



# ANNUAL REPORT

2022



# CORPORATE INFORMATION

## ASPIRE MINING LIMITED

ABN 46 122 417 243

## DIRECTORS

Mr Achit-Erdene Darambazar (Managing Director)  
Mr David Paull (Non-Executive Chairman)  
Mr Boldbaatar Bat-Amgalan (Non-Executive Director)  
Mr Neil Lithgow (Non-Executive Director)  
Ms Hannah Badenach (Non-Executive Director)

## COMPANY SECRETARY

Mr Philip Rundell

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# CHAIRMAN'S LETTER

## Dear Shareholders,

The global coal markets are currently dislocated with a hard to comprehend premium for thermal coal over hard coking coal. Coking coal is rare and a highly specified high energy containing beneficiated product yet some coking coal brands are trading at half the thermal coal spot price. The values of coal equities have risen to all time highs for producers. There is a massive premium for incumbency.

Meanwhile Aspire's market capitalisation and value has remained static over the year with see through valuation of its 100% owned Ovoot Coking Coal Project, after adjusting for cash holdings, moving in a range of A\$8M – A\$12M over the year. This is for a project with a before tax NPV 10 based on the 2019 Pre Feasibility Study of over US\$800M.

Confidence in Mongolia as an investment destination is on the up. Rio Tinto has confirmed this with the resolution with the Mongolian Government around funding contributions and loan accounts for Oyu Tolgoi and Rio's now recommended US\$3.3B offer to acquire 100% of Turquoise Hill Resources Ltd which owns 67% of the world class Oyu Tolgoi copper mine. Also, for the first time in a while there were IPO listings based on Mongolian resource assets.

Further for the first time in decades, there has been significant advancement in railway construction concentrated in the south of the country but designed to alleviate bottlenecks that will benefit Aspire's Ovoot coking coal travelling south on the Mongolian railway system to Chinese customers.

FEED engineering studies for the Ovoot Project Coal Handling and Preparation Plant and the Erdenet Rail Terminal were all completed in the 2022 financial year.

Road engineering is well advanced with completion expected in late calendar 2022 to support a Definitive Feasibility Study, financing and an investment decision thereafter.

Renewable power and a focus on emissions and water consumption has been a focus on how the Ovoot Project will be developed in a manner that will be a significant net benefit to the local community.

The rewards should be there for shareholders as Aspire moves closer to production. Even given current high coal prices and coal equity values for producers, there is little to no exploration for new coal deposits. What's more, capital for existing coking coal deposits is being re-deployed elsewhere as established jurisdictions in Australia and Canada enact policies that discourage the normal supply response that would follow buoyant markets. This will impact markets for the medium to long term as prices would be expected to remain historically elevated while potential alternative technologies to blast furnace steel production starts to impact demand. Essentially a survivor's premium in the coking coal space which should secure long term returns for shareholders.

I wish to thank our management team and in particular COO Sam Bowles who has done an outstanding job with limited resources while we conserve our cash resources for the future capital development work that we anticipate engaging in the coming year.

**David Paull**

— *Chairman*



**Renewable power** and a **focus on emissions** and **water consumption** has been a focus on how the Ovoot Project will be developed in a manner that will be a **significant net benefit to the local community.**



Listed on the Australian Stock Exchange,  
**Aspire Mining Limited** (ASX : AKM) is a  
coking coal resource development company  
which owns 100% of the Ovoot Coking Coal  
Project and 90% of the Nuurstei Coking  
Coal Project in Mongolia.



# OPERATIONAL OVERVIEW

## STRATEGY

The Company's strategy is to create wealth for shareholders through the development of the metallurgical coal deposit at the Ovoot Coking Coal Project that contains over 280 Mt of JORC 2012 Resources (197 Mt Measured, 72 Mt Indicated and 12 Mt Inferred).

Coking coal is used in the blast furnace process to produce steel. The Company will not produce any thermal coal which is used in power generation.

The Company is focused on developing the Ovoot Project into a long life, world class coking coal mine based on beneficiating the coal at the mine and transporting a higher value washed coking coal product to steel making customers whilst also bringing significant benefits to the local communities.

## OVOOT COKING COAL PROJECT (100%)

The Ovoot Coking Coal Project (Ovoot or Ovoot Project) is a world class coking coal discovery in Northern Mongolia. In August 2012, the Company received a mining license granting a minimum 30 year tenure over the deposit with the opportunity of two 20 year extensions.

The Ovoot Coking Coal Project is based on a relatively low strip ratio, single open cut mine delivering coal to a wash plant on site. The coal has been shown to be high yielding at average yields of over 80% and expected to produce washed coking coal product with 10.5% ash and 10% moisture. There is no thermal coal fraction in production.

This combination of good washing yield, low strip ratio and no thermal fraction makes for a highly competitive mine cost structure with estimated costs established in a 2019 Pre Feasibility Study ("PFS") below US\$100/t delivered into China including import duties and border charges. The Company is now working on a Definitive Feasibility Study that will update the PFS outcomes.





**Figure 1:** Blast Furnace Capacity per China Provinces.  
 Source: Teck Resources Presentation, *Steelmaking Coal Resilience*, 9 May 2022.

As Figure 1 shows, Mongolia is very well located to the largest concentration of blast furnace steel making capacity in the world with over 300 Mtpa and over 65 Mtpa in Hebei and Liaoning provinces respectively which are within 800 kms of the Mongolian border at Erlian.

The Ovoot Project is approximately 600 kms by road from the nearest rail head at Erdenet. From there the coal can be transported both north and south to steel making customers.

In 2019 the Company refocused the Ovoot Project’s development strategy through a Pre Feasibility Study (“PFS”) based on-road transport of washed coking coal to Erdenet, to access rail at a company built terminal.

Strict COVID restrictions made further progress difficult in 2020 and 2021, however these restrictions were eased in late 2021 to allow advancement.

During the 2022 year the Company progressed with activities required for a Definitive Feasibility Study (“DFS”) for the Ovoot Project and a final investment decision by the Board. To advance, key permits (with their conditions) need to be received for activities including infill drilling to better define the starter pit, confirm pit wall angles and therefore the amount of pre-stripping of waste to commence coal mining, and the ongoing amount of waste removal required.

FEED studies have been completed with designs and selected technologies at both the Ovoot Project and the Erdenet Rail terminal. These were chosen to minimise water and power consumption while enclosing stockpiles and coal handling facilities to eliminate dust.

## OVOOT PROJECT CHPP

Sedgman Pty Ltd has completed its FEED studies in relation to the CHPP and mine site materials handling infrastructure.

The CHPP is rated at 350 tonnes per hour of raw coal for up to 7,200 hours per annum over a 20 year life. The flowsheet selected met the Company’s objectives to maximise water and power efficiency and avoid the requirement for a tailings dam. All coal handling and stockpile infrastructure is covered to limit dust emissions and is capable of supporting a future phased expansion.

The capital cost was estimated at US\$77M ( $\pm$  15%) for a 15 month build. This is substantially higher than the PFS estimated, reflecting general inflation pressures and the significantly more robust plant design scope.

Sedgman Pty Ltd prepared Lim simulations to evaluate potential combinations of processing equipment. These simulations considered use of dense media cyclones to treat the coarse fraction, spirals and reflux classifiers for fine fraction, and reflux classifiers and froth flotation for the ultrafine fraction.

Results indicated that the best overall yield would be achieved from a process comprising dense media cyclones for coarse fraction treatment, and reflux classifiers for both fine and ultrafine fraction treatment.

According to the simulation results, the chosen process flowsheet can produce a 10.5% ash (air dried) product, at greater than 80% yield (air dried), whilst achieving total product moisture of less than 11% (as received).

The high yield is possible because of the soft nature of Ovoot coal (Hargrove Grind Index of 100) and the distinctive difference between the specific gravity of the coal versus inherent ash. The energy content within the separated ash is very low, and hence the proposed plant design does not include middling circuits for production of a thermal coal by-product.

By incorporating belt press filters for dewatering of fine and ultrafine tailings, the requirement for raw water to the Coal Processing Plant (CPP) is reduced. Importantly, this enables the dewatered fine and ultrafine tailings to be combined with the coarse tailings for co-disposal in the mine overburden dumps, thus avoiding the requirement for a tailings storage facility (dam).

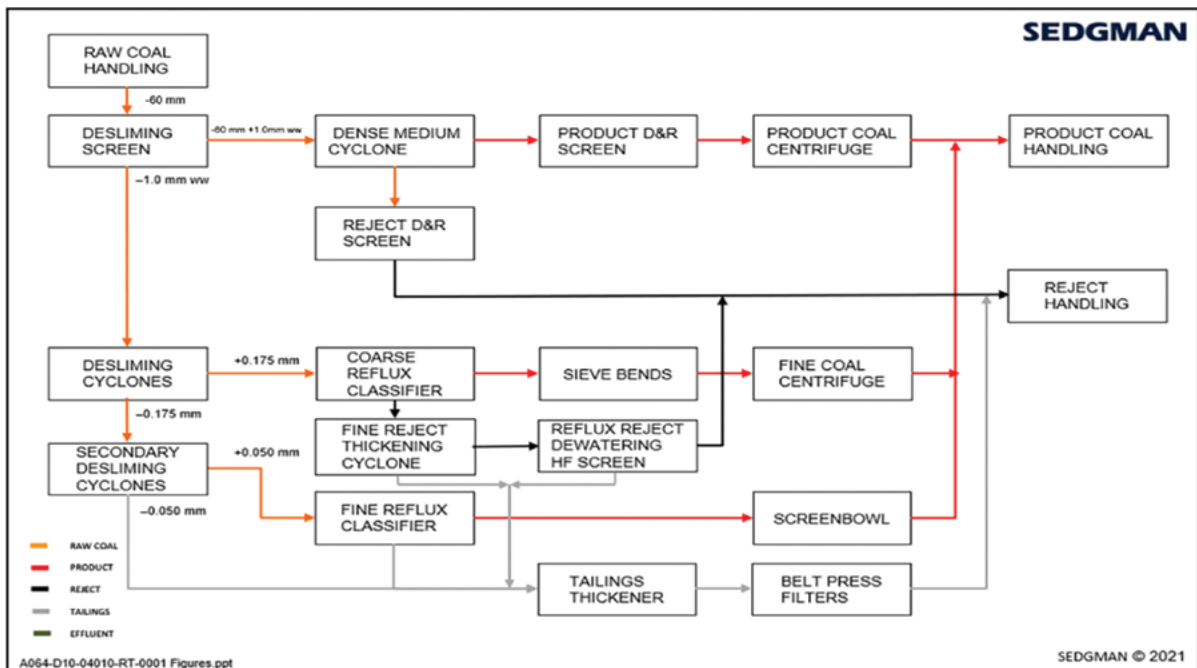


Figure 2: Ovoot CHPP Flowsheet.

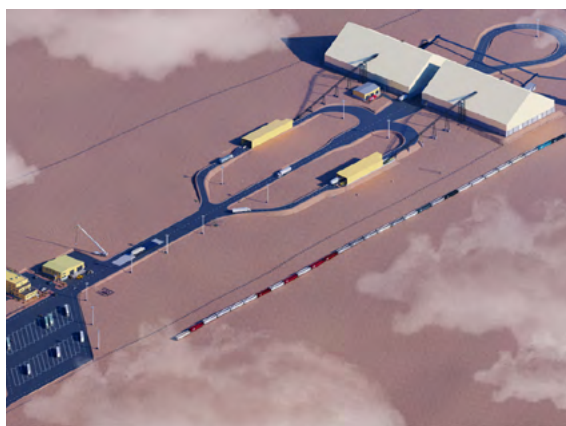
## ERDENET RAIL TERMINAL (ERT) FEED STUDY

O2 Mining LLC was engaged by the Company to conduct a FEED study on the ERT infrastructure.

This infrastructure is intended to facilitate transloading of washed coking coal from road trucks to rail wagons, and the coal handling system incorporates truck unloading, coal storage and train loadout facilities.

The FEED study included conceptual designs for process infrastructure including a train loadout facility of 1,700 tonnes per hour (tph), enclosed storage of 58,500 tonnes and truck unload facility of 750 tph nominal capacities with room for future expansions.

Capital Cost estimate came in at US\$17.7M (+25%/-10%) before trail spur line costs and assuming a full EPC turnkey solution.



**Figure 3:** ERT Conceptual Schematic (inclusive of potential future expansion).

## ROAD CONNECTION FROM OVOOT TO ERDENET

During the year, local engineering consultants, Gobi Infrastructure Partners LLC (GIP) and ICT Sain Consulting LLC (ICT), continued development of the feasibility study and detailed design for the sealed road to be used for hauling washed coking coal from the OCCP to the ERT in compliance with requirements of the Ministry of Road and Transport Development (MRTD).

The feasibility study component has been completed and has been submitted to the Science and Technology Council appointed by the Road and Transport Development Centre for review. Submission of the detailed design follows approval of the feasibility study, which is anticipated to be received before the end of 2022.

The Company will be able to provide an update on pre-construction activities including preparation of a government compliant feasibility study shortly.

## RAIL DEVELOPMENTS TO IMPROVE CHINESE MARKET ACCESS

The 2022 year saw the most significant advances to the Mongolian rail system since it was first established in 1949, specifically focused on improving bulk commodity exports.

On 9 September 2022, the first freight train travelled the 234 km rail connection from the Tavan Tolgoi Coking Coal mine to the Mongolian/China border at Gashuun Sukhait.

This new connection is Mongolia's first 100% owned railway and was developed in combination with the connection east from Tavan Tolgoi to Zuunbayan and Sainshand on the main line. This connection will enable a diversification of avenues to export bulk commodities from Mongolia to China.

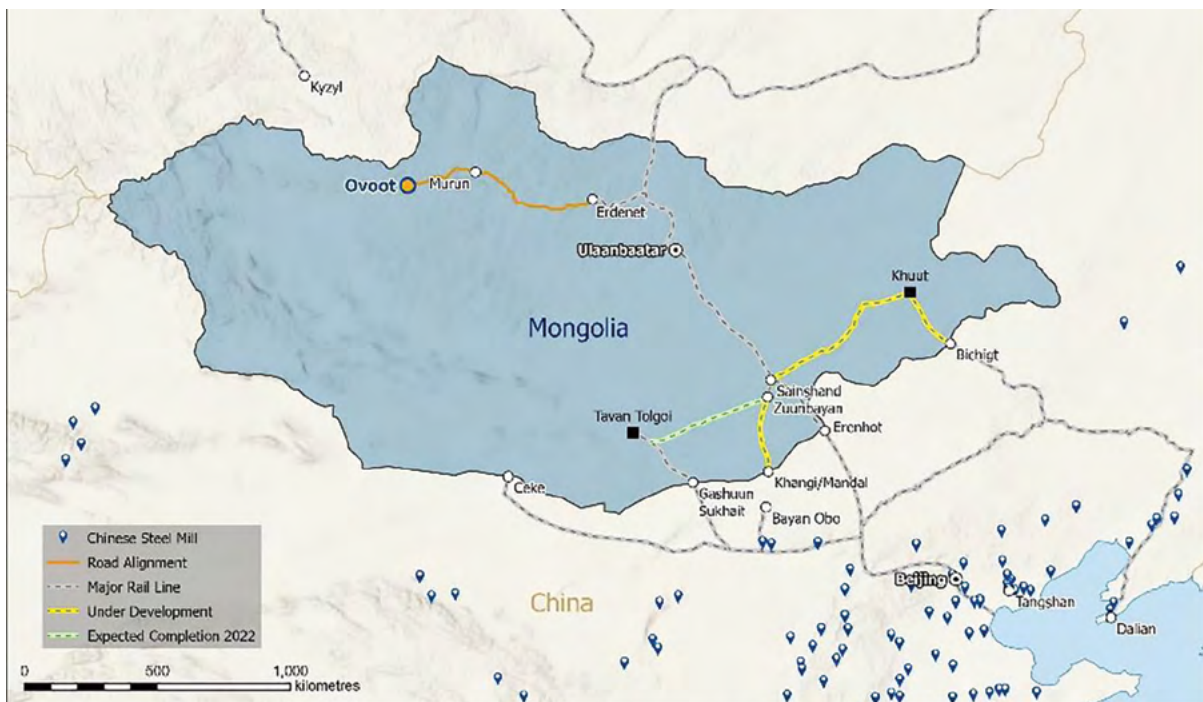
On 2 July 2022, the Prime Minister of Mongolia, L. Oyun-Erdene, announced the development of the 415 km Choibalsan – Khuut – Bichigt railway with construction to commence from the China – Mongolian border post at Bichigt, with an initial target capacity of 25 million tonnes per annum. The border port at Bichigt is expected to be built within two years with funding from Asian Development Bank.

