ANNUAL REPORT 2014

Prairie Mining Limited

ABN 23 008 677 852 | ASX:PDZ
(Formally Prairie Downs Metals Limited)

CORPORATE DIRECTORY

DIRECTORS:	Mr Ian Middlemas Mr Benjamin Stoikovich Mr Anastasios Arima Mr Thomas Todd Mr John Welborn Mr Mark Pearce Mr Todd Hannigan	Chairman Chief Executive Officer Executive Director Non-Executive Director Non-Executive Director Non-Executive Director Alternate Director
COMPANY SECRETARY:	Mr Dylan Browne	
REGISTERED AND PRINCIPAL OFFICE:	Level 9, BGC Centre 28 The Esplanade Perth WA 6000 Tel: +61 8 9322 6322 Fax: +61 8 9322 6558	
SHARE REGISTER:	Computershare Investor Services Pty Ltd Level 2 45 St Georges Terrace Perth WA 6000 Tel: 1300 557 010 Int: +61 8 9323 2000 Fax: +61 8 9323 2033	
STOCK EXCHANGE LISTING:	Australian Securities Exchange Home Branch – Perth 2 The Esplanade Perth WA 6000	
ASX CODE:	PDZ – Fully paid Ordinary Shares	
BANKERS:	Australia and New Zealand Banking Group Limited	
SOLICITORS:	Hardy Bowen Lawyers	
AUDITOR:	Ernst & Young	

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The Directors of Prairie Mining Limited (formerly Prairie Downs Metals Limited) present their report on the Consolidated Entity consisting of Prairie Mining Limited ("Company" or "Prairie") and the entities it controlled at the end of, or during, the year ended 30 June 2014 ("Consolidated Entity" or "Group").

DIRECTORS

The names and details of the Group's Directors in office at any time during the financial year or since the end of the financial year are:

Mr Ian Middlemas	Chairman
Mr Benjamin Stoikovich	Director and CEO
Mr Anastasios (Taso) Arima	Executive Director
Mr Thomas Todd	Non-Executive Director (appointed 16 September 2014)
Mr John Welborn	Non-Executive Director
Mr Mark Pearce	Non-Executive Director
Mr Todd Hannigan	Alternate Director (appointed 16 September 2014)

Unless otherwise stated, Directors held their office from 1 July 2013 until the date of this report.

CURRENT DIRECTORS AND OFFICERS

Mr Ian Middlemas *B.Com, CA*
Chairman

Mr Middlemas is a Chartered Accountant, a member of the Financial Services Institute of Australasia and holds a Bachelor of Commerce degree. He worked for a large international Chartered Accounting firm before joining the Normandy Mining Group where he was a senior group executive for approximately 10 years. He has had extensive corporate and management experience, and is currently a Director with a number of publicly listed companies in the resources sector.

Mr Middlemas was appointed a Director of the Company on 25 August 2011. During the three year period to the end of the financial year, Mr Middlemas has held directorships in Paringa Resources Limited (October 2013 – present), Berkeley Resources Limited (April 2012 – present), Papillon Resources Limited (May 2011 – present), Pacific Ore Limited (April 2010 – present), Wildhorse Energy Limited (January 2010 – present), Equatorial Resources Limited (November 2009 – present), WCP Resources Limited (September 2009 – present), Sovereign Metals Limited (July 2006 – present), Odyssey Energy Limited (September 2005 – present), Sierra Mining Limited (January 2006 – June 2014), Decimal Software Limited (July 2013 – April 2014), Global Petroleum Limited (April 2007 – December 2011) and Coalspur Mines Limited (March 2007 – October 2011).

Mr Benjamin Stoikovich *B.Eng, M.Eng, M.Sc, CEng, CEnv*
Director and CEO

Mr Stoikovich is a mining engineer and professional corporate finance executive. He has extensive experience in the resources sector gained initially as an underground Longwall Coal Mining Engineer with BHP Billiton where he was responsible for underground longwall mine operations and permitting, and more recently as a senior executive within the investment banking sector in London where he gained experience in mergers and acquisitions, debt and off take financing.

He has Bachelor of Mining Engineering from the University of NSW; a Master of Environmental Engineering from the University of Wollongong; and a M.Sc in Mineral Economics from Curtin University. Mr Stoikovich also holds a 1st Class Coal Mine Managers Ticket from the Coal Mine Qualifications Board (NSW, Australia) and is a registered Chartered Engineer (CEng) and Chartered Environmentalist (CEnv) in the United Kingdom.

Mr Stoikovich was appointed a Director of the Company on 17 June 2013. During the three year period to the end of the financial year, Mr Stoikovich has not held any other directorships in listed companies.

CURRENT DIRECTORS AND OFFICERS (Continued)

Mr Anastasios (Taso) Arima
Executive Director

Mr Arima was a founder and former Executive Director of Coalspur Mines Limited ("Coalspur"), having been instrumental in the identification and acquisition of Coalspur's coal projects, as well as the corporate strategy and marketing of the company. At the time of his resignation from the Board, Coalspur's fully diluted market capitalisation was approximately A$1.2 billion.

Mr Arima has previously worked in the hydrocarbon division at WorleyParsons Limited, and was also an analyst for an investment banking firm, where he specialised in the technical and financial requirements of bulk commodity and other resource projects.

Mr Arima was appointed a Director of the Company on 13 September 2012. During the three year period to the end of the financial year, Mr Arima has held a directorship in Paringa Resources Limited (October 2013 – present).

Mr Thomas Todd *BSc (Hons), CA*
Non-Executive Director

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.

Mr Todd was appointed a Director on 16 September 2014.

Mr John Welborn *B.Com, CA, FAIM, SA Fin, MAICD, MAusIMM*
Non-Executive Director

Mr Welborn is a Chartered Accountant with a Bachelor of Commerce degree from the University of Western Australia and currently holds memberships of the Australasian Institute of Mining and Metallurgy, the Institute of Chartered Accountants in Australia, the Financial Services Institute of Australasia, the Australian Institute of Management, and the Australian Institute of Company Directors. Mr Welborn has extensive experience in the resources sector as a senior executive and in corporate management, finance and investment banking. Mr Welborn was the Head of Specialised Lending in Western Australia for Investec Bank (Australia) Ltd and has more than 20 years of commercial experience in national and international professional services and management consulting firms.

During the three year period to the end of the financial year, Mr Welborn has held directorships in Orbital Corporation Limited (June 2014 – present), Noble Mineral Resources Limited (March 2013 –December 2013) and Equatorial Resources Limited (August 2010 – present).

Mr Mark Pearce *B.Bus, CA, FCIS, FFin*
Non-Executive Director

Mr Pearce is a Chartered Accountant and is currently a Director of several listed companies that operate in the resources sector. He has had considerable experience in the formation and development of listed resource companies and has worked for several large international Chartered Accounting firms. Mr Pearce is also a Fellow of the Governance Institute of Australia and a Fellow of the Financial Services Institute of Australasia.

Mr Pearce was appointed a Director of the Company on 25 August 2011. During the three year period to the end of the financial year, Mr Pearce has held directorships in Pacific Ore Limited (April 2010 – present), Equatorial Resources Limited (November 2009 – present), WCP Resources Limited (September 2009 – present), Sovereign Metals Limited (July 2006 – present), Odyssey Energy Limited (September 2005 – present), Decimal Software Limited (July 2013 – April 2014) and Coalspur Mines Limited (March 2007 – October 2011).

Mr Todd Hannigan *B. Eng (Hons)*
Alternate Director for Mr Thomas Todd

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 was appointed as Alternate for Mr Thomas Todd on 16 September 2014.

Mr Dylan Browne *B.Com, CA, AGIA*
Company Secretary

Mr Browne is a Chartered Accountant and Associate Member of the Governance Institute of Australia who commenced his career at a large international accounting firm and has since worked in the corporate office of a number of listed companies that operate in the resources sector. Mr Browne was appointed Company Secretary of the Company on 25 October 2012.

