



## ASX RELEASE

**For Immediate Release – 30 January 2013**

### QUARTERLY REPORT Quarter Ended 31 December 2012

#### Highlights

- **Completion of updated JORC Coal Reserve Statement received for both Ovoot Project open pit and underground operations:**
  - Probable Coal Reserves increased by 23% to 219Mt Run Of Mine ("ROM") material including maiden underground Probable Coal Reserve of 8Mt,
  - Life of Mine extended to 20 years with 224Mt of mining inventory modelled producing 184Mt saleable coking coal from ROM, and
  - Increased Coal Resource to 257Mt (156mt Measured, 86Mt Indicated, 15Mt Inferred).
- **Completion of Revised Pre-Feasibility Study on the Ovoot Project confirmed robust economics with NPV<sub>12</sub> of US\$1.7 bn:**
  - Significant operating savings realised by using an owner miner model,
  - Free On Rail ("FOR") costs for high quality coking coal to China forecasted at US\$91/t (excluding royalties) for initial five years of full production, and
  - Average ex-mine gate cash cost of US\$36/t estimated over life of mine.
- **Noble Group provides additional support for the Ovoot Projects' port and rail solutions including:**
  - Agreeing to a mechanism to provide access to Noble's recently acquired far east Russian port,
  - Commitment by Noble to contribute 10% pre-development capital for rail,
  - Availability of a US\$5 million, two year unsecured loan,
  - Agreeing to enter into good faith negotiations to assist in providing a working capital debt facility to support a 75,000 tonne per month mining operation at the Ovoot Project, and
  - Noble agreeing to provide underlying supply chain management services inside Mongolia, Russia and China.
- **Appointment of Mr Ross Tromans, as Non-Executive Director, the CEO of SouthGobi Resources and a senior Rio Tinto coal executive.**

Aspire Mining Limited (ASX: AKM, "Aspire" or "the Company") is pleased to present its December 2012 Quarterly Report for what has been another busy Quarter.

Aspire is focused on developing its world-class 100%-owned Ovoot Coking Coal Project ("Ovoot Project") in northern Mongolia and advancing the region's infrastructure to bring the Ovoot Project coking coal to world markets.

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



**Figure 1: Project Location Map of Mongolia**

## **OVOOT COKING COAL PROJECT (100%)**

### **Updated Coal Resource and Reserve Statement Received**

During the December Quarter 2012, the Company announced that it had received an updated Open Pit Reserves Statement as well as a maiden Underground Reserve Statement from its independent geological consultants, Xstract Mining Consultants Pty Ltd ("Xstract") for the Ovoot Project.

Total Probable Reserves have increased by 41Mt or 23% to 219Mt of ROM at 2% moisture on an as received basis. This Coal Reserve includes a maiden underground Coal Reserve of 8 Mt (ROM). Reserve growth came out of:

- Acquisition of additional geotechnical data at depth,
- Expansion of resources to the north from recent drilling, the majority of which was converted to reserves, and
- Confirmation through additional drilling and sampling of the economics of the OVB seam.

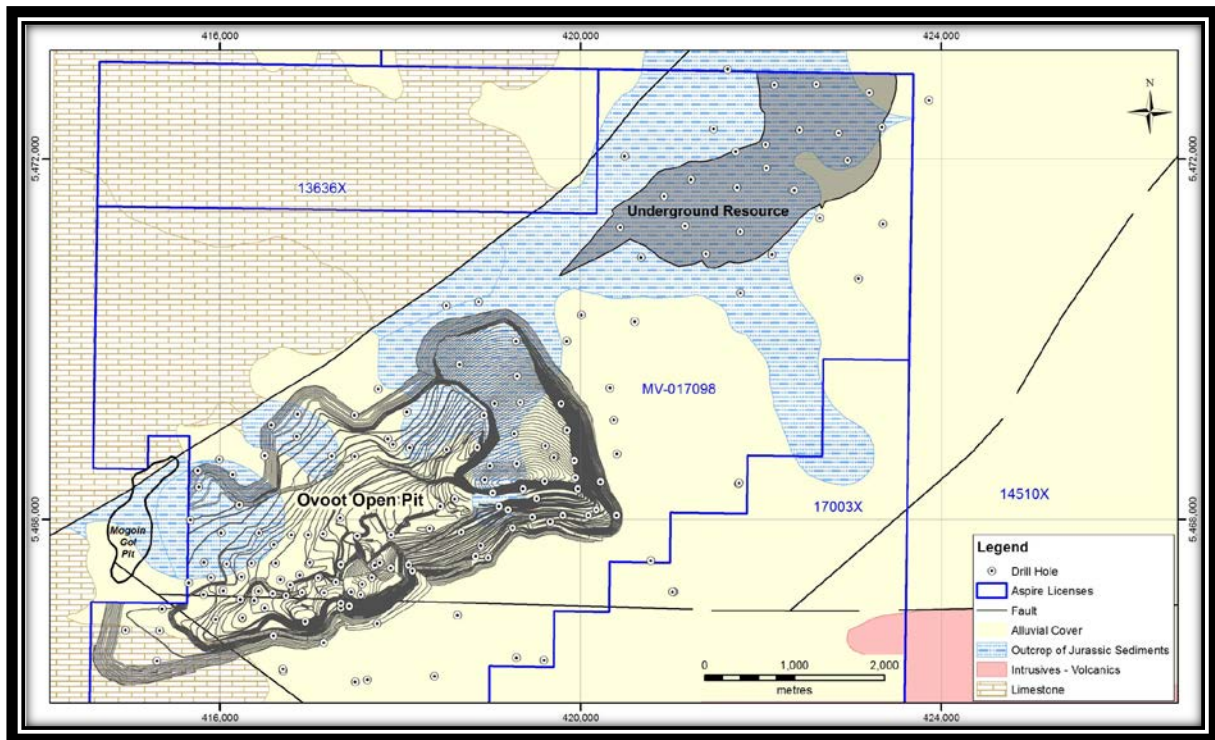
Tables 1 and 2 summarize the Company's Coal Resource and Reserves Statement as at 1 November 2012. The Ovoot Project Coal Resource now totals 257Mt (156Mt Measured, 86Mt Indicated and 15Mt Inferred) and Probable Coal Reserves now total 219Mt ROM at 2% moisture on an as received basis ("arb"). With the inclusion of the updated Coal Reserves, the Ovoot Project now has a 20 year Life of Mine ("LOM").