Further, Japanese engineering group Nippon Koei has conducted environmental assessments and preliminary designs for a future Sainshand – Khuut railway, which would integrate the central and eastern rail infrastructure and provide a path for Ovoot coking coal to access the Bichigt border by rail from Erdenet. This has been a long-term goal for the country’s rail strategy.

Gaining access to the Chinese rail system via the Bichigt port presents opportunity to access the high-capacity bulk commodity export port at Dalian and Dandong and to the north-eastern Chinese steel industries in Jilin and Liaoning provinces, which have blast furnace capacities of approximately 11 Mt and 69 Mt respectively. This could significantly diversify Aspire’s potential customer base.



**Figure 4:** The opening ceremony of the Tavan Tolgoi-Gashuun Suhait railway was held on 9 September at Umungovi province, Mongolia. Photo: Twitter.



**Figure 5:** Map of Mongolian Rail Network and Transport connections with Chinese Steel Industry.

## THE COKING COAL MARKET

Ovoot will produce a Fat Coking Coal which is a coal with unique fluidity and plastic properties. These properties are highly valued by steel mills as they enable efficient blending of various coals and improve yields from coke ovens. Given the spotlight on emissions in the Chinese steel industry, coals that improve yields and efficiencies are in high demand.

For the purposes of the 2019 Ovoot Coking Coal Project Pre Feasibility Study (PFS), a flat price of US\$150/t Delivered at Place to the Erlian border for Ovoot “fat” coking coal was used based on a detailed Chinese “fat” coking coal market report completed by Fenwei Energy Information Services Ltd (Fenwei) in December 2018.

Coking Coal prices both in China and seaborne have been elevated over the last 12 months and sit well above the PFS assumed price of US\$150/t delivered into China at Erlian. While steel demand has been relatively flat, the thermal coal market has suffered significant dislocation given the Ukraine – Russian war with spot prices for good quality thermal coal well above coking coal prices. This has seen some reclassification of PCI and semi soft coking coals being blended into the thermal market. The dislocation in the thermal market is expected to continue over the medium term which will be supportive for coking coal prices.

There is also the growing impact on government policy initiatives and the lack of institutional support for a supply response from the coking coal industry to address the price and supply squeeze. Larger players such as BHP and South32 have made decisions to curtail investment in coking coal supply. With no current alternatives to blast furnace steel production given the wide range of iron ore qualities available, large coking coal buyers such as India’s Tata Steel have expressed concerns about future security of supply and publicly urging miners to continue to invest in coking coal.

The supply response from smaller miners will also be muted given that they have fewer funding avenues for new mine capital and there is no investment available for exploration or resource evaluation.

Given a thin cupboard of shovel ready new coking coal developments it is expected that coking coal pricing will remain above long term historical averages for the foreseeable future.

## NUURSTEI COKING COAL PROJECT (90%)

No substantive work was conducted on this Project during the year.

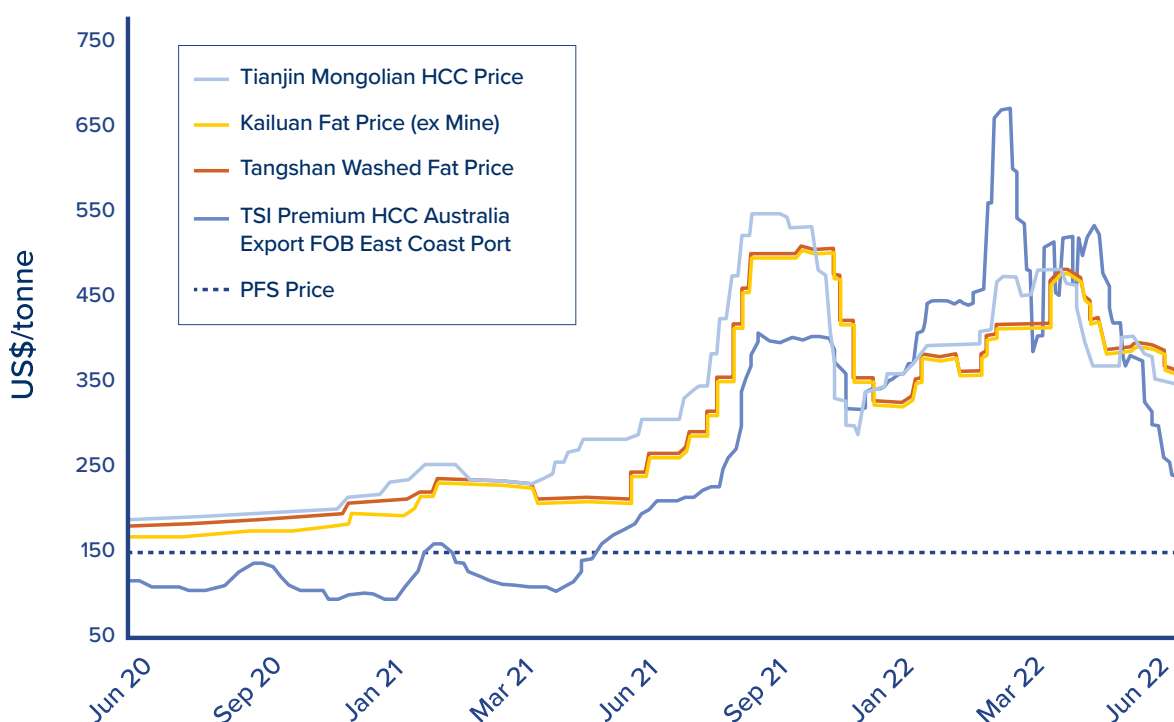


Figure 6: Coking Coal Pricing 2020 - 2022. Source: SX Coal.com, Macquarie Bank.



Ovoot will produce a Fat Coking Coal which is a coal with **unique fluidity and plastic properties**. Given the spotlight on emissions in the Chinese steel industry, **coals that improve yields and efficiencies are in high demand.**



## SUSTAINABLE DEVELOPMENT ACTIVITIES

The Company continues to actively engage with local government and communities within the area of the intended Ovoot Coking Coal Project (OCCP) activities.

The Company is currently in discussions with the Tsetserleg Soum khural (local government council) on advancement of a Community Cooperation Agreement (“CCA”). These are well structured agreements encouraged by the minerals law to ensure there is specific and well targeted benefits from resource development for local communities.

An advisory board is proposed to be established between local leadership and the Company and projects are selected, ranked, approved and funded from a Company-provided pool of funds linked to production. The Company presented the draft CCA to the Tsetserleg Khural at a meeting on 25 July 2022 and will look to have the CCA approved in the near future.

During the year, the Company purchased additional cropping equipment and seed to commence the 2022 “Green Fodder Project”. This is the Company’s most significant investment in its community development programme with last year’s programme assisting over 100 families in the region with heavily discounted, and in some instances, free fodder allocations. This programme has been well received by the local community.

In the March 2022 quarter, the Company committed to planting 10 million trees in alignment with the President of Mongolia’s ‘One Billion Trees’ initiative, which he announced at the COP26 World Leaders Summit in Glasgow, Scotland in November 2021.

The company started tree planting activities on a trial basis, converting a greenhouse on land that the company owned in the Tsetserleg soum into a tree nursery and adding an irrigation system. Planting of seeds for different types of trees, such as poplar, larch and elm has commenced.



Figure 7: Tree nursery in Tsetserleg soum.



## JORC RESERVES & RESOURCES

Deposit	Probable Reserves	Measured Resource	Indicated Resource	Measured + Indicated	Inferred Resource
Ovoot Open Pit <sup>(2)</sup>	247	197.0	46.9	243.9	9.2
Ovoot Underground <sup>(2)</sup>	8	-	25.4	25.4	2.6
Nuurstei <sup>(3)</sup>	-	-	4.8	4.8	8.1
<b>Total</b>	<b>255</b>	<b>197.0</b>	<b>77.1</b>	<b>274.1</b>	<b>19.9</b>

Table 1: JORC Reserves and Resources.

### Notes:

1. Ovoot's Resource and Reserve estimates have been estimated by independent third parties (Xstract Mining Consultants Pty Ltd) and are reported in accordance to the JORC 2012 Code.

2. For full JORC 2012 disclosure in relation to the Ovoot project JORC 2012 Coal Resources and Reserves, refer the Company's Quarterly Report for the period ended 31 December 2013, which is available to view on the Company's website and the ASX Announcements platform. The Company is not aware of any new information or data that materially affects the information included in this December 2013 Quarterly Report. All material assumptions and technical parameters underpinning the estimates in the December 2013 Quarterly Report continue to apply and have not materially changed.

3. Nuurstei's Resource and Reserve estimates have been estimated by independent third parties (McElroy Byran Geological Services) and are reported in accordance to the JORC 2012 Code.

4. The technical information and competent persons statements for the Ovoot Coal Reserves and Resources are reported in the Company's ASX announcements dated 2 November 2012, 31 July 2013 and 30 January 2013 (December 2013 Quarterly Activities Report) which are available to view on the Company's website and the ASX Announcements platform. At this time and other than the information from the CHPP and ERT FEED Studies announced on 19 May 2022 and 17 June 2022 respectively, the Company is not aware of any further new information or data that materially affects the information included in this presentation. The Company is progressing with various other studies and programs for completion of a Definitive Feasibility Study (DFS). On completion, the DFS will identify and report any new information, data or changes to material assumptions used in the Pre-feasibility Study and this presentation.

### **Competent Persons Statement – Ovoot Coking Coal Project**

In accordance with the Australian Securities Exchange requirements, the technical information contained in this announcement in relation to the JORC Code (2012) 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 at Ovoot Project documented in this release are stated in accordance to the JORC Code, 2012. 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, 2012. 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 at Ovoot Project documented in this release are stated in accordance with the guidelines set out in the JORC Code, 2012. 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, 2012. 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.

### **Competent Persons Statement – Nuurstei Coking Coal Project**

The information in this report that relates to Reporting of Coal Resources at 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 (Member #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.

## OVOOT EARLY DEVELOPMENT PROJECT (OEDP)

FMS LLC converted the existing Ovoot Resource Model to Surpac and assumed 5% dilution in the re-blocking exercise for Whittle re-optimisations. FMS then conducted an optimisation based on trucking product to the rail at Erdenet (as opposed to the assumptions and economics of a rail connection from Ovoot to Erdenet) and restricting maximum production to 4 million tonnes per annum being the current available rail capacity from Erdenet to markets. The pit selections produce a steady 4 Mtpa of saleable coal.

The OEDP Reserves for the OEDP have been confirmed as:

Category	Coal Reserve (adb) ROM Mt	Coal Reserve Total Moisture 2.0% arb ROM Mt	ROM Coal (adb) Ash Content %	ROM Coal (adb) CSN
Probable Ore Reserve Ore Open Pit OEDP	36.8	37.6	17.2	7.9
Probable Ore Reserve Open Pit OEDP Plus OEDP Extension	53.8	54.9	18.0	8.5

Table 2: OEDP Reserves

Category	Marketable Coal Reserve Total Moisture 10% arb Mt	Product Specification adb Ash Content %	Product Specifications adb CSN
Probable Product Reserve Ore Open Pit OEDP	32.2	10.5	8.5
Probable Product Reserve Open Pit OEDP Plus OEDP Extension	46.2	10.5	8.5

Table 3: OEDP Marketable Reserves

**Notes:**

1. The technical information and competent persons statements for the OEDP Reserves are reported in the Company's ASX announcements dated 28 February and 1 March 2019 which are available to view on the Company's website & the ASX Announcements Platform.

2. The information contained in this Annual Report in respect to the Ovoot Early Development Plan (OEDP) Extended Case Update to Pre-Feasibility Study (PFS) Mine Plan and Costs, is reported in the ASX announcement released on 11 November 2019. At this time and other than the information from the CHPP and ERT FEED Studies announced on 19 May 2022 and 17 June 2022 respectively, the Company is not aware of any further new information or data that materially affects the information included in this presentation. The Company is progressing with various other studies and programs for completion of a Definitive Feasibility Study (DFS). On completion, the DFS will identify and report any new information, data or changes to material assumptions used in the Pre-feasibility Study and this presentation.

**Competent Persons Statement – Ovoot Early Development Project**

The OEDP Reserves in this release are stated in accordance with the JORC Code, 2012. They are based on information compiled and reviewed by Mr Julien Lawrence who is a Member of the Australasian Institute of Mining and Metallurgy (Member #209746) and is a full-time employee of FMS LLC. He has more than 20 years' experience in the evaluation of coal deposits and the estimation of coal resources. Mr Lawrence 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, 2012. Mr Lawrence has no material interest or entitlement, direct or indirect, in the securities of Aspire Mining Ltd or any companies associated with Aspire Mining Ltd. Fees for work undertaken are on a time and materials basis. Mr Lawrence consents to the inclusions of the OEDP Reserves based on his information in the form and context in which it appears.

The Ovoot Project, being relatively close to the Chinese Steel industry has certain advantages in terms of greenhouse emissions from transport, with **over 70% of the transport distance being undertaken by rail.**



# EMISSIONS

## IDENTIFYING THEN MITIGATING EMISSIONS

The Ovoot Coking Coal Project will create Scope 1 and 2 emissions. The objective of the Ovoot Project is to be able to present a washed coking coal product to customers with below average Scope 1 and 2 greenhouse gas emissions per tonne of product. The Company has engaged a consultant to conduct an audit of greenhouse gas emissions as a base line from which reduction targets will be formulated.

The Ovoot Project, being relatively close to the Chinese Steel industry has certain advantages in terms of greenhouse emissions from transport, with over 70% of the transport distance being undertaken by rail.

The Company engaged local Mongolian consultancy Terra Nova LLC to map out a strategy to minimise emissions and maximise renewable power sources.

## MINE SITE POWER

The Ovoot Coking Coal Project is expected to rely on a combination of renewable power, battery and grid connectivity. The CHPP and materials handling infrastructure requires a consistent 5 MW draw. It is envisaged that a combination of solar and wind combined with a grid connection will be required to support the mine's initial power needs. The grid connection is powered from existing coal fired power stations however a major solar power project has been approved to support the grid, which will improve the grid emissions balance.

