

Aspire Mining Limited Delivers Positive Ovoot Pre-Feasibility Study

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Sydney, Australia (ABN Newswire) - Aspire Mining Limited is pleased to announce the completion of the Pre-Feasibility Study for its 100% owned Ovoot Coking Coal Project.

The PFS, undertaken by Xstract Mining Consultants Pty Ltd ('Xstract'), confirms that Ovoot is financially robust and technically and commercially feasible.

The PFS used recently modelled open pit Probable Coal Reserves of 178 Mt, which categorised Ovoot as the third largest coking coal deposit in Mongolia, by reserves. Aspire to date has only explored 20% of the Ovoot Basin.

The Ovoot PFS is based on a large open pit mine delivering up to 15 million tonnes per annum ('Mtpa') of raw coal to Coal Handling and Preparation Plants ('CHPP') over a 15 year Life of Mine ('LOM'), producing 153 million tonnes (Mt) of high quality coking coal.

The Project's attractive economics are driven by LOM 82% average conversion rate of ROM tonnes to product together with a low LOM strip ratio of 7.6 bcm of waste per ROM tonne of coal including pre-strip.

Aspire said mine life and the quantity of marketable coking coal can be increased through further geotechnical and infill drilling, underground mining studies and ongoing exploration.

The PFS defines a two stage production profile for the Ovoot Project over an initial mine life of 15 years.

Stage 1: Production of 6 Mtpa saleable coal delivered by 191 km sealed road to the new railhead at Moron before being transported to end markets from 2016.

Stage 2: Production of up to 12 Mtpa saleable coal delivered by rail from Ovoot to Erdenet before being transported to end markets from 2018.

The staged development will de-risk the production ramp up and enable the Stage 1 operational cashflows to underpin a future Rail Spur Line connection from Ovoot to link up with the Multi-user rail line at Moron. The Rail Spur Line from Ovoot to Moron will facilitate the targeted full scale 12 Mtpa coking coal operation.

Ovoot will generate very substantial cashflows based on its competitive average LOM operating cost of US\$118 per tonne. Aspire assumes its coking coal will be sold on a 50/50 basis FOB at Russian Far East Ports and at the Chinese border. Using long term applicable coking coal price estimates of US\$200/t, a Life of Mine EBITDA of US\$68 per tonne is achieved.

The project level financial calculations presented below assume Aspire has 100% equity funding for all mine site plant, equipment and infrastructure and the construction of a 222 km Rail Spur Line from Ovoot to Moron.

Northern Railways LLC ('Northern Railways'), a special purpose infrastructure company currently 100% owned by Aspire, is responsible for delivering the Erdenet to Moron Multi-user rail line to underpin Stage 1 production. This rail line has an estimated capex of US\$1.1 billion (plus contingency). Ovoot operating cost assumptions assume rail tariffs on this line sufficient to support attractive financial returns to Northern Railways.

Northern Railways is in negotiations with potential financiers including multi-lateral groups to introduce significant external funding for this critical piece of national infrastructure. Aspire Managing Director David Paull said: 'As the 100% owner of the Ovoot Coking Coal Project, Aspire is ideally placed to be the leader in unlocking the emerging northern Mongolian coal province. The positive PFS underpins our vision of developing a large scale coking coal mine and associated rail infrastructure.'

'Within a relatively short time period, Aspire has defined a globally significant coal project capable of

producing high quality coking coal to meet long term regional consumption requirements. The PFS results validate our progress to date, but also identify significant operational optimisation and project upside.'

'Aspire remains well positioned to maximise shareholder value through the ongoing advancement of the Ovoot Project through exploration, reserve growth and a focus on the supporting rail development,' Mr Paull said.

Pre-Feasibility Background

Aspire is 100% owner of the Ovoot Project, a large coking coal deposit located in northern Mongolia. Since acquisition in February 2010, Aspire has spent approximately A\$17 million on the Ovoot Project.

Xstract Mining Consultants Pty Ltd, an international resource consulting group, is managing the production of the final Pre-Feasibility Study report and has signed off on the Coal Resource and Coal Reserve statements used in these studies.

Maiden JORC Compliant Reserve Position

On 28 May 2012, Aspire announced a maiden Probable JORC code Compliant Reserve of 178 Mt attributed to a single open pit operation.

The maiden Reserve already establishes the Ovoot Project as the third largest known coking coal reserve in Mongolia (refer Figure 1) after the Mongolian Government owned Tavan Tolgoi deposit and Mongolian Mining Corporation's Ukhaa Khudag Mine.