	Resource	< 300m Depth (Mt)	> 300m Depth (Mt)	Total (Mt)	Ash(adb) (%)	Raw CSN
Seam	Category					
<b>Main Area</b>						
UPPER	Measured	100.0	0.4	100.3	17.9	7.5
LOWER	Measured	38.8	16.8	55.7	28.5	7.0
		138.8	17.2	<b>156.0</b>		
UPPER	Indicated	28.3	-	28.3	20.4	7.0
LOWER	Indicated	21.0	2.3	23.3	31.5	6.0
OVB	Indicated	9.0	-	9.0	36.0	6.0
		58.3	2.3	<b>60.7</b>		
UPPER	Inferred	2.6	-	2.6	26.1	6.5
LOWER	Inferred	4.6	0.5	5.1	34.2	6.0
Coal Above BOW (Thermal)	Inferred	5.0	-	5.0	16.0	-
		12.2	0.5	<b>12.7</b>		
<b>Total Main Area</b>		<b>209.3</b>	<b>20.1</b>	<b>229.4</b>		
<b>NE UG Area</b>						
UPPER	Indicated	-	18.2	<b>18.2</b>	26.9	8.0
LOWER	Indicated	-	7.2	<b>7.2</b>	23.2	8.0
		-	25.4	<b>25.4</b>		
UPPER	Inferred	-	1.1	1.1	34.7	7.5
LOWER	Inferred	-	1.5	1.5	23.4	8.0
		-	2.6	<b>2.6</b>		
<b>Total NE UG Area</b>				<b>27.9</b>		
<b>TOTAL</b>				<b>257.3</b>		

Table 1: Ovoot Coking Coal Project Resource Estimate (Nov 2012)

Reserves	Coal Reserve (adb) ROM Mt	Coal Reserve (arb, 2% Moisture) ROM Mt	Marketable Coal Reserve (arb,8.5% Moisture) Mt
Probable – Open Pit	208	211	174
Probable – Underground	8	8	6
<b>Total</b>	<b>216</b>	<b>219</b>	<b>180</b>