In order to properly understand the potential for renewable resources in the Ovoot area, Terra Nova has identified areas with strong wind and solar resource potential in and around the Tsetserleg soum where the mine is located. These locations will require more specific solar and wind monitoring data to optimise positioning.

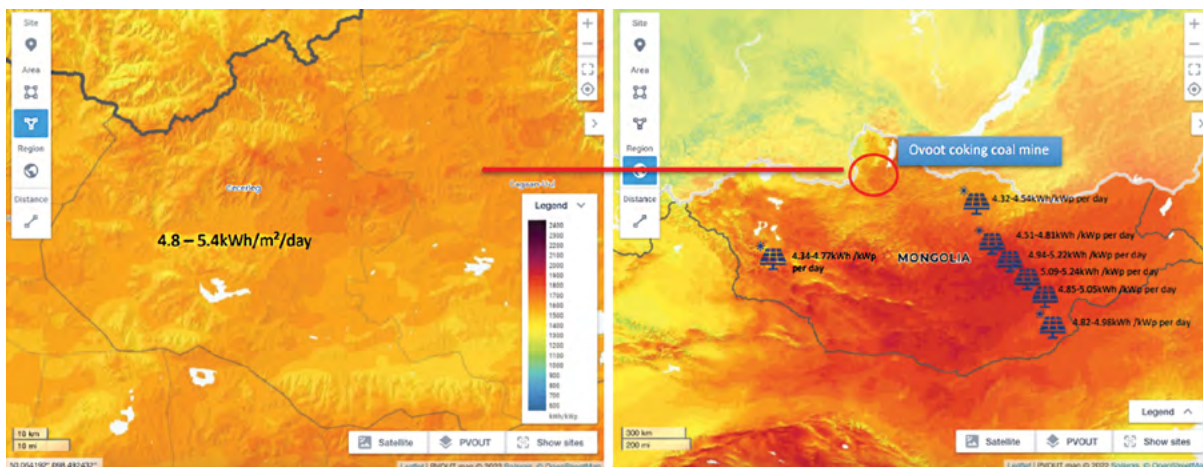


Figure 8: Map of solar energy per sqm in Tsetserleg and as compared with establishes solar farm locations.

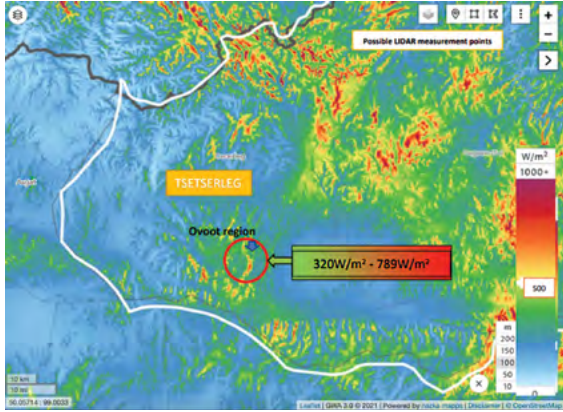


Figure 9: High wind resource potential in Tsetserleg Soum.

In the Tsetserleg soum of Khuvsgul province, specific photovoltaic power output is on average 4.8–5.4 kWh/m<sup>2</sup> per day. In comparison, all seven solar power plants that operate in Mongolia are installed on areas with an average specific output of 4.29–5.24 kWh per day. These averages however can vary widely depending on location.

Measurements using a pyranometer are needed to determine the full potential of solar power near the Ovoot Project.

Suitable locations for wind turbines near the Ovoot Project have a mean power density for the highest 10% windiest area in the selected region between 643 W/m<sup>2</sup> at 50 m and 746 W/m<sup>2</sup> at 100 m height and wind speeds are between 8.31 m/s – 9.25 m/s. These are averages and can vary materially however, high yielding wind turbines usually perform well when average wind speeds are in excess of 7.5 m/s.

Wind and solar yields will provide the information to optimise the relative size of each renewable power resource.

## TRUCKING EMISSIONS

The Company needs to truck washed Ovoot coking coal approximately 600 km from the Ovoot Project to the Erdenet Rail Terminal.

In evaluating the various truck and trailer combinations, there was a clear focus on minimising diesel consumption and therefore emissions with efficient Euro 4 specified prime movers identified.

The Company is further looking at how these diesel powered vehicles can be replaced over time with no or low emissions vehicles. The regular 600 km trucking route makes it suitable for trialling new transport technologies using fuel cell electric vehicles (FCEV) with hydrogen being produced locally, using FCEV local high quality renewable resources.

The Company has identified a FCEV provider that provides a fuel cell power train comparable to the performance of the Euro 4 diesel powered prime movers which are planned to be used. Through trials and careful integration, the Company believes that it can be an early adopter of these technologies.

## MINE METHANE EMISSIONS

Exposure of coal seams usually leads to release of green house gases when the coal is exposed in situ. When drilling out the Upper and Lower seams of the Ovoot Project there were no difficulties in drilling through cavities or recorded gas concentrations. The infill drilling around the starter pit for the project will have gas monitoring equipment to be able to quantify the amount of gas release. These results will be accounted for in the Company's emissions disclosures.

These coal seam gas emissions will be mitigated through managing coal seam exposures in mine planning. The operation will benefit from the relatively shallow nature and the fact that the Ovoot coal being in the mid-volatile category is relatively well transformed, with no high volatile coal seams in the resource.



Figure 10: Indicative Euro 4 Prime Mover.



The regular 600 km trucking route makes it suitable for **trailing new transport technologies** using fuel cell electric vehicles with hydrogen being produced locally, **using the local high quality renewable resources.**





The Company has also pledged to plant **10 million trees by 2030** as part of the Mongolian President's commitment to see **one billion trees planted across the country by 2030.**



# COMMUNITY RELATIONS

## ENVIRONMENT SOCIAL GOVERNANCE

The Company is guided by the United Nations Sustainability Development Goals in establishing its Environment Social Governance (“ESG”) framework to provide a level of transparency and accountability for its operations and activities.

In 2021, the Company issued its inaugural Environmental Social Governance (“ESG”) Report. This report can be found on our web site at [www.aspiremininglimited.com](http://www.aspiremininglimited.com).

Due to continuing delays in achieving the necessary permits, the nature of the Company’s activities have not changed over the year with limited site based activity. Nevertheless while planning for operations, the Company has kept its Sustainable Development Goals front of mind.

Aspire is majority Mongolian owned and plans to establish a coal mining operation using the best available technologies and practices.” A key value for the Company is “Respect” and is applied across all areas of the Company’s activities.

## RESPECT



For the environment, with investment in sustainable energy sources for a secure future



For the local culture, with support initiatives to enable herders to maintain their lifestyle



For the land and water, where we seek to mitigate impacts at all levels of activities



For the people of the region, providing meaningful employment, education, training and health and well-being initiatives



For local laws and regulations, where we seek to exceed expectations as a minimum standard

## RESPECTING THE ENVIRONMENT

As part of the Company's proposed Environmental Management Plan, it has agreed to acquire and revegetate an area twice the size of the mining license covering the Ovoot Project area.

In addition to the above the Company has also pledged to plant 10 million trees by 2030 as part of the Mongolian President's commitment to see one billion trees planted across the country by 2030. The Company's commitment represents half of the commitment from the entire Khuvsgul aimag. The Company has already established irrigated green houses in the Tsetserleg soum for seedling growth with plans to expand from there.

Further the Company has been investigating renewable power options for minesite power requirements with a view that they could be expanded to include renewable power for onsite mobile equipment and eventually road transport vehicles (see separate section on Emissions).

In the design of the CHPP at the Ovoot Project the Company provided a specific brief to Sedgman Pty Ltd, the FEED engineers, to minimise water and power usage. Hence the use of reflux classifiers to recover fine coal without the need for floatation (which would otherwise introduce chemicals to the process) and removes the need for a tailings dam. The process will use a filter press to maximise the recovery of water from the process.

The Company has also selected coal handling infrastructure that reduces the amount of mobile loading equipment involved, reducing dust and diesel consumption. Stockpiles are all covered on site to reduce dust emissions.

The Company has chosen a coal washing plant design that does not need a flotation process removing the need for chemical reagents and a belt filter that saves water and removes the need for a tailings dam.

## BUILDING OUR SOCIAL LICENSE TO OPERATE

### SUPPORTING THE LOCAL ECONOMY

Animal husbandry is by far the largest existing industry in the local soum area of Tsetserleg and the wider Khuvsgul region. This industry faces continuing difficulties with harsh winters, unregulated herd sizes and costly transport costs to markets.

The major project for both the 2021 and now 2022 years is the planting of 200 ha of animal feed crops over the summer growing season. This is part of a larger plan to expand feed lots to improve the health and wellbeing of livestock through the long winters to support the foundation of a local dairy and meat industry. The feed is sold at discounts to local prices, particularly to herders in and around the area.



The programme has acquired a tractor and other equipment for the purpose of this project and has applied for Asian Development Bank support to substantially expand the feed lot exercise to benefit a wider community.

Prior to the Ovoot Project development, the Company will enter into a “Community Development Agreement” (CDA) which will outline the Company’s priorities in relation to social investment in the Soum and its financial contributions. These investments will be guided by the UN sustainability goals with particular emphasis on health, education and capacity building. The CDA will establish a committee of four soum representatives and three from the Company who will decide on where the Community Development Fund will focus its activities.

With the green fodder project ongoing and hopefully expanding, potential projects around capacity building will include dairy and meat processing plants to add value to agricultural products from the region.

The development of the Ovoot to Murun road by the Company will be of great local benefit and allow for the transport of organically produced agricultural products to the central markets of Murun and potentially other centres in Mongolia.



Figure 11: Planting underway in June 2022.



## EMPLOYMENT

The Company will focus on employment of local workers and will look to provide technical training for equipment operators to build local capacity. The Company has established a training partnership with the Erdenet Technical college to assist.

The project will create more than 1,000 direct jobs and another 2,000 to 3,000 indirect jobs. The Company will provide training and Tsetserleg soum residents will be priority hires within the framework of the Cooperation Agreement with the Community.

## GOVERNANCE

In June 2019 the Company signed on to a Voluntary Code of Practice on Responsible Mining, along with other leading Mongolian mining companies. The Code was developed by the Ministry for Mining and Heavy Industry and the Mongolian National Mining Association.

The stated objective of the Code is to promote, introduce and pursue good standards of responsible mining in the Mongolian Mining sector and cooperate towards sustainable development of the sector.

The Code places a high emphasis on transparency and accountability, much of which the Company already maintains due to its observance of ASX listing rules, as well as environmental protections.

In order to support Governance, the Company's Board has established a number of sub committees relating to finance, technical, remuneration and audit and risk. These have been populated based on largely existing governance best practice and recommended by ASX guidelines to ensure separation of duties, accountability and Board oversight independent of management. With COVID restrictions the ability to freely travel in and out of Mongolia only became possible in the last quarter of the 2022 financial year, which presented challenges to the Board and Management. The Company has also been conserving cash while awaiting permits necessary to continue with development activities.





The project will **create more than 1,000 direct jobs** and another **2,000 to 3,000 indirect jobs**. The company will provide training and Tsetserleg soum residents will be priority hires **within the framework of the Cooperation Agreement with the Community**.

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**Aspire Mining Limited**

ABN 46 122 417 243

**Annual Financial Report**

**30 June 2022**



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## CORPORATE INFORMATION

### ABN 46 122 417 243

#### Directors

Mr David Paull (Non-Executive Chairman)  
Mr Achit-Erdene Darambazar (Managing Director)  
Mr Boldbaatar Bat-Amgalan (Non-Executive Director)  
Mr Neil Lithgow (Non-Executive Director)  
Ms Hannah Badenach (Non-Executive Director)

#### Company secretary

Mr Philip Rundell

#### Registered office

Level 9, 190 St Georges Terrace,  
PERTH WA, 6000  
AUSTRALIA

Telephone: (08) 9287 4555  
Email: [info@aspiremininglimited.com](mailto:info@aspiremininglimited.com)

#### Principal place of business

AUSTRALIA  
Level 9, 190 St Georges Terrace,  
PERTH WA 6000

MONGOLIA  
Chingeltei District, 1<sup>st</sup> Khoroo  
Baga Toiruu-17  
JJ Tower, 9<sup>th</sup> Floor  
ULAANBAATAR 15170

#### Share Register

Automic Group  
Level 5, 191 St Georges Terrace,  
PERTH WA 6000  
AUSTRALIA

Telephone: 1300 288 664

#### Solicitors

Corrs Chambers Westgarth Lawyers  
Level 6, Brookfield Place Tower 2,  
123 St Georges Terrace  
PERTH WA 6000

#### Bankers

National Australia Bank  
Ground Floor, 100 St Georges Terrace,  
PERTH WA 6000

#### Auditors

HLB Mann Judd (WA Partnership)  
Level 4, 130 Stirling Street  
PERTH WA 6000

KPMG  
#602, Blue Sky Tower, Peace Avenue 17,  
1 Khoroo Sukhbaatar District  
ULAANBAATAR 14240 MONGOLIA

#### Securities Exchange Listing

AKM

#### Website

[www.aspiremininglimited.com](http://www.aspiremininglimited.com)

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## DIRECTORS' REPORT

Your Directors submit the annual financial report of the Group consisting of Aspire Mining Limited ("Aspire" or "Company") and the entities it controlled during the financial year ended 30 June 2022. In order to comply with the provisions of the *Corporations Act 2001*, the Directors report as follows:

### Directors

The names of Directors who held office during or since the end of the year and until the date of this report are as follows.

Mr David Paull	Non-Executive Chairman
Mr Achit-Erdene Darambazar	Managing Director
Mr Boldbaatar Bat-Amgalan	Non-Executive Director
Mr Neil Lithgow	Non-Executive Director
Ms Hannah Badenach	Non-Executive Director

### Names, qualifications, experience and special responsibilities

#### Mr David Paull

##### Non-Executive Chairman

**Qualifications:** B.Com, FSIA, MBA (Cornell)

Mr Paull has over 30 years' experience in resource business development and industrial minerals marketing. He was appointed Managing Director on 1 July 2010, after being involved in the recapitalisation of the Company and redirection to targeting Mongolian coking coal assets.

Mr Paull was appointed as Executive Director of the Company on 12 February 2010. With the retirement of the Non-Executive Chairman in March 2018, Mr Paull became the Executive Chairman. With the appointment of Mr Achit-Erdene Darambazar on 5 December 2019, Mr Paull transitioned to Non-Executive Chairman and Non-Executive Director on the 15 March 2020.

Mr Paull has had no other listed public company directorships in the last three years.

#### Mr Achit-Erdene Darambazar

##### Managing Director

Mr Achit-Erdene Darambazar was appointed Executive Director on 7 December 2018 and Managing Director on 5 December 2019.

He is President and CEO of Mongolian International Capital Corporation LLC (MICC), a leading Mongolian investment banking firm and the first investment advisory, stock underwriting and brokerage firm in Mongolia.

He acted as lead advisor for the first bond offerings on the local stock exchange by major Mongolian companies, MCS and Gobi Corporation. He has also advised on a number of high profile transactions in Mongolia, including the privatisation of the Trade and Development Bank of Mongolia and Agricultural Bank.

Mr. Darambazar has completed a Masters degree in International Relations from Columbia University and holds a Bachelors degree from Middlebury College.

Mr Darambazar has held no other listed public company directorships in the last three years.

