (2012) & 1 Exploration License
	Status:	<ul style="list-style-type: none"> Completed PFS (>US\$50m invested to date) Fast tracking studies for a trucking based solution via the Ovoot Early Development Plan (OEDP)
Northern Railways	Ownership:	<ul style="list-style-type: none"> Aspire (80%), Noble (20%) China Gezhouba right to earn into equity via US\$5m investment
	Proposed Rail:	<ul style="list-style-type: none"> 547km rail connection from Ovoot to Erdenet railhead 16mtpa capacity with future potential to 30Mtpa
	Rail Concession:	<ul style="list-style-type: none"> 30 year, PPP Railway Agreement Build, Operate & Transfer to the Government of Mongolia
	EPC Contractors:	<ul style="list-style-type: none"> China Railway (CRCC) and China Gezhouba (CGGC)
	Status:	<ul style="list-style-type: none"> Completed Stage 1 Feasibility Study / Pending Financing LOI from CDB to fund 75% of the total EPC contract Priority One Belt One Road project
Nuurstei (AKM 90%)	Commodity:	<ul style="list-style-type: none"> Mid vol, low ash coking coal
	Mine Type:	<ul style="list-style-type: none"> Open Pit
	JORC Resource:	<ul style="list-style-type: none"> 12.9Mt
	Tenement Area:	<ul style="list-style-type: none"> 1 Mining Licence / 860Ha tenement position
	Status:	<ul style="list-style-type: none"> Completed conceptual Mining Study Near-term production asset via trucking to Erdenet rail

Asset Locations



Ovoot JORC Reserves & Resources¹

Reserves				
Deposit	Proven	Probable	Marketable	
Ovoot Open Pit		247.0	182.0	
Ovoot Underground		8.0	6.0	
Total		255.0	188.0	
Resources				
Deposit	Measured	Indicated	Inferred	Total
Ovoot Open Pit	197.0	46.9	9.2	253.1
Ovoot Underground		25.4	2.6	27.9
Nuurstei		4.7	8.2	12.9
Total	197.0	77.0	20.0	294.0

