

# Aspire Mining Ltd

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## Aspire Mining increases exposure to near-term coal production

Aspire Mining (ASX:AKM) has entered into an agreement to facilitate the exercise of its option to increase its ownership to 100% from 50% in the Ekhgoviin Chuluu Joint Venture (ECJV).

The ECJV owns a 90% interest in the near-term development opportunity, the Nuurstei Coking Coal Project located in Mongolia.

Nuurstei contains a JORC resource of 4.75 million tonnes in the Indicated category and 8.1 million tonnes in the Inferred category.

Aspire has also agreed to restructure existing debt and interest obligations as well as undertake a capital raising, which is expected to significantly strengthen the Aspire balance sheet.

These are important steps in the recapitalisation and repositioning of the company as a near term Mongolian coking coal miner, which can see the company achieve a valuation re-rating.

### Capital raising details

In connection with these transactions, Spectral Investments Pty Ltd and major shareholder Mr Bat-Erdene Khadbaasan have agreed to convert amounts drawn down by Aspire under a short term debt facility into equity.

Each of these transactions is subject to Aspire successfully completing a proposed capital raising and shareholder approval.

Aspire is seeking to raise up to A\$4 million by issuing up to 200 million shares priced at \$0.02 in a prospectus offering.

Shares will come with a 1:1 attaching option exercisable at \$0.025 expiring in 12 months.

The company will be able to accept oversubscription applications for an additional 50 million shares or A\$1 million.

### Financing details

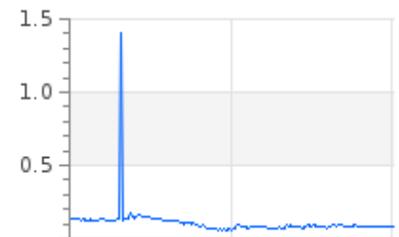
The payment for exercise of the ECJV option is US\$1 million and the grant of a royalty in respect to future production of saleable coking coal from the Nuurstei Coking Coal Project.

It has further been agreed that the US\$1 million payable can be satisfied through the issue of US\$1 million in equity securities on the same terms as those issued under the capital raising.

**Price:** 0.077

**Market Cap:** \$39.09 m

### 1 Year Share Price Graph



September 2019 April 2020 September 2020

### Share Information

**Code:** AKM

**Listing:** ASX

**52 week High Low**  
1.4 0.051

**Sector:** Coal

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

### Company Synopsis:

*Aspire Mining Ltd (ASX:AKM) is an exploration and development company focused on discovering and developing world class premium coal deposits in Mongolia. Its Northern Railways subsidiary is developing the Erdenet to Ovoot rail project.*

[action@proactiveinvestors.com.au](mailto:action@proactiveinvestors.com.au)

Aspire also has debt outstanding that includes US\$5 million under a long term debt facility and US\$1.5 million under a short term facility.

It has been agreed that the US\$1.5 million short term facility will be rolled into the long term debt facility, which has had its repayment date extended to 17 August, 2019.

Aspire has agreed to pay down the loan from 50% of net free cash flow before interest and tax from the Nuurstei Coking Coal Project once that project moves into production.

The impact of the debt for equity conversions, along with the option payment in shares results in the issuance of circa 131.6 million shares and options for a value of A\$2.6 million.

### Analysis

Collectively, these transactions are expected to significantly strengthen the Aspire balance sheet by:

- Aspire acquiring an additional 45% beneficial interest in the Nuurstei Coking Coal Project;
- Consolidating and extending existing debt facilities out to August 2019;
- Adding up to A\$4 million in cash (less capital raising expenses) pursuant to the capital raising; and
- Facilitating the issue of circa A\$2.6 million in equity in lieu of cash payments (pursuant to the ECJV option exercise arrangements as well as existing debt and interest payment obligations).

By advancing Nuurstei into production, Aspire will expect a re-rating of its current valuation.

If the proposed capital raising and debt-equity swaps are completed, Aspire will have a market cap of circa \$24.4 million and enterprise value of circa \$29 million.

With Nuurstei in production, Aspire will join the ASX junior coal miner ranks alongside:

- Stanmore Coal (ASX:SMR) \$83.3 million market cap and \$91 million enterprise value;
- TerraCom (ASX:TER) \$86.8 million market cap and \$288 million enterprise value; and
- Universal Coal Plc (ASX:UNV) \$75.7 million market cap and \$86 million enterprise value.

While Nuurstei is only seen as a starter project for Aspire while it progresses Ovoot, Mongolia's second largest coking coal project, it can still act as an important value catalyst for the company.

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Contact us +61 (0)2 9280 0700 [action@proactiveinvestors.com.au](mailto:action@proactiveinvestors.com.au)

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