The PFS has estimated a 15 year LOM production profile based on the maiden Reserve position.

Figure 2 reflects calendar years commencing 1 January 2016 and shows production of 153 Mt of coking coal. The production forecast in Figure 2 is based on a maiden open pit Reserve statement prepared by Xstract with an additional 8 Mt of Inferred Resources identified and mined in the open pit. It is anticipated that the Reserve position can be increased with geotechnical infill drilling and additional exploration success in the Ovoot Basin and after the completion of underground mining studies on the existing 25 Mt of Indicated underground resources.

This production forecast assumes the grant of a mining licence and other approvals and access to rail capacity and ports in Mongolia, Russia and China as well as the completion of a 406 kilometre Multi-User Railway. This railway to be provided by Northern Railways LLC connects Erdenet with the town of Moron and is assumed to be completed by January 2016.

Production at the higher 10 -12 million tonnes per annum assumes the completion of the 222 kilometre Ovoot to Moron Rail Spur Line by Aspire being completed by January 2018.

Mining

The average life of mine strip ratio is 7.6 bcm waste per tonne of ROM coal including pre strip.

The top of the coal commences at 58 metres depth and 35 Mbcm of overburden is required to be removed prior to the commencement of coal mining. This is the total amount of pre-strip of overburden required prior to operations commencing and will cost US\$109M (plus contingency) and has been included in the capital expenditure in Table 3. Much of this overburden is free dig (i.e. no drill and blast). The currently planned maximum mine depth is 300 metres and the open pit dimensions are approximately four kilometres long and approximately two kilometres wide. Refer to Figure 4 for the pit location relative to other site infrastructure.

Coal Quality Ovoot coking coal has been classified as a low ash quality blending feedstock for coke manufacture. Value in use coke oven test work is planned for completion later this year to confirm the coal meets the specification for a high caking, high fluidity fat coking coal classification.

Indicative coal quality specifications are an ash product of 9%, volatiles of 25-28% and CSN's of 8 to 9 all on an air dried basis.

Modelling of washing yield % versus raw ash content % (refer Figure 5) demonstrates the excellent liberation nature of Ovoot coking coal and allows for a high cut point around a density of 1.6 for generating a marketable coal product.

Capital Expenditure (excluding Northern Railways)

The PFS has identified an initial capital cost of US\$565 million (including a 20% contingency) to establish a coal handling plant, a wash plant, a coal haulage road and all of the necessary support infrastructure to produce 6 Mtpa of coking coal product, pre-stripping of waste and to transport and market product. A further US\$710 million (including a 20% contingency) is required to increase the Ovoot Project's capacity to process 15 Mtpa of coal and to transport and market up to 12 Mtpa of product, including the Spur Line.

These capital cost estimates have been sourced as follows:

- Mine mobilisation, establishment and pre-strip costs have been estimated using information provided by mining contractors with experience in Mongolia,
- Camp and office complex costs have been provided by camp constructors with experience in Mongolia,
- The airstrip costs have been provided by an experienced Mongolian engineering company that has been involved in the construction of similar facilities in Mongolia,
- All power costs were provided by SMEC, water costs were developed internally using our recent experience in developing water bores at the Project and communication costs were provided by a company that has already installed a similar system at the Project,
- The coal handling and preparation plant costs were provided by Sedgman Ltd,
- The mine access and coal haul road costs were provided by an engineering company that is experienced in Mongolian road construction, and
- The rail costs were provided by a Mongolian rail engineering company.

The PFS covering the Stage 2 Rail Spur Line confirms a design cost of US\$373m plus contingencies. Aspire anticipates being able to fund the expansion to the full 12 Mtpa production (plus all future capital requirements) from internal cash flow and project debt.

While the Ovoot Project will be the Rail Spur Line's principal user, Aspire will work with the owners of the nearby Mogoin Gol coal mine to ensure that rail access is available as required.

The Erdenet to Moron Multi-user rail line is to be provided by Northern Railways LLC (see below).

Operating Expenditure

The PFS has identified an average ex-mine gate cost of US\$39 per tonne of coking coal produced for the life of mine. This translates into an FOB cost Russian Far East Port of US\$134 per tonne and US\$102 per tonne at Chinese border, both excluding royalties.

The above costs are real (not inflation adjusted) and a LOM average based on the scheduled production rate from the open pit mine.

