

## ASX RELEASE



For Immediate Release – 31 January 2024

## QUARTERLY ACTIVITIES REPORT

### Quarter Ended 31 December 2023

Aspire Mining Limited (ASX: **AKM**, **Aspire**, or the **Company**) is developing metallurgical coal assets in northwestern Mongolia, with current focus on permitting, engineering, and financing for its wholly owned Ovoot Coking Coal Project (**OCCP**).

### Company Highlights

At the end of the December quarter, the Company had market capitalisation of USD 36.5 million, combined cash in bank, bond receivables awaiting reinvestment, and investments in bonds of USD 17.0 million, and zero debt.

The Company holds 100% ownership of the OCCP, for which:

- Mining license is held until August 2042, and is extendable twice by 20-year periods;
- Feasibility Studies for coal mining and processing have been approved by the Mineral Resources and Petroleum Authority of Mongolia (MRPAM), and for road construction by the Ministry of Road and Transportation Development (MRTD); and
- Detailed Environmental Impact Assessment (DEIA) for mining operation is approved by the Ministry of Nature, Environment and Tourism (MNET), and prepared pending approval for coal processing and road construction.

The Company hereby presents its Quarterly Activities Report for the quarter ending 31 December 2023 (the **Quarter**).

### Quarter Highlights

- Progress was made against all major OCCP development milestones.
- Applications were submitted for the remaining major permissions required to advance the OCCP, including DEIA for Coal Handling and Preparation Plant (“CHPP”) and Detailed Design and DEIA for paved road to be constructed.
- Marketing samples prepared from float/sink testing of OCCP coal were confirmed by a group of independent, Chinese, coal and coke industry experts as an ‘FM36 Metabittuminous’ type of coal in the Chinese classification system.
- A Marketing Study prepared by Fenwei Digital Information Technology Co., Ltd (Fenwei), a reputable Chinese independent services provider and consultant in the

**coal industry, forecast strong demand and pricing for Ovoot specification coal in Target Market Regions (TMRs) of interest within China.**

- **Update to the Ovoot JORC (2012) Resource Estimate progressed, and preparatory works to underpin updated JORC (2012) Reserve Estimate on basis of a finalized JORC (2012) Resource Estimate model continued, in line with plans to produce an Independent Technical Report (ITR) in support of project financing efforts.**
- **The Company engaged Ord Minnett Limited (Ord Minnett) as a Corporate Adviser to support implementation of its funding strategy.**

## **OCCP Development**

The Company invested USD 0.40 million in the Quarter on exploration and evaluation activities related to development of the OCCP. This expenditure included for completion of coal quality testing on marketing samples, independent coal quality evaluation, preparation of a marketing study assessing future demand and pricing for Ovoot coal in key target market regions within China, and completion of DEIA preparations including community consultation.

## **Permits and Approvals**

The major permits and approvals required to commence mining at Ovoot have been achieved, which included obtaining a mining license, approved Feasibility Study, and approved DEIA. Commencement of mining operations is subject to achieving approvals and financing for the downstream infrastructure required to implement the OCCP.

Feasibility Study has been approved in relation to construction and operation of the CHPP in accordance with the design and concepts envisaged in Front End Engineering Design (FEED) study prepared by Sedgman Pty Ltd. During the Quarter, the finalised DEIA was presented at bagh meeting to the local community and submitted to the MNET for expert review. After the end of Quarter, expert feedback was received, and the DEIA report is now being revised to address this feedback which should lead to approval on resubmission.

An approved Feasibility Study is in hand in relation to the proposed road construction required to facilitate product coal haulage from Ovoot. During the Quarter, community consultation in relation to the road DEIA was completed within the nine local government areas (baghs) that the road route passes. Supported by written confirmation of this community consultation, the DEIA report and Detailed Design is expected to be submitted shortly for review by MNET and MRTD experts respectively, with approvals targeted within the March quarter. The Company is hopeful that these will be received favourably by the respective ministries, on basis that the proposed road development is aligned with plans announced by the Government of Mongolia in 2023 to connect all aimag centres (provincial capitals).