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## **DIRECTORS' REPORT (continued)**

### **Names, qualifications, experience and special responsibilities (continued)**

#### **Mr Boldbaatar Bat-Amgalan Non-Executive Director**

Mr Boldbaatar Bat-Amgalan was appointed as a Non-Executive Director on 7 December 2018. He has had senior roles in public relations and publishing and was previously a director of Erdenet Mining Company. He also previously held senior roles in the Government of Mongolia, including the State Secretary for the Ministry of Foreign Affairs, and Chairman of the Communication Regulatory Commission.

Mr Bat-Amgalan has had no other listed public company directorships in the last three years.

#### **Mr Neil Lithgow Non-Executive Director**

**Qualifications :** MSc, M.AusIMM

Mr Lithgow was appointed as a Non-Executive Director on 12 February 2010. He is a geologist by profession with over 30 years' experience in mineral exploration, economics and mining feasibility studies, covering base metals, coal, iron ore and gold. He is also a member of the Australian Institute of Mining and Metallurgy.

Mr Lithgow has previously worked for Aquila Resources Limited and Eagle Mining Corporation NL and is currently a Non-Executive Director of Australian Silica Quartz Group Ltd (previously Bauxite Resources Limited, appointed on the 15 May 2006).

Mr Lithgow has had no other listed public company directorships in the last three years.

#### **Ms Hannah Badenach Non-Executive Director Qualifications: BA, LLB (Hons)**

Ms Badenach was appointed as a Non-Executive Director on 18 April 2013. She is currently Executive Director Mongolia & Base Metals, Noble Resources Trading Holdings Limited.

Ms Badenach is a lawyer, having practiced law for several years in Asia, including two years in Mongolia, starting in 2004 with Lynch & Mahoney. Ms Badenach has experience in management and development within Mongolia. Ms Badenach was Managing Director of QGX Mongol LLC from 2006, where Ms Badenach was responsible for the general management of the company until it was sold in 2008.

Ms Badenach holds a Bachelor of Laws (Hons) and a Bachelor of Arts from the University of Tasmania.

Ms Badenach was a Director of ASX listed and Mongolian focussed explorer, Xanadu Mines Limited from the 4 October 2011 to 1 November 2019. Ms Badenach has had no other listed public company directorships in the last three years.

#### **Company Secretary Mr Philip Rundell Company Secretary Qualifications: Dip BS (Accounting) CA**

Mr Rundell has had over 25 years' experience as a Partner and Director of Coopers & Lybrand and Ferrier Hodgson, respectively, specialising in company reconstructions and corporate recovery. Mr Rundell has provided management accounting and company secretarial services over the last 13 years to a number of listed companies.

## DIRECTORS' REPORT (continued)

### Interests in the Shares and Options of the Company and Related Bodies Corporate

As at the date of this report, the relevant interests of the current Directors in shares, options and rights of the Company are as follows:

Directors	Number of fully paid ordinary shares	Number of options over ordinary shares	Number of performance rights over ordinary shares
Mr Achit-Erdene Darambazar	-	-	2,500,000
Mr David Paull <sup>1</sup>	2,705,280	-	750,000
Mr Boldbaatar Bat-Amgalan	-	-	500,000
Mr Neil Lithgow	23,727,851	-	500,000
Ms Hannah Badenach	1,095,392	-	-

<sup>1</sup>Mr David Paull is a Director of Kingsland Corporate Pty Ltd (formerly 2R's Pty Ltd) which is a beneficial owner of 2,073,680 ordinary shares. Mr David Paull is also a Director and shareholder of Paulkiner Pty Ltd, which is a beneficial owner of 631,600 ordinary shares.

During the financial year 4,250,000 performance rights were granted to Directors of the Company as part of remuneration and with shareholder approval. No performance rights were granted in the previous financial year.

There are no unpaid amounts on the shares issued.

At the date of this report, there are no unissued ordinary shares of the Company under option.

### Dividends

No dividends have been paid or declared since the start of the financial year and the Directors do not recommend the payment of a dividend in respect of the financial year.

### Principal Activities

The principal activity of the Group during the year was progression for the approvals and studies towards the development of the Ovoot Coking Coal Project (Ovoot Project).

### Review of Operations

Aspire is focused on the exploration and eventual development of metallurgical coal assets in Mongolia. Aspire owns:

- (a) a 100% interest in the large scale, world class Ovoot Coking Coal Project; and
- (b) a 90% interest in the Nuurstei Coking Coal Project.

During the period, activity in advancing the Ovoot Project was impacted by the Mongolian Government imposed travel and meeting restrictions in response to COVID-19. Notwithstanding, during the second half of the year, the Company completed or progressed the following important project steps:

- The Coal Handling and Preparation Plant FEED Study was completed with design selection and capital and operating expenditures estimated. This involved a trade-off analysis of different concepts and available technologies. Sustainability and the environment were key priorities in assessing the technologies to be employed with bespoke designs prepared to facilitate control of dust at locations including raw coal delivery and washed coal storage and collection. Local companies were engaged to input into specialist areas including electrical and HVAC design.
- The Erdenet Rail Terminal FEED Study was also completed with the selection and design drawings of materials handling (coal truck unloading, coal storage and train loading), supporting commercial and residential facilities that are scalable and mitigate any environmental impacts. Capital and operating costs were refined in readiness for input into the DFS financial modelling.

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## **DIRECTORS' REPORT (continued)**

### **Review of Operations (continued)**

- With letters of support for the road alignment from local communities, road studies and design progressed with completion of topographic, geological, hydrological, and archaeological surveys along the planned route. Tractor-trailer simulation works were undertaken to refine equipment selection and operating cost estimation. The road study and detailed design has been lodged with the Ministry of Roads and Transportation for comment and approval.
- The Company continued its engagement with the local community and successfully held the community meetings to present and discuss the Detailed Environmental Impact Assessment (DEIA). The DEIA has received support from a majority of the community and the minutes of the community meetings included with the DEIA report now lodged with Ministry of Nature, Environment and Tourism for assessment and the approval required to progress site-based activities.
- The Company continued to proactively engage with its local community program to support local herders, healthcare and education. The animal feed program has been successful in providing feed to local herders.

### **Review of financial conditions**

At balance date, the Group had \$31,990,463 (2021: \$34,173,866) in cash assets.

The cash will be sufficient to meet required community relations activities, approvals, permits and evaluation activities to advance towards development of the Ovoot Project.

Further raisings or other means of funding will be required for the capital infrastructure requirements for full development of the Ovoot Project and the associated haul road.

### **Operating results for the year**

The Group reports an operating profit after tax of \$422,111 for the year ended 30 June 2022 (2021: Loss \$5,176,364). The Group holds the majority of its cash in USD (US\$21.99 million at 30 June 2022) and the net profit is due to a material foreign exchange gain.

### **Significant changes in the state of affairs**

Since the previous Annual Financial Report and during the financial year there has been no significant change in the state of affairs of the Group.

### **Significant events after balance date**

There has not been any material matter or circumstance that has arisen after balance date that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial periods.

### **Likely developments and expected results**

The Group will continue with activities towards meeting its objective of developing the Ovoot Project into production at the earliest opportunity.

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## **DIRECTORS' REPORT (continued)**

### **Risk management**

The Board is responsible for ensuring that risks are identified on a timely basis and that activities are aligned with the risks identified by the Board. The Group believes that it is crucial for all Board members to be a part of this process and as such the Board has not established a separate risk management committee. The Board has a number of mechanisms in place to ensure that management's objectives and activities are aligned with the risks identified by the Board. These include the Board approval of strategic plans which includes initiatives designed to meet stakeholder needs and expectations and to manage business risk, and the implementation of Board approved operating plans and budgets and Board monitoring of progress against these budgets.

The key risks in developing the Ovoot Project are

- obtaining the permits, approvals and financing against the general negativity towards the coal industry. Post COVID-19 economic stimulus and a restricted supply response is expected to keep steel demand high over the short to medium term supporting coking coal prices;
- the ability to recruit the required in-country and/or ex-pat personnel with the technical and financial experience to develop, operate and administer the Ovoot Project; and
- access to road and rail to transport washed coal to customers.

### **Corporate governance**

Details of the Company's Corporate Governance policies are contained within the Corporate Governance Plan adopted by the Board. The Corporate Governance Statement for the year ended 30 June 2021 can be found on the Company's website at [www.aspiremininglimited.com](http://www.aspiremininglimited.com). The Corporate Governance Statement for the year ended 30 June 2022 will be available on the Company's website and the ASX announcements platform following lodgement with the Company's Annual Report in October 2022.

### **Environmental legislation**

The Company is subject to significant environmental and monitoring requirements in respect of its natural resources exploration activities. The Directors are not aware of any material breaches of these requirements during the year.

### **Indemnification and insurance of Directors and Officers**

The Company has agreed to indemnify all the Directors and Officers of the Group for any liabilities to another person (other than the Group or related bodies corporate) that may arise from their position as Directors or Officers of the Company and its controlled entities, except where the liability arises out of conduct involving a lack of good faith. During the financial year the Company paid a premium in respect of a contract insuring the Directors and Officers of the Company and its controlled entities against any liability incurred in the course of their duties to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium. The Company has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the Company or of any related body corporate against a liability incurred as such an officer or auditor.

### **Remuneration Report (audited)**

This report outlines the remuneration arrangements in place for the Key Management Personnel of the Company and its controlled entities for the financial year ended 30 June 2022, as follows:

Mr David Paull	Non-Executive Chairman
Mr Achit-Erdene Darambazar	Executive Director
Mr Boldbaatar Bat-Amgalan	Non-Executive Director
Mr Neil Lithgow	Non-Executive Director
Ms Hannah Badenach	Non-Executive Director
Mr Samuel Bowles	Chief Operating Officer

## DIRECTORS' REPORT (continued)

### Remuneration Report (audited) (continued)

#### *Remuneration philosophy*

The performance of the Group depends upon the quality of the Directors and executives. The philosophy of the Group in determining remuneration levels is to set competitive remuneration packages to attract and retain high calibre executive; link executive rewards to shareholder value creation; and establish appropriate performance hurdles for variable executive remuneration.

In considering the Group's performance and returns on shareholder wealth, the Board has regard to the following indicators of performance in respect of the current financial year and the previous four financial years:

	2022	2021	2020	2019	2018
	\$	\$	\$	\$	\$
Revenue	51,855	175,854	425,330	325,741	216,309
Net profit/(loss) after tax	422,111	(5,176,364)	(5,488,200)	(6,200,307)	(6,980,272)
Basic profit/(loss) \$ per share	0.0080	(0.0102)	(0.0126)	(0.020) <sup>1</sup>	(0.035) <sup>1</sup>
Share price at year-end	0.08	0.07	0.08	0.16 <sup>1</sup>	0.22 <sup>1</sup>

<sup>1</sup>Post a securities consolidation completed on 5 December 2019. 2019 and prior years restated assuming 1:10 consolidation applied.

#### *Remuneration committee*

The Remuneration Committee of the Board of Directors is responsible for determining and reviewing compensation arrangements for the Director and the senior management team. A Remuneration Committee was reformed in September 2018 and its current members are Messrs David Paull, Neil Lithgow and Ms Hannah Badenach.

The Remuneration Committee assesses the appropriateness of the nature and amount of remuneration of Directors and senior executives on a periodic basis by reference to relevant employment market conditions with an overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and executive team.

#### *Remuneration structure*

In accordance with best practice Corporate Governance, the structure of Non-Executive Directors and executive remuneration is separate and distinct.

#### *Non-Executive Director Remuneration*

The Board seeks to set aggregate remuneration at a level that provides the Group with the ability to attract and retain Directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders. The ASX Listing Rules specify that the aggregate remuneration of Non-Executive Directors shall be determined from time to time by a general meeting. The latest determination was at the General Meeting held on 19 August 2011 when shareholders approved an aggregate remuneration for Non-Executive Directors of up to \$600,000 per year.

If and when applicable, the Board may consider advice from external consultants as well as the fees paid to Non-Executive Directors of comparable companies when undertaking the annual remuneration review process. No external consultants were engaged during the 2022 financial year.

Each Director is entitled to receive a fee for being a Director of the Company. The remuneration of the Non-Executive Chair has been set at \$70,000 per annum and other Non-Executive Directors at \$60,000 per annum. This level of remuneration was reviewed and agreed by the Board following recommendations from the Remuneration Committee.



## **DIRECTORS' REPORT (continued)**

### **Remuneration Report (audited) (continued)**

The remuneration of Non-Executive Directors for the year ended 30 June 2022 is detailed in the Remuneration of Key Management Personnel section of this report in Table 1. Following shareholder approvals, performance rights have been issued to Non-Executive Directors or their nominees.

Following approval at the 2021 Annual General Meeting, performance rights were issued to Non-executive Directors (and the Executive Director and Chief Operating Officer - see Table 3) to vest in two tranches on achievement of the following milestones:

- Class A performance rights shall vest when the Company has announced that it has secured total funding for the Ovoot Project in Mongolia construction commencement.
- Class B performance rights shall vest when the Company has announced that commercial production has commenced at the Ovoot Project within 18 months of construction commencement.

#### *Senior manager and executive Director Remuneration*

Remuneration consists of fixed remuneration and performance rights (as determined from time to time).

#### *Fixed Remuneration*

Fixed remuneration is reviewed periodically by the Remuneration Committee or the Board. The process consists of a review of relevant comparative remuneration in the market and internally and where appropriate, external advice on policies and practices. The Committee and the Board has access to external, independent advice where necessary.

Fixed remuneration is paid in the form of cash payments. The fixed remuneration component of the Group and the Company executive is detailed in Table 1.

#### *Employment Contracts*

The Company had a Consultancy Agreement with Kingsland Corporate Pty Ltd (formerly 2R's Pty Ltd), a company associated with Mr David Paull (Agreement), from 1 July 2010 until terminated when Mr Paull transitioned to Non-Executive Chairman in March 2020. The Kingsland Corporate Pty Ltd Services Agreement contained standard termination provisions under which the Group made a payment to Kingsland Corporate Pty Ltd in lieu of termination of the Consultancy Agreement with Kingsland Corporate Pty Ltd. Kingsland Corporate Pty Ltd is now remunerated at A\$70,000 per annum for providing the services of Mr David Paull as Non-Executive Chairman. Any additional services are recoverable at a commercial hourly rate.

Mr Achit-Erdene Darambazar is engaged at US\$180,000 per annum in accordance with an Executive Services Agreement (ADESA) with the Company that sets out his duties, responsibilities and obligations. The ADESA had an initial 2 year term from 2 December 2019 and has been extended by conduct for a further 2 year term. The ADESA can be terminated by either party on 3 months-notice or other causes (breach of duty, incapacity and insolvency).

Mr Neil Lithgow, Ms Hannah Badenach and Mr Boldbaatar Bat-Amgalan have non-executive director engagement letters that set out their duties and responsibilities and the causes for termination (breach of duty, incapacity and insolvency) or resignation of their appointments. The current remuneration to non-executive directors is A\$60,000 per annum. Messrs Lithgow and Bat-Amgalan receive that remuneration. Ms Hannah Badenach does not receive any remuneration as it is against the policy of her employer and substantial shareholder of the Company, Noble Resources International Pte Ltd.

Mr Samuel Bowles is engaged as the Chief Operating Officer pursuant to an Executive Services Agreement (SB ESA) with the Company and an employer Company subsidiary that sets out his duties, responsibilities and obligations. The SB ESA has a 2 year term commencing on 16 March 2020 and has been extended for a further two years by notice by the Company. The SBESA can be terminated by either party on 3 months-notice or other causes (breach of duty, incapacity and insolvency). The initial annual remuneration of Mr Bowles is US\$300,000 per annum with an annual review by the Company has been increased to US\$330,000 and 2,000,000 performance rights issued on 30 June 2022 issued to Mr Bowles with Board approval.