PRINCIPAL ACTIVITIES

The principal activities of the Group during the financial year consisted of the exploration and development of resource projects. No significant change in nature of these activities occurred during the year.

OPERATING AND FINANCIAL REVIEW

Operations

Highlights during, and subsequent to, the financial year end include:

(i) Completion of a scoping study ("Scoping Study") for the Lublin Coal Project ("LCP" or "Project") which confirmed the potential to develop a large scale, long life mine with attractive fundamentals and the ability to produce both semi-soft coking and premium thermal coal with the potential for average annual operating cash costs of US$37 per tonne (steady state), placing the Project on the lowest position on the global cost curve for coal delivered into Europe;

(ii) Initial coal quality results indicated that the 391 seam and certain other target economic seams at the Project contain a very high quality coal with the potential for both semi-soft coking and premium thermal coal;

(iii) Completed the final hole of a seven-hole core drilling campaign at the Project which was part of an agreed work program with the Polish government under the terms of the Exploration Concessions. This now paves the way for the submission of relevant documentation to commence the Mining Concession application process at the Project;

(iv) The Company entered into an agreement with the Polish Ministry of Environment ("MoE") to obtain a right to use a completed set of detailed historical exploration data for the K-6-7 Concession at the Project which gives Prairie the legal title to use this data as part of the mine permitting process;

(v) Appointed Polish consultancy, GEO-EKO-WIERT, to prepare the Geological Documentation and Deposit Development Plan for the Project. These studies will form the basis of the Polish mine permitting process, as prescribed under the Polish mining law;

(vi) Commencement of a Pre-Feasibility Study ("PFS") for the Lublin Coal Project which has been designed to comply with international best practise in all study areas in order to support detailed technical and financial due diligence by strategic equity partners, offtakers, financial institutions and to promote a seamless transition to the Bankable Feasibility Study stage;

(vii) Commencement of an Environmental and Social Impact Assessment ("ESIA") at the Project which under Polish legislation must be completed to provide government authorities with sufficient information to award the Environmental Consent Decision, which is a pre-requisite to the granting of a mining licence over the Company's concessions;

OPERATING AND FINANCIAL REVIEW (Continued)

Operations (Continued)

(viii) Commencement of European Coal Marketing Studies for to 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;

(ix) Appointment of Mr Thomas Todd as Non-Executive Director and Mr Todd Hannigan as his alternate Director;

(x) Continued to further strengthen its Management and Executive team in Poland and in the UK by making a number of key appointments including a Project Development Manager, an Exploration and Geoscience Manager, Head of Corporate Development, a Coal Marketing Consultant and an Environmental Consultant; and

(xi) Completed a placement of 13.5 million ordinary shares to a number of European and Australian based institutional and high net worth investors, at an issue price of $0.27, to raise gross proceeds of over $3.6 million.

Lublin Coal Project

The Lublin Coal Project is a large scale premium thermal and semi-soft coking coal project located in the Lublin Coal Basin in south east Poland. The Lublin Coal Basin is an established coal producing province which is well serviced by modern and highly efficient infrastructure, offering the potential for low capital intensity mine development. The LCP is situated adjacent to the Bogdanka coal mine which has been in commercial production since 1982 and is the lowest cost coal producer in Europe.

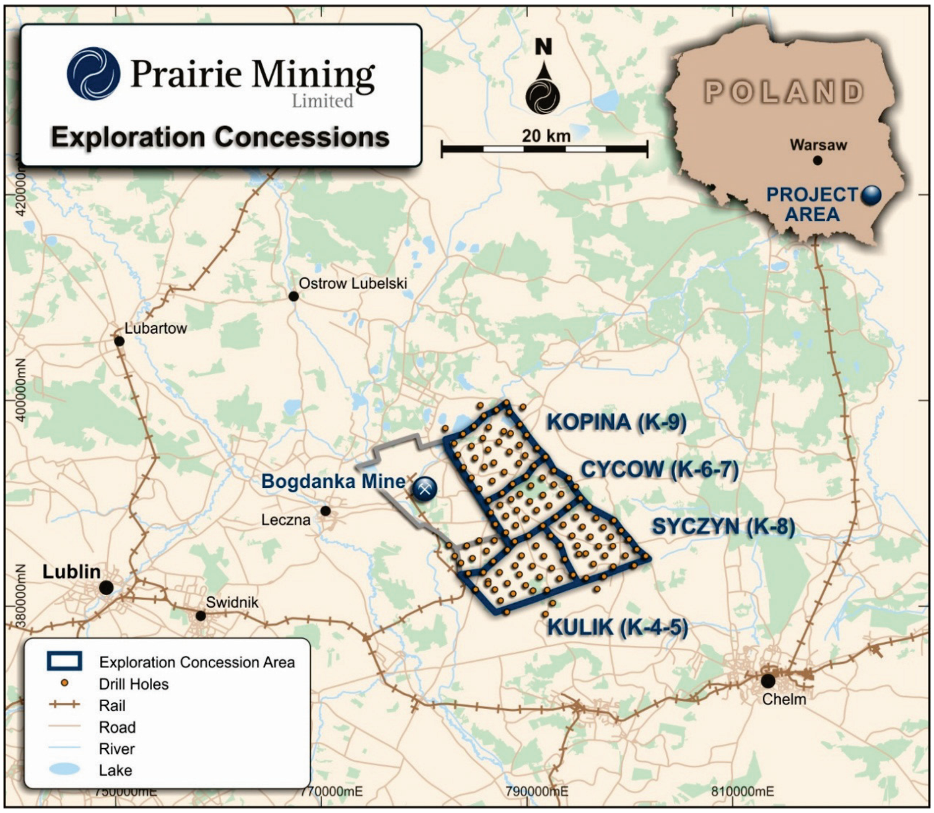

Figure 1: Lublin Coal Project Exploration Concessions

Commencement of a Pre-Feasibility Study on the Lublin Coal Project

A PFS recently commenced on the LCP with Golder Associates (UK) Ltd ("Golder") and Royal Haskoning DHV UK Ltd ("RHDHV") taking on the role as lead consultants.

Golder is an employee owned, global organisation providing a comprehensive suite of integrated mining services, from project inception to mine closure including consulting, design, and construction services. Golder was founded in 1960, and employs more than 8,000 people operating from 180 offices worldwide. Golder and its consultants have worked and consulted in every major coal producing region in every coal producing country including having worked previously for Prairie on a desktop geotechnical review for the LCP. Golder have worked extensively in deep European coal mining including in the UK, Czech Republic and Poland. RHDHV has over 130 years of experience and carries out some 30,000 projects every year in planning and transport, infrastructure, water, maritime, aviation, industry, energy, mining and buildings. It has a proud heritage of bringing leading expertise and innovation to the market and is deeply committed to business integrity and sustainable development. In combination with its international office network, RHDHV delivers world-class solutions locally to clients around the globe, for the public and private sector.

The PFS is expected to be completed during the first half of 2015 and has been designed to comply with international best practise in all study areas in order to support detailed technical and financial due diligence by strategic equity partners, offtakers, financial institutions and to promote a seamless transition to the Bankable Feasibility Study stage.

The PFS will build on the strong project fundamentals of the Scoping Study which confirmed the potential for strong economics on the Project, including low mining costs, as follows:

Key Scoping Study Parameters ***(to a maximum accuracy variation +/- 30%)***	
Average Annual Cash Operating Costs (Steady State)	US$37/t
Weighted Average Sales Price Received	US$93.6/t
Average Annual EBITDA (Steady State)	US$332 million
Average ROM Coal Production (Steady State)	7.7 million tonnes per annum ("Mtpa")
Average Clean Coal Production (Steady State)	6.0 Mtpa
Initial Mine Life	22 years
Low Capital Costs (Includes shaft sinking, underground infrastructure, CHPP and surface facilities, etc)	US$588 million
Coal Geology	Highly Productive
Mining Method	Longwall
Coal Handling and Process Plant	Dense Media
Access to Market	Existing Rail and Port

Coal Resource Estimate

An upgraded Coal Resource Estimate ("CRE") was used in the Scoping Study which was prepared by Wardell Armstrong International ("WAI") and is reported in accordance with the JORC Code (2012). The resource upgrade was limited and only focused on assessing the high quality 391 and 389 coal seams within the proposed mine plan area for the Scoping Study. These two seams are believed to contain sufficient high quality coal resources to underpin the first twenty years of the mine plan considered in the Scoping Study.