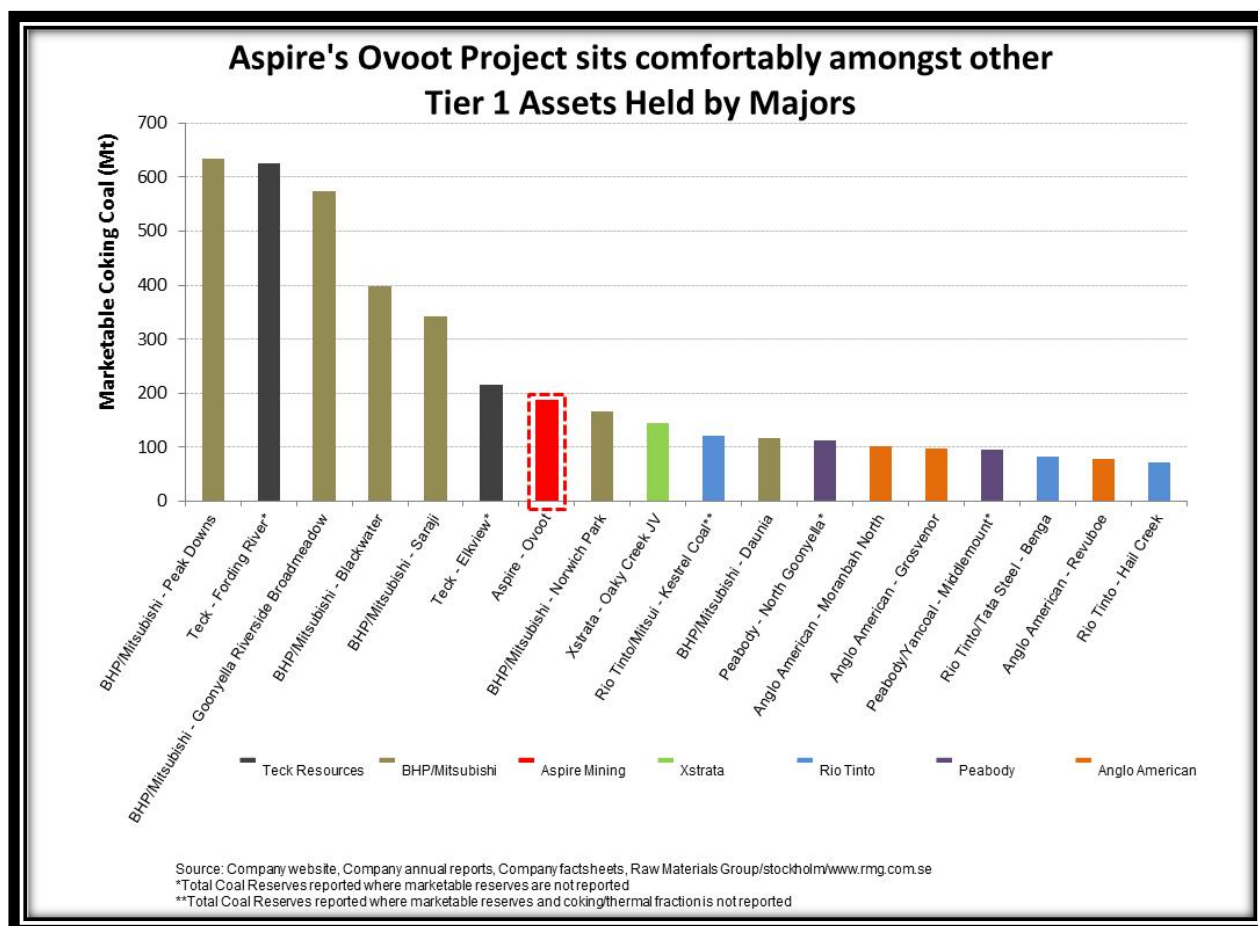
Table 2: Ovoot Coking Coal Project Reserve Estimate (Nov 2012)



**Figure 2: Ovoot Coking Coal Project Revised Open Pit and Underground Coal Resource Area**

Additionally, an underground mining study was completed by Xstract which focussed on the Upper Seam in the northeast underground area and produced a maiden underground Probable Coal Reserve of 8Mt (ROM). The underground operation has an estimated project life of 11 years at a production rate of up to 0.75 Mtpa (ROM).

Aspire's Ovoot Project has a relatively high conversion of ROM Reserve to marketable coking Coal Reserve. Based on the increased Coal Reserve and marketable coking Coal Reserve, Aspire's Ovoot Project coking coal deposit now sits comfortably amongst the coking coal assets of the major coking coal resource companies (refer Figure 3).



**Figure 3: Global Tier 1 Coking Coal Assets Held by Majors**

## Pre-Feasibility Study Revision and Underground Mining Study Completed

The robust economics of the Ovoot Project was further confirmed during the December 2012 Quarter with the finalisation of a revision to the May 2012 Pre-Feasibility Study ("PFS Revision" or "Revised PFS") by Xstrata. The PFS Revision was completed with inclusion of the updated November 2012 Coal Reserves to prepare revised mine plans in relation to the Ovoot Project open pit and underground operations.

The PFS Revision is also based on an owner miner model and therefore requires a significant addition in capital expenditure for a mining fleet as compared to the Pre-Feasibility Study completed in May 2012. However, mine gate operating expenditure over the life of mine has been lowered and is now estimated at an average of US\$36 per product tonne of coking coal produced over the life of mine.

Cash Operating Costs	US\$/t Produced FOB Russian Far East Port	US\$/t Produced FOR China	Average US\$/t (Assumes 50/50 split)
Mining and Processing Costs	\$36	\$36	\$36
Rail, Port and Marketing Costs <sup>Note1</sup>	\$95	\$63	\$79
<b>Total</b>	<b>\$131</b>	<b>\$99</b>	<b>\$115</b>

**Table 3: Estimated Cash Operating Costs**

Note 1: Rail costs include the standard national per kilometre tariff for the first phase of rail from Erdenet (refer figure 5)



The costs outlined in Table 3 are real (not adjusted for inflation) and based on the scheduled life of mine production rate from both the open pit and underground mines. At full production, cash costs into China for the first five years average just \$91 per product tonne of quality coking coal FOR in China, which would represent one of the lowest cost coking coals imported into China.

