



Prairie Mining
Limited

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PRAIRIE COMMENCES EUROPEAN COAL MARKETING STUDIES FOR LUBLIN COAL PROJECT

HIGHLIGHTS:

- *Wood Mackenzie appointed to conduct thermal and metallurgical coal marketing studies for the Lublin Coal Project*
- *Studies will assess the potential for both semi-soft coking and premium thermal coal from the Project to compete across key European energy and steel markets, and to provide forecast pricing*
- *Premium thermal coal marketing study now underway and expected to be completed in the December 2014 quarter*
- *Metallurgical coal marketing study to commence following completion of Prairie's initial drilling program and associated coal quality and coal washability test work in late 2014*
- *The results of the studies will be included in the Pre-Feasibility Study for the Lublin Coal Project which is expected to commence in the coming weeks and is due for completion in the first half of 2015*
- *Marketing studies will form an important study component for potential project financiers, strategic equity partners and offtakers*

Prairie Mining Limited ("Prairie" or "Company") is pleased to announce that it has appointed global energy, metals and mining research and consultancy group Wood Mackenzie to conduct European coal marketing studies for premium thermal and semi-soft coking coal from Prairie's Lublin Coal Project ("LCP" or the "Project") located in south eastern Poland.

In March 2014, Prairie released its initial coal washability results from core samples taken from the first four core holes across the Project which confirmed exceptional yields of up to 97% and the potential for extensive metallurgical and premium thermal coal at the Project. The preliminary washability analysis also demonstrated clean coal calorific values ranging from 7,526 – 7,830 kcal/kg (GAD), free swell index of 4 - 6 and very low ash contents of 2.0 – 2.7% on an air dried basis (Refer ASX announcement on 13 March 2014).

Furthermore, in April 2014, Prairie published the results of a Scoping Study which confirmed the potential for the LCP to be developed as a large scale, long life mine with attractive fundamentals and with the ability to produce both semi-soft coking and premium thermal coal (refer ASX announcement on 28 April 2014). The LCP has access to well established regional rail and port infrastructure with underutilised bulk cargo capacity for low transportation costs within Poland, to regional European markets by rail, and to the seaborne export market through underutilised ports in the north of Poland.

Prairie will commence a Pre-Feasibility Study ("PFS") for the LCP in the coming weeks which is expected to be completed during the first half of 2015. As part of the PFS, Prairie has commissioned separate coal marketing studies for thermal and metallurgical coal.

In this regard, Prairie received a number of proposals from internationally recognised coal marketing experts with experience in commodity research and analysis, mineral price forecasting and estimation, value in use analysis and coal off-take contracting. Following a detailed review of these proposals, Prairie selected Wood Mackenzie as the preferred contractor to conduct the studies.

Wood Mackenzie is well known as the industry leader in coal marketing consulting, offering deep industry knowledge, innovative methodologies, dedication to quality analysis and specific experience of the coal and mining sectors. Wood Mackenzie's clients include international energy and metals companies as well as financial institutions and governments.

Managing the studies from Wood Mackenzie will be Mr Matthew Sharples, who has over 14 years of marketing/trading and commercial advisory experience in the energy industry and has overseen a number of strategic and market based consulting engagements across the coal industry. Prior to joining Wood Mackenzie, Mr Sharples spent three years as Xstrata's Regional Marketing Manager for Thermal Coal, with responsibility for marketing Xstrata's new projects (including Wandoan), as well as development of Xstrata's position in Asian growth markets. Mr Sharples was lead negotiator for Xstrata's long term coal sales agreements, and actively engaged with power plant developers/traders.

Wood Mackenzie will immediately commence with the premium thermal coal marketing study for the LCP and is expected to complete the study during the December 2014 quarter. The metallurgical coal marketing study will commence following the completion of Prairie's first phase drilling program and after further coal quality and washability test work has been completed. The metallurgical coal marketing study is expected to be completed during the March 2015 quarter.

