Northern Railways Investment Update

- Commenced the first stage of the Bankable Feasibility Study for the Erdenet to Ovoot Rail Project.

- Received an Expression of Interest from China Development Bank to fund up to 75% of the EPC construction cost for the Erdenet to Ovoot Railway.

- Attended tri-lateral ministerial conference in Ulaanbaatar and presented Erdenet to Ovoot Railway as a priority funding project.

- Northern Railway shown to be an efficient path for Sino-European rail based trade.

- Northern Railways LLC and its advisers continue discussions with potential funders of the second stage feasibility study for the Erdenet to Ovoot Railway.

Scoping Study into the Development of the Nuurstei Coking Coal Project Commenced.

- Preliminary pit optimisation modelling using a range of coking coal prices for the Nuurstei Coking Coal Project deposit shows that a large proportion of Nuurstei’s JORC Resource base may report to an economic open pit mine.

- A scoping study has commenced for the Nuurstei Coking Coal Project and the conversion of the exploration license to a mining license has commenced.

Corporate Update

- A US$2m loan for 12 months put in place to fund time critical rail pre-development expenditure through to the March 2017 Quarter.

- Seaborne metallurgical coal prices have increased by more than 200% during 2016 as production restrictions in China and firmer than expected demand has caused supply tightness in the market. Long term price expectations in general have been raised.
Aspire Mining Limited (ASX: AKM, Aspire, or the Company), focussed on the exploration and development of metallurgical coal assets in Mongolia and the rail infrastructure required to bring production from these assets to market, is pleased to present its Quarterly Activities Report to Shareholders for the period ending 30 September 2016.

The Company is the largest coal tenement holder in the Orkhon-Selenge Coal Basin in northern Mongolia. Aspire currently wholly owns the large scale, world class Ovoot Coking Coal Project (Ovoot Project). Through its 50% ownership in the Ekhgoviin Chuluu Joint Venture (ECJV), Aspire also holds an interest in the Nuurstei Coking Coal Project (Nuurstei Project) and the Erdenebulag Coal Project (Erdenebulag Project) in the south.

Northern Railways LLC (Northern Railways), Aspire’s Mongolian rail infrastructure subsidiary, is responsible for activities associated with the construction and commercialisation of the 547 km Erdenet to Ovoot railway in northern Mongolia (Rail Project). The Rail Project is a part of Mongolian Rail Policy and now has been included in the “Northern Rail” Economic Corridor, a new initiative to establish an international economic corridor between China and Russia through Mongolia and supported by all three Governments to facilitate trade between the three nations and the wider Asian and European economies.

Figure 1: Location of Projects and New Economic Corridor
**OVOOT COKING COAL PROJECT (100%)**

The Company continues to focus on progressing the Rail Project to provide an efficient path for Ovoot Project coking coal to reach steel mills in China, Russia and Eastern Europe.

However, in order to meet annual exploration commitments, the Company will conduct a short drilling programme in early November targeting two gravity anomalies identified south of the main Ovoot Project Resource. Planning and contractor sourcing were undertaken in the September 2016 Quarter.

**Ekhgoiin Chuluu Joint Venture (50%, Option to increase to 100%)**

The ECJV is a 50/50 joint venture between Aspire and Singapore listed, Noble Group (SGX: N21, Noble), which is mandated to explore and develop coal assets in Mongolia. Aspire acquired its interest in the ECJV in mid-2014 and has been granted an option by Noble to acquire its 50% stake which expires in March 2017. In the event that the Company exercises its option, Aspire’s interest in the ECJV will move to 100%.

The ECJV currently holds interests in the Nuurstei Project (90%) and the Erdenebulag Project (100%).

The Company released (refer to ASX announcement 13 April 2016) a Nuurstei Project Resource Statement that reported 4.75 Mt in Indicated Resources and 8.1 Mt of Inferred Resources in accordance with the JORC Code 2012. This was based on a report received from McElroy Bryan Geological Services Pty Ltd (“MBGS”), incorporating results of work completed in the 2014 and 2015 exploration drilling programs at the Nuurstei Project.