The average cost of production over the life of the underground operation is estimated at US\$120 per tonne based on an equal split of sales between China and accessing seaborne markets through Russia.

An initial capital cost of US\$723 million plus contingencies is estimated to establish all of the necessary support infrastructure to produce up to 6 Mtpa of saleable coking coal commencing 2016. A coal haulage road forms part of a Multi Modal Transport Corridor ("MMTC") linking the Ovoot Project to Phase 1 rail development by Northern Railways (refer Figure 5).

A further US\$482 million plus contingencies is required to increase the Ovoot Projects' capacity to mine and process up to 14 Mtpa of raw coal to produce up to 12 Mtpa of product from 2018.

Description		Stage 1	Stage 2	Total
<b>Mine Site Infrastructure</b>				
Mine mobilization and establishment <sup>Note1</sup>	US\$ m	12.3	13.2	25.5
Mine pre-strip	US\$ m	86.7	-	86.7
Mining Fleet	US\$ m	264.0	264.1	528.1
Camp and Office Complex	US\$ m	23.1	-	23.1
Airstrip and Associated Facilities	US\$ m	13.1	-	13.1
Power, water and communications	US\$ m	19.6	5.1	24.7
<b>Coal Handling and Preparation Plant</b>				
CHPP	US\$ m	187.4	198.0	385.4
Tailings Storage Facility (TSF) <sup>Note2</sup>	US\$ m	6.1	1.6	7.7
<b>Off-Site Infrastructure</b>				
Mine Access and Coal Haul Road	US\$ m	98.2	-	98.2
Power Supply (HV aerials)	US\$ m	2.1	-	2.1
<b>Working Capital</b>				
	US\$ m	10.5	-	10.5
<b>Total Capital</b>				
	US\$ m	723.1	482.0	1,205.1
Capital Contingencies <sup>Note3</sup>	US\$ m	91.8	43.6	135.4
<b>Capital Including Contingencies</b>	<b>US\$ m</b>	<b>814.9</b>	<b>525.6</b>	<b>1,340.5</b>

**Table 4: Ovoot Project Mine Capital Expenditure**

Note 1: There will be future mobilisation and establishment costs after Stage 2 estimated at approximately US\$0.7m pa.

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

Note 3: Contingencies of 20% added excluding mobile fleet that are based on current fixed price quotes.

Note 4: Underground capital expenditure of \$85 million for the life of mine will be incurred post development of Stage 2.

Additional capital expenditure of US\$563m including contingencies will be required for Aspire to fund the Phase 2 rail linking the Ovoot Project to the Phase 1 rail completed by Northern Railways in order to accommodate Stage 2 production (refer Figure 5). Aspire in the PFS Revision assumes this portion of capex will be funded by operating cashflows and debt. A net cash surplus of US\$8.3 bn after taxes and capital is estimated for the Ovoot Project over the life of mine (refer Table 5).

	US\$ Billion
Revenue	36.7
Operating Costs	(21.1)
Operating Surplus before taxes	<b>15.6</b>
Government Royalties	(2.6)
Tax	(2.7)
Operating Surplus after Royalties and Tax	10.3
Life of Mine Capital <sup>Note1</sup>	(2.0)
<b>Net Surplus after tax</b>	<b>8.3</b>

**Table 5: Life of Mine Net Cash Surplus After all Taxes and Capital**

Note 1: Life of mine capital includes initial capital investment as shown in Table 4, capital expenditure for the underground mine and maintenance capital over the life of mine.

The Revised PFS with lower overall operating costs incorporating the larger and deeper open pit and underground mine Coal Reserves demonstrates a very large and financially robust coking coal project. Aspire has used a medium term average coking coal price of US\$200 per tonne, which is supported by recent market analysis by Wood Mackenzie (*Source: Wood MacKenzie Newsletter November 2012, dated 21 November 2012 Podcast Presentation*).

The Ovoot Project NPV's are robust across a broad range of real after tax discount rates.