OPERATING AND FINANCIAL REVIEW (Continued)

Operations (Continued)

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**

Initial Coal Quality Test Results

During the year, the Company completed detailed coal quality and coal washability testing on core samples taken from the initial drilling campaign at the LCP. Exceptional float/sink ("Washability") analysis results were received from the first four holes of the targeted drilling program at the Project with very high core washability yields. Furthermore the coal quality results on the washed coal samples continued to display excellent coal qualities at all new drill holes across the Project with high calorific values, very low ash and good coking properties which further support the potential for large scale production of metallurgical and premium thermal coal product.

391 Coal Seam Washed Quality (Float @1.35) & Comparisons (semi-soft coking coal products)					
	LCP - 391Seam	Rio Tinto (NSW)	Glencore (NSW)	JSW (Poland)	Solid Energy (NZ)
Free Swell Index	**4.0 – 6.0**	5.0	4.0 – 6.0	6.0	3.0 – 5.0
Ash (% AD)	**2.0 – 2.7**	9.5	9.0	8.0	4.5
Volatile Matter (% AD)	**33.2 – 36.7**	33.0	36.5	37.0	38.0

391 Coal Seam Washed Quality (Float @1.35) & Comparisons (thermal coal products)				
	391 Seam	ARA (API2)	Colombia	Russia
Calorific Value (GAD, kcal/kg)	**7,526 – 7,830**	6,700	6,830	6,877
Ash (% AD)	**2.0 – 2.7**	16.0	7.2	11.7
Volatile Matter (% AD)	**33.2 – 36.7**	24.0 – 37.0	34.4	29.8

Permitting for the Lublin Coal Project

Under the Polish Geological and Mining Law (2011) ("GML"), a clear pathway exists for the Company to progress from an Exploration Concession to a Mining Concession. This requires the completion of an agreed work exploration program over the concession areas as stipulated in the Exploration Concession between the entity and the MoE, followed by the preparation and submission of a Polish standard resource report (referred to in Poland as "Geological Documentation") to the MoE for approval. Upon approval of the Geological Documentation, the holder of the Exploration Concession is entitled to a five (5) year priority right to apply for a Mining Concession.

In this regard the Company has completed its seven-hole core drilling campaign and, in February 2014, it announced that it had appointed Polish consultancy GEO-EKO-WIERT to prepare the Geological Documentation. The results of the seven-hole core drilling campaign will be incorporated into the Geological Documentation which Prairie intends to submit to the MoE in December 2014 or January 2015.

The Company will also work towards completing a Mining Concession application which in Poland comprises the submission of a Deposit Development Plan ("DDP") along with an Environmental & Social Impact Assessment ("ESIA") that has been approved by local authorities. The DDP is a Polish standard mine technical-economic study as prescribed in the Polish mining regulations. GEO-EKO-WIERT has also been commissioned to prepare the DDP.

World leading engineering and design consultant, WS Atkins, who has operated in Poland since 1991 and has worked on a number of major Polish projects, was appointed to complete the ESIA at the LCP in February 2014. Under Polish legislation, an ESIA must be completed to provide government authorities with sufficient information to award the Environmental Consent Decision, which is a pre-requisite to the granting of a mining licence over the Company's concessions. The scope of the ESIA has been defined to meet Polish, European Union and international standards, including compliance with the Equator Principles as required by Equator Principles Financial Institutions, to support the future financing of the Project.

The ESIA is currently progressing and will be completed alongside the PFS and Geological Documentation for the Project.

Furthermore, in February 2014, the Company entered into an agreement with MoE to obtain the right to use a completed set of detailed historical exploration data for the K-6-7 concession at the Project which gives Prairie the legal title to use this data as part of the mine permitting process. The data comprises additional analysis from boreholes completed at the Project area by the Polish government between the 1960's and 1980's, including full geotechnical, down-hole geophysics, hydrogeological, seismic and coal quality analysis. The historical data along with the results of Prairie's drilling campaign will be incorporated into the Geological Documentation submitted to the MoE.

Prairie Downs Base Metals Project ("BMP")

During the year, Prairie entered into a farm-in agreement to assign up to 100% equity interest in the BMP.

Results of Operations

The net loss of the Consolidated Entity for the year ended 30 June 2014 was $5,018,964 (2013: $5,954,352). Significant items contributing to the current year loss and the substantial differences from the previous financial year include:

(i) Exploration and Evaluation expenses of $6,603,649 (2013: $2,335,377), which is attributable to the Group's accounting policy of expensing exploration and evaluation expenditure incurred by the Group subsequent to the acquisition of rights to explore and up to the commencement of a bankable feasibility study for each separate area of interest;

(ii) Share-based payment expenses $636,708 (2013: $110,604) due incentive securities issued to key management personnel and other key employees and consultants of the Group as part the long-term incentive plan to reward key management personnel and other key employees and consultants for the long term performance of the Group. The expense results from the Group's accounting policy of expensing the fair value (determined using an appropriate pricing model) of incentive securities granted on a straight-line basis over the vesting period of the options and rights;

(iii) During the previous financial year a one-off impairment loss of $1,685,000 due to the write-down of the Prairie Downs Base Metals Project; and

(iv) An income tax benefit of $3,645,000 (2013: loss of $825,000) as a result of the substantial gain in the fair value of available-for-sale assets.

Financial Position

As at the date of this report, the Company had working capital in excess of $15.4 million which includes cash and cash equivalents and held-for-trading listed securities.

At 30 June 2014, the Company had cash reserves of $2,574,300 (2013: $6,170,841), no debt and available-for-sale financial assets of $18,800,000 (2013: $6,650,000).

At 30 June 2014, the Company had net assets of $21,332,288 (2013: $13,012,752), an increase of 64% compared with the previous year. This is consistent with and largely attributable to the increase in value of available-for-sale financial assets offset by the current year's net loss after tax.

DIRECTORS' REPORT
(Continued)

OPERATING AND FINANCIAL REVIEW (Continued)

Business Strategies and Prospects for Future Financial Years

Prairie's strategy is to create long-term shareholder value by continuing explore and develop the Lublin Coal Project in Poland.

To date, the Group has not commenced production of any minerals. To achieve its objective, the Group currently has the following business strategies and prospects:

- Complete a PFS on the LCP, which is scheduled for completion in the first half of 2015;
- Continue the permitting process for the LCP, and submit the Geological Documentation to the MoE for approval to ensure that the Company is entitled to a five (5) year priority right to apply for a Mining Concession;
- Complete a DDP and ESIA for the LCP and submit this to the local authorities for approval. Once approved the Company will apply for a Mining Concession for the LCP;
- Publish an updated CRE for the LCP to be incorporated into the results of the PFS;
- Complete European Coal Marketing Studies for the LCP;
- Conduct additional hydrogeological and geotechnical drilling at the LCP;
- Complete further coal quality and washability testing to confirm product potential and yields; and
- Secure a strategic partner and/project financier to fast track the development and financing of the LCP.