The Nuurstei Project is located in northern Mongolia and is 10 kilometres south from the Khuvsugul aimag capital of Moron. It also lies in close proximity to a sealed road to the Erdenet connection to the Trans Mongolian Railway. The Nuurstei Project is also well placed to be an early user of the proposed Rail Project to extend the rail from Erdenet to the Ovoot Project and then further northwest to the Russian city of Kyzyl.

The Nuurstei Project is viewed as a low capital cost starter project which could assist with the development of the much larger Ovoot Project which is 160 kilometres further to the west and assist with developing logistical capabilities and market development for coking coals from northern Mongolia.
MBGS are currently developing a plan for additional drilling to both sample additional seams identified in the deposit definition process to increase the proportion of Indicated Resources and to potentially add to the overall deposit base.

**Scoping Study**

The ECJV have agreed to commence a scoping study for the Nuurstei Project.

An international mining contractor with a presence in Mongolia will assist in providing mining costs for a proposed mining schedule.

A logistics provider will provide transport cost estimates along with rail tariffs for delivery onto the Chinese rail system.

Float sink testwork has commenced to assist with preliminary flowsheet design and operating and capital cost estimates.

The Mining License application process is continuing with environmental surveys being undertaken to support a Definitive Environmental Impact Assessment.

It is proposed that the scoping study based on the current deposit will commence before the end of 2016, although due to weather limitations, any further drilling to potentially increase Indicated Resources may not be able to commence until the April/May 2017 Mongolian spring. The scoping study will be finalised after the results of the additional drilling are known and included in an updated geological model.
Coal Quality Observations

Coal sampling and analysis undertaken in late 2015 was of a preliminary nature consistent with the early stage of development of the Nuurstei Project. However, washed coal quality results clearly indicate the widespread presence of a good hard coking coal with excellent plastic properties.

<table>
<thead>
<tr>
<th>Indicative Washed Coal Quality (Air Dried)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Moisture %</td>
</tr>
<tr>
<td>Ash %</td>
</tr>
<tr>
<td>Volatile Matter %</td>
</tr>
<tr>
<td>Total Sulphur %</td>
</tr>
<tr>
<td>Phosphorus %</td>
</tr>
<tr>
<td>Free Swelling Index (FSI)</td>
</tr>
<tr>
<td>Caking Index (“G”)</td>
</tr>
<tr>
<td>Gieseler Fluidity (ddm)</td>
</tr>
<tr>
<td>Max Dilatation %</td>
</tr>
<tr>
<td>Sapozhnikov Index - X mm</td>
</tr>
<tr>
<td>Sapozhnikov Index - Y mm</td>
</tr>
<tr>
<td>Base/Acid ratio</td>
</tr>
<tr>
<td>Vitrinite %</td>
</tr>
<tr>
<td>RoMax</td>
</tr>
</tbody>
</table>

Table 3: Indicative Washed Coal Quality (air dried basis)

A composite sample taken in 2014 provided material for an indicative 7kg Coking Coal Test at the ALS laboratory in Brisbane, Queensland. This sample produced a strong hard coke with a CSR of 67 and a yield of 78%. Based on these carbonisation results, Nuurstei Project coking coal would be considered in the top category of hard coking coals.

The average clean coal results indicate the coal has a potential to realise a blend component of premium hard coking coal. The coal has high reactive content with consequent excellent plastic properties such as FSI, fluidity and dilatation. The coal also has moderately high base elements in ash which act adversely on coke strength.

Further quality work will need to consider drop shatter and wet tumble of large diameter core samples to provide better accuracy on yield and product ash assessment. An evaluation is required to determine the qualities of intermediary plies within the seams of interest that were not analysed in this program as this will impact on overall product yield and to some extent on product quality.