Rail tariffs along the existing Trans-Mongolian Rail System are based on standard coal haulage rates. Rail tariffs assume that the Northern Railways extension from Erdenet to Moron are charged in order to recover a commercial rate of return for investors in Northern Railways.

Rail tariffs along the Trans-Siberian Railway assume that Ovoot coking coal can access the rail discount for Mongolian coal as agreed between the Russian and Mongolian Governments

Mining

The PFS proposes using mining contractors operating an open pit producing a run of mine total of up to 15 Mtpa of raw coal using standard truck and excavator technology. During the waste removal process there are significant quantities of unconsolidated gravels and clays that will need to be removed. This waste will not need to be drilled and blasted and there is a lower cost opportunity to run a dedicated fleet of scrapers to target these areas for a substantially lower cost. This will be analysed further in future feasibility studies.

Coal Handling and Preparation Plant

The PFS proposes three product streams:

- A by-pass coal at an ash cut off of 12%. On average 20% of the Reserve is expected to bypass the wash plants,
- A washed coal. Initially the PFS assumes the construction of a single 5.9 Mtpa wash plant. Once the Ovoot to Moron railway is completed a second 5.9 Mtpa wash plant will be commissioned, and
- A blended product combining by-pass and washed coal.

The wash plants will be able to use dense media classifiers for fines recovery rather than more expensive and complex flotation cells. Total throughput will vary between 13-15 Mtpa depending on the percentage of by-pass coal available each year.

Power and Water

A new coal fired power station is planned to be commissioned by a third party power provider in 2014 some 70 kilometres south-west of the Ovoot Project. An 110Kv power line, which runs across the Ovoot Project area, has already been constructed from this power station's site and negotiations are proceeding with the power station owner for access to this line and for a power off-take agreement.

Aquaterra LLC ('Aquaterra') has been engaged to assist in the identification of water reserves that will be sufficient to meet the needs of the Ovoot Project. Although this remains an ongoing exercise, Aquaterra has identified four potential water supply areas. One of these is within the Ovoot Project area itself and the other three are within 20 km of the Project. Drilling programmes have shown that water is prolific in the Ovoot Project area.

Northern Railways

Aspire has established Northern Railways, a special purpose company with the sole objective being the licensing, funding and construction of a 406 kilometre Multi-user rail line extending the Trans-Mongolian railway at Erdenet through to Moron (refer Figure 7).

This Multi-user rail line is designed to transport 20 Mtpa of bulk commodities and 2 Mtpa of general freight and passenger rail in both directions.

The PFS for the Erdenet to Moron railway ('Rail PFS') has been completed and recently approved by the Mongolian Rail Authority as technically feasible and with a general environmental approval for the rail path chosen ('GEIA'). Northern Railways must now complete a detailed Environmental and Social Impact Assessment ('ESIA') through the balance of calendar 2012 to support the rail licence application process. This ESIA will be conducted to meet both World Bank/IFC and European Bank for Reconstruction and Development ('EBRD') standards.

The Rail PFS has determined a cost of US\$1.1bn plus contingencies to build the Erdenet to Moron extension and was prepared by Optimal Projects LLC, a Mongolian Rail Engineering specialist.

Aspire's commercial objectives will be achieved through contractual certainty on capacity allocations up to 12 Mtpa at an agreed tariff pricing structure. Aspire will be a key contributor to Northern Railways as it is fundamental to the realisation of value from the Ovoot Project, however given the commercially attractive returns that this railway can offer debt and equity providers, Aspire anticipates being a minority shareholder of Northern Railways together with specialist financiers.

Northern Railways is in negotiations with potential financiers including multi-lateral groups.

Approvals Status

The Ovoot Project is located on an exploration licence number 13636X. This licence was granted in 2008 and has recently been rolled into a further three year exploration period.

Under current Mongolian laws exploration licences have a nine year life. The Ovoot Project Resources have recently been registered by the Mongolian Resource Authority and the Mining Licence application process has commenced.

View full announcement here:

<http://media.abnnewswire.net/media/en/docs/ASX-AKM-591855.pdf>

About Aspire Mining Limited:

[Aspire Mining Limited](#) (ASX:AKM) owns 100% of the Ovoot Coking Coal Project in northern Mongolia which, in 2010, announced a maiden 330 million tonne resource (93.3mt Measured, 182.4mt Indicated, and 55.0mt Inferred). Aspire is currently targeting resource upgrades at Ovoot, as well as progressing development of key infrastructure including access to rail.

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