## **Resources, Reserves, and Independent Technical Report**

Update to the JORC (2012) compliant Coal Resource estimate in relation to the Ovoot deposit is under preparation by SRK Consulting MGL LLC. The review of historical data has been more intensive than initially forecast, with thorough review of historical coal quality data, borehole geophysical data and seismic data being undertaken alongside the inclusion of more recently obtained structural and coal quality information.

Upon finalisation of the geological model supporting the updated JORC (2012) Coal Resource estimate, it will be used as basis for preparing an updated JORC (2012) Coal Reserve

estimate. This revised Coal Reserve estimated will be prepared on basis of the capital and operating costs estimated in relation to the revised mining, processing, transportation, and logistics components of the OCCP development plan, as well as the latest forecast market pricing for Ovoot specification coal.

The updated JORC (2012) Coal Reserve estimate will form an integral part of the Independent Technical Report which will then be produced, explaining and evaluating in detail the OCCP development plan, to support project financing due diligence.

## Community Relations

By early November most of Tsetserleg soum was covered in snow, which has remained in place since. The extremely cold winter conditions have been harsher than usual, and a similar situation is currently being faced across large areas of Mongolia. This natural phenomenon is known as 'dzud' in Mongolia.

Just prior to this snowfall, the Company successfully completed harvesting approximately 13,000 bales or 300 tonnes of fodder from crops planted within the Ovoot mining license. In cooperation with the local (soum) government, who purchased half of the fodder produced, this was made available to soum residents living both near and far to the Ovoot project. This action was very well received by herders, who were otherwise very concerned for their livestock and livelihood.

During the Quarter the Company continued supporting youth in Tsetserleg soum by continuing its scholarship program which started in 2021. In total now 16 students have received full tuition support to enable studying at universities in Ulaanbaatar. In order to qualify for this support, the students must first graduate from high school with an average grade of 80 per cent or more, and score 500 or more in the national university entrance exam.

## Logistics and Marketing

### Ovoot Coal Classification and Value in Use

A group of independent, Chinese experts in the fields of coal production, research and use in China concluded that the Ovoot coal is an *FM36 Metabittuminous Coal* according to Chinese standard GB/T 5751-2009 'Classification of Chinese Coals' and a *Scarce Coking Coal* according to Chinese standard GB/T 26128-2010 'Classification and utilisation of scarce and special coal resources'.

This determination was based upon the results of coal and coke testing on Ovoot marketing samples conducted by SGS-CSTC Standards Technical Services Co., Ltd. in Tianjin, China. These marketing samples were prepared from clean coal composites derived from float/sink analyses on raw coal samples obtained from holes drilled in the anticipated 'Starter Pit' area of the Ovoot deposit in Q4 2022.<sup>1</sup>

Key reasons behind this classification included that the caking index, dilatation, and flowability of this coal are generally at a high level, in combination with its outstanding dilatation index, which is very beneficial to improving the cold strength of coke. Whilst it is not suitable for use alone, its properties are highly conducive to facilitating improved coke blends including for the incorporation of other inferior and thus cheaper constituent coals in the coke blend.

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<sup>1</sup> Refer to ASX Announcement 'Value in Use Study Results - Additional Information' posted 12<sup>th</sup> January 2024 for further details, including the related JORC Table 1 information.

## Investigation of Target Market Regions

The Logistics Study previously completed by Sun Shine Trade LLC considered the cost and practicality of delivering coal by rail into three main Target Market Regions (**TMRs**) in China, via the Zamiin-Uud to Erlian, Khangai to Mandal and Zabaikal'sk to Manzhouli border crossings.