Future Development Scenario

The Nuurstei Project could comprise a shallow multi-seam open pit mining operation with a low strip ratio, particularly in the eastern part of license 13580X. Further drilling work and sample analysis will be needed to improve coal resource categorisation and to complete mine planning. Other coal projects in the area will also be assessed for consolidation.
The ECJV has resolved to apply for a Mining License over the Nuurstei Project which will give the ECJV tenure over the property for 30 years. As part of this work, a hydrogeology assessment and a preliminary economic analysis will be undertaken.

The Nuurstei Project is well positioned to become the first user of the to be constructed Erdenet to Ovoot Rail Project as the line is expected to pass near the Nuurstei Project approximately two years after rail construction begins (refer to the Northern Railways section of this report).

CORPORATE

Acquisition Possibilities in the Coking Coal Market

The Company is actively reviewing acquisition possibilities in the coking coal market. The Company believes that the bottom in the coking coal market was reached in the December 2015 Quarter with structural change on the Chinese supply side helping to improve domestic prices while adding to demand in seaborne markets.

Given the Company’s view that metallurgical coal prices have formed a base, the Company continues to review acquisition opportunities for existing and near production coking coal projects both in Australia and Mongolia in cooperation with a consortium with Asian based funds.

Cash Position

At 30 September 2016, Aspire had A$0.37 million cash at bank and A$1.1m available under a loan facility.

Capital Structure at 30 September 2016:

<table>
<thead>
<tr>
<th>Security</th>
<th>No. on issue</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quoted Ordinary Shares</td>
<td>928,338,306</td>
</tr>
<tr>
<td>Quoted Options</td>
<td>188,862,500</td>
</tr>
<tr>
<td>Unlisted Performance Rights</td>
<td>44,000,000</td>
</tr>
</tbody>
</table>

Interests in mining and exploration tenements at 30 September 2016:

<table>
<thead>
<tr>
<th>Tenement</th>
<th>Location</th>
<th>Attributable Equity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ovoot MV017098 017003X</td>
<td>Mongolia</td>
<td>100% 100%</td>
</tr>
<tr>
<td>Hurimt 14510X 14637X</td>
<td>Mongolia</td>
<td>100% 100%</td>
</tr>
<tr>
<td>Jilchigbulag 12816X</td>
<td>Mongolia</td>
<td>100%</td>
</tr>
<tr>
<td>Myngan 17922X</td>
<td>Mongolia</td>
<td>100%</td>
</tr>
<tr>
<td>Nuurstei (ECJV) 13958X 13580X</td>
<td>Mongolia</td>
<td>45% 45%</td>
</tr>
<tr>
<td>Erdenebulag (ECJV) 18294X 18304X</td>
<td>Mongolia</td>
<td>50% 50%</td>
</tr>
</tbody>
</table>
Group Investment Structure

Aspire Mining Limited (ASX: AKM)

Exploration Projects
- Ovoot Coking Coal Project (100%)
- Jilchigbulag Coal Project (100%)
- Myngan Coal Project (100%)
- ECJV (50%, option to earn 100%)
  - Nuurstei Coking Coal Project (90%)*
  - Erdenebulag Coal Project (100%)*

Infrastructure Investments
- Northern Railways Holdings Limited (90%)
- Northern Railways LLC (100%)

*Ekhgoiin Chuulu Joint Venture assets
*
Mongolian registered Northern Railways LLC is the responsible entity progressing the development of the 547 kilometre Erdenet to Ovoot railway project in northern Mongolia (Rail Project). The Rail Project will be implemented under a private-public-partnership with the Government of Mongolia which has granted Northern Railways the exclusive right to build and operate the Rail Project under the terms agreed within the Concession Agreement executed in August 2015.

Northern Railways LLC is currently owned 90% by Aspire and 10% by the Noble Group.