All of these activities are inherently risky and the Board is unable to provide certainty of the expected results of these activities, or that any or all of these likely activities will be achieved. The material business risks faced by the Group that could have an effect on the Group's future prospects, and how the Group manages these risks, include:

- ***The Company's activities will require further capital*** – The development of the Company's exploration properties will require substantial additional financing. Failure to obtain sufficient financing may result in delaying or indefinite postponement of exploration and any development of the Company's properties or even a loss of property interest. The Company's Board is experienced in capital markets and financing resource projects, however there can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be favourable to the Company. Furthermore the Company's main business undertakings are currently based in the Poland, and as a result, revenues, cash inflows, expenses, capital expenditure and commitments will be primarily denominated in Polish zloty. No hedging strategy has yet been developed by the Company;
- ***The Company's projects are not yet in production*** – The exploration for, and development of, mineral deposits involves a high degree of risk. To mitigate this risk, the Company will undertake systematic and staged exploration and testing programs on its mineral properties and, subject to the results of these exploration programs, the Company will then progressively undertake a number of technical and economic studies with respect to its projects prior to making a decision to mine. However there can be no guarantee that the studies will confirm the technical and economic viability of the Company's mineral properties;
- **Operations conducted in an emerging market –** The Company's operations are located in Poland and will be exposed to related risks and uncertainties associated with this jurisdiction. Changes in mining or investment policies, laws or regulations (or the application thereof) or shifts in political attitude in Poland, in particular to mining, use of coal, and foreign ownership of coal projects may adversely affect the operation or profitability of the Company. The Company continues to consult with the various levels of Government but there can be no assurances that the future political developments in Poland will not directly impact the Company's operations or its ability to attract funding for its operations. The Company also competes with many other companies in Poland, including companies with established mining operations. Some of these companies have greater financial resources and political influence than the Company and, as a result, may be in a better position to compete with or impede the Company's current or future activities. Specifically in relation to this, Prairie notes that the Polish Ministry of Environment ("MoE") recently rejected Lubelski Węgiel BOGDANKA S.A.'s ("Bogdanka") application for a Mining Concession over the Company's K6-7 Exploration Concession held on the K-6-7 area (refer to Figure 1 above). However, the Company notes that Bogdanka has appealed the decision made by the MoE;

- ***The Company may be adversely affected by fluctuations in commodity prices*** – The price of coal fluctuates widely and is affected by numerous factors beyond the control of the Company. Future production, if any, from the Company's mineral properties and its profitability will be dependent upon the price of coal being adequate to make these properties economic. The Company currently does not engage in any hedging or derivative transactions to manage commodity price risk. As the Company's operations change, this policy will be reviewed periodically going forward; and

- **Global financial conditions may adversely affect the Company's growth and profitability** – Many industries, including the mineral resource industry, are impacted by these market conditions. Some of the key impacts of the current financial market turmoil include contraction in credit markets resulting in a widening of credit risk, devaluations and high volatility in global equity, commodity, foreign exchange and precious metal markets, and a lack of market liquidity. The exploration and any development of the Company's exploration properties will require substantial funding. Due to the current nature of the Company's activities, a slowdown in the financial markets or other economic conditions may adversely affect the Company's growth, or rate of growth, and ability to fund its activities. If these increased levels of volatility and market turmoil continue, the Company's activities could be adversely impacted and the trading price of the Company's shares could be adversely affected.

EARNINGS PER SHARE

	2014 Cents	2013 Cents
Basic and diluted loss per share	**(4.00)**	(5.62)

ENVIRONMENTAL REGULATION AND PERFORMANCE

The Group's operations are subject to various environmental laws and regulations under the relevant government's legislation. Full compliance with these laws and regulations is regarded as a minimum standard for all operations to achieve.

Instances of environmental non-compliance by an operation are identified either by external compliance audits or inspections by relevant government authorities.

There have been no significant known breaches by the Group during the financial year.

DIVIDENDS

No dividends were paid or declared since the start of the financial year. No recommendation for payment of dividends has been made.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no significant changes in the state of affairs of the Group during the year other than the following:

(i) On 8 January 2014, the Company completed a placement of 13.5 million ordinary shares to a number institutional and high net worth investors to raise gross proceeds of $3.6 million;

(ii) On 13 February 2014, the Company announced that it had entered into an agreement with the Polish MoE to obtain a right to use a completed set of detailed historical exploration data for the K-6-7 Concession at the Project;

(iii) On 28 April 2014, the Company announced the completion of a Scoping Study for the LCP which confirmed the potential to develop a large scale, long life mine with attractive fundamentals and the ability to produce both semi-soft coking and premium thermal coal;

(iv) On 28 April 2014, the Company announced an upgraded CRE of 1.6 billion tonnes at the LCP, which included 157 million tonnes in the indicated category; and

(v) On 20 June 2014, following shareholder approval at a General Meeting, the Company changed its name to Prairie Mining Limited.

DIRECTORS' REPORT
(Continued)

SIGNIFICANT EVENTS AFTER BALANCE DATE

(i) On 28 August 2014, the Company announced that it had completed the final hole of its seven-hole core drilling campaign as part of the agreed work program with the Polish government under the terms of its Exploration Concessions;

(ii) On 1 September 2014, the Company completed the sale of 1.0 million fully paid ordinary shares in Papillon Resources Limited (ASX:PIR) to raise gross proceeds of $1.75 million. As a result of this sale, the Papillon shares have been reclassified from available-for-sale to held-for-trading financial assets which has substantially increased the Company's working capital position;

(iii) On 16 September 2014, the Company appointed Mr Thomas Todd as a Non-Executive Director and Mr Todd Hannigan as his alternate Director; and

(iv) On 23 September 2014, the Company entered into a deed of renunciation to cancel 4.4 million unissued milestone shares which were to be issued upon the achievement of relevant performance milestones as announced by the Company on 9 August 2012.

Other than as outlined above, at the date of this report, there are no matters or circumstances, which have arisen since 30 June 2014 that have significantly affected or may significantly affect:

- the operations, in financial years subsequent to 30 June 2014, of the Consolidated Entity;
- the results of those operations, in financial years subsequent to 30 June 2014, of the Consolidated Entity; or
- the state of affairs, in financial years subsequent to 30 June 2014, of the Consolidated Entity.

DIRECTORS' INTERESTS

As at the date of this report, the Directors' interests in the securities of the Company are as follows:

	Interest in securities at the date of this report		
	Ordinary Shares[1]	Options[2]	Performance Rights[3]
Mr Ian Middlemas	5,000,000	5,000,000	-
Mr Benjamin Stoikovich	-	4,500,000	-
Mr Anastasios Arima	2,810,000	1,600,000	-
Thomas Todd	2,800,000	1,400,000	-
Mr John Welborn	4,500,000	-	-
Mr Mark Pearce	3,000,000	1,500,000	-
Todd Hannigan	2,800,000	1,400,000	-

Notes:
[1] "Ordinary Shares" means fully paid Ordinary Shares in the capital of the Company.
[2] "Options" means an option to subscribe for one Ordinary Share in the capital of the Company.
[3] "Performance Rights" means Performance Rights issued by the Company that convert to one Ordinary Share in the capital of the Company upon vesting of various performance conditions.

SHARE OPTIONS AND PERFORMANCE RIGHTS

At the date of this report the following options and rights have been issued over unissued Ordinary Shares of the Company:

- 11,946,818 Unlisted Options exercisable at $0.15 each on or before 30 June 2015;
- 1,250,000 Unlisted Options exercisable at $0.25 each on or before 30 June 2016;
- 1,500,000 Unlisted Options exercisable at $0.40 each on or before 30 June 2016;
- 1,600,000 Unlisted Options exercisable at $0.35 each on or before 30 June 2017;
- 4,460,000 Unlisted Options exercisable at $0.45 each on or before 30 June 2017;
- 1,400,000 Unlisted Options exercisable at $0.45 each on or before 30 June 2018;

- 2,265,000 Unlisted Options exercisable at $0.60 each on or before 30 June 2017; and
- 1,536,000 Performance Rights with various vesting conditions and expiry dates between 30 June 2015 and 31 December 2016;

During the year ended 30 June 2014 3,425,000 Ordinary Shares have been issued as a result of the exercise of 3,425,000 Unlisted Options, and 294,000 Ordinary Shares have been issued as a result of the conversion of 294,000 Performance Rights. Subsequent to year end and up until the date of this report,10,315 Ordinary Shares have been issued as a result of the exercise of 10,315 Unlisted Options.