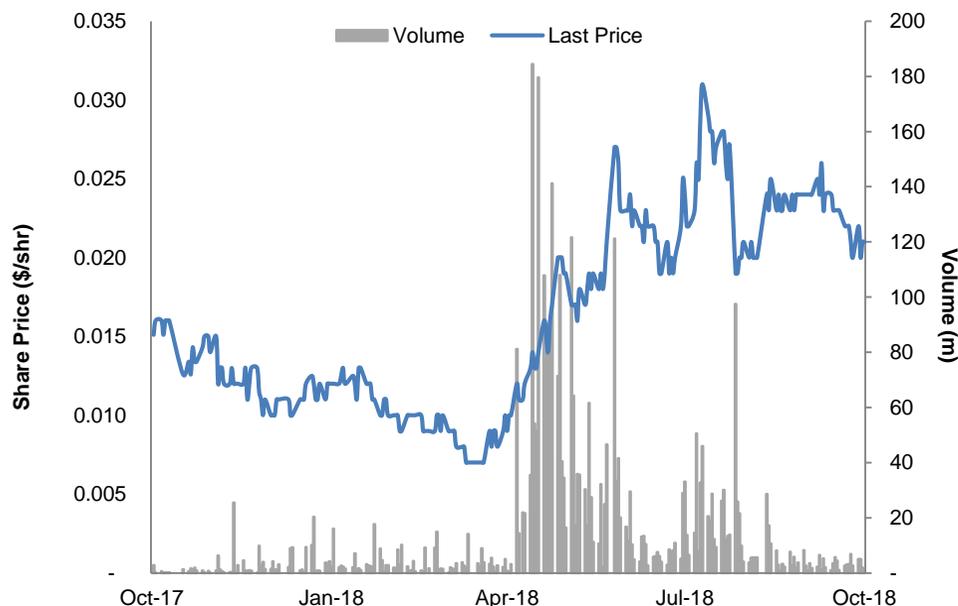
COMPANY SNAPSHOT



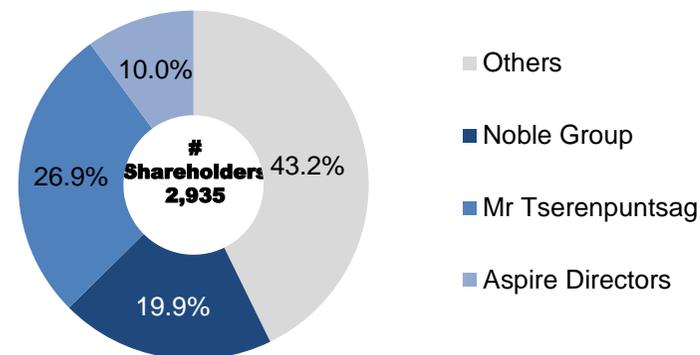
Capital Structure	Current	Post Strategic Financing
Ordinary Shares on Issue	2,608m	3,346m
Share Price	\$0.021	\$0.021
Market Cap (undiluted) ¹	\$54.8m	\$70.3m
Cash (30 Sept '18)	\$6.2m	\$17.5m*
Debt	~\$3.4m	-
Enterprise Value (undiluted)	\$52.0m	~\$52.7m

Board of Directors	
David Paull	Executive Chairman
Gan-Ochir Zunduisuren	Executive Director
Neil Lithgow	Non-Executive Director
Hannah Badenach	Non-Executive Director
Alex Passmore	Non-Executive Director
Achit-Erdene Darambazar*	Non-Executive Director
Bat-Amgalan Boldbaatar*	Executive Director

12 Months Share Price Performance



Pro Forma Shareholding (Post Strategic Financing)*



“Mongolian Shareholders now make up 33% of Aspire shareholders”

A true Australian / Mongolian joint venture

LEADING STRATEGIC PARTNERS

Partnerships highlight Ovoot's strategic value and its status as a Priority One Belt One Road project

<p>Mr. Tserenpuntsag</p>	<ul style="list-style-type: none"> ▪ Successful Mongolian businessman with a track record of building large scale Mongolian businesses ▪ Owner of / built the largest internet service provider in Mongolia, exclusive Mongolian distributorship of Pepsi and significant shareholding in Mongolia's largest satellite TV business ▪ Poised to become Aspire's largest shareholder with c. 27% (post strategic financing) to provide strategic and financial support which will materially de-risk delivery of the OEDP
	<ul style="list-style-type: none"> ▪ Aspire's second largest shareholder, 20% shareholder in Northern Railways ▪ Marketing and logistics alliance partner with 65% Ovoot coking coal marketing rights ▪ Manages a diversified portfolio of essential raw materials and integral in the flow of bulk commodities between Mongolia and China
	<ul style="list-style-type: none"> ▪ Large Chinese SOE and one of the world's largest construction companies ▪ MOU with Aspire and two subsidiaries of China Railways Corporation to advance the development of the Erdenet to Ovoot railway and for investment into Northern Railways
 	<ul style="list-style-type: none"> ▪ Wholly owned subsidiaries of China Railways Construction Corporation, one of the world's largest rail engineering construction firms ▪ China Railway 20 Bureau Corporation Group (CR20) and China Railway First Survey and Design Institute Group Co Ltd (FSDI) are Joint EPC contractor in relation to Northern Railways rail project ▪ CR20 and FSDI are supporting Northern Railways to progress completion of necessary financing, specialist design and construction for the Erdenet to Ovoot railway
	<ul style="list-style-type: none"> ▪ Financing partner in relation to Northern Railways ▪ Provided Northern Railways with a Letter of Intent to fund up to 75% of the total EPC contract to build the Erdenet to Ovoot railway in October 2016 estimated at US\$1.25 billion (excluding contingencies)

OEDP - FAST TRACK PATH TO PRODUCTION



Targeting a production of washed premium “fat” coking coal to access 3 to 4 Mtpa of available rail capacity

Overview

- ▶ Low ash, high yielding “*starter*” open pit identified within the existing Ovoot orebody
- ▶ Involves the early works construction of a new private haul road to follow the existing planned rail path from Ovoot to the rail head at Erdenet for final transportation to international end customers
- ▶ Potential to achieve first production within 12 – 15 months following receipt of all approvals, funding committed and a decision to mine is made
- ▶ OEDP Feasibility Study (Mine & Road) due in 1H 2019