Fenwei, a leading Chinese coal industry consultant, was engaged to analyse current and forecast future demand for coal with equal or similar specification to the Ovoot coal in these TMRs, and with reference to existing coals on market of equal or similar specifications provide indicative forecast pricing netted back to the relevant port of import.

The TMRs considered included within the Chinese provinces of Inner Mongolia, Hebei, Heilongjiang, Jilin, and Liaoning. It was identified that local supply of fat coal in these provinces has been historically insufficient, with each region being a net importer of fat coal, with the total gap in supply currently requiring approximately 15 million tonnes (**Mt**) of fat coal to be imported into these provinces in 2023.

Most of the fat coal being imported into these TMRs is being sourced from Shanxi province, where reserves are being diminished, and costs to produce are increasing as result of increasing depths and more stringent application of safety and environmental standards by local and provincial government.

As result of this, despite forecast for slight overall reduction in coal consumption and fat coal pricing in China by the end of this decade, the forecast pricing for coal with Ovoot specifications is expected to remain strong. This price forecast information will be utilised in preparation of an updated JORC Coal Reserve estimate and will underpin the Independent Technical Report to be produced subsequently to this.

## General Market Information

According to data from the General Administration of Customs of the People's Republic of China (**GAPRC**), Mongolia was the source for 16.2 Mt of the total 29.2 Mt of coking coal imported into China in the December quarter. This continued a trend seen in recent years, whereby total coking coal imports and the Mongolian component of these have been increasing, as shown in Figure 1.

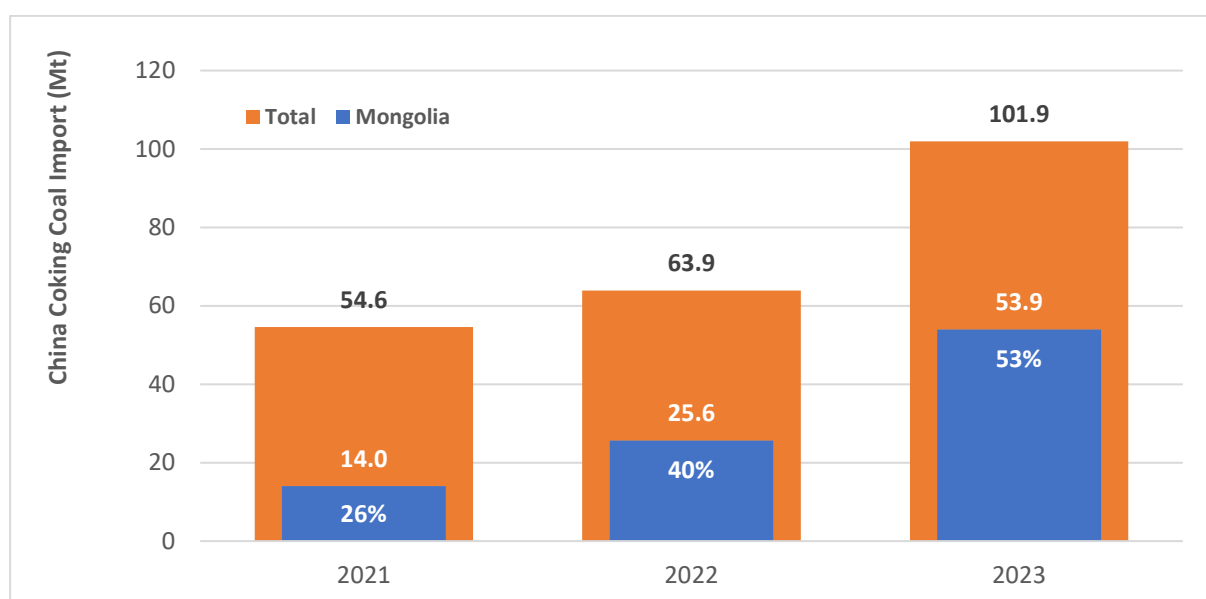


Figure 1. Increasing total, and Mongolian component, of coking coal imported into China (Source: [www.stats.customs.gov.cn](http://www.stats.customs.gov.cn))

Prices for fat coals and hard coking coals rose during the December quarter, recovering to levels that were relatively consistent between August 2022 and April 2023, until a shallow lull in pricing seen in mid-2023. According to Fenwei, the price strengthening seen October 2022 was partly attributable to spate of coal mine accidents in Shanxi province disrupting supply.