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## DIRECTORS' REPORT (continued)

### Remuneration Report (audited) (continued)

The totals of remuneration paid to key management personnel of the Company during the year are as follows and detailed in Table 1:

	\$
Short-term employee benefits	851,660
Post-employment benefits	5,479
Share-based payments	49,179
	<hr/>
	906,318

Share based payments is the gross accounting value of performance rights brought to account in accordance with accounting standards.

The shares, performance rights and options held by key management personnel in the year ended 30 June 2022 are detailed in Tables 2 to 3.

#### *Options*

No options were on issue during the year that were part of Key Management Personnel remuneration.

#### *Performance rights*

On 30 June 2022 4,250,000 performance rights were issued to Directors (with shareholder approval) and 2,000,000 to the Chief Operating Officer (with Board approval).

Each performance right will vest as an entitlement to one fully paid ordinary share in the capital of the Company provided that the vesting conditions are met. If the vesting conditions are not met, the performance rights will lapse and the holder will have no entitlement to any shares.

There is nil consideration payable upon the grant of a performance right and no amount will be payable on the vesting of a performance right.

The performance rights vest in two tranches on achievement of the following milestones:

1. Class A performance rights shall vest when the Company has announced that it has secured total funding for the Ovoot Project construction commencement.
2. Class B performance rights shall vest when the Company has announced that commercial production has commenced at the Ovoot Project within 18 months of construction commencement.

The 4,250,000 performance rights issued to Directors are valued at the share price at the grant date of \$0.079 cents per share for a total value of \$335,750 and the 2,000,000 performance rights issued to the Chief Executive Officer are valued at the share price at the grant date of \$0.083 cents per share for a total value of \$166,000.

The objective of the performance rights is to provide the Company with a remuneration mechanism to motivate and reward the performance of directors, employees and qualifying contractors in achieving specified performance milestones within a specified performance period. As aforementioned, performance rights will be offered to Key Management Personnel as part of the terms and conditions of their engagement.

**DIRECTORS' REPORT (continued)**  
**Remuneration Report (audited) (continued)**

**Remuneration of Key Management Personnel**

**Table 1: Key management personnel remuneration**

**Year ended 30 June 2022**

	Short term employee benefits	Post- employment benefits	Other		
	Salary & fees	Superannuation	Performance rights <sup>2</sup>	Total	Performance related
	\$	\$	\$	\$	%
Mr Achit-Erdene Darambazar	250,843	-	28,928	279,771	10
Mr David Paull <sup>1</sup>	70,000	-	8,679	78,679	11
Mr Boldbaatar Bat-Amgalan	62,664	-	5,786	68,450	8
Mr Neil Lithgow	54,795	5,479	5,786	66,060	9
Ms Hannah Badenach	-	-	-	-	-
Mr Samuel Bowles	413,358	-	-	413,358	-
<b>Total</b>	<b>851,660</b>	<b>5,479</b>	<b>49,179</b>	<b>906,318</b>	<b>5</b>

**Year ended 30 June 2021**

	Short term employee benefits	Post- employment benefits	Other		
	Salary & fees	Superannuation	Performance rights <sup>3</sup>	Total	Performance related
	\$	\$	\$	\$	%
Mr Achit-Erdene Darambazar	244,125	-	-	244,125	-
Mr David Paull <sup>1</sup>	70,000	-	30,672	100,672	30
Mr Boldbaatar Bat-Amgalan	60,101	-	-	60,101	-
Mr Neil Lithgow	54,795	5,205	24,259	84,259	29
Ms Hannah Badenach	-	-	12,102	12,102	100
Mr Samuel Bowles	401,448	-	-	401,448	-
<b>Total</b>	<b>830,469</b>	<b>5,205</b>	<b>67,033</b>	<b>902,707</b>	<b>7</b>

<sup>1</sup> Paid or issued to Kingsland Corporate Pty Ltd (formerly 2R's Pty Ltd), a company associated with Mr David Paull.

<sup>2</sup> Performance rights on issue at 30 June 2022 were issued on that date of shareholder approval.

<sup>3</sup> Performance rights on issue during 30 June 2021 lapsed without vesting on 30 June 2021.

**DIRECTORS' REPORT (continued)**  
**Remuneration Report (audited) (continued)**  
**Key Management Personnel Equity Holdings**

**Table 2: Fully Paid Ordinary Shares**

	Balance at beginning of year	Additions	Sold	Balance at end of year
<b>2022</b>				
Mr Achit-Erdene Darambazar	-	-	-	-
Mr David Paull <sup>1</sup>	2,705,280	-	-	2,705,280
Mr Boldbaatar Bat-Amgalan	-	-	-	-
Mr Neil Lithgow	23,727,851	-	-	23,727,851
Ms Hannah Badenach	1,095,392	-	-	1,095,392
Mr Samuel Bowles	-	-	-	-
<b>Total</b>	<b>27,528,523</b>	<b>-</b>	<b>-</b>	<b>27,528,523</b>

**Table 3 - Performance rights exercisable at no consideration on achievement of tenure or other performance milestones**

	Balance at beginning of year	Granted	Exercised	Expired	Balance at end of year
<b>2022</b>					
Mr Achit-Erdene Darambazar	-	2,500,000	-	-	2,500,000
Mr David Paull	-	750,000	-	-	750,000
Mr Boldbaatar Bat-Amgalan	-	500,000	-	-	500,000
Mr Neil Lithgow	-	500,000	-	-	500,000
Ms Hannah Badenach	-	-	-	-	-
Mr Samuel Bowles	-	2,000,000	-	-	2,000,000
<b>Total</b>	<b>-</b>	<b>6,250,000</b>	<b>-</b>	<b>-</b>	<b>6,250,000</b>

On 30 June 2022 4,250,000 performance rights were issued to Directors (with shareholder approval) and 2,000,000 to the Chief Operating Officer (with Board approval). Each performance right will vest as an entitlement to one fully paid ordinary share in the capital of the Company provided that the vesting conditions are met. If the vesting conditions are not met, the performance rights will lapse and the holder will have no entitlement to any shares.

The performance rights vest in two tranches on achievement of the following milestones:

- 3,125,000 Class A performance rights shall vest when the Company has announced that it has secured total funding for the Ovoot Project construction commencement.
- 3,125,000 Class B performance rights shall vest when the Company has announced that commercial production has commenced at the Ovoot Project within 18 months of construction commencement.

The 4,250,000 performance rights issued to Directors are valued at the share price at the grant date of \$0.079 cents per share for a total value of \$335,750 and the 2,000,000 performance rights issued to the Chief Executive Officer are valued at the share price at the grant date of \$0.083 cents per share for a total value of \$166,000.

**Related Party Transactions**

In 2022, Kingsland Corporate Pty Ltd (formerly 2R's Pty Ltd), a company associated with Mr David Paull, was paid \$14,000 at market rates for the services provided by David Paull beyond his NED Chair role (2020: \$15,150).

**End of Remuneration Report**

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## DIRECTORS' REPORT (continued)

### Directors' Meetings

The number of meetings of Directors held during the year and those attended by each Director were as follows:

**Table 5 – Attendance at Director Meetings**

Director	Director Meetings	
	Attended	Eligible to Attend
Mr David Paull	9	9
Mr Achit-Erdene Darambazar	9	9
Mr Neil Lithgow	9	9
Mr Boldbaatar Bat-Amgalan	9	9
Ms Hannah Badenach	8	9

### Proceedings on behalf of the Company

No person has applied to the court under Section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings. No proceedings have been brought or intervened in on behalf of the Company with leave of the court under Section 237.

### Auditor Independence and Non-Audit Services

Section 307C of the Corporations Act 2001 requires the Company's auditors, HLB Mann Judd, to provide the Directors of the Company with an Independence Declaration in relation to the audit of the financial report. This Independence Declaration is set out on page 13 and forms part of this Directors' report for the year ended 30 June 2022.

### Non-Audit Services

Details of amounts paid or payable to the auditors for services provided during the year are outlined in Note 23 to the financial statements. No non-audit services were provided by the auditors during the year.

Signed in accordance with a resolution of the Directors.



**Achit-Erdene Darambazar**  
**Managing Director**  
**29 September 2022**

## AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of Aspire Mining Limited for the year ended 30 June 2022, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) any applicable code of professional conduct in relation to the audit.



**Perth, Western Australia**  
**29 September 2022**

**B G McVeigh**  
**Partner**

**[hlb.com.au](http://hlb.com.au)**

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Liability limited by a scheme approved under Professional Standards Legislation.

HLB Mann Judd (WA Partnership) is a member of HLB International, the global advisory and accounting network.

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2022**

	Note	2022 \$	2021 \$
Other income	2(a)	51,855	175,854
Employee benefits expense		(542,035)	(677,716)
Exploration and evaluation expenditure impaired	10	-	(884)
Foreign exchange (loss)/gain		2,763,876	(2,922,426)
Interest expense		(4,664)	(9,285)
Share based payments		(49,179)	(79,993)
Other expenses	2(b)	(1,793,205)	(1,650,495)
Loss before income tax expense		426,648	(5,164,945)
Income tax	3	(4,537)	(11,419)
Net profit/(loss) for the year		422,111	(5,176,364)
Other comprehensive income			
<i>Items that may be reclassified to profit or loss</i>			
Exchange differences on translation of foreign operations		(329,352)	(3,154,310)
Other comprehensive loss for the year net of tax		(329,352)	(3,154,310)
Total comprehensive income/(loss)		92,759	(8,330,674)
Profit/(loss) attributable to:			
Owners of the parent		428,433	(5,167,777)
Non-controlling interests	15	(6,322)	(8,587)
		422,111	(5,176,364)
Total comprehensive income/(loss) attributable to:			
Owners of the parent		256,329	(8,478,871)
Non-controlling interests	15	(163,570)	148,197
		92,759	(8,330,674)
Basic earnings/(loss) per share (cents per share)	4	0.08	(1.02)
Diluted earnings/(loss) per share (cents per share)	4	0.08	(1.02)

The accompanying notes form part of these financial statements.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2022**

	Note	2022 \$	2021 \$
<b>Current Assets</b>			
Cash and cash equivalents	8	31,990,463	34,173,866
Trade and other receivables	9	654,819	533,507
<b>Total Current Assets</b>		<b>32,645,282</b>	<b>34,707,373</b>
<b>Non-Current Assets</b>			
Deferred exploration and evaluation expenditure	10	37,434,836	35,043,789
Property plant and equipment	12	389,875	421,668
Intangible assets	13	28,009	76,905
<b>Total Non-Current Assets</b>		<b>37,852,720</b>	<b>35,542,362</b>
<b>Total Assets</b>		<b>70,498,002</b>	<b>70,249,735</b>
<b>Current Liabilities</b>			
Trade and other payables	11	378,520	218,702
Financial liabilities	14	-	10,522
<b>Total Current Liabilities</b>		<b>378,520</b>	<b>229,224</b>
<b>Non-Current Liabilities</b>			
Financial liabilities	14	-	42,967
<b>Total Non-Current Liabilities</b>		<b>-</b>	<b>42,967</b>
<b>Total Liabilities</b>		<b>378,520</b>	<b>272,191</b>
<b>Net Assets</b>		<b>70,119,482</b>	<b>69,977,544</b>
<b>Equity</b>			
Issued capital	6	150,026,408	150,026,408
Reserves	7	(10,652,828)	(10,529,903)
Accumulated losses	7	(68,725,806)	(69,154,239)
Equity attributable to owners of the parent		70,647,774	70,342,266
Non-controlling interests	15	(528,292)	(364,722)
<b>Total Equity</b>		<b>70,119,482</b>	<b>69,977,544</b>

The accompanying notes form part of these financial statements.



**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2022**

	Issued capital	Accumulated losses	Foreign currency translation reserve	Share based payments reserve	Contribution reserve	Attributable to owners of the parent	Non-controlling interests	Total equity
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Balance at 30 June 2020</b>	<b>150,026,408</b>	<b>(64,267,695)</b>	<b>(9,024,111)</b>	<b>201,240</b>	<b>1,805,302</b>	<b>78,741,144</b>	<b>(512,919)</b>	<b>78,228,225</b>
Loss for the year	-	(5,167,777)	-	-	-	(5,167,777)	(8,587)	(5,176,364)
Other comprehensive loss	-	-	(3,311,094)	-	-	(3,311,094)	156,784	(3,154,310)
Total comprehensive loss	-	(5,167,777)	(3,311,094)	-	-	(8,478,871)	148,197	(8,330,674)
Performance rights expired	-	281,233	-	(281,233)	-	-	-	-
Performance rights granted	-	-	-	79,993	-	79,993	-	79,993
<b>Balance at 30 June 2021</b>	<b>150,026,408</b>	<b>(69,154,239)</b>	<b>(12,335,205)</b>	<b>-</b>	<b>1,805,302</b>	<b>70,342,266</b>	<b>(364,722)</b>	<b>69,977,544</b>
Loss for the year	-	428,433	-	-	-	428,433	(6,322)	422,111
Other comprehensive loss	-	-	(172,104)	-	-	(172,104)	(157,248)	(329,352)
Total comprehensive loss	-	428,433	(172,104)	-	-	256,329	(163,570)	92,759
Performance rights granted	-	-	-	49,179	-	49,179	-	49,179
<b>Balance at 30 June 2022</b>	<b>150,026,408</b>	<b>(68,725,806)</b>	<b>(12,507,309)</b>	<b>49,179</b>	<b>1,805,302</b>	<b>70,647,774</b>	<b>(528,292)</b>	<b>70,119,482</b>

The accompanying notes form part of these financial statements

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2022**

	Note	2022 \$	2021 \$
<b>Cash flows from operating activities</b>			
Interest received		57,210	193,923
Payments to suppliers and employees		(2,006,702)	(1,836,918)
Income tax paid		(4,537)	(11,419)
Interest and borrowing costs paid		-	(9,284)
Net cash used in operating activities	8	(1,954,029)	(1,663,698)
<b>Cash flows from investing activities</b>			
Payments for exploration and evaluation expenditure		(2,715,444)	(874,180)
Purchase of non-current assets		(187,697)	(315,351)
Net cash used in investing activities		(2,903,141)	(1,189,531)
<b>Cash flows from financing activities</b>			
Repayment of borrowings	14	(53,489)	(17,003)
Net cash used in financing activities		(53,489)	(17,003)
Net decrease in cash and cash equivalents		(4,910,659)	(2,870,232)
Cash and cash equivalents at the beginning of the year		34,173,866	40,712,949
Effect of foreign exchange rate fluctuations on cash held		2,727,256	(3,668,851)
<b>Cash and cash equivalents at the end of the year</b>	8	<b>31,990,463</b>	<b>34,173,866</b>

The accompanying notes from part of these financial statements.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

**(a) Basis of Preparation**

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and Interpretations and complies with other requirements of the law.

The financial report has also been prepared on a historical cost basis. Cost is based on the fair values of the consideration given in exchange for assets.

The financial report is presented in Australian dollars.

The Company is a listed public Company, incorporated in Australia and operating in Mongolia. The principal activity of the Group during the year was the progression for the approvals, completion of studies, and funding towards the development of the Ovoot Coking Coal Project.

**(b) Going concern**

The 30 June 2022 financial report has been prepared on the going concern basis that contemplates the continuity of normal business activities and the realisation of assets and discharge of its liabilities as and when they fall due, in the ordinary course of business.