**First Stage Rail Feasibility Study Underway**

Mongolian metallurgical coal explorer and infrastructure company, Aspire Mining Limited (ASX: AKM, the Company or Aspire), is pleased to announce that it has commenced the First Stage of the Rail Feasibility Study for the Rail Project (First Stage Rail Feasibility Study). The Rail Project forms part of the new Northern Rail Economic Corridor linking China with Russia through Mongolia. The First Stage Rail Feasibility Study is expected to be completed in December 2016.

With inclusion in the New Northern Rail Corridor, the Rail Project becomes a priority funding project for Chinese banks and other funding institutions established to support the infrastructure build out for China’s One Belt One Road Policy. While the First Stage Rail Feasibility Study progresses, Aspire and Northern Railways LLC will be working to complete funding arrangements for both the Final Feasibility Study work and EPC funding for construction of the Rail Project.
Called the “Northern Rail Corridor”, the programme identifies a 3,500km rail path connecting the seaport of Tianjin, China, to the Trans-Siberian Railway at Kuragino, Russia. Approximately 2,100 kilometres of this rail corridor already exists and Aspire’s rail subsidiary, Northern Railways LLC, has been awarded a Rail Concession from the Mongolian Government to build, operate and transfer a 547 kilometre section of the Northern Rail Corridor from Erdenet to Aspire’s Ovoot Project. Northern Railways LLC is owned 90% by Aspire and 10% by the Noble Group.

The Northern Rail Corridor requires the completion of additional rail developments from Erdenet to Ovoot (547 kms) to Arts Suuri (200 kms) to Kyzyl (260 kms) and to Kuragino (410 kms) for a total of 1,414 kms. Each of these rail developments will be subject to identifying their commercial feasibility. Two-way trade freight along this Northern Rail Corridor will provide a long term demand for fast efficient rail freight services.

Figure 3: Erdenet – Ovoot railway forming part of the Northern Rail Corridor from the Chinese Port of Tianjin through Mongolia to Kuragino on the Trans-Siberian Railway

The establishment of this Northern Rail Corridor confirms that the Rail Project has advanced from being a rail connection to a large coking coal project, to now being part of an important new trade infrastructure route.

It is the Company’s understanding that Aspire is the only listed public company with a significant interest in this new rail corridor.
US$2 million Short Term Loan Facility

In the September 2016 Quarter, Quam Capital Limited (the corporate finance arm of Quam Limited, a financial services group listed on the Hong Kong Stock Exchange) secured interim short term funding of US$2m from a group of investors, including substantial shareholders in Aspire, to progress time critical rail pre-development activities on the ground in Mongolia. Funding will enable Aspire’s rail subsidiary, Northern Railways LLC, to complete the First Stage Rail Feasibility Study and environmental survey.

After receiving the First Stage Rail Feasibility Study, should Northern Railways not proceed with the Final Rail Feasibility Study, all source data, engineering drawings and other materials will be provided to Northern Rail on the repayment to China Rail Construction Corporation of its US$1.05m contribution in funding the First Stage Rail Feasibility Study.

The US$2m in funding allows Aspire and Northern Rail the time to identify and complete funding for the balance of rail pre-development activities without diluting the existing shareholder base. Northern Rail has budgeted US$15 million in pre-development expenditure and owner’s costs to bring the Rail Project to completion as part of an EPC funded transaction.

The loan facility is for 12 months at an interest rate of 9% per annum and is drawable in three tranches in August, October and December 2016. In the event that the loan is repaid, the lenders will receive 110% of the face value of the loan. In the event that the loan is not repaid in 12 months, the loan may be converted at the lenders’ option to a royalty of US$1.25\tonne of coking coal sold from the first 10 Mt of Ovoot Project production.

Funding for the second stage of the Rail Feasibility Study and the additional work required for final permitting and approvals continues to be sought by Northern Railways. Discussions with potential financiers for that funding are continuing.