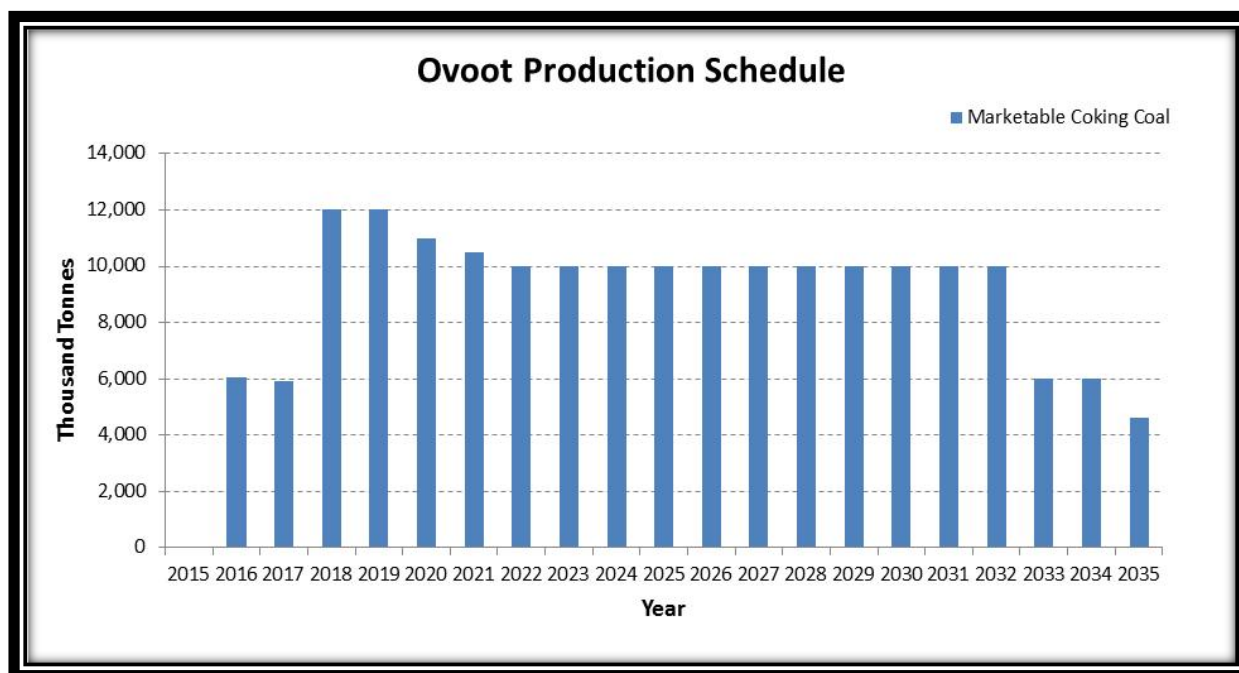
	10%	12%	15%
<b>Net Present Value (after tax)</b>	US\$2.2 bn	US\$1.7 bn	US\$1.2 bn

**Table 6: Net Present Value Sensitivity Table**

### Production Profile

With the inclusion of Coal Reserves from both the open pit and underground operations, the Ovoot Project is capable of delivering up to 14 million tonnes per annum from the open pit and 0.75 Mtpa from the small underground operation over 20 years.

Total marketable coal produced over the 20 year life of mine from the open pit and underground operations is 184Mt of quality coking coal which includes 5Mt of inferred Coal Resources identified and mined in the open pit.



**Figure 4: Annual Estimated Saleable Production Tonnes**

The production profile in Figure 4 assumes the raising of development finance, grant of outstanding development approvals and access to rail capacity and ports in Mongolia, Russia and China, as well as the completion of Phase 1 of the Northern Railways multi-user railway (Phase 1 involves the extension of the current railway terminus at Erdenet by 346 kilometres towards the town of Moron by January 2016). Production at the higher 10-12 Mtpa assumes the completion of the Phase 2 rail extension connecting Ovoot by January 2018.

### **Noble Support for Ovoot Coking Coal Project Port and Rail Solutions**

During the Quarter, Aspire has concluded several Agreements (together the "Agreement") with one of its largest shareholders the Noble Group ("Noble")<sup>Note5</sup>. The Agreement covers a comprehensive package of initiatives to progress the development of the Ovoot Project by assisting to attain access to rail and port capacity, initial mine and rail pre-development funding and coal marketing.

Aspire is pleased to receive the continuing support from Noble for both the Ovoot Project and Northern Railways plan to extend the Trans-Mongolian railway from Erdenet through to the Ovoot Project.

Aspire has been considering several options to commence a small scale road based mining operation at the Ovoot Project to introduce Ovoot coking coal into the market prior to the commencement of the larger Stage 1 and Stage 2 production plans. These possible options include hauling up to 1 Mtpa of coal by truck from the Ovoot Project to a Company owned rail head at Erdenet.

### **Pre-Rail Operation for the Ovoot Mine**

Under the Agreement, Noble will enter into good faith negotiations with Aspire to provide working capital debt facilities, as well as provide access to Noble's own Far East Russian Port acquired recently, both of which would support a 75,000 tonne per month initial operation at the Ovoot Project.