Key Benefits

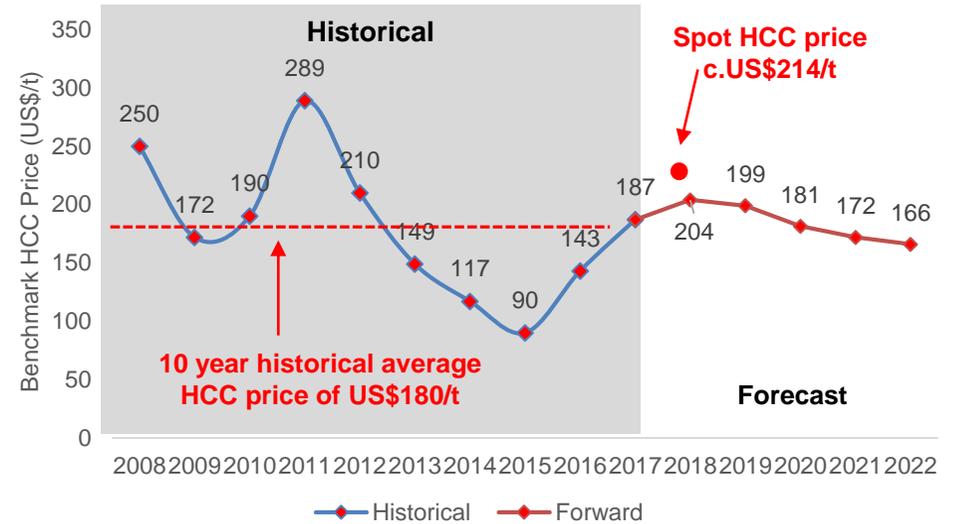
- ☑ Transforms Aspire into a globally significant producer of high quality coking coal
- ☑ Brings forward significant Ovoot production and cashflow to capitalise on current price cycle
- ☑ Ovoot production no longer tied to sourcing of rail funding
- ☑ Strengthened ability to fund medium term rail development to unlock 10mtpa production profile

FAVOURABLE COAL MARKET FUNDAMENTALS

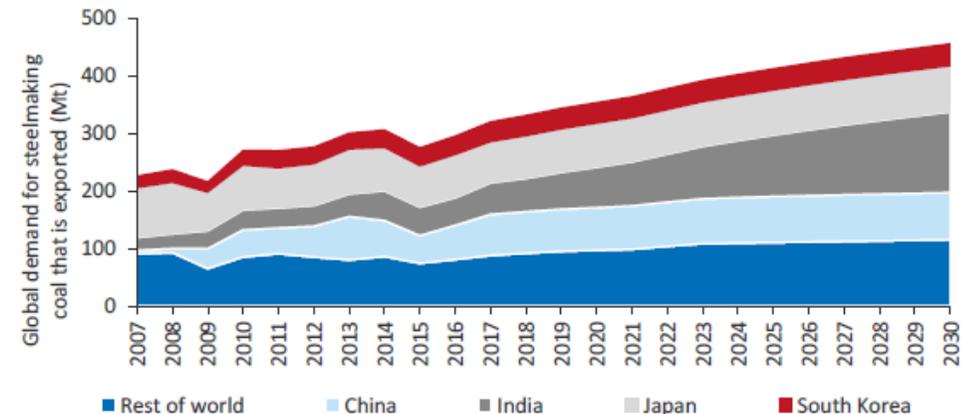
Key Themes

- ▶ Supportive macro environment after a five year period of sector-wide downturn / distress underpinned by limited to no reinvestment
- ▶ Supply pressure across the coal complex is now underpinning strong metallurgical coal prices
- ▶ Significant coal price increases have supported a surge in M&A activity (predominately for producing assets) that reflects an industry-wide renewal
- ▶ Chinese policy-led supply shock has underpinned stronger met coal spot prices since 2016 – current HCC spot price c.US\$214/t
- ▶ Demand for met coal going forward will be strengthened by emerging markets such as India with traditional markets such as Japan and Korea providing stable demand

Price Outlook for Benchmark HCC



Global Demand for Steelmaking Coal



OVOOT PROJECT OVERVIEW



- ▶ Advanced, globally significant premium coking coal project located in Northern Mongolia
- ▶ Ovoot PFS² confirms the potential to deliver up to 10Mtpa of washed high quality “fat” coking coal over a 20+ year mine life (pending a rail solution)
- ▶ Delivered washed coal will offer significant “value in use” benefits to customers including an ability to upgrade non-coking coals in a blend
- ▶ Now progressing with the Ovoot Early Development Plan (OEDP) which will deliver washed coking coal via a trucking solution to the existing rail head at Erdenet. Existing rail infrastructure can deliver 3 to 4 Mtpa.
- ▶ OEDP anticipated to deliver strong early cashflow and support medium term delivery of rail solution to unlock full 10Mtpa production profile