**(c) Adoption of new and revised standards**

*Standards and Interpretations applicable 30 June 2022*

In the year ended 30 June 2022, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company and effective for the current annual reporting period. As a result of this review, the Directors have determined that there is no material impact of the new and revised Standards and Interpretations on the Group and therefore, no material change is necessary to Group accounting policies.

*Standards and interpretations in issue not yet adopted*

The Directors have also reviewed all Standards and Interpretations in issue not yet adopted for the period 30 June 2022. As a result of this review the Directors have determined that there is no material impact of the Standards and Interpretations in issue not yet adopted on the Company.

**(d) Statement of Compliance**

The financial report was authorised for issue on 29 September 2022.

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

**(e) Basis of Consolidation**

The consolidated financial statements comprise the financial statements of Aspire Mining Limited ("Company" or "Parent") and its subsidiaries as at 30 June each year ("the Group"). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. Control exists where the Company has the power to govern the financial and operating policies of an entity so as to obtain

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (e) Basis of Consolidation (continued)

benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing when the Group controls another entity.

Business combinations have been accounted for using the acquisition method of accounting (refer Note 1(o)).

Unrealised gains or transactions between the Group and its associates are eliminated to the extent of the Group's interests in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

When the Group ceases to have control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint controlled entity or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

#### (f) Critical accounting judgements and key sources of estimation uncertainty

The application of accounting policies requires the use of judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions are recognised in the period in which the estimate is revised if it affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

##### *Share-based payment transactions:*

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using a Black and Scholes model for unlisted options and the market traded price for listed options and performance rights that are bought to account, having regard to the terms and conditions upon which the instruments are granted.

##### *Exploration and evaluation costs carried forward*

The Group's accounting policy for exploration and evaluation expenditure is set out at Note 1(w). The application of this policy necessarily requires management to make certain estimates and assumptions as to future events and circumstances, in particular, the assessment of the expectation that exploration costs incurred can be recouped through the successful development of the area (unless activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves). The estimates and assumptions may change as new information becomes available. If, after having capitalised expenditure under the policy, it is concluded that the expenditure incurred is unlikely to be recovered by future exploitation or sale, then the relevant capitalised amount will be impaired or written off through the statement of profit or loss and other comprehensive income.

#### (g) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of Aspire Mining Limited.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2022**

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(h) Revenue Recognition**

Revenue is recognised to the extent that control of the goods or service has passed and it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

*Interest income*

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

**(i) Cash and cash equivalents**

Cash comprises cash at bank and in hand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

**(j) Trade and other receivables**

Trade receivables are measured on initial recognition at fair value. Trade receivables are generally due for settlement within periods ranging from 15 days to 30 days. The Group measures the loss allowance for trade and other receivables at an amount equal to lifetime expected credit loss. The expected credit losses on trade and other receivables are estimated with reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtor, general economic conditions of the industry in which the debtor operates and an assessment of both the current and the forecast direction of conditions at the reporting date.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery; for example, when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over two years past due, whichever occurs earlier. The amount of the impairment loss is recognised in the statement of profit or loss and other comprehensive income within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the statement of profit or loss and other comprehensive income.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (k) Derecognition of financial assets and financial liabilities

##### (i) Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a Group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired;
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either:
  - (a) has transferred substantially all the risks and rewards of the asset, or
  - (b) has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration received that the Group could be required to repay.

When continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the Group's continuing involvement is the amount of the transferred asset that the Group may repurchase, except that in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, the extent of the Group's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

##### (ii) Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

#### (l) Foreign currency translation

The functional and presentation currency of Aspire Mining Limited is Australian dollars. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance date.

All exchange differences in the consolidated financial report are taken to profit or loss with the exception of differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity. These are taken directly to equity until the disposal of the net investment, at which time they are recognised in profit or loss.

Tax charges and credits attributable to exchange differences on those borrowings are also recognised in equity.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2022**

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(l) Foreign currency translation (continued)**

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

The functional currency of the Mongolian incorporated subsidiaries, Khurgatai Khairkhan LLC, Northern Railways LLC, Ovoot Coal Mining LLC, Chilchig Gol LLC, Ekhgoviin Chuluu LLC, Black Rock LLC and Uruun Elbeg LLC is Mongolian Tugriks (MNT), Ovoot Coking Coal Pte Ltd, Northern Railways Pte Ltd Northern Railways Holdings LLC and Northern Mongolian Railways Limited is USD.

As at the balance date the assets and liabilities of the subsidiaries are translated into the presentation currency of Aspire Mining Limited at the rate of exchange ruling at the balance date and its statement of profit or loss and other comprehensive income is translated at the average exchange rate for the year.

The exchange differences arising on the translation are taken directly to the foreign currency translation reserve in equity.

On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in profit or loss.

**(m) Income tax**

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance date.

Deferred income tax is provided on all temporary differences at the balance date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2022**

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(m) Income tax (continued)**

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance date. Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss. Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

**(n) Other taxes**

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

**(o) Business combinations**

The acquisition method of accounting is used to account for all business combinations, including business combinations involving entities or business under common control, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.



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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2022**

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(o) Business combinations (continued)**

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified as either equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

**(p) Impairment of assets**

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

An assessment is also made at each balance date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

**(q) Trade and other payables**

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Company becomes obliged to make future payments in respect of the purchase of these goods and services.

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (r) Property, plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is calculated on a straight-line basis over the three (3) year estimated useful life of the assets.

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

##### *(i) Impairment*

The carrying values of plant and equipment are reviewed for impairment at each balance date, with recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired.

The recoverable amount of plant and equipment is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For an asset that does not generate largely independent cash inflows, recoverable amount is determined for the cash-generating unit to which the asset belongs, unless the asset's value in use can be estimated to be close to its fair value.

Impairment exists when the carrying value of an asset or cash-generating units exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount. For plant and equipment, impairment losses are recognised in the income statement in the cost of sales line item.

##### *(ii) Derecognition and disposal*

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

#### (s) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the statement of profit or loss and other comprehensive income net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (t) Share-based payment transactions

The Group provides benefits to employees (including senior executives) of the Group in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions). The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. In valuing equity-settled transactions, account is taken of any performance conditions, and conditions linked to the price of the shares of Aspire Mining Limited (market conditions) if applicable.

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired, and (ii) the Group's best estimate of the number of equity instruments that will ultimately vest. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The statement of profit or loss and other comprehensive income charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

#### *Cash settled transactions:*

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using a Black and Scholes model for unlisted options and the market traded price for listed options and performance rights that are bought to account, having regard to the terms and conditions upon which the instruments are granted. This fair value is expensed over the period until vesting with recognition of a corresponding liability. The liability is re-measured to fair value at each balance date up to and including the settlement date with changes in fair value recognised in profit or loss.

#### (u) Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

#### (v) Earnings/loss per share

Basic earnings/loss per share is calculated as net profit or loss attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element. Diluted earnings/loss per share is calculated as net profit or loss attributable to members of the parent, adjusted for: costs of servicing equity (other than dividends) and preference share dividends; the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and other non-discretionary changes in revenues or expenses during the period that would

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2022**

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(v) Earnings/loss per share (continued)**

result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

**(w) Exploration and evaluation**

Exploration and evaluation expenditures in relation to each separate area of interest are recognised as an exploration and evaluation asset in the year in which they are incurred where the following conditions are satisfied:

- i) the rights to tenure of the area of interest are current; and
- ii) at least one of the following conditions is also met:
  - (a) the exploration and evaluation expenditures are expected to be recouped through successful development and exploration of the area of interest, or alternatively, by its sale; or
  - (b) exploration and evaluation activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are initially measured at cost and include acquisition of rights to explore, studies, exploratory drilling, trenching and sampling and associated activities. General and administrative costs are only included in the measurement of exploration and evaluation costs where they are related directly to operational activities in a particular area of interest.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The recoverable amount of the exploration and evaluation asset (for the cash generating unit(s) to which it has been allocated being no larger than the relevant area of interest) is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years. Where a decision has been made to proceed with development in respect of a particular area of interest, the relevant exploration and evaluation asset is tested for impairment and the balance is then reclassified to development.

**(x) Parent entity financial information**

The financial information for the parent entity, Aspire Mining Limited, disclosed in Note 24 has been prepared on the same basis as the consolidated financial statements, other than investments in subsidiaries are accounted for at cost.

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (y) Leases

Where the Company is the lessee, the Group recognises a right-of-use asset and a corresponding liability at the date which the lease asset is available for use by the Group (i.e. commencement date). Each lease payment is allocated between the liability and the finance cost.

The lease liability is initially measured at the present value of the lease payments that are not paid at commencement date, discounted using the rate implied in the lease. If this rate is not readily determinable, the Group uses its incremental borrowing rate.

Lease payments included in the initial measurement if the lease liability consist of:

- Fixed lease payments less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at commencement date;
- Any amounts expected to be payable by the Group under residual value guarantees;
- The exercise price of purchase options, if the Group is reasonably certain to exercise the options; and
- Termination penalties of the lease term reflects the exercise of an option to terminate the lease.

Extension options are included in a number of property leases across the Group. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option. Extension options are only included in the lease term if, at commencement date, it is reasonably certain that the options will be exercised.

Subsequent to initial recognition, the lease liability is measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made. The lease liability is remeasured (with a corresponding adjustment to the right-of-use asset) whenever there is a change in the lease term (including assessments relating to extension and termination options), lease payments due to changes in an index or rate, or expected payments under guaranteed residual values.

The finance cost is charged to profit or loss over the lease period so as to produce a consistent period rate of interest on the remaining balance of the liability for each period.

Right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before commencement date, less any lease incentives received and any initial direct costs. These right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses.

Where the terms of lease require the Group to restore the underlying asset, or the Group has an obligation to dismantle and remove a leased asset, the provision is recognised and measured in accordance with AASB 137. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset.

Right-of-use assets are depreciated on a straight-line basis over the term of the lease (or the useful life of the leased asset if this is shorter). Depreciation starts on commencement date of the lease.

Where leases have a term of less than 12 months or relate to low value assets, the Group has applied the optional exemptions to not capitalise these leases and instead account for the lease expense on a straight-line basis over the lease term.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2022**

**NOTE 2: REVENUES AND EXPENSES**

	<b>2022</b>	<b>2021</b>
	\$	\$
<b>(a) Revenue</b>		
Interest income	51,855	158,707
Cash flow boost	-	17,147
	<u>51,855</u>	<u>175,854</u>
<b>(b) Other Expenses</b>		
Accounting and audit fees	120,790	174,452
Amortisation and depreciation expense	205,965	234,814
Community relations	-	37,257
Company secretarial	82,178	101,538
Corporate costs	341,398	258,659
Directors' fees	443,781	238,013
Insurance	205,180	173,700
Legal fees	13,119	12,825
Office and administration costs	44,748	118,255
Share registry and listing expenses	54,591	54,034
Media, promotion and investor relations	42,879	59,216
Short term lease rent and outgoings	101,693	86,750
Travel expenses	40,480	68,812
Other	96,403	32,170
	<u>1,793,205</u>	<u>1,650,495</u>

**NOTE 3: INCOME TAX**

**Income tax recognised in profit or loss**

The prima facie income tax expense on pre-tax accounting loss from operations reconciles to the income tax expense in the financial statements as follows:

	<b>2022</b>	<b>2021</b>
	\$	\$
Accounting loss before tax	426,648	(5,164,945)
Income tax expense/(benefit) calculated at 30% Accrued expenses	127,994	(1,549,484)
Other non-deductible expenses	12,344	10,620
Deductions available over more than one year	(142,390)	905,445
Exploration and tenement expenses	(15,461)	(15,461)
Income tax benefit not brought to account	-	249
Income tax (benefit)/expense	<u>22,050</u>	<u>660,050</u>
Made up of:	4,537	11,419
Income tax expense on Mongolian operations	<u>4,537</u>	<u>11,419</u>
Income tax expense	<u>4,537</u>	<u>11,419</u>

The tax rate used in the above reconciliation is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian tax law. There has been no change in this tax rate since the previous reporting period.

The Group has an unrecorded deferred tax asset of \$6,485,195 (2021: \$6,529,888) in respect to tax losses arising in Australia and \$717,470 (2021: \$255,189) in respect to tax losses arising in Mongolia, the tax benefit of which has not been brought to account and are available subject to confirmation of the continuity of ownership test or the same business test.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2022**

**NOTE 3: INCOME TAX (continued)**

The Group has an unrecorded deferred tax asset of Nil (2021: \$15,461) relating to share issue and other costs, and deferred tax liabilities of 2,280,549 (2021: \$1,984,673) relating to capitalised exploration and evaluation expenditure arising in Australia for which an offsetting deferred tax asset has been recognised.

The Group also has an unrecorded deferred tax asset of \$345,745 (2021: \$345,745) in respect to capital losses arising in Australia.

The recovery of the carried forward tax losses is subject to the applicable Group companies continuing to satisfy the continuity of ownership test or the similar business test or other tax legislation requirements or limitations.

**NOTE 4: EARNINGS PER SHARE**

	<b>2022</b>	<b>2021</b>
	Cents per share	Cents per share
<i>Basic earnings/(loss) per share:</i>	0.08	(1.02)
<i>Diluted earnings/(loss) per share:</i>	0.08	(1.02)

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share is as follows:

Earnings used in calculation of basic and diluted earnings/(loss) per share:

Profit/(Loss) attributable to owners of the parent	428,433	(5,167,777)
Weighted average number of ordinary shares for the purpose of basic earnings/(loss) per share	507,636,985	507,636,985
Weighted average number of ordinary shares for the purpose of diluted earnings/(loss) per share	507,636,985	507,636,985

**NOTE 5: SEGMENT INFORMATION**

	Continuing operations			Total
	Australia \$	Mongolia \$	Singapore \$	\$
<b>Year ended 30 June 2022</b>				
<b>Total segment revenue</b>	6,487	45,368	-	51,855
Interest revenue	6,487	45,368	-	51,855
Depreciation and amortisation	-	205,965	-	205,965
<b>Segment net operating profit/(loss) after tax</b>	1,078,180	(626,359)	(29,710)	422,111
<b>Segment Assets</b>	27,368,151	43,120,341	9,510	70,498,002
<b>Segment liabilities</b>	(327,790)	(50,730)	-	(378,520)
Capital expenditure during the year	-	2,674,922	-	2,674,922

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2022**

**NOTE 5: SEGMENT INFORMATION (CONTINUED)**

	Continuing operations			Total
	Australia \$	Mongolia \$	Singapore \$	\$
<b>Year ended 30 June 2021</b>				
<b>Total segment revenue</b>	61,664	114,190	-	175,854
Interest revenue	44,517	114,190	-	158,707
Depreciation and amortisation	-	234,814	-	234,814
Exploration and evaluation expenditure impaired	-	884	-	884
<b>Segment net operating loss after tax</b>	(3,909,987)	(1,239,939)	(26,438)	(5,176,364)
<b>Segment assets</b>	29,863,351	40,373,520	12,864	70,249,735
<b>Segment liabilities</b>	(156,023)	(116,168)	-	(272,191)
Capital expenditure during the year	-	1,250,218	-	1,250,218

**NOTE 6: ISSUED CAPITAL**

	2022 \$	2021 \$
Ordinary shares		
Issued and fully paid	157,999,366	157,999,366
Less share issue costs	(7,972,958)	(7,972,958)
	150,026,408	150,026,408
Movements in ordinary shares on issue		
	No.	\$
At 30 June 2021	507,636,985	150,026,408
At 30 June 2022	507,636,985	150,026,408

**NOTE 7: ACCUMULATED LOSSES AND RESERVES**

<b>Accumulated losses</b>	2022 \$	2021 \$
Movements in accumulated losses are as follows:		
Balance at beginning of financial year	(69,154,239)	(64,267,695)
Net profit/(loss) for the year attributable to owners of the parent	428,433	(5,167,777)
Transfer on expiry of options/performance rights	-	281,233
Balance at end of financial year	(68,725,806)	(69,154,239)



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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

### NOTE 7: ACCUMULATED LOSSES AND RESERVES (continued)

#### Reserves

##### Nature and purpose of reserves

###### *Foreign currency translation reserve*

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

###### *Share based payments reserve*

The share based payments reserve is used to record the value of equity instruments issued to Directors, employees and qualifying contractors as part of their remuneration.