INDEMNIFICATION AND INSURANCE OF OFFICERS AND AUDITORS

The Constitution of the Company requires the Company, to the extent permitted by law, to indemnify any person who is or has been a Director or officer of the Company or Group for any liability caused as such a Director or officer and any legal costs incurred by a Director or officer in defending an action for any liability caused as such a Director or officer.

During or since the end of the financial year, no amounts have been paid by the Company or Group in relation to the above indemnities.

During the financial year, an annualised insurance premium was paid to provide adequate insurance cover for directors and officers against any potential liability and the associated legal costs of a proceeding.

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the financial year.

REMUNERATION REPORT (AUDITED)

This Remuneration Report, which forms part of the Directors' Report, sets out information about the remuneration of Key Management Personnel ("KMP") of the Group.

Details of Key Management Personnel

Details of the KMP of the Group during or since the end of the financial year are set out below:

Directors

Mr Ian Middlemas	Chairman
Mr Benjamin Stoikovich	Director and CEO
Mr Thomas Todd	Non-Executive Director (appointed 16 September 2014)
Mr Anastasios (Taso) Arima	Executive Director
Mr John Welborn	Non-Executive Director
Mr Mark Pearce	Non-Executive Director
Mr Todd Hannigan	Alternate Director (appointed 16 September 2014)

Other KMP

Mr Janusz Jakimowicz	President PD Co sp z o.o.
Mr Hugo Schumann	Executive – Corporate Development (appointed 1 January 2014)
Mr Dylan Browne	Company Secretary

Unless otherwise disclosed, the KMP held their position from 1 July until the date of this report.

Remuneration Policy

The Group's remuneration policy for its KMP has been developed by the Board taking into account the size of the Group, the size of the management team for the Group, the nature and stage of development of the Group's current operations, and market conditions and comparable salary levels for companies of a similar size and operating in similar sectors. In addition to considering the above general factors, the Board has also placed emphasis on the following specific issues in determining the remuneration policy for KMP:

(a) the Group is currently focused on undertaking exploration, appraisal and development activities;

(b) risks associated with small cap resource companies whilst exploring and developing projects; and

(c) other than profit which may be generated from asset sales, the Company does not expect to be undertaking profitable operations until sometime after the commencement of commercial production on any of its projects.

REMUNERATION REPORT (AUDITED) (Continued)

Executive Remuneration

The Group's remuneration policy is to provide a fixed remuneration component and a performance based component (short term incentive and long term incentive). The Board believes that this remuneration policy is appropriate given the considerations discussed in the section above and is appropriate in aligning executives' objectives with shareholder and business objectives.

Fixed Remuneration

Fixed remuneration consists of base salaries, as well as employer contributions to superannuation funds and other non-cash benefits. Non-cash benefits may include provision of car parking and health care benefits.

Fixed remuneration is reviewed annually by the Board. The process consists of a review of company and individual performance, relevant comparative remuneration externally and internally and, where appropriate, external advice on policies and practices. Performance Based Remuneration – Short Term Incentive ("STI")

Performance Based Remuneration – Short Term Incentive ("STI")

Some executives are entitled to an annual cash incentive payment upon achieving various key performance indicators ("KPI's"), as set by the Board. Having regard to the current size, nature and opportunities of the Company, the Board has determined that these KPI's will include measures such as successful commencement and/or completion of exploration activities (e.g. commencement/completion of exploration programs within budgeted timeframes and costs), establishment of government relationship (e.g. establish and maintain sound working relationships with government and officialdom), development activities (e.g. completion of infrastructure studies and commercial agreements), corporate activities (e.g. recruitment of key personnel and representation of the company at international conferences) and business development activities (e.g. corporate transactions and capital raisings). These measures were chosen as the Board believes they represent the key drivers in the short and medium term success of the Project's development. On an annual basis, subsequent to year end, the Board assesses performance against each individual executive's KPI criteria.

During the 2014 financial year, a total cash incentive payment sum of $187,785 (2013: nil) was paid, or is payable, to some executives on achieving the KPIs set by the Board, which included: completion of a positive scoping study; completion of a placement to raise $3.6 million; completion of an upgraded CRE at the Project; progression of the permitting process for the LCP; key management appointments; and other business development activities.

Performance Based Remuneration – Long Term Incentive

The Group has adopted a long-term incentive plan ("LTIP") comprising the "Prairie Employee and Contractors Performance Rights Plan" (the "Plan") to reward KMP and key staff (including employees and contractors) for long-term performance. Shareholders approved the Plan in November 2013 at an Annual General Meeting of Shareholders.

The Plan provides for the issuance of unlisted performance share rights ("Performance Rights") which, upon satisfaction of the relevant performance conditions attached to the Performance Rights, will result in the issue of an Ordinary Share for each Performance Right. Performance Rights are issued for no consideration and no amount is payable upon conversion thereof.

To achieve its corporate objectives the Company needs to attract and retain its key staff, whether employees or contractors. Performance Rights granted to eligible participants under the Plan, will assist with the Company's employment strategy and will:

(a) enable the Company to recruit, incentivise and retain KMP and other eligible employees and contractors to assist with the completion of feasibility studies for the Lublin Coal Project to achieve the Company's strategic objectives;

(b) link the reward of eligible employees and contractors with the achievements of strategic goals and the long term performance of the Company;

(c) align the financial interests of eligible participants of the proposed Plan with those of Shareholders; and

(d) provide incentives to eligible employees and contractors of the Plan to focus on superior performance that creates Shareholder value.

Performance Rights granted under the Plan to eligible participants will be linked to the achievement by the Company of certain performance conditions as determined by the Board from time to time. These performance conditions must be satisfied in order for the Performance Rights to vest. The Performance Rights also vest where there is a change of control of the Company. Upon Performance Rights vesting, Ordinary Shares are automatically issued for no consideration. If a performance condition of a Performance Right is not achieved by the expiry date then the Performance Right will lapse.

During the financial year, Performance Rights were granted to certain KMP and other employees with the following performance conditions:

(a) Tranche 1 – Achievement of 150Mt Coal Resource and Scoping Study Milestone on or before 30 June 2014 (achieved 2 May 2014 and Performance Rights converted at this date);

(b) Tranche 2 – Achievement of 300Mt Coal Resource and Preliminary Feasibility Study Milestone on or before 30 June 2015;

(c) Tranche 3 – Achievement of Geological Documentation Milestone on or before 30 September 2015; and

(d) Tranche 4 – Achievement of Mine Permit and Definitive Feasibility Study on or before 31 December 2016.

In addition, the Group has chosen to provide unlisted incentive options ("Unlisted Options") to some KMP as part of their remuneration and incentive arrangements in order to attract and retain their services and to provide an incentive linked to the performance of the Group. The Board's policy is to grant Unlisted Options to KMP with exercise prices at or above market share price (at the time of agreement). As such, the Unlisted Options granted to KMP are generally only of benefit if the KMP performed to the level whereby the value of the Group increased sufficiently to warrant exercising the unlisted Options granted.

Other than service-based vesting conditions (if any), there were no additional performance criteria on the Incentive Options granted to KMP, as given the speculative nature of the Group's activities at that time and the previously small management team responsible for its running, it was considered the performance of the KMP and the performance and value of the Group were closely related.

The Company prohibits executives entering into arrangements to limit their exposure to Unlisted Options and Performance Rights granted as part of their remuneration package.

Non-Executive Director Remuneration

The Board's policy is for fees to Non-Executive Directors to be no greater than market rates for comparable companies for time, commitment and responsibilities. Given the current size, nature and risks of the Company, Unlisted Options may also be used to attract and retain Non-Executive Directors. The Board determines payments to the Non-Executive Directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required.