Ovoot Project Highlights

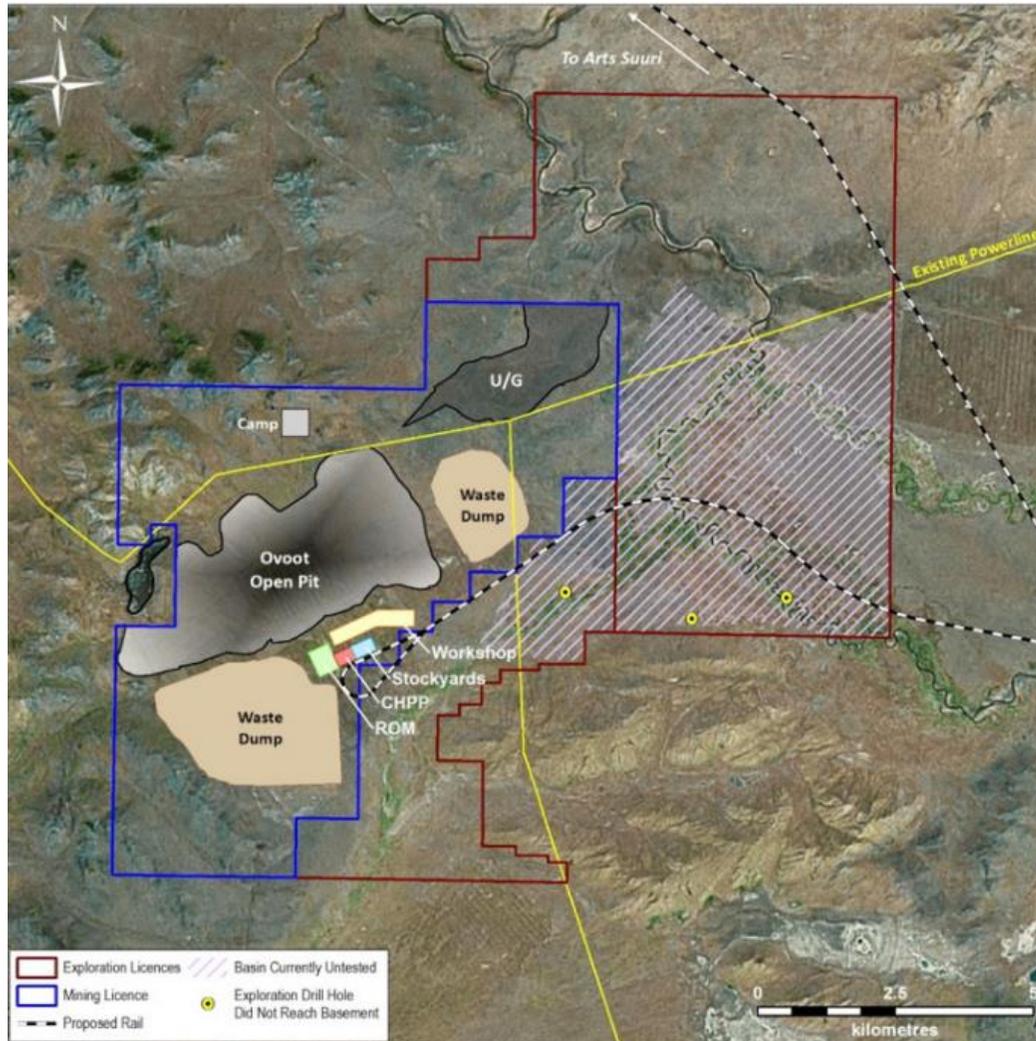
Ownership	100% Aspire Mining Limited
Location	Khuvsgul, north-western Mongolia
History	Acquired EL in 2010 Major new discovery 2010 - 2012 Mining License granted in August 2012
Sunk Capital	>US\$50m on project development studies
Tenement Area	134km ²
Resources	281Mt ¹
Reserves	255Mt ¹
Saleable Product	188Mt
Estimated Mine Life	21 years
Coal Type*	High Quality Coking Coal (“Fat” Coking Coal)
Production Potential	Up to 10Mtpa

Note 1 : Refer ASX announcement 31 July 2013 and 31 January 2014.