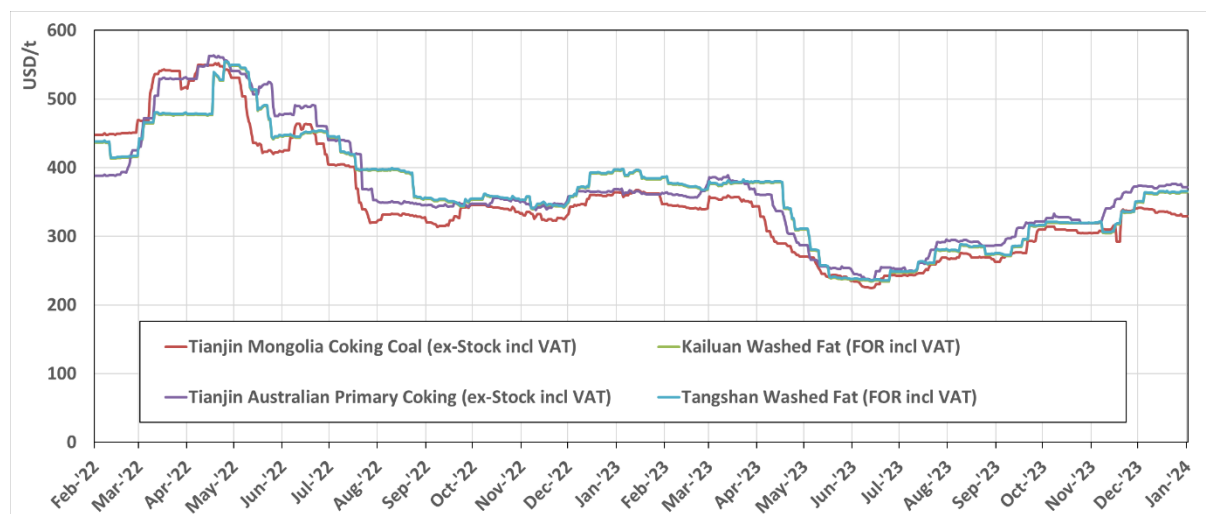


Figure 2. Historical index prices for comparable coals (Sources: [www.fwenergy.cn](http://www.fwenergy.cn), [www.wsj.com](http://www.wsj.com)).

## Corporate

Effective from the financial reporting of the Quarter, the Company is adopting United States Dollars (**USD**) as its presentation currency<sup>2</sup>. The Company's Board of Directors considers that this change will provide investors and stakeholders with a clearer understanding of the Company's performance, including by mitigating any fluctuations in earnings resulting from foreign currency translations and balances into Australian Dollars (**AUD**).

The company has formally engaged Ord Minnett Limited (Ord Minnett) as a Corporate Adviser. Ord Minnett will support Aspire's investor engagement initiatives and will assist in the implementation of the Company's funding strategy.

USD 6.98 million was held by the Company in cash and cash equivalents at the end of the Quarter. Additional to this, the Company has maintained its portfolio of major Australian bank USD denominated senior debt and covered bonds, which at the end of the Quarter was worth approximately USD 9.01 million, with a further USD 1.00 million in bond receivables awaiting reinvestment. During the Quarter investment earnings of USD 0.08 million and unrealised gains of USD 0.04 million as result of foreign currency fluctuation offset total expenditure of USD 0.92 million, resulting reduction of cash and cash equivalents held by USD 0.79 million in comparison to the end of the September quarter. Quarterly expenditure included payments to related parties of USD 0.04 million, comprising executive and non-executive directors' remuneration.