The studies have been designed to incorporate the Project's competitor advantage of being able to offer both semi-soft coking coal and premium thermal coal products from the same operation and to assess market opportunities that would maximise the revenue potential of coals from the LCP, with this analysis to be included in the PFS. Prairie intends to use the marketing studies to:

- Identify and screen market opportunities;
- Assess competitors;
- Refine product and marketing strategy;
- Inform elements of project design including coal handling and preparation plant;
- Support potential due diligence processes by project financiers, strategic equity partners and offtakers; and
- Provide price forecasts for coal products from the LCP for use in the PFS financial model;



Figure 1: Marketing Potential for Coals from the Lublin Coal Project

For further information contact:

Ben Stoikovich
Chief Executive Officer
+44 207 478 3900
info@pdz.com.au

Hugo Schumann
Business Development
+44 207 478 3900

Anastasios Arima
Executive Director
+61 8 9322 6322

ABOUT THE LUBLIN COAL PROJECT

The Lublin Coal Project is a large scale premium thermal and semi-soft coking coal project with a current Coal Resource Estimate of 1.6 billion tonnes ("CRE") across four coal exploration concessions in south eastern Poland. The CRE is based on the review and modelling of historic data over the Company's concessions, including the logs from 200 cored boreholes.

In April 2014 Prairie published the results of a Scoping Study for the Lublin Coal Project which confirmed the potential for a world class high margin metallurgical and premium thermal coal operation (refer ASX announcement on 28 April 2014). The Scoping Study assumed annual operating costs at US\$37 per tonne which would place the Project on the lowest position on the global cost curve for coal delivered into Europe.

The Project is located close to well established regional rail and port infrastructure with underutilised bulk cargo capacity for low transportation costs within Poland, to regional European markets by rail, and to the seaborne export market through underutilised ports in the north of Poland.