###### *Contribution Reserve*

The contribution reserve is used to record the value which arises as a result of transactions with non-controlling interests that do not result in a loss of control.

###### *Performance rights*

The value of the performance rights is based on the number of performance rights granted multiplied by the prevailing share price at the date of the grant of the performance rights. The number of performance rights issued and the prevailing share price are known variables. The vesting requirements applicable to the issued performance rights are based on achievement of operational and strategic milestones. The value of the performance rights is taken to the Share Based Payments Reserve progressively over the period the performance rights are expected to vest. The cumulative expense that will be recorded will equate to the performance rights that ultimately vest.

During 2021 the remaining 2,294,998 performance rights lapsed and were cancelled as the milestone of a 30-day VWAP of the Company's Shares as traded on ASX at equal to or be greater than A\$0.40 by 30 June 2021 did not occur.

On 30 June 2022 4,250,000 performance rights were issued to Directors with shareholder approval given at the annual general meeting held on 30 November 2021 and 2,000,000 performance rights to the Chief Executive Officer.

The 4,250,000 performance rights issued to Directors are valued at the share price at the grant date of \$0.079 cents per share for a total value of \$335,750 and the 2,000,000 performance rights issued to the Chief Executive Officer are valued at the share price at the grant date of \$0.083 cents per share for a total value of \$166,000. The value of the performance rights taken to the Share Based Payments Reserve in 2022 is \$49,179.

The performance rights vest in two tranches on achievement of the following milestones:

- (a) 3,125,000 Class A performance rights shall vest when the Company has announced that it has secured total funding for the Ovoot Project construction commencement.
- (b) 3,125,000 Class B performance rights shall vest when the Company has announced that commercial production has commenced at the Ovoot Project within 18 months of construction commencement.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2022**

**NOTE 8: CASH AND CASH EQUIVALENTS**

	<b>2022</b>	<b>2021</b>
	\$	\$
Cash at bank and on hand	27,266,140	5,894,268
Short term interest bearing deposits	4,724,323	28,279,598
	31,990,463	34,173,866

Cash at bank earns interest at floating rates based on daily bank deposit rates.

All cash was available for use and no restrictions were placed on the use of it at any time during the period, other than a short term deposit of \$10,000 (2021: \$10,000) is on deposit as cash backed security against a business use credit card limit and office rental.

**Reconciliation of loss for the year to net cash flows from operating activities**

	<b>2022</b>	<b>2021</b>
	\$	\$
Profit/(Loss) for the year	422,111	(5,176,364)
Change in net assets and liabilities:		
Change in trade and other receivables	(60,453)	260,118
Changes in trade and other payables	195,724	4,672
Profit on sale of property, plant and equipment	(2,679)	9,759
Amortisation and depreciation expense	205,965	234,814
Share based payments	49,179	79,993
Exploration expenditure impairment	-	884
Foreign exchange (gain)/loss	(2,763,876)	2,922,426
Net cash used in operating activities	(1,954,029)	(1,663,698)

**NOTE 9: CURRENT TRADE AND OTHER RECEIVABLES**

	<b>2022</b>	<b>2021</b>
	\$	\$
GST recoverable	2,487	12,691
Prepayments	511,136	457,770
Interest receivable	-	5,356
Other receivables	141,196	57,690
	654,819	533,507

There were no credit losses in the current or the prior year.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2022**

**NOTE 10: DEFERRED EXPLORATION AND EVALUATION EXPENDITURE**

	<b>2022</b>	<b>2021</b>
	\$	\$
Costs carried forward in respect of:		
<b>Exploration and evaluation phase – at cost</b>		
Balance at beginning of year	35,043,789	36,470,102
Expenditure incurred	2,741,771	934,829
Research & development grant received	(66,850)	-
Impairment of exploration and evaluation expenditure	-	(884)
Foreign exchange loss	(283,874)	(2,360,258)
Total exploration and evaluation expenditure	<u>37,434,836</u>	<u>35,043,789</u>
Total expenditure incurred and carried forward in respect of specific projects -		
Ovoot Coking Coal Project	36,865,397	34,435,087
Nuurstei Coking Coal Project	569,439	608,702
Total exploration and evaluation expenditure	<u>37,434,836</u>	<u>35,043,789</u>

Exploration expenditure incurred on the Ovoot Coking Coal Project and Nuurstei Coking Coal Project mining licences has been carried forward as that expenditure is expected to be recouped through successful development and exploration of the areas of interest, or alternatively, by sale.

**NOTE 11: TRADE AND OTHER PAYABLES (CURRENT)**

	<b>2022</b>	<b>2021</b>
	\$	\$
Trade payables	270,407	152,866
Accrued expenses	101,550	60,403
Employee entitlements	5,704	5,433
Corporate credit card	859	-
	<u>378,520</u>	<u>218,702</u>

Trade payables and accrued expenses are normally settled on 30 day terms.

**NOTE 12: PROPERTY, PLANT AND EQUIPMENT**

	Right of use property	Plant & Equipment	Furniture & Fittings	Office Equipment	Motor Vehicles	Total
	\$	\$	\$	\$	\$	\$
<b>30 June 2022</b>						
Carrying value at 1 July 2021	315,770	6,946	14,792	26,138	58,022	421,668
Additions	-	63,731	25,143	7,307	-	96,181
Disposals	-	-	(16,964)	(1,922)	(941)	(19,827)
Depreciation charge for the year	(31,481)	(10,645)	(13,947)	(22,483)	(26,003)	(104,559)
Exchange rate movement	(2,469)	(1,185)	(1,907)	1,061	912	(3,588)
Carrying value at 30 June 2022	<u>281,820</u>	<u>58,847</u>	<u>7,117</u>	<u>10,101</u>	<u>31,990</u>	<u>389,875</u>
30 June 2022						
Cost						1,135,673
Accumulated depreciation						<u>(745,798)</u>
Net carrying amount						<u>389,875</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2022**

**NOTE 12: PROPERTY, PLANT AND EQUIPMENT (continued)**

	Right of use property	Plant & Equipment	Furniture & Fittings	Office Equipment	Motor Vehicles	Total
	\$	\$	\$	\$	\$	\$
<b>30 June 2021</b>						
Carrying value at 1 July 2020	123,897	49,045	36,553	40,534	54,280	304,309
Additions	228,370	-	4,972	14,419	63,494	311,255
Disposals	-	-	(154)	(2,244)	-	(2,398)
Depreciation charge for the year	(24,087)	(37,777)	(23,309)	(22,897)	(54,717)	(162,787)
Exchange rate movement	(12,410)	(4,322)	(3,270)	(3,674)	(5,035)	(28,711)
Carrying value at 30 June 2021	315,770	6,946	14,792	26,138	58,022	421,668

30 June 2021

Cost						1,093,194
Accumulated depreciation						(671,526)
Net carrying amount						<u>421,668</u>

**NOTE 13: INTANGIBLE ASSET**

**Exploration Software**

	2022	2021
	\$	\$
Carrying value at beginning of year	76,905	171,113
Additions	52,239	4,094
Disposals	-	(10,932)
Amortisation for the year	(101,406)	(72,027)
Exchange rate movement	271	(15,343)
At end of year	<u>28,009</u>	<u>76,905</u>
At 30 June		
Cost	255,486	206,391
Accumulated amortisation	(227,477)	(129,486)
Net carrying amount	<u>28,009</u>	<u>76,905</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2022**

**NOTE 14: FINANCIAL LIABILITIES**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Finance loan liability	-	53,489
	-	53,489
Current liability	-	10,522
Non-current liability	-	42,967
	-	53,489
	<b>\$</b>	<b>\$</b>
Balance at beginning of period	53,489	70,496
Payments	(53,489)	(17,004)
Balance at end of period	-	53,489

In August 2018, the Company's Mongolian subsidiary, Khurgatai Khairkhan LLC, entered into a loan agreement for two motor vehicles for use by the Ulanbaatar office. The loan was for 180 million MNT (\$98,795) with monthly principal instalments of 1.875 million MNT per month (approx. \$1,040 pm) and interest at 15.6% pa over the 96 month term. During 2022, the loan liability was discharged.

**NOTE 15: NON-CONTROLLING INTERESTS**

There is a 10% non-controlling interest in the Coalridge Limited group entity that holds the Nuurstei Coking Coal mining and exploration licenses.

There is also a 20% non-controlling interest in Northern Rail Holdings Limited (NRHL). During 2018, the Group disposed of a 10% interest in NRML to the Noble Group to bring Noble's interests in NRML to 20% in exchange for a US\$1.4 million reduction of the long-term facility payable to Noble.

In 2018, the gain on divestment of the shares held by the Company in NRHPL of \$1,805,302 was reclassified to a contribution reserve on consolidation.

**Non-controlling interest summary**

	<b>Coalridge Limited</b>	<b>Northern Rail</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Balance at 30 June 2020</b>	(117,024)	(395,895)	(512,919)
Loss allocated to non-controlling interest	(2,782)	(5,805)	(8,587)
Other comprehensive loss allocated to non-controlling interest	(53,141)	209,925	156,784
<b>Balance at 30 June 2021</b>	(172,947)	(191,775)	(364,722)
Loss allocated to non-controlling interest	(2,767)	(3,555)	(6,322)
Other comprehensive profit/(loss) allocated to non-controlling interest	(7,026)	(150,222)	(157,248)
<b>Balance at 30 June 2022</b>	(182,740)	(345,552)	(528,292)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2022**

**NOTE 15: NON-CONTROLLING INTERESTS (continued)**

	Coalridge Limited		Northern Railway Holdings Limited	
	30 June 2022	30 June 2021	30 June 2022	30 June 2021
	\$	\$	\$	\$
Current Assets	31,357	15,660	11,880	10,210
Non-Current Assets	569,931	608,702	-	-
Total Assets	601,288	624,362	11,880	10,210
Current Liabilities	(17,151)	(16,947)	(8,454)	(13,737)
Non-Current Liabilities	-	-	-	-
Total Liabilities	(17,151)	(16,947)	(8,454)	(13,737)
Net Assets	584,137	607,415	3,426	(3,527)
Revenue			-	-
Loss for the year	(27,665)	(27,665)	(17,777)	(29,025)
Total comprehensive profit/(loss) for the year	(97,923)	(559,221)	(768,888)	1,020,603

**NOTE 16: FINANCIAL INSTRUMENTS**

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern. The capital structure of the Group consists of cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings. None of the Group's entities are subject to externally imposed capital requirements. Operating cash flows are used to maintain and expand operations, as well as to make routine expenditures such as tax, dividends and general administrative outgoings. Working capital, cash and cash equivalents and capital requirements are reviewed by the Board on a regular basis.

	2022	2021
	\$	\$
Financial assets:		
Receivables	143,683	75,737
Cash and cash equivalents	31,990,463	34,173,866
	32,134,146	34,249,603
Financial liabilities:		
Trade and other creditors	378,520	218,702
Borrowings	-	53,487
	378,520	272,189

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2022**

**NOTE 16: FINANCIAL INSTRUMENTS (continued)**

The following table details the expected maturities for the Group's non-derivative financial assets. These have been drawn up based on contractual maturities of the financial assets except where the Group anticipates that the cash flow will occur in a different period.

	Weighted average effective interest rate	Less than 1 month	1 – 3 Months	3 months – 1 year	1 – 5 years	5+ years
	%	\$	\$	\$	\$	\$
<b>2022</b>						
Non-interest bearing		176,626	-	-	-	-
Variable interest rate instruments	0.50	27,233,197	-	-	-	-
Fixed interest rate instruments	2.45	-	10,000	4,714,323	-	-
		<u>27,409,823</u>	<u>10,000</u>	<u>4,714,323</u>	<u>-</u>	<u>-</u>
<b>2021</b>						
Non-interest bearing		108,019	-	-	-	-
Variable interest rate instruments	0.30	5,861,986	-	-	-	-
Fixed interest rate instruments	1.25	23,980,592	4,299,006	-	-	-
		<u>29,950,597</u>	<u>4,299,006</u>	<u>-</u>	<u>-</u>	<u>-</u>

The following table details the Group's remaining contractual maturities for its non-derivative financial liabilities. These are based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

	Weighted average effective interest rate	Less than 1 month	1 – 3 Months	3 months – 1 year	1 – 5 years	5+ years
	%	\$	\$	\$	\$	\$
<b>2022</b>						
Non-interest bearing	-	378,520	-	-	-	-
		<u>378,518</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>2021</b>						
Non-interest bearing	-	218,702	-	-	-	-
Fixed interest rate instruments	15.6	-	-	-	10,522	42,965
		<u>218,702</u>	<u>-</u>	<u>-</u>	<u>10,522</u>	<u>42,965</u>

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

### NOTE 17: FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group has exposure to the following risks from the use of financial instruments:

- Credit risk
- Liquidity risk
- Interest rate risk
- Foreign currency risk
- Market risk

This note presents the information about the Group's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk. The Board has overall responsibility for the establishment and oversight of the risk management framework. The Board reviews and agrees policies for managing each of these risks as summarised below. The Group's principal financial instruments comprise cash and short-term deposits. The main purpose of the financial instruments is to earn the maximum amount of interest at a low risk to the Group. The Group also has other financial instruments such as receivables and creditors which arise directly from its operations. For the years ended 30 June 2022 and 2021, it has been the Group's policy not to trade in financial instruments.

#### (a) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group only transacts with entities that are rated the equivalent of investment grade and above. This information is supplied by independent rating agencies where available and, if not available, the Group uses publicly available financial information. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee annually.

The Group does not have any significant credit risk exposure to any single counterparty or any Group of counterparties having similar characteristics. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

The carrying amount of financial assets recorded in the financial statements, net of any allowance for losses, represents the Group's maximum exposure to credit risk without taking account of the value of any collateral obtained.

#### (b) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board, who have built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves and banking by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The Group did not have any undrawn facilities at balance date (2021: \$Nil).

#### (c) Interest rate risk management

The Group is exposed to interest rate risk as the Group deposits the Group's available cash reserves in term deposits with recognised banks. The risk is managed by the Group by maintaining an appropriate mix between short term and medium-term deposits. The Group's exposures to interest rate on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2022**

**NOTE 17: FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)**

Interest rate sensitivity

At 30 June 2022, the effect on loss and equity as a result of changes in the interest rate, with all other variable remaining constant would be as follows:

	<b>2022</b>	<b>2021</b>
Change in Loss	\$	\$
Increase in interest rate by 1%	272,332	58,620
Decrease in interest rate by 1%	(272,332)	(58,620)
 Change in Equity		
Increase in interest rate by 1%	272,332	58,620
Decrease in interest rate by 1%	(272,332)	(58,620)

**(d) Foreign currency risk management**

The Group undertakes certain transactions denominated in foreign currencies hence exposures to exchange rate fluctuations arise. The Group does not manage these exposures with foreign currency derivative products. The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the balance date expressed in Australian dollars are as follows:

	Liabilities		Assets	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	\$	\$	\$	\$
US Dollars	-	-	31,922,931	34,107,102
Mongolian Tugriks	49,360	116,167	391,786	359,053

*Foreign currency sensitivity analysis*

The Group is exposed to US Dollar (USD) and Mongolian Tugrik currency fluctuations.