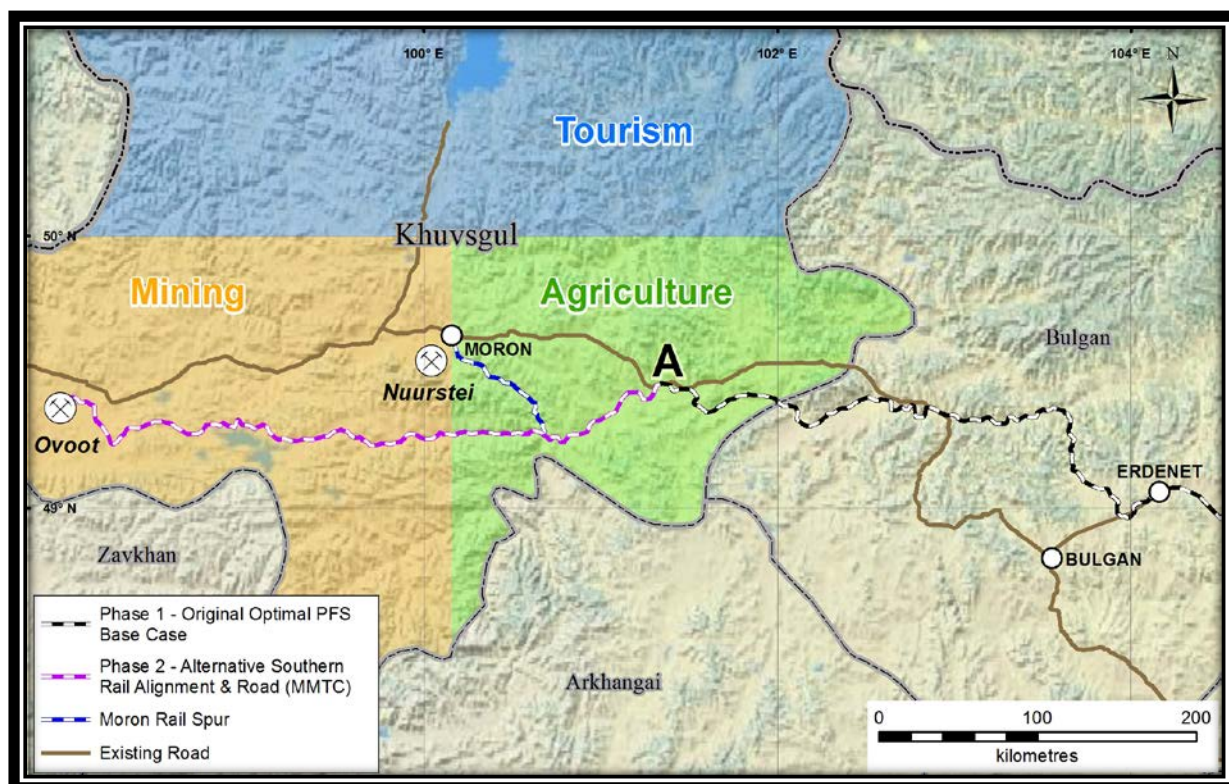
Note 5: The arrangements with Noble are conditional upon Aspire shareholders approving the proposed arrangements (to the extent required) and no material adverse change occurring.



In return, Noble would be issued a placement of 35 million shares in Aspire at AU\$0.08 per share raising Noble's interest in Aspire to 14.9%. In addition Noble would be granted a Board seat and marketing rights over 10% of all Ovoot coal over the first 20 years of production.

## Northern Railways

Since completing a Pre-Feasibility Study for the Erdenet – Ovoot ("Northern Rail Line") rail extension in early 2012 ("Rail PFS"), Northern Railways has been focussing on updating this study for a new rail alignment that travels to the south of Moron which holds potential for lower capital and operating costs.



**Figure 5: Northern Railways Erdenet – Ovoot Rail Alignment**

Noble has agreed to offer support for Northern Railways to assist with pre-development expenditures associated with completing the necessary assessments required by the Government of Mongolia by:

- Agreeing to contribute 10% of pre-development capital for Northern Railways,
- Making available a US\$5 million, two year, unsecured loan, and
- Make accessible to Northern Railways, Noble's existing logistics capabilities in Mongolia, Russia and China.

In the event that a rail concession is granted, Aspire has agreed to provide Noble with an option to fund 10% of the development capital in Northern Railways and Noble will look to introduce Northern Railways to potential strategic infrastructure partners, and support the creation of a funding syndicate for the construction of the Northern Rail Line. Should it do so, under normal commercial terms, Noble will also acquire a 10% marketing right over Ovoot Project coking coal for the first 20 years.

## Rail Pre-Feasibility Study Update

A comprehensive bidding process was conducted by Aspire in the September 2012 Quarter for the appointment of a suitable contractor to complete the Rail Bankable Feasibility Study ("RBFS") for the Erdenet – Ovoot Project rail line.

Snowy Mountain Engineering Corporation (“SMEC”) were appointed as preferred bidder having recently completed detailed engineering for the Energy Resources LLC Russian standard gauge railway. The RBFS will commence following the receipt of a rail concession which is the focus of Northern Railways for this coming year. SMEC have also been appointed to complete the revision on the RPFS (“RPFS Revision”) along the Alternative Southern Alignment (“Rail Alignment”) which will see the extension of the Trans-Mongolian railway from Erdenet through to the Ovoot Project (refer Figure 5).

SMEC’s revision will re-assess critical capital and operating expenditure related metrics within the original RPFS which will eventually be included as part of the overall RBFS. The assessments include a desktop geotechnical study as it relates to mitigating the risks of permafrost along the Rail Alignment, and the identification of potential supply sources for aggregate materials which could be used to sustain rail loadings.