Note 2 : Completed in May 2012 and revised in November 2012

OVOOT PROJECT OUTLINE

100% ownership of a major coking coal basin



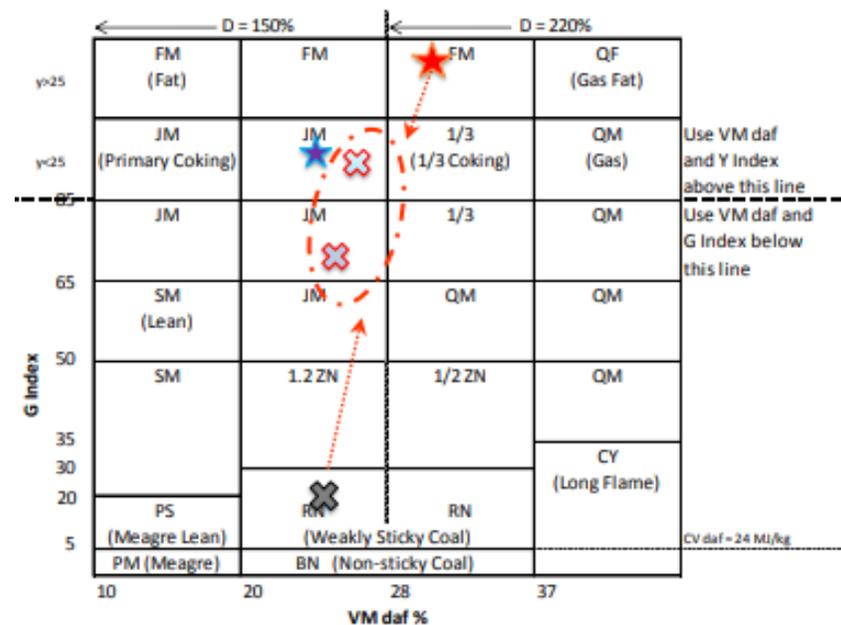
“Ovoot has a 247Mt open pit JORC Reserve with a mine design and Pre Feasibility Study confirming a future production profile of up to 10Mtpa of washed coking coal with rail”

EXCEPTIONAL COKING COAL QUALITY

100% Chinese (FM) “Premium Fat Coal” with high fluidity and plastic properties

- ▶ High fluidity levels make Ovoot coal an ideal product for blending and upgrading of thermal, oxidised and lower quality coking coals to saleable coking coal
- ▶ MOU agreed with Tavan Tolgoi to prepare blending feasibility study
- ▶ Ovoot offtake interest under non-binding MOUs totaling up to 7.4Mtpa

Ovoot Coal Blending to Upgrade Lower Ranking Coals



- ⊗ Oxidised (non-coking)(average)
- ★ Ovoot Fat Coal
- ⊗ 50/50 Blend of oxidised coal and Ovoot
- ★ Nuurstei Primary Coal
- ⊗ 75/25 Blend of oxidised coal and Ovoot

- ✓ Acceptable
- ✓✓ Strengths

Indicative Ovoot Washed Coking Coal Specification

Moisture	9%	✓
Ash (adb)	9.5%	✓
Volatiles (adb)	25 - 28%	✓
Sulphur	1.2%	✓
Crucible Swelling Number (CSN)	9	✓✓
Max Fluidity Log (ddpm)	3.60	✓✓
Max Dilation	+300%	✓✓
Gray King	G11	✓✓
G Caking Index	+95	✓✓
Y Index (mm)	+26	✓✓
RoMax	1.2	✓✓

NO MONGOLIAN DISCOUNT IF LOCATION AND QUALITY COMPARABLE

Prices for coking coal and “fat” coking coal are particularly strong with no Mongolian discount observable

Chinese Border Locations



Chinese Border Coking Coal Pricing

Ceke Border	Ganqimaodu Border	Mongolian Washed Coal Tangshan	Australian HCC CFR Tangshan
RMB 650-700/t FCA Ceke (1/3 Coking Raw)	RMB 1100/t FCA GB (HCC - Washed)	RMB 1515/t (HCC Washed)	RMB 1388/t (HCC Washed)