The following table details the Group's sensitivity to a 10% increase and decrease in the Australian dollar against the relevant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represent management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where the denomination of the loan is in a currency other than the currency of the lender or the borrower. A positive number indicates an increase in profit and equity where the Australian Dollar weakens against the respective currency. Conversely, a negative number indicates a strengthening of the Australian Dollar against the respective currency and a negative impact on profit and equity.

	<b>2022</b>	<b>2021</b>
10% Increase	\$	\$
Profit/(loss) and equity – US dollar exposure	2,902,085	3,100,646
Profit/(loss) and equity – Mongolian Tugrik	59,429	42,357
10% Decrease	\$	\$
Profit/(loss) and equity – US dollar exposure	(2,902,085)	(3,100,646)
Profit/(loss) and equity – Mongolian Tugrik	(59,429)	(42,357)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

### NOTE 17: FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

#### (e) Market risk management

Market risk is the risk that changes in market prices such as foreign exchange rates, interest rates and equity prices will affect the Group's income or value of the holdings of financial instruments. The Group is exposed to movements in market interest rates on short term deposits. The Group does not have short-term or long-term debt with variable interest rates, and therefore this risk is minimal. The Group limits its exposure to credit risk by only investing in liquid securities and only with counterparties that have acceptable credit ratings.

The carrying value of the financial assets and liabilities in the financial statements approximates their fair value.

### NOTE 18: COMMITMENTS

#### Remuneration Commitments

The Group has entered into remuneration commitments with all the Directors and other key management personnel of the Group which were in effect throughout the financial year. The Group also employs consultants who are contracted under standard consultancy rates.

#### Exploration Commitments

The Group has certain commitments to meet minimum expenditure requirements on the mineral exploration assets it has an interest in. Outstanding exploration commitments are as follows:

	<b>2022</b>	<b>2021</b>
	\$	\$
Within a year	2,890	20,359
Later than one year but not later than five years	<u>11,560</u>	<u>81,437</u>

#### Investment Consideration Commitments

Pursuant to the initial acquisition from Xanadu Limited of the 50% interest in Coalridge Limited that owns 90% interest in the Nuurstei Coking Coal Project (Nuurstei Project), 500,000 shares in Aspire are to be issued to Xanadu in the event that 30 million tonnes of JORC compliant resources are identified in the Nuurstei Project area.

### NOTE 19: DIVIDENDS

The Directors of the Group have not declared any dividend for the year ended 30 June 2022.

### NOTE 20: CONTINGENT LIABILITIES

There are no contingent liabilities at 30 June 2022.

### NOTE 21: EVENTS SUBSEQUENT TO REPORTING DATE

There has not been any material matter or circumstance that has arisen after balance date that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial periods.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2022**

**NOTE 22: DIRECTORS AND EXECUTIVE DISCLOSURES**

The totals of remuneration paid to key management personnel of the Company during the year are as follows:

	<b>2022</b>	<b>2021</b>
	\$	\$
Short-term employee benefits	851,660	830,469
Post-employment benefits	5,479	5,205
Share-based payments	49,179	67,033
	<u>906,318</u>	<u>902,707</u>

Share based payments is the gross accounting value of performance rights and options brought to account in accordance with accounting standards.

*Related Party Transactions*

In 2022, Kingsland Kingsland Corporate Pty Ltd (formerly 2R's Pty Ltd), a company associated with Mr David Paull, was paid \$14,000 for the services provided by David Paull beyond his NED Chair role (2021: \$15,150).

**NOTE 23: AUDITOR'S REMUNERATION**

The auditor of Aspire Mining Limited is HLB Mann Judd.

	<b>2022</b>	<b>2021</b>
	\$	\$
<i>Amounts received or due and receivable by HLB Mann Judd for:</i>		
An audit or review of the financial reports	49,000	50,460
Other services	-	-
	<u>49,000</u>	<u>50,460</u>

The auditor of Khurgatai Khairkhan LLC, its direct subsidiaries and Northern Railways LLC is KPMG.

	<b>2022</b>	<b>2021</b>
	\$	\$
<i>Amounts received or due and receivable by KPMG:</i>		
An audit or review of the financial reports	73,360	73,614
Other services	-	-
	<u>73,360</u>	<u>73,614</u>

**NOTE 24: PARENT ENTITY DISCLOSURES**

***Financial position***

	<b>2022</b>	<b>2021</b>
	\$	\$
<b>Assets</b>		
Current assets	27,368,152	29,863,351
Non-current assets	7,535,339	6,615,577
Total assets	<u>34,903,491</u>	<u>36,478,928</u>
<b>Liabilities</b>		
Current liabilities	327,789	156,022
Total liabilities	<u>327,789</u>	<u>156,022</u>
<b>Net assets</b>	<u>34,575,702</u>	<u>36,322,906</u>
<b>Equity</b>		
Issued capital	150,026,408	150,026,408
Reserves	49,179	-
Accumulated losses	(115,499,885)	(113,703,502)
Total equity	<u>34,575,702</u>	<u>36,322,906</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2022**

**NOTE 24: PARENT ENTITY DISCLOSURES (continued)**

**Financial performance**

	<b>Year ended 30 June 2022</b>	<b>Year ended 30 June 2021</b>
	<b>\$</b>	<b>\$</b>
Operating loss for the year	(1,796,383)	(6,320,821)
Total comprehensive loss	(1,796,383)	(6,320,821)

**Parent Company Capital Commitments and Contingent Liabilities**

The parent entity currently has no capital commitments for the acquisition of property, plant and equipment.

See Note 18 for obligations of Aspire to issue securities.

**NOTE 25: SUBSIDIARIES**

The consolidated financial statements include the financial statements of Aspire Mining Limited and its below subsidiaries.

<b>Subsidiary Name</b>	<b>Country of incorporation</b>	<b>% Equity Owned</b>		<b>Investment</b>	
		<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Khurgatai Khairkhan LLC	Mongolia	100%	100%	-	-
Ovoot Coal Mining LLC	Mongolia	100%	100%	-	-
Chilchig Gol LLC	Mongolia	100%	100%	-	-
Ovoot Coking Coal Pte Ltd	Singapore	100%	100%	\$9,428,158	\$9,428,158
Northern Railways LLC	Mongolia	80%	80%	-	-
Northern Railways Holdings LLC	Mongolia	80%	80%	\$136,230	\$136,230
Northern Railways Pte Ltd	Singapore	80%	80%	\$1	\$1
Northern Infrastructure Limited	British Virgin Islands	80%	80%	\$97,408	\$97,408
Coalridge Limited	British Virgin Islands	100%	100%	\$1,541,390	\$1,541,390
Ekhgoviin Chuluu LLC	Mongolia	100%	100%	-	-
Black Rock LLC	Mongolia	90%	90%	-	-
Urnuun Elbeg LLC	Mongolia	100%	100%	-	-

Aspire Mining Limited is the ultimate Australian parent entity and ultimate parent of the Group. Transactions between these parties involved the provision of funding for operations. As at 30 June 2022 and before impairment, amounts of \$63,996,123 (2021: \$61,219,559), \$20,934,810 (2021: \$20,920,968), \$138,409 (2021: \$138,409), \$1,307,908 (2020: \$1,296,755), \$25,486 (2021: \$22,287) and \$511,616 (2020: \$466,017) were owed by Khurgatai Khairkhan LLC, Ovoot Coking Coal Pte Ltd, Northern Railway Holdings LLC, Northern Railways Pte Ltd, Northern Mongolian Railways Limited and Ekhgoviin Chuluu LLC to the parent entity, respectively. The loans have been impaired.

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## DIRECTORS' DECLARATION

In the opinion of the Directors of Aspire Mining Limited ('the Company'):

1. The financial statements and notes of the Group are in accordance with the Corporations Act 2001 including:
  - a. giving a true and fair view of the Group's financial position as at 30 June 2022 and of its performance for the year then ended; and
  - b. complying with Accounting Standards and Corporations Regulations 2001.
2. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
3. The financial statements and notes are in accordance with International Financial Standards issued by the International Accounting Standards Board.
4. This declaration has been made after receiving the declarations required to be made to the Directors in accordance with Section 295A of the Corporations Act 2001 for the financial year ended 30 June 2022.

This declaration is signed in accordance with a resolution of the Board of Directors.



**Achit-Erdene Darambazar**  
**Managing Director**  
**29 September 2022**

## **INDEPENDENT AUDITOR'S REPORT**

To the members of Aspire Mining Limited

### **Report on the Audit of the Financial Report**

#### *Opinion*

We have audited the financial report of Aspire Mining Limited ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Group's financial position as at 30 June 2022 and of its financial performance for the year then ended; and
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### *Basis for Opinion*

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Key Audit Matters*

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our report.

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Key Audit Matter	How our audit addressed the key audit matter
<p><b>Deferred exploration and evaluation expenditure</b> Refer to Note 10</p>	<p>Our procedures included but were not limited to the following:</p> <ul style="list-style-type: none"> <li>• We obtained an understanding of the key processes associated with management’s review of the exploration and evaluation asset carrying values;</li> <li>• We verified a sample of the exploration additions;</li> <li>• We considered the Directors’ assessment of potential indicators of impairment;</li> <li>• We obtained evidence that the Group has current rights to tenure of its areas of interest;</li> <li>• We examined the exploration budget for the year ending 30 June 2023 and discussed with management the nature of planned ongoing activities; and</li> <li>• We examined the disclosures made in the financial report.</li> </ul>

*Information Other than the Financial Report and Auditor’s Report Thereon*

The directors are responsible for the other information. The other information comprises the information included in the Group’s annual report for the year ended 30 June 2022, but does not include the financial report and our auditor’s report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report, or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

*Responsibilities of the Directors for the Financial Report*

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

### *Auditor's Responsibilities for the Audit of the Financial Report*

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



**Report on the Remuneration Report**

*Opinion on the Remuneration Report*

We have audited the Remuneration Report included within the directors' report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of Aspire Mining Limited for the year ended 30 June 2022 complies with section 300A of the *Corporations Act 2001*.

*Responsibilities*

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

*HLB Mann Judd*

**HLB Mann Judd**  
**Chartered Accountants**

**Perth, Western Australia**  
**29 September 2022**



**B G McVeigh**  
**Partner**

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## ADDITIONAL SHAREHOLDER INFORMATION

Additional information required pursuant to the ASX Listing Rules and not shown elsewhere in this report is as follows. The information is current as at 20<sup>th</sup> October 2022.

### 1. Substantial Shareholders

There are two substantial shareholders:

- Mr Terenpuntsag Tserendamba, 266,376,470 shares or 52.47% on an undiluted basis
- Noble Resources International Pte Ltd, 66,401,758 shares or 13.08% on an undiluted basis

### 2. Number of holders in each class of equity securities and the voting rights attached

#### Ordinary Shares

There are 2,335 holders of ordinary shares. Each shareholder is entitled to one vote per share held. In accordance with the Company's Constitution, on a show of hands every member present in person or by proxy or attorney or duly authorised representative has one vote. On a poll every member present in person or by proxy or attorney or duly authorised representative has one vote for every fully paid ordinary share held.

### 3. Distribution schedule of the number of holders in each class of equity security

#### a) Fully Paid Ordinary Shares

Spread of Holdings	Holders	Units	%
1 – 1,000	729	264,976	0.05%
1,001 – 5,000	487	1,327,636	0.26%
5,001 – 10,000	255	2,041,523	0.40%
10,001 – 100,000	621	24,488,508	4.83%
100,001 –	243	479,514,342	94.46%
TOTAL ON REGISTER	2,335	507,636,985	100.00 %

b) There were no listed options on issue as at the date of this report.

c) There were no unlisted performance rights on issue as at the date of this report.

### 4. Marketable Parcel

There are 1,228 shareholders with less than a marketable parcel.

### 5. Twenty largest holders of each class of quoted equity security

The names of the twenty largest registered holders of each class of security, the number of equity security each holds and the percentage of capital each holds are as follows on the next page;

## ADDITIONAL SHAREHOLDER INFORMATION (continued)

### Ordinary Shares Top 20 holders and percentage held

	Units	% of Issued
<b>Holder Name</b>		
1 Mr Tserenpuntsag Tserendamba	222,542,060	43.84%
2 Noble Resources International Pte Ltd	66,401,758	13.08%
3 MICC LLC(i)	43,834,410	8.64%
4 Spectral Investments Pty Ltd <Lithgow Family A/c>	23,727,851	4.67%
5 HSBC Custody Nominees Australia Limited	13,226,595	2.61%
6 Citicorp Nominees Pty Ltd	11,149,366	2.20%
7 China Tonghai Securities Ltd	9,836,492	1.94%
8 Custodial Services Ltd <Beneficiaries Holding A/c>	6,298,620	1.24%
9 BNP Paribas Nominees Pty Ltd <IB Au Noms Retailclient DRP>	3,769,649	0.74%
10 Mr Stephen Ronald Hobson <Hobson Investment A/c>	2,129,833	0.42%
11 Miss Yidi Ren	2,041,234	0.40%
12 Hurose Pty Ltd	2,000,000	0.39%
13 2R's Pty Ltd <Paull Family Fund A/c>	1,557,013	0.31%
14 Sandwich Holdings Pty Ltd	1,500,000	0.30%
15 Istabraq Pty Ltd <Katmai Investments A/c>	1,358,367	0.27%
16 Mr Joseph Warren	1,300,238	0.26%
17 Glover Superannuation Pty Ltd <M Glover Super Fund A/c>	1,261,222	0.25%
18 Mr Benjamin Wechsler	1,250,000	0.25%
19 Mr Peter Joseph Mcguire	1,200,000	0.24%
20 Mentok Pty Ltd	1,065,000	0.21%
<b>Total</b>	<b>417,449,708</b>	<b>82.26%</b>

### Notes

- (i) Held for and on behalf of Mr. Tserenpuntsag Tserendamba

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## ADDITIONAL SHAREHOLDER INFORMATION (continued)

### 6. Stock exchange on which the Company's securities are quoted:

The Company's listed equity securities are quoted on the Australian Stock Exchange.

### 7. Restricted Securities

There are no restricted securities.

### 8. Review of Operations

A review of operations is contained in the Annual Report and Directors' Report within the Annual Financial Report.

### 9. Corporate Governance Statement

The Corporate Governance Statement for the year ending 30 June 2022 can be found on the company's website at <http://www.aspiremininglimited.com>.

### 10. Schedule of Tenements Mining & Exploration Licenses

The licenses registered in the name of Aspire Mining Limited or its 100% owned subsidiaries are set out in the Operational Review in the Annual Report.

### 11. Schedule of Tenements Mining & Exploration Licenses

The licenses registered in the name of the Company or one of its subsidiaries are:

Tenement	Location	Attributable Equity
<b>Ovoot</b> MV017098	Mongolia	100%
<b>Nuurstei</b> MV-020941	Mongolia	90%

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