



Prairie Mining
Limited

ASX RELEASE | 10 SEPTEMBER 2014

LUBLIN COAL PROJECT CONCESSION UPDATE

Prairie Mining Limited (“**Prairie**” or “**Company**”) is pleased to advise that further to its announcement on 28 August 2014, the Polish Ministry of Environment (“**MoE**”) has now officially rejected Lubelski Węgiel BOGDANKA S.A.’s (“**Bogdanka**”) application for a Mining Concession over Prairie’s K-6-7 Concession.

Prairie currently holds four valid Exploration Concessions and associated Usufruct Agreements, which includes K-6-7, and together these make up the Company’s Lublin Coal Project (“**LCP**”). The Exploration Concessions and Usufruct Agreements are held by Prairie’s 100% owned Polish subsidiary PD Co Sp. z o.o. Under the Polish Geological and Mining Law (2011) (“**GML**”), a clear pathway exists to progress from an Exploration Concession to a Mining Concession.

In rejecting Bogdanka’s application, the MoE has stated that *“Granting a concession for the production of black coal from a deposit for which an appraisal concession has been previously granted undermines the geological sense of further appraisal of the mineral in this area, makes the granted appraisal concession void and may violate the right to use the rock mass set forth in the agreement on establishing mining usufruct concluded with PD Co Sp. z o.o. Such a decision would be contrary to public interest, and the concession authority may not make decisions that abuse the trust of entities in the authority, as well as in the fundamental principles laid down in the Constitution of the Republic of Poland, i.e. the principle of citizen’s trust in the state and the principle of protection of the interests in progress.”*

The official statement can be found in English on the MoE website at the following address:

<http://www.mos.gov.pl/?j=en> (Decision entitled ‘Black coal concessions in Lubelszczyzna – explanation’)

The Board is aware that Bogdanka may appeal this decision by the MoE, and accordingly, Prairie will continue to update the market on any new material developments.

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 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.

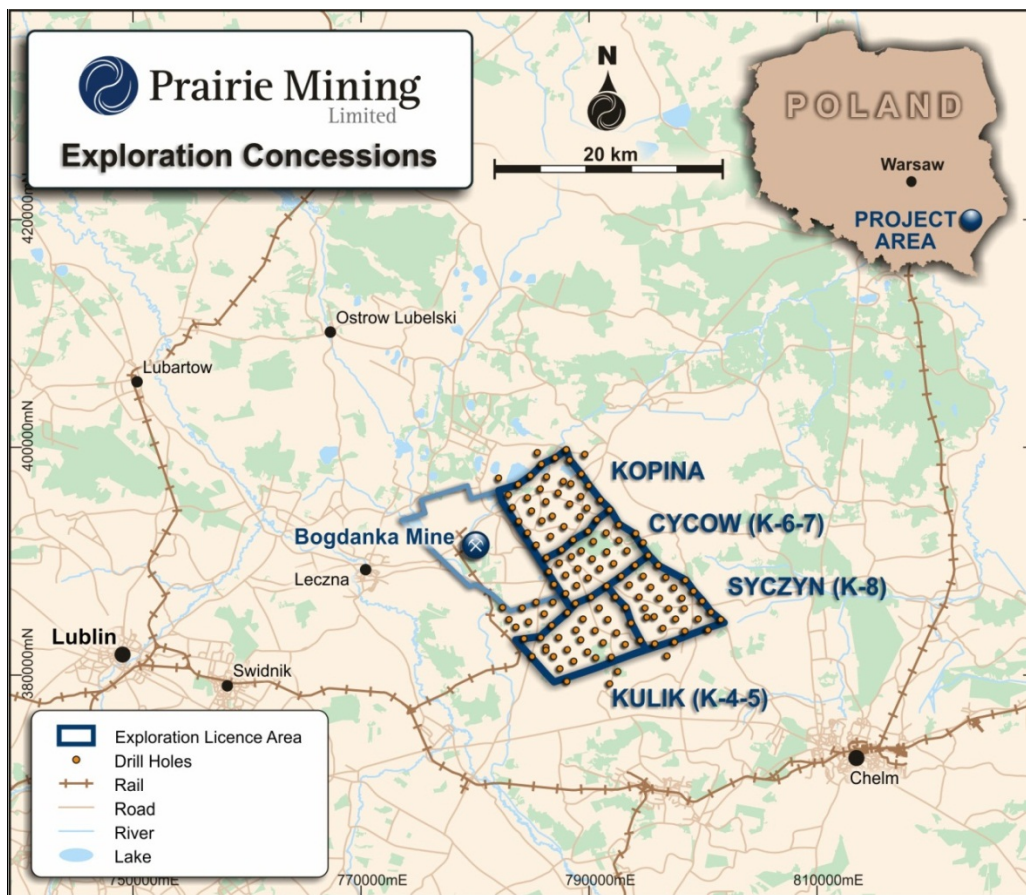


Figure 1: Lublin Coal Project Exploration Concessions

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'.

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'.

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 (Mt) | Inferred (Mt) | Total (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% |