

Aspire Mining Ltd

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Aspire Mining advances DFS for early development of world-class Ovoot project

Aspire Mining Ltd (ASX:AKM) continues to advance a definitive feasibility study (DFS) for the early development of the world-class Ovoot Coking Coal Project in northern Mongolia.

The company is engaging with the local community to provide ground access to complete the technical drilling and associated studies required to complete the DFS.

Ovoot Early Development Plan (OEDP) is focused on a truck and rail operation to deliver 4 million tonnes per annum of washed coking coal to end markets within 12 to 15 months of final operational and board approvals.

Operational expansion can then occur following the construction of the Erdenet-to-Ovoot Railway being progressed by Aspire's subsidiary, Northern Railways LLC.

Community benefits

Based on the pre-feasibility study outcomes for the extended Ovoot project, the OEDP will generate an internal rate of return of 44.5% on a before tax basis.

As part of detailed modelling of the OEDP's community benefits, Aspire calculates that the OEDP will provide total direct and indirect employment for 1,200 workers and deliver \$US850 million in royalties and taxes to Mongolia.

Dependent on haul road

The OEDP is dependent upon first constructing a haul road able to deliver coking coal to the nearest railhead at Erdenet and from there, the coal can be railed north or south to export markets.

For this purpose, the company is engaging with regional authorities from Khuvsgul aimag in terms of an acceptable alignment for the special purpose coal haul road.

There is no road connecting the local Tsetserleg soum with the Khuvsgul capital of Murun.

Awaiting approvals

Khuvsgul aimag administration is considering the Ovoot-to-Erdenet Road as part of a 2030 road development plan as it passes within the aimag.

The administration also needs to negotiate with the various soums, villages and herder groups impacted by the road alignment.

Price: 0.012

Market Cap: \$39.92 m

1 Year Share Price Graph



Share Information

Code: AKM

Listing: ASX

52 week High Low
0.03 0.012

Sector: Mining

Website: 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.

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Until the road alignment in Khuvsugul is approved it is not possible to complete the definitive road engineering studies.

Aspire continues positive engagement with the local community, however, community leaders are awaiting confirmation of the road alignment before providing their support for further ground activities at Ovoot.

Delayed completion

Given continued delays in receiving these approvals, combined with the onset of winter, Aspire will not be able to complete critical hydrological and geotechnical drilling to a required DFS standard before the onset of winter.

The low temperatures would impact on the results if drilling was attempted and temperatures are not expected to be suitable for this drilling until March/April 2020.

It is now likely the DFS will not be completed until May 2020 but in the interim, Aspire will be completing other DFS components with final inputs subject to the completion of this work.

Infill drilling for detailed mine planning and customer samples can continue through winter.

Marketing in China

Aspire recently visited a number of steel mills identified as potential cornerstone customers in north-eastern China with more marketing visits being arranged for later in the year.

The steel mills confirmed they had previously acquired Mongolian coking coal, largely from traders, and that there were logistics solutions available to transport coal from the Gashuun Sukhait border into Northeast China.

Map of Mongolian coking coal export paths in China.

Ovoot coking coal will be exported from the border port at Erenhot, which is 350 kilometres closer than the Gashuun Sukhait border and directly accessible via Chinese rail solutions.

Planning of internal Chinese logistics solutions will be necessary to demonstrate the capacity of the company to directly engage with these customers.

Set to surpass Australia

During a presentation at the recent Discover Mongolia Conference, the president of Fenwei Energy Information Services, Chang Yijun, noted that in the mid to long term Mongolia was expected to surpass Australia to become the largest coking coal supplier to China's steel industry.

This would largely be driven by improved transport infrastructure within Mongolia and China.

In particular, the recently completed 1,800-kilometre Haoji Railway, now China's largest bulk commodity railway capable of annually carrying 200 million tonnes and linking Inner Mongolia with southern provinces, will make Mongolian coal more cost-competitive against seaborne imports.

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