**Same market equivalent spec
= Equivalent pricing**



OVOOT ROAD AND RAIL PATH

OEDP Road development is highly complementary to delivery of future rail



- ▶ Road permitting to be undertaken alongside rail pre-development works for DEIA and land access agreements
- ▶ 12 month option to acquire a 10 hectare rail siding adjacent to the Erdenet Rail Station. Siding can be developed into a stockpile area that could support a substantial coal terminal
- ▶ Existing rail infrastructure can deliver 3 - 4Mtpa of rail capacity to both North to Russia and South to China
- ▶ Russian Rail tariff discounts mean new markets are open to Mongolian coal

INVESTMENT HIGHLIGHTS



- 1 **Highly strategic Ovoot Coking Coal Project positioned to unlock the Northern Mongolia mining province**
- 2 **One of Mongolia's largest coking coal JORC Reserves comprising 100% Chinese (FM) "*Premium Fat Coal*"**
- 3 **Highly experienced Board of Directors supported by key Mongolian shareholders and international partners (China Gezhouba, China Railway Construction, CDB and Noble Group)**
- 4 **Near term high value & low cost producer of saleable premium coking coal via the Ovoot Early Development Plan (OEDP)**
- 5 **Dedicated rail subsidiary, Northern Railways, holds a 30 year rail concession to unlock future production profile of up to 10Mtpa for >20 years Reserve mine life**
- 6 **Positioned as a priority One Belt One Road project**

SUMMARY

World Class Coking Coal Projects | Strategic Infrastructure Owner Priority One Belt One Road project



CONTACT DETAILS



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STRATEGIC FINANCING ANNOUNCED IN AUGUST 2018



Repositions Aspire to capitalise on strong met coal market from early production via the OEDP

Offer Structure & Size	<ul style="list-style-type: none"> ▶ Strategic Financing comprising of: <ul style="list-style-type: none"> ❖ Cornerstone placement of \$10.0 million to Mongolian substantial shareholder, Mr. Tserenpuntsag; ❖ Additional placement pre-commitments of \$2.1 million to other investors; and ❖ Debt to equity conversion of existing Noble debt of US\$2.4 million
Issue Pricing	<ul style="list-style-type: none"> ▶ Issue price of \$0.021 per share
Use of Proceeds	<ul style="list-style-type: none"> ▶ Feasibility Studies, permitting and approvals for OEDP inclusive of the mining and road related developments; ▶ Exercise of the land acquisition option for Erdenet Terminal and associated terminal development; and ▶ General working capital, including repayment of any residual amounts owing to Noble following the debt conversion
Conditions	<ul style="list-style-type: none"> ▶ Placement to Mr. Tserenpuntsag subject to Aspire shareholder approval¹ ▶ Independent Expert Report opining that the placement to Mr. Tserenpuntsag is either fair and reasonable or not fair but reasonable ▶ Minimum \$1.7 million additional equity raising requirement – <i>Satisfied by \$2.1 million pre commitments</i>
Ranking	<ul style="list-style-type: none"> ▶ New shares issued will be listed on ASX and rank pari passu with existing shares (ASX:AKM)
Indicative Timing	<ul style="list-style-type: none"> ▶ Notice of Meeting & Independent Expert Report to be dispatched to shareholders in late October 2018 ▶ Shareholder vote to be held 28 days upon issue of Notice of Meeting

Post Financing, Aspire will have estimated cash position of \$17.5m and nil debt

MONGOLIA ECONOMY

“Private investment supported by Foreign Direct Investment and private sector credit will remain a key driver for growth in the medium term, especially in the mining, manufacturing and transport services.”
– JP Ngarou, World Bank Senior Economist for Mongolia (Oct 2018).

▶ Economic Growth Forecasts

❖ 2018 : 5.9%

❖ 2019 : 6.6%

▶ Positive Trade Balance

❖ 2016 : +1.6 USD Billion

❖ 2017 : +1.9 USD Billion

▶ IPO of Tavan Tolgoi planned

▶ Developing society with lower socio-economic settings that actively seeks major trade and investment flows + capital & job creation

▶ Coking Coal Exports increased to 33mt in 2017



Mongolia is heavily dependent on the mining industry contributing 25% of GDP and + 90% of Exports