



Prairie Mining
Limited

ASX RELEASE | 11 SEPTEMBER 2014

HIGHLY RESPECTED MINING EXECUTIVES JOIN THE PRAIRIE BOARD

HIGHLIGHTS:

- ***Appointment of Mr Thomas Todd as Non-Executive Director of Prairie, with Mr Todd Hannigan as his alternate Director***
- ***Messrs Todd and Hannigan were formerly the Chief Financial Officer and Chief Executive Officer respectively of Aston Resources who were instrumental in developing the company into one of the largest publicly listed coal companies in Australia***
- ***Aston Resources' flagship asset was the Maules Creek Coal Project, which is currently nearing completion of construction and is scheduled to ship first coal in early 2015, and will eventually be one of Australia's largest coal mines. Messrs Todd and Hannigan were instrumental in raising ~\$2 billion for the acquisition and development of the project***
- ***T2 Resources, a company controlled by Messrs Todd and Hannigan, will acquire 2.8 million shares in Prairie***
- ***Prairie is progressing with its Pre-Feasibility Study which is due for completion in the first half of 2015 and continues to strengthen its technical and financial capabilities to carry the Lublin Coal Project through the development phase***

Prairie Mining Limited ("Prairie" or "Company") is pleased to announce the appointment of Mr Thomas (Tom) Todd as a Non-Executive Director of Prairie, with Mr Todd Hannigan as his alternate Director. In addition, T2 Resources Pty Limited ("T2 Resources"), an investment vehicle controlled by Mr Todd and Mr Hannigan, will acquire 2.8 million shares in the Company.

Messrs Todd and Hannigan were formerly the Chief Financial Officer and Chief Executive Officer respectively of Aston Resources Limited ("Aston Resources"). During this period, they led the growth of Aston Resources from a small private company into one of Australia's largest publicly listed coal companies. Aston Resources raised a total of \$855 million in debt and \$1.1 billion in equity funding to acquire and fully fund the Maules Creek coal project through to first coal production. In 2011, Aston Resources merged with Whitehaven Resources Limited in a deal valued at over \$5 billion.

Commenting on the new Board Appointments, Prairie's CEO Mr Ben Stoikovich said "We are delighted with the appointment of Messrs Todd and Hannigan to the Board as they have a demonstrated track record in financing and developing large scale, world-class coal projects. That we have been able to attract them to join our team and invest in the Company is testament to the high quality of the Lublin Coal Project and the management team we have assembled. I greatly look forward to their contribution at this important time in the development of the Project as we begin preliminary financing and offtake discussions as part of the Pre-Feasibility Study."

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Additional Information

Mr Todd was the Chief Financial Officer of Aston Resources from 2009 to November 2011. Prior to Aston Resources, Mr Todd was Chief Financial Officer of Custom Mining, where his experience included project acquisition and funding of project development for the Middlemount project to the sale of the company to Macarthur Coal. A graduate of Imperial College, Mr Todd holds a Bachelor of Physics with first class Honours. He is a member of The Institute of Chartered Accountants in England and Wales and a graduate of the Australian Institute of Company Directors. As a result of being appointed as a Director, Mr Todd (or his nominee) will receive 1.4 million options exercisable at \$0.45 on or before 30 June 2018.

Mr Hannigan was the Chief Executive Officer of Aston Resources from 2010 to 2011. During this time, the company significantly progressed the Maules Creek project, including upgrades to the project's resources and reserves, completion of all technical and design work for the Definitive Feasibility Study, negotiation of two major project stake sales and joint venture agreements, securement of port and rail access and progression of planning approvals to final stages. Mr Hannigan has worked internationally in the mining and resources sector for over 18 years with Aston Resources, Xstrata Coal, Hanson PLC, BHP Billiton and MIM. Mr Hannigan is a graduate of the University of Queensland, holds a Bachelor of Engineering (Mining) with Honours, holds a Queensland first class mine manager's certificate and has a MBA from INSEAD.