The maximum aggregate amount of fees that can be paid to Non-Executive Directors is subject to approval by shareholders at a General Meeting. Director's fees paid to Non-Executive Directors accrue on a daily basis. Fees for Non-Executive Directors are not linked to the performance of the economic entity. However, to align Directors' interests with shareholder interests, the Directors are encouraged to hold shares in the Company and given the current size, nature and opportunities of the Company, Non-Executive Directors may receive Unlisted Options in order to secure and retain their services.

Fees for the Chairman are presently $36,000 per annum (2013: $36,000) and fees for Non-Executive Directors' are presently set at $33,000 per annum (2013: $33,000). Effective 1 October 2014, the Board resolved to reduce Non-Executive Directors' fees to $20,000 per annum. These fees cover main board activities only. Only Non-Executive Directors may receive additional remuneration for other services provided to the Company, including but not limited to, membership of committees. The Company prohibits executives entering into arrangements to limit their exposure to Unlisted Options granted as part of their remuneration package.

Relationship between Remuneration of KMP and Shareholder Wealth

During the Company's exploration and development phases of its business, the Board anticipates that the Company will retain earnings (if any) and other cash resources for the exploration and development of its resource projects. Accordingly, the Company does not currently have a policy with respect to the payment of dividends and returns of capital. Therefore there was no relationship between the Board's policy for determining, or in relation to, the nature and amount of remuneration of KMP and dividends paid and returns of capital by the Company during the current and previous four financial years.

DIRECTORS' REPORT
(Continued)

REMUNERATION REPORT (AUDITED) (Continued)

Relationship between Remuneration of KMP and Shareholder Wealth (Continued)

The Board did not determine, and in relation to, the nature and amount of remuneration of the KMP by reference to changes in the price at which shares in the Company traded between the beginning and end of the current and the previous four financial years. Discretionary annual cash incentive payments are based upon achieving various non-financial key performance indicators as detailed under "Performance Based Remuneration – Short Term Incentive" and are not based on share price or earnings. However, as noted above, certain KMP may receive Unlisted Options in the future which generally will be of greater value to KMP if the value of the Company's shares increases sufficiently to warrant exercising the Unlisted Options.

Relationship between Remuneration of KMP and Earnings

As discussed above, the Company is currently undertaking exploration and development activities, and does not expect to be undertaking profitable operations (other than by way of material asset sales, none of which is currently planned) until sometime after the successful commercialisation, production and sales of commodities from one or more of its projects. Accordingly the Board does not consider earnings during the current and previous four financial years when determining, and in relation to, the nature and amount of remuneration of KMP.

Emoluments of Directors and Executives

Details of the nature and amount of each element of the emoluments of each Director and KMP of Prairie Mining Limited are as follows:

		Short-term benefits						
		Salary & fees $	Cash Incentive Payments $	Living Allow-ance $	Post-employment benefits $	Share-based payments $	Total $	Perfor-mance related %
Directors								
Mr Ian Middlemas	**2014**	**36,000**	**-**	**-**	**-**	**-**	**36,000**	**-**
	2013	36,000	-	-	3,240	-	39,240	-
Mr Benjamin Stoikovich[1]	**2014**	**401,354**	**144,300**	**-**	**-**	**394,175**	**939,829**	**57.3%**
	2013	14,477	-	-	-	15,380	29,857	51.5%
Mr Anastasios Arima[2]	**2014**	**100,000**	**-**	**-**	**9,250**	**-**	**109,250**	**-**
	2013	125,000	-	-	11,250	-	136,250	-
Mr John Welborn	**2014**	**33,022**	**-**	**-**	**3,055**	**-**	**36,077**	**-**
	2013	33,028	-	-	2,973	-	36,001	-
Mr Mark Pearce	**2014**	**33,022**	**-**	**-**	**3,055**	**-**	**36,077**	**-**
	2013	33,007	-	-	2,971	-	35,978	-
Other KMP								
Mr Janusz Jakimowicz[3]	**2014**	**332,358**	**-**	**49,053**	**-**	**-**	**381,411**	**-**
	2013	147,057	-	17,566	-	-	164,623	-
Mr Hugo Schumann[4]	**2014**	**68,534**	**43,485**	**-**	**-**	**77,871**	**189,890**	**63.9%**
Mr Dylan Browne[5]	**2014**	**-**	**-**	**-**	**-**	**11,928**	**11,928**	**100.0%**
	2013	-	-	-	-	-	-	-

Notes:

1 Mr Stoikovich was appointed 17 June 2013.
2 Mr Arima was appointed 13 September 2012.
3 Mr Jakimowicz was appointed 4 February 2013.
4 Mr Schumann was appointed 1 January 2014.
5 Mr Browne was appointed 25 October 2012. Mr Browne provides services as the Company Secretary through a services agreement with Apollo Group Pty Ltd ('Apollo'). During the year, Apollo was paid, or is payable, $288,000 for the provision of a fully serviced office and administrative, accounting and company secretarial services to the Group.

Options and Performance Rights Granted to KMP

Details of Unlisted Options and Performance Rights granted as part of remuneration by the Company to each KMP of the Group during the financial year is as follows:

2014	Security	Grant Date	Expiry Date	Vesting Date	Exercise Price $	Grant Date Fair Value[1] $	Number Granted	Number Vested
Mr Hugo Schumann	Options	13-Feb-14	30-Jun-17	17-Jun-14	0.35	0.155	100,000	100,000
Mr Hugo Schumann	Options	13-Feb-14	30-Jun-17	17-Mar-15	0.45	0.140	350,000	-
Mr Hugo Schumann	Options	13-Feb-14	30-Jun-17	17-Dec-15	0.60	0.123	600,000	-
Mr Hugo Schumann	Rights	7-Feb-14	30-Jun-14	30-Jun-14	-	0.265	100,000	100,000
Mr Hugo Schumann	Rights	7-Feb-14	30-Jun-15	30-Jun-15	-	0.265	50,000	-
Mr Dylan Browne	Options	13-Feb-14	30-Jun-17	17-Mar-15	0.45	0.140	160,000	-
Mr Dylan Browne	Options	13-Feb-14	30-Jun-17	17-Dec-15	0.60	0.123	165,000	-

Notes:

1 For details on the valuation of the Unlisted Options and Performance Rights, including models and assumptions used, please refer to Note 21 to the financial statements.

2 Each Unlisted Option or Performance Right converts into one Ordinary Share of Prairie Mining Limited.

3 No Unlisted Options or Performance Rights were forfeited during the year by KMP.

Details of the values of Unlisted Options granted, exercised or lapsed for each KMP of the Group during the 2014 financial year are as follows:

2014	Value of Options Granted during the Year[1] $	Value of Options exercised during the year $	Value of Options lapsed during the year $	Value of Options included in remuneration report for the year $	Remuneration for the year that consists of options %
Mr Benjamin Stoikovich	-[2]	-	-	**394,175**	**41.94%**
Mr Hugo Schumann	**138,300**	-	-	**47,623**	**25.08%**
Mr Dylan Browne	**42,695**	-	-	**11,928**	**100.00%**
Total	**180,995**	-	-	**453,726**	

Notes:

1 For details on the valuation of the Unlisted Options, including models and assumptions used, please refer to Note 21.

2 Unlisted Options were issued as part of Mr Stoikovich's consultancy agreement (effective 17 June 2013) requiring the grant of Unlisted Options pursuant to shareholder approval. Shareholder approval was received on 12 July 2013 at a General Meeting of Shareholders.

Employment Contracts with Directors and KMP

Mr Stoikovich, Director and CEO, has a consultancy agreement with the Company effective 17 June 2013. The agreement specifies the duties and obligations to be fulfilled by a Chief Executive Officer. The contract may be terminated by either party by giving six months' notice. No amount is payable in the event of termination for negligence or incompetence in regard to the performance of duties. Mr Stoikovich receives a fixed fee of £225,000 per annum and an annual cash incentive payment of up to £80,000 to be paid upon the successful completion of key performance indicators as determined by the Board. In addition, Mr Stoikovich will be entitled to receive a cash incentive of £112,500 in the event of a change of control occurring with the Company.