Expression of Interest to Fund from China Development Bank

During the Quarter, the Company announced that NR had received an Expression of Interest to fund up to 75% of the EPC cost of the Rail Project through the provision of a long term debt facility provided to NR.

China Development Bank confirmed that it will provide a non-binding terms sheet after reviewing the First Stage Feasibility Study for the Rail Project, currently being prepared by China Rail Construction Corporation subsidiary, First Design Institute, and due for completion by 31 December 2016.

The non-binding terms sheet is expected to outline a number of conditions precedent, including the raising of sufficient equity capital, provision of suitable security, approvals from the Mongolian Government and the meeting the Rail Project Concession Agreement conditions precedent.

--Ends--
About Aspire Mining Limited
Aspire Mining Limited is listed 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 currently owns a 50% interest in and is the operator of the Ekhgoviin Chuluu Joint Venture (ECJV), and has an option to increase its ownership to 100% of the ECJV. The ECJV owns a 90% interest in the Nuurstei Coking Coal Project (Nuurstei Project). Depending on the further analysis of the results of the 2015 program, future positive economic studies, funding and the grant of necessary approvals and licenses, the Nuurstei Project could commence a road based production operation and access the new Erdenet to Ovoot Railway two years from commencement of its construction.

Aspire is also the owner of the world class Ovoot Coking Coal Project (Ovoot Project) which is the second largest coking coal project by reserves in Mongolia. The Ovoot Project development is dependent on the construction of the Erdenet to Ovoot Railway which is being progressed by Northern Railways LLC (Northern Railways).

Production from the Ovoot Project can coincide with the commissioning of the Erdenet to Ovoot Railway.

About Northern Railways LLC
Northern Railways LLC (Northern Railways) is a Mongolian registered rail infrastructure company mandated to pursue the development of the Erdenet to Ovoot Railway, and is supported by a consortium consisting of Aspire Mining, and subsidiaries of Fortune 500 listed China Railway Construction Corporation – China Railway 20 Bureau Group Corporation (CR20G) and China Railway First Survey & Design Institute (FSDI).

The Erdenet to Ovoot Railway extends 547 km 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 a new Northern Rail Economic Corridor through Mongolia, the subject of a trilateral programme agreed by the governments of China, Russia and Mongolia. This Economic 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 year concession by the Mongolian Government to build and operate the Erdenet to Ovoot Railway. Northern Railways is now progressing negotiations for the required funding for the completion of a bankable feasibility study and other studies necessary to support applications for licences, permits and approvals, and negotiations for the EPC contract.

About Ekhgoviin Chuluu Joint Venture
The Ekhgoviin Chuluu Joint Venture (ECJV) is currently a 50/50 joint venture arrangement between Aspire and Singapore listed Noble Group (SGX: N21, Noble). Aspire is the operator of the ECJV and has an option to purchase Noble’s 50% interest, exercisable by March 2017. The ECJV owns a 90% interest in the Nuurstei Coking Coal Project (Nuurstei Project) located in northern Mongolia and a 100% interest in the Erdenebulag Coal Project located in the South Gobi region of Mongolia.

The close proximity of the Nuurstei Project to existing infrastructure (town, road, rail and services) provides an excellent opportunity to assess the economics of a road-based operation prior to the construction completion of the Erdenet to Ovoot Railway.
Competent Persons Statement – Nuurstei Coking Coal Project

The information in this report that relates to Coal Resources at the Nuurstei Project, is based on information compiled under the supervision of, and reviewed by, the Competent Person, Mr Parbury, who is a full time employee of McElroy Bryan Geological Services, is a Member of the Australasian Institute of Mining and Metallurgy (101430) and who has no conflict of interest with Aspire Mining Limited.

The reporting of Coal Resources for 13580X presented in this report has been carried out in accordance with the ‘Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves’, The JORC Code 2012 Edition prepared by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia (JORC).

Mr Parbury has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 JORC Code. Mr Parbury consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

For more information contact:

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Managing Director