Operating cost benchmarks used in the original RPFS are the subject of detailed review from both an international and local perspective using SMEC’s local Mongolian rail experts.

The capex and opex reviews are of import to attract potential funding providers once the rail concession is granted.

## **EXPLORATION**

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

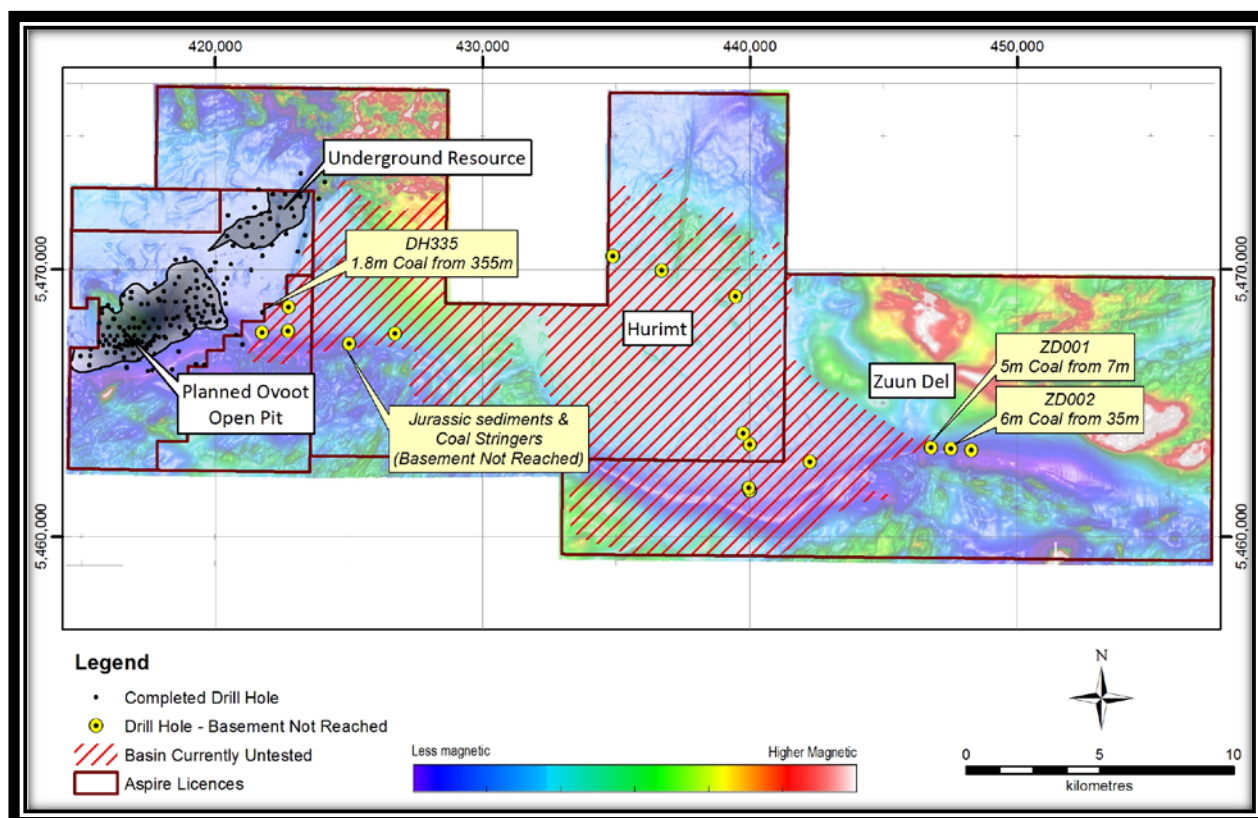
The Company did not conduct any exploration activities during the Quarter, which is Mongolia’s winter season.

Aspire currently holds a 49% interest in the Windy Knob gold and base metals Project (“Windy Knob”) with the balance 51% interest owned by ASX listed Emu Nickel NL. During the Quarter, both EMU Nickel and Aspire agreed to surrender the Windy Knob JV tenements. The Windy Knob joint venture tenements are situated about 55km south of Meekatharra in the Murchison region of Western Australia.

### **Ovoot Coking Coal Project (100% Owned)**

The Ovoot Project comprises three contiguous exploration licenses covering 509 square kilometres of the Ovoot Coking Coal Basin in northern Mongolia – the current Ovoot Project Resource area, Hurimt and Zuun Del tenements.

During the December 2012 Quarter, a back log of additional coal quality analyses was completed with an upgrade to the Ovoot Coal Resource from 252 Mt to 257 Mt. The additional quality data assisted with geological interpretations particularly coal seam identifications. These interpretations have confirmed the location of the Lower Coal Seam as sitting just above the basement rock in the lower Jurassic sedimentary sequence. This observation is important when considering exploration potential in the Ovoot Basin. Holes that have not been drilled into the basement rock may have been stopped prematurely before entering the Lower Coal Seam coal bearing sequence.