Mr Arima, Executive Director, has an employment contract with the Company dated 13 September 2012. The contract specifies the duties and obligations to be fulfilled by an Executive Director. The contract may be terminated by either party by giving one month's notice. Effective 1 July 2013, Mr Arima receives a fixed remuneration component of $100,000 per annum.

Mr Jakimowicz, President PD Co sp z o.o., has a consultancy agreement with the company dated 4 February 2013. The contract specifies the duties and obligations to be fulfilled by the President of PD Co sp z o.o.. The contract may be terminated by either party by giving three months' notice. Mr Jakimowicz receives a consulting fee of $26,150, Management Board fees of PLN4,400 and an in-country living allowance of PLN11,630 per month.

REMUNERATION REPORT (AUDITED) (Continued)

Employment Contracts with Directors and KMP (Continued)

Mr Schumann, Executive – Corporate Development, has a consultancy agreement with the Company which commenced 1 January 2014. The contract specifies the duties and obligations to be fulfilled by an Executive – Corporate Development. The contract may be terminated by either party by giving three months' notice. Mr Schumann receives a fixed remuneration component of £6,250 per month and an annual cash incentive payment of up to £24,000 to be paid upon the successful completion of key performance indicators as determined by the Board.

Loans from Key Management Personnel

No loans were provided to or received from Key Management Personnel during the year ended 30 June 2014 (2013: Nil).

Other Transactions

Apollo Group Pty Ltd, a Company of which Mr Mark Pearce is a Director and beneficial shareholder, was paid $288,000 (2013: $277,000) for the provision of serviced office facilities and administration services. The amount is based on a monthly retainer due and payable in arrears, with no fixed term, and is able to be terminated by either party with one month's notice. This item has been recognised as an expense in the Statement of Profit or Loss and other Comprehensive Income. At 30 June 2014, nil (2013:nil) was included as a current liability in the Statement of Financial Position.

Equity instruments held by KMP

Option and Performance Right holdings of Key Management Personnel

2014	Held at 1 July 2013	Granted as Remuner-ation	Options Exercised/ Rights Converted	Net Other Change	Held at 30 June 2014	Vested and exercise-able at 30 June 2014
Directors						
Mr Ian Middlemas	5,000,000	-	-	-	5,000,000	5,000,000
Mr Benjamin Stoikovich	4,500,000[2]	-	-	-	4,500,000	1,500,000
Mr Anastasios Arima	1,600,000	-	-	-	1,600,000	1,600,000
Mr John Welborn	-	-	-	-	-	-
Mr Mark Pearce	1,500,000	-	-	-	1,500,000	1,500,000
Other KMP						
Mr Janusz Jakimowicz	-	-	-	-	-	-
Mr Hugo Schumann	50,000[1]	1,200,000	(150,000)	-	1,100,000	100,000
Mr Dylan Browne	250,000	325,000	-	-	575,000	250,000
	12,850,000	1,525,000	(100,000)	-	14,275,000	9,950,000

Notes:

[1] As at date of appointment

[2] The Unlisted Options were issued as part of Mr Stoikovich's consultancy agreement (effective 17 June 2013) requiring the grant of Unlisted Options pursuant to shareholder approval. Shareholder approval was received on 12 July 2013 at a General Meeting of Shareholders.

Shareholdings of Key Management Personnel

2014	Held at 1 July 2013	Granted as Remuneration	Options Exercised/ Rights Converted	Net Other Change	Held at 30 June 2014
Directors					
Mr Ian Middlemas	5,000,000	-	-	-	5,000,000
Mr Benjamin Stoikovich	-	-	-	-	-
Mr Anastasios Arima	5,380,000	-	-	230,000[2]	5,610,000
Mr John Welborn	3,750,000	-	-	750,000[2]	4,500,000
Mr Mark Pearce	3,000,000	-	-	-	3,000,000
Othe KMP					
Mr Janusz Jakimowicz	1,600,000	-	-	(58,069)[3]	1,541,931
Mr Hugo Schumann	-[1]	-	150,000	(150,000)[4]	-
Mr Dylan Browne	-	-	-	-	-
	18,730,000	-	150,000	921,931	19,651,931

Notes:

1 As at date of appointment
2 On Market Purchases
3 During the year, Mr Jakimowicz received 652,414 ordinary shares for the settlement of outstanding liabilities in relation to the acquisition of coal leases which do not form part of his remuneration. During the year, Mr Jakimowicz sold 710,483 ordinary shares on market to meet personal income tax obligations
4 Sold on market to meet personal financial obligations

End of Remuneration Report

DIRECTORS' MEETINGS

The number of meetings of Directors held during the year and the number of meetings attended by each Director was as follows (there were no Board committees during the financial year):

	Board Meetings	
	Number eligible to attend	Number attended
Mr Ian Middlemas	2	2
Mr Benjamin Stoikovich	2	2
Mr Anastasios Arima	2	2
Mr John Welborn	2	2
Mr Mark Pearce	2	2

DIRECTORS' REPORT
(Continued)

NON-AUDIT SERVICES

Non-audit services provided by our auditors, Ernst & Young (2013: BDO), and related entities, are set out below. The Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised. No non-audit services were provided by Ernst & Young during the year ended 30 June 2014. BDO received or were due to receive the following amounts for the provision of non-audit services:

	2014 $	2013 $
Preparation of income tax return	-	10,523
	-	10,523

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the year ended 30 June 2014 has been received and can be found on page 19 of the Directors' Report.

Signed in accordance with a resolution of the Directors.

Benjamin Stoikovich
Director

24 September 2014

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.

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Auditor's Independence Declaration to the Directors of Prairie Mining Limited

In relation to our audit of the financial report of Prairie Mining Limited for the year ended 30 June 2014, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

Ernst + Young

Ernst & Young

Peter McIver
Partner
24 September 2014

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2014

	Notes	2014 $	2013 $
CONTINUING OPERATIONS			
Revenue	2(a)	**131,938**	141,428
Other income	2(b)	**-**	166,525
Exploration and evaluation expenses		**(6,603,649)**	(2,335,377)
Employment expenses	3(c)	**(273,188)**	(286,112)
Administration and corporate expenses		**(323,654)**	(289,422)
Occupancy expenses		**(398,065)**	(436,324)
Share-based payment expenses	3(c)	**(636,708)**	(110,604)
Business development expenses		**(560,638)**	(294,466)
Other expenses	3(a)	**-**	(1,685,000)
Loss before income tax		**(8,663,964)**	(5,129,352)
Income tax benefit/(expense)	4	**3,645,000**	(825,000)
Net loss for the year		**(5,018,964)**	(5,954,352)
Net loss attributable to members of the Prairie Mining Limited		**(5,018,964)**	(5,953,730)
Net loss attributable to non-controlling interests		**-**	(622)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Changes in fair value of available-for-sale financial assets		**12,150,000**	(2,750,000)
Deferred tax on available-for-sale financial assets	4	**(3,645,000)**	825,000
Exchange differences on translation of foreign operations		**45,705**	(58,448)
Total other comprehensive income/(loss) for the year, net of tax		**8,550,705**	(1,983,448)
Total comprehensive income/(loss) for the year, net of tax		**3,531,741**	(7,937,800)
Total comprehensive profit/(loss) attributable to members of Prairie Mining Limited		**3,531,741**	(7,937,722)
Total comprehensive profit/(loss) attributable to non-controlling interests		**-**	(78)
Basic and diluted loss per share from continuing operations (cents per share)	17	**(4.00)**	(5.62)

The above Consolidated Statement of Profit or Loss and other Comprehensive Income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2014