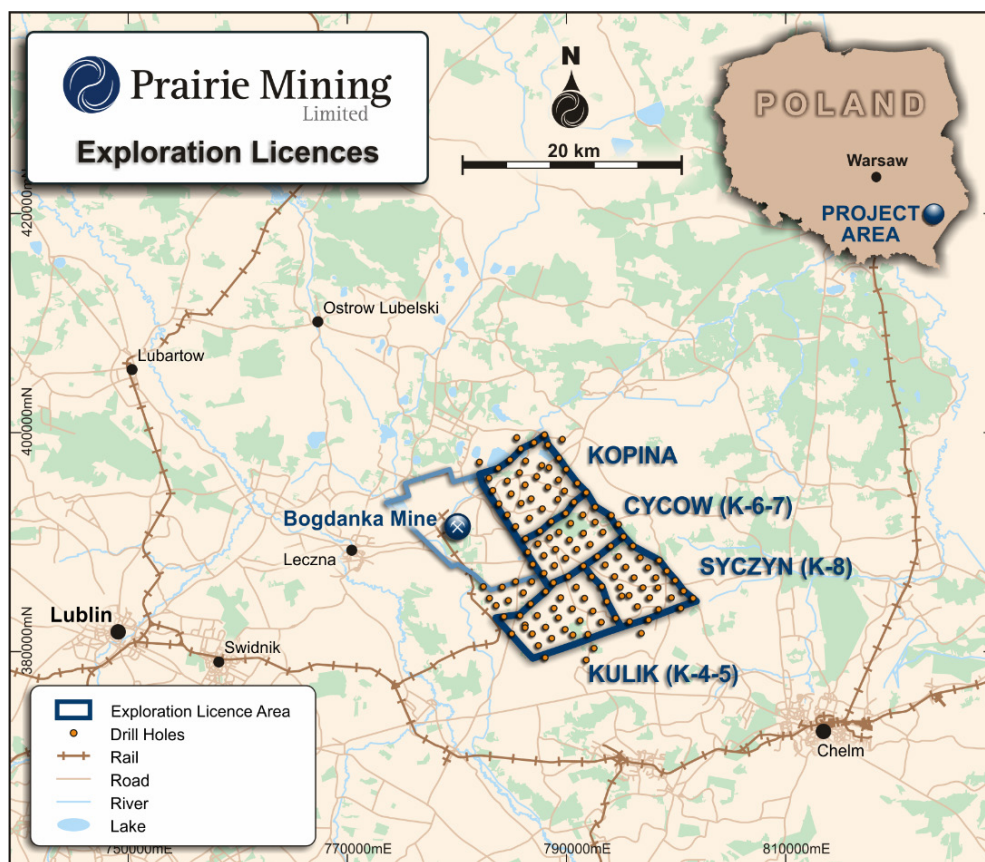


Figure 2: Lublin Coal Project Exploration Licences

The Project is situated adjacent to the Bogdanka coal mine which has been in commercial production since 1982. Bogdanka has successfully been able to demonstrate that the Lublin Coal Basin has the potential to host a new generation of large scale coal projects and has recently expanded its production levels to over 8 million tonnes per annum (targeting production of 11.5 million tonnes per annum by 2015) of thermal coal. The Lublin basin has ideal geological and mining conditions for high productivity longwall plow operations with world record production rates set by Bogdanka. As a result, the Bogdanka mine is currently the lowest operating cost hard coal mine in Europe.

Forward Looking Statements

This release may include forward-looking statements. These forward-looking statements are based on Prairie's expectations and beliefs concerning future events. Forward looking statements are necessarily subject to risks, uncertainties and other factors, many of which are outside the control of Prairie, which could cause actual results to differ materially from such statements. Prairie makes no undertaking to subsequently update or revise the forward-looking statements made in this release, to reflect the circumstances or events after the date of that release.

Competent Person Statements

The Company advises that the information relating to the Scoping Study referred to in this announcement is based on lower-level technical and preliminary economic assessments, and is insufficient to support estimation of Ore Reserves or to provide assurance of an economic development case at this stage, or to provide certainty that the conclusions of the Scoping Study will be realised.

The information in this announcement that relates to Exploration Results, Coal Resources, Production Targets and the Scoping Study was extracted from Prairie's ASX announcements dated 28 April 2014 entitled 'Scoping Study Confirms Potential for World Class High Margin Met and Thermal Coal Project' and 13 March 2014 entitled 'Initial Washability Results Display Exceptionally High Yields' available to view on the company's website at www.pdz.com.au

The information in the original ASX announcements that related to Exploration Results and Coal Resources is based on information compiled or reviewed by Dr Richard Lowman, a Competent Person who is a Fellow of the Geological Society of London. Dr Lowman is employed by independent consultants Wardell Armstrong LLP which owns Wardell Armstrong Limited. Dr Lowman has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Dr Lowman consents to the inclusion of the data in the form and context in which it appears.

The information in the original ASX announcements that relates to Production Targets and the Scoping Study is based on information compiled or reviewed by Mr Robin Dean who is a Competent Person and is a member of the Institute of Materials, Minerals and Mining (UK). Mr Dean is employed by independent consultants Wardell Armstrong LLP which owns Wardell Armstrong Limited. Mr Dean has sufficient experience that is relevant to the type of mining operation under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Dean consents to the inclusion in the report of the matters based on their information in the form and context in which it appears.

Prairie confirms that: a) it is not aware of any new information or data that materially affects the information included in the original ASX announcements; b) all material assumptions and technical parameters underpinning the Coal Resource, Production Target, and related forecast financial information derived from the Production Target included in the original ASX announcements continue to apply and have not materially changed; and c) the form and context in which the relevant Competent Persons' findings are presented in this announcement have not been materially modified from the original ASX announcements.

Lublin Coal Project - Coal Resource Estimate (based on net coal seam thickness)			
Coal Seam	Indicated Coal Resource In-Situ (Mt)	Inferred Coal Resource In-Situ (Mt)	Total Coal Resource In-Situ (Mt)
391	137	177	314
389	20	84	104
Other Seams	-	1,141	1,141
Total – Project Area	157	1,402	1,559

Lublin Coal Project - 391 Coal Seam Washed Quality (Float @1.35)	
Calorific Value	7,526 – 7,830 kcal/kg
Free Swell Index	4.0 – 6.0
Ash	2.0% – 2.7%
Volatile Matter	33.2% – 36.7%