## Share Information

Table 1. Capital Structure at the end of the Quarter

Security	Number on Issue
Quoted Ordinary Shares	507,636,985
Unquoted Performance Rights	5,000,000

<sup>2</sup> Refer to ASX Announcement 'Change in Presentation Currency' posted 30th January 2024 for further details.

Table 2. Substantial Shareholders at the end of the Quarter

Beneficial Shareholder	Number of Shares	Percentage Interest
Mr Tserenpuntsag Tserendamba	266,376,470	52.47%
Noble Group	66,401,758	13.08%

## Tenement Information

As at the end of the Quarter, the company had interests in the following tenements. There were no changes in the Company's interests in tenements during the quarter.

Table 3. Tenements held at the end of the Quarter

Tenement	License	Commodity	Location	Attributable Equity
Ovoot	MV-017098	Coal	Khuvsgul, Mongolia	100%
Nuurstei	MV-020941	Coal	Khuvsgul, Mongolia	90%

## Coal Resources and Coal Reserves

The JORC (2012) Coal Resources and Coal Reserves estimated to exist within the tenements controlled by the Company are as follows in Table 1 through Table 3.

Table 4. Ovoot Coal Resources (Mt)

Category	Open Pit	Underground	Total
Measured	197.0	0.0	197.0
Indicated	46.9	25.4	72.3
Inferred	9.2	2.6	11.8
Total	253.1	27.9	281.0

Table 5. Ovoot Coal Reserves (Mt)

Location	Probable (M <sub>ar</sub> = 2.0%)	Total (M <sub>ar</sub> = 2.0%)	Marketable (M <sub>ar</sub> = 9.5%)
Open Pit	247	247	182
Underground	8	8	6
Total	255	255	188

Note: The technical information and competent persons statements for the Ovoot Coal Reserves and Resources are reported in the Company's ASX announcements dated 02 November 2012, 31 July 2013, and 30 January 2013 (December 2013 Quarterly Activities Report) which are available to view on the Company's website. The Company confirms that it is not aware of any new information or data that materially affects the information included in the announcements, and that all material assumptions underpinning the estimates continue to apply and have not materially changed.

Table 6. Nuurstei Coal Resources (Mt)

Category	Total
Measured	197.0
Indicated	72.3
Inferred	11.8
Total	281.0

Note: The technical information and competent persons statements for the Nuurstei Coal Resources is taken from the Company's ASX announcement dated 13 April 2016 which is available to view on the Company's website. The Company confirms that it is not aware of any new information or data that materially affects the information included in the announcement, and that all material assumptions underpinning the estimates continue to apply and have not materially changed.

This announcement is authorised for release by the Board of Directors.

– Ends –

## Forward Looking Statements

This report may contain forward-looking information which is based on the assumptions, estimates, analysis, and opinions of management and engaged consultants made in light of experience and perception of trends, current conditions and expected developments, as well as other factors believed to be relevant and reasonable in the circumstances at the date that such statements are made, but which may prove to be incorrect.

Assumptions have been made by the Company regarding, among other things: the price of coking coal, the timely receipt of required governmental approvals, the accuracy of capital and operating cost estimates, the completion of a feasibility studies on its exploration and development activities, the ability of the Company to operate in a safe, efficient and effective manner and the ability of the Company to obtain financing as and when required and on reasonable terms. Readers are cautioned that the foregoing list is not exhaustive of all factors and assumptions which may have been used by the Company.

Although management believes that the assumptions made and the expectations represented by such information are reasonable, there can be no assurance that the forward-looking information will prove to be accurate.