T2 Resources is a Sydney-based natural resource investment company founded by Mr Todd and Hannigan. T2 Resources is a value driven investment firm that targets opportunities with significant operational, development or funding catalysts. The founders of T2 Resources have a successful record in securing finance for the acquisition and development of large scale coal projects. This includes securing acquisition debt funding, public market equity and joint venture funding on compressed timeframes and in challenging market conditions.

The appointment of Messrs Todd and Hannigan will be effective on or about 16 September 2014.

Share Purchase

Given the excellent working capital position of the Company, T2 Resources, a company controlled by Messrs Todd and Hannigan, will acquire 2.8 million shares in Prairie from Executive Director, Mr Anastasios Arima, who has a tax liability to settle. This investment by T2 Resources is testament to the quality and scale of the Lublin Coal Project, where a Pre-Feasibility Study is currently underway and is due for completion in the first half of 2015.

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.

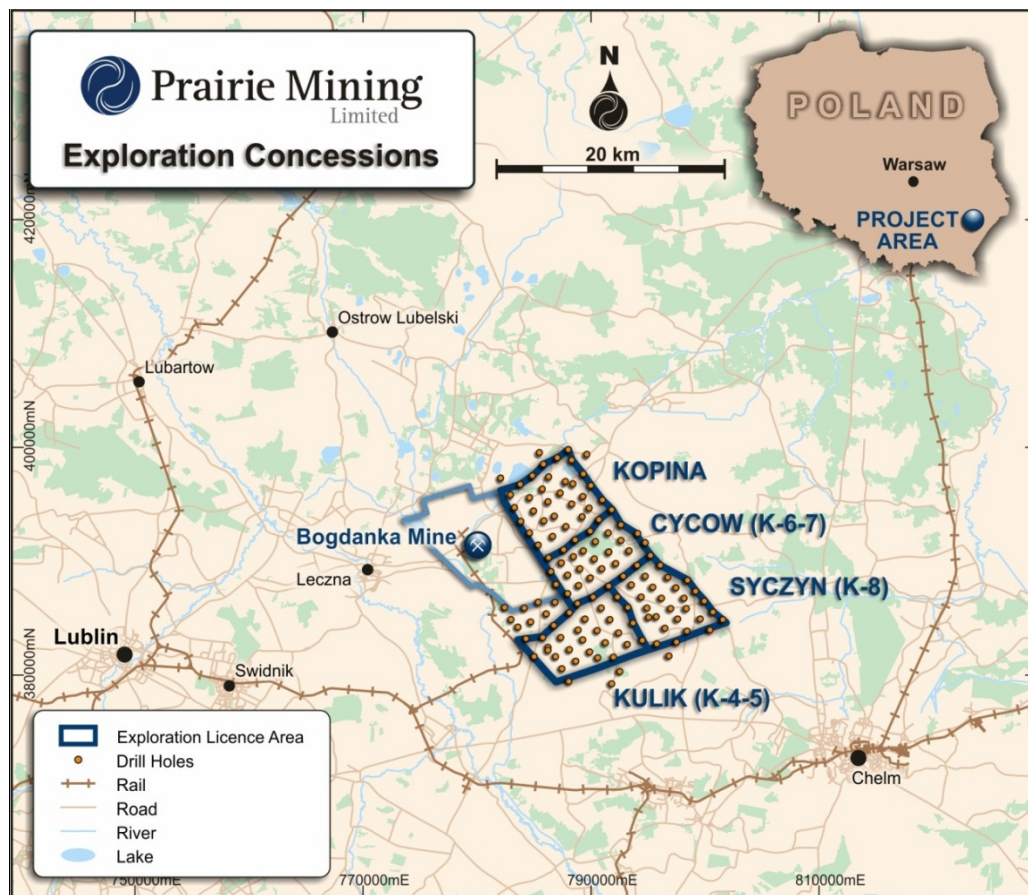


Figure 1: Lublin Coal Project Exploration Concessions

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%