**Figure 6: Ovoot Project Basin**

Figure 6 above shows the location of exploration holes that have been drilled to the east of the existing planned Ovoot Project Open Pit in 2010, through to the September 2012 Quarter. Approximately 150 metres to the east of the planned Ovoot Open Pit, DH355 intersected 1.8 m of lower seam coal directly above the basement. ZD001 and ZD002 were drilled approximately 25 kilometres further to the east of DH355 intersecting 5 m and 6 m of coal respectively.

The drill holes in the 25 kilometre section of the Ovoot Basin in between DH335 and ZD001 have intersected potentially coal bearing Jurassic sediments, however due to either difficult drilling conditions or the sediments packages being particularly deep, drilling to basement has not been successful. The potential to find significant additional coal resources in the Ovoot Basin therefore remains high.

## CORPORATE

### Board Movements

During the period, Aspire welcomed Mr Ross Tromans as a Non-Executive Director to its Board. Mr Tromans has considerable experience and standing in the coal and energy industry with approximately 30 years' experience in Asian and North American markets. Mr Tromans replaces Mr Tony Pearson on the Board.

Mr Tromans is an employee of Rio Tinto Services Limited, a subsidiary of Rio Tinto Plc, and currently serves as Chief Executive Officer and Executive Director of SouthGobi Resources Limited.

## Cash Position

As at the end of December the company had cash of \$10.1 million. The Company has agreed to place to Noble Group 35 million shares at AU\$0.08 per share to raise AU\$2.8 million. Noble have also agreed to provide a US\$5 million unsecured loan facility to assist in funding further rail developments (refer Note 5).

## COMMUNITY RELATIONS

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

## Scholarship Programme Update

The Company is currently in the process of commencing the application process for the award of another four scholarships under the 2013 Scholarship Programme. Applications will be received during the March 2013 Quarter, with final selection process to be completed in the September 2013 Quarter.

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## About Aspire Mining Limited

Aspire is listed on the ASX (Code: AKM) and owns 100% of the Ovoot Coking Coal Project in northern Mongolia. Aspire completed a Pre-Feasibility Study for the Ovoot Project in May 2012 and a PFS Revision in December 2012, targeting a large scale open pit mining operation, with production of up to 12 Mtpa of saleable coking coal at full capacity over a 20 year life of mine. Aspire is targeting first production at the Ovoot Project in 2016 subject to funding, approvals and licenses. The Ovoot Project ranks as the second largest coking coal Reserve in Mongolia, with JORC Code compliant Probable Coal Reserves of 219 Mt. Aspire received a Mining License in August 2012, and is considering a smaller scale starter pit road based operation whilst continuing to progress access to rail infrastructure and other regulatory approvals to support a larger operation.

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### Competent Persons Statement

*In accordance with the Australian Securities Exchange requirements, the technical information contained in this announcement in relation to the JORC Compliant Coal Reserves and JORC Compliant Coal Resource for the Ovoot Coking Coal Project in Mongolia has been reviewed by Mr Ian De Klerk and Mr Kevin John Irving of Xstract Mining Consultants Pty Ltd.*

*The Coal Resources documented in this release are stated in accordance with the guidelines set out in the JORC Code, 2004. They are based on information compiled and reviewed by Mr. Ian de Klerk who is a Member of the Australasian Institute of Mining and Metallurgy (Member #301019) and is a full time employee of Xstract Mining Consultants Pty Ltd. He has more than 20 years'*

*experience in the evaluation of coal deposits and the estimation of coal resources. Mr. de Klerk has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration to qualify him as a Competent Person as defined in the JORC Code, 2004. Neither Mr. de Klerk nor Xstract have any material interest or entitlement, direct or indirect, in the securities of Aspire Mining Limited or any companies associated with Aspire Mining Limited. Fees for work undertaken are on a time and materials basis. Mr. de Klerk consents to the inclusion of the Coal Resources based on his information in the form and context in which it appears.*

*The Coal Reserves documented in this release are stated in accordance with the guidelines set out in the JORC Code, 2004. They are based on information compiled and reviewed by Mr. Kevin Irving who is a Fellow of the Australasian Institute of Mining and Metallurgy (Member #223116) and is a full time employee of Xstract Mining Consultants Pty Ltd. He has more than 35 years' experience in the mining of coal deposits and the estimation of Coal Reserves and the assessment of Modifying Factors. Mr. Irving has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration to qualify him as a Competent Person as defined in the JORC Code, 2004. Neither Mr. Irving nor Xstract have any material interest or entitlement, direct or indirect, in the securities of Aspire Mining Limited or any companies associated with Aspire Mining Limited. Fees for work undertaken are on a time and materials basis. Mr. Irving consents to the inclusion of the Coal Reserves based on his information in the form and context in which it appears.*

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