Forward-looking information involves known and unknown risks, uncertainties, and other factors which may cause the actual results, performance, or achievements of the Company to be materially different from any anticipated future results, performance or achievements expressed or implied by such forward-looking information. Such factors include, among others, the actual market price of coking coal, the actual results of current exploration, the actual results of future exploration, changes in project parameters as plans continue to be evaluated, as well as those factors disclosed in the Company's publicly filed documents. Readers should not place undue reliance on forward-looking information.

## About Aspire Mining Limited

Aspire Mining Limited (ASX: AKM) is 100% owner of the Ovoot Coking Coal Project, and 90% owner of the Nuurstei Coking Coal Project, both located in Khuvsgul aimag of north-western Mongolia. The Company is focused upon engineering, permitting, and financing the Ovoot Coking Coal Project to facilitate mining coal via open pit methods, beneficiating the coal onsite, transporting the washed coking coal by truck to a Company owned coal unloading and loading facility near Erdenet, and deliver onward via rail to customers in China, Russia and beyond utilising the existing trans-Mongolian rail network.

### For more information, please contact:

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## Appendix 5B

### Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

Aspire Mining Limited

ABN

46 122 417 243

Quarter ended ("current quarter")

31 December 2023

Consolidated statement of cash flows		Current quarter \$USD'000	Year to date (6 months) \$USD '000
<b>1.</b>	<b>Cash flows from operating activities</b>		
1.1	Receipts from customers	18	24
1.2	Payments for		
	(a) exploration & evaluation	-	-
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(345)	(629)
	(e) administration and corporate costs	(185)	(404)
1.3	Dividends received (see note 3)		
1.4	Interest received	84	239
1.5	Interest and other costs of finance paid		
1.6	Income taxes paid		
1.7	Government grants and tax incentives		
1.8	Other (provide details if material)	(13)	(15)
<b>1.9</b>	<b>Net cash from / (used in) operating activities</b>	<b>(441)</b>	<b>(785)</b>

<b>2.</b>	<b>Cash flows from investing activities</b>		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	(3)	(7)
	(d) exploration & evaluation	(397)	(817)
	(e) investments	-	-
	(f) other non-current assets	-	-



<b>Consolidated statement of cash flows</b>		<b>Current quarter \$USD'000</b>	<b>Year to date (6 months) \$USD '000</b>
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	4	4
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(396)</b>	<b>(820)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>-</b>	<b>-</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	7,777	8,568
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(441)	(785)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(396)	(820)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-

## Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$USD'000	Year to date (6 months) \$USD '000
4.5	Effect of movement in exchange rates on cash held	42	19
4.6	<b>Cash and cash equivalents at end of period</b>	<b>6,982</b>	<b>6,982</b>

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$USD '000	Previous quarter \$USD '000
5.1	Bank balances	580	1,103
5.2	Call deposits	6,401	6,673
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>6,982</b>	<b>7,777</b>

6.	Payments to related parties of the entity and their associates	Current quarter \$USD '000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	38
6.2	Aggregate amount of payments to related parties and their associates included in item 2	
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

## Mining exploration entity or oil and gas exploration entity quarterly cash flow report

<b>7. Financing facilities</b> <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	<b>Total facility amount at quarter end \$USD '000</b>	<b>Amount drawn at quarter end \$USD '000</b>
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 <b>Total financing facilities</b>	-	-
7.5 <b>Unused financing facilities available at quarter end</b>		-
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

<b>8. Estimated cash available for future operating activities</b>	<b>\$USD '000</b>
8.1 Net cash from / (used in) operating activities (item 1.9)	(441)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(396)
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(837)
8.4 Cash and cash equivalents at quarter end (item 4.6)	6,982
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	6,982
8.7 <b>Estimated quarters of funding available (item 8.6 divided by item 8.3)</b>	8.3
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: N/A	
8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer: N/A	

## Mining exploration entity or oil and gas exploration entity quarterly cash flow report

8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: N/A

*Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.*

## Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 31 January 2024

Authorised by: The Board of Directors  
(Name of body or officer authorising release – see note 4)

## Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.