	Notes	2014 $	2013 $
ASSETS			
Current Assets			
Cash and cash equivalents	14(b)	**2,574,300**	6,170,841
Trade and other receivables	6	**354,651**	393,440
Other financial assets	7	**22,111**	22,000
Total Current Assets		**2,951,062**	6,586,281
Non-current Assets			
Other financial assets	8	**18,800,000**	6,650,000
Property, plant and equipment	9	**87,635**	47,606
Exploration and evaluation assets	10	**530,000**	530,000
Total Non-current Assets		**19,417,635**	7,227,606
TOTAL ASSETS		**22,368,697**	13,813,887
LIABILITIES			
Current Liabilities			
Trade and other payables	11	**1,036,409**	801,135
Total Current Liabilities		**1,036,409**	801,135
TOTAL LIABILITIES		**1,036,409**	801,135
NET ASSETS		**21,332,288**	13,012,752
EQUITY			
Contributed equity	12	**34,864,888**	30,820,466
Reserves	13	**11,186,250**	1,892,172
Accumulated losses		**(24,718,850)**	(19,699,886)
TOTAL EQUITY		**21,332,288**	13,012,752

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2014

	Ordinary Shares $	Available-For-Sale Reserve $	Share Based Payments Reserve $	Foreign Currency Translation Reserve $	Accumulated Losses $	Non-Controlling Interests $	Total Equity $
Balance at 1 July 2013	**30,820,466**	**1,644,750**	**308,285**	**(60,863)**	**(19,699,886)**	**-**	**13,012,752**
Net loss for the year	**-**	**-**	**-**	**-**	**(5,018,964)**	**-**	**(5,018,964)**
Other comprehensive income:							
Exchange differences on translation of foreign operations	**-**	**-**	**-**	**45,705**	**-**	**-**	**45,705**
Change in the fair value of available-for sale financial assets	**-**	**12,150,000**	**-**	**-**	**-**	**-**	**12,150,000**
Deferred tax on available-for-sale financial assets	**-**	**(3,645,000)**	**-**	**-**	**-**	**-**	**(3,645,000)**
Total comprehensive income/(loss) for the period	**-**	**8,505,000**	**-**	**45,705**	**(5,018,964)**	**-**	**(3,531,741)**
Transactions with owners recorded directly in equity							
Issue of ordinary shares	**4,358,750**	**-**	**-**	**-**	**-**	**-**	**4,358,750**
Share issue costs	**(561,863)**	**-**	**-**	**-**	**-**	**-**	**(561,863)**
Exercise of Unlisted Options	**164,725**	**-**	**(164,725)**	**-**	**-**	**-**	**-**
Conversion of Performance Rights	**82,810**	**-**	**(82,810)**	**-**	**-**	**-**	**-**
Recognition of share-based payments	**-**	**-**	**990,908**	**-**	**-**	**-**	**990,908**
Balance at 30 June 2014	**34,864,888**	**10,149,750**	**1,051,658**	**(15,158)**	**(24,718,850)**	**-**	**21,332,288**
Balance at 1 July 2012 originally stated	23,551,897	3,710,000	1,935,932	(1,871)	(4,919,767)	(46,523)	24,229,668
Change in accounting policy opening balance adjustment	-	(140,250)	-	-	(9,888,969)	-	(10,029,219)
At 1 July 2012 restated	23,551,897	3,569,750	1,935,932	(1,871)	(14,808,736)	(46,523)	14,200,449
Net loss for the year	-	-	-	-	(5,953,730)	(622)	(5,954,352)
Other comprehensive income:							
Exchange differences on translation of foreign operations	-	-	-	(58,992)	-	544	(58,448)
Changes in fair value of available-for-sale financial assets	-	(2,750,000)	-	-	-	-	(2,750,000)
Deferred tax on available-for-sale financial assets	-	825,000	-	-	-	-	825,000
Total comprehensive income/(loss) for the year	-	(1,925,000)	-	(58,992)	(5,953,730)	(78)	(7,937,800)
Transactions with owners recorded directly in equity							
Issue of ordinary shares	7,085,180	-	-	-	-	-	7,085,180
Share issue costs	(445,681)	-	-	-	-	-	(445,681)
Exercise of Unlisted Options	44,070		(44,070)		-		-
Acquisition of non-controlling interests (Note 15)	585,000	-	-	-	(631,601)	46,601	-
Recognition of share-based payments	-	-	110,604	-	-	-	110,604
Adjustment for previously expired options	-	-	(1,694,181)	-	1,694,181	-	-
Balance at 30 June 2013	30,820,466	1,644,750	308,285	(60,863)	(19,699,886)	-	13,012,752

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2014

	Notes	2014 $	2013 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		**(7,593,798)**	(3,292,374)
Interest received from third parties		**146,223**	119,313
Geological services revenue received		**-**	125,158
Office services income received		**-**	194,606
NET CASH FLOWS USED IN OPERATING ACTIVITIES	14(a)	**(7,447,575)**	(2,853,297)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for plant and equipment		**(101,487)**	(24,175)
Payments for exploration and evaluation assets		**-**	(200,000)
Receipts from disposal of plant and equipment		**-**	4,610
NET CASH FLOWS USED IN INVESTING ACTIVITIES		**(101,487)**	(219,565)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		**4,158,750**	6,955,180
Payments for share issue costs		**(207,663)**	(445,679)
NET CASH FLOWS FROM FINANCING ACTIVITIES		**3,951,087**	6,509,501
Net (decrease)/increase in cash and cash equivalents		**(3,597,975)**	3,436,639
Net foreign exchange differences		**1,434**	133
Cash and cash equivalents at beginning of year		6,170,841	2,734,069
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	14(b)	**2,574,300**	6,170,841

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in preparing the financial report of Prairie Mining Limited ("Prairie" or "Company") and its consolidated entities ("Consolidated Entity" or "Group") for the year ended 30 June 2014 are stated to assist in a general understanding of the financial report.

Prairie Mining is a Company limited by shares incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange ("ASX").

The financial report of the Group for the year ended 30 June 2014 was authorised for issue in accordance with a resolution of the Directors on 23 September 2014.

(a) Basis of Preparation

The financial report is a general purpose financial report, which has been prepared in accordance with Australian Accounting Standards ("AASBs") and other authoritative pronouncements of the Australian Accounting Standards Board ("AASB") and the *Corporations Act 2001*. The Group is a for-profit entity for the purposes of preparing the consolidated financial statements.

The financial report has been prepared on a historical cost basis, except for available-for-sale investments which have been measured at fair value. The financial report is presented in Australian dollars.

The consolidated financial statements have been prepared on a going concern basis which assumes the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the ordinary course of business.

(b) Statement of Compliance

The financial report complies with Australian Accounting Standards and International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

In the current year, the Group has adopted all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for the current annual reporting period. Details of the impact of the adoption of these new accounting standards are set out in the individual accounting policy notes to follow.

New and revised Standards and amendments thereof and Interpretations effective for the current year that are relevant to the Group include:

- AASB 10 'Consolidated Financial Statements' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards';
- AASB 11 'Joint Arrangements' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards';
- AASB 12 'Disclosure of Interests in other Entities';
- AASB 13 'Fair Value Measurement' and AASB 2011-8 'Amendments to Australian Accounting Standards arising from AASB 13'; and
- AASB 119 (Revised 2011) 'Amendments to Australian Accounting Standards – Employee Benefits'.

The adoption of these new and revised standards has not resulted in any significant changes to the Group's accounting policies or to the amounts reported for the current or prior periods.

As a consequence of the adoption of AASB 2011-4 amendments to AASB 124 'Related Party Disclosures', the individual Key Management Personnel disclosure previously required in notes has been removed and included in the Remuneration Report.

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Group for the annual reporting period ended 30 June 2014. These are outlined in the table overleaf:

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Statement of Compliance (Continued)

Reference	Title	Summary	Application Date of Standard	Impact on Group Financial Report	Application Date for Group
AASB 9/IFRS 9	Financial Instruments	On 24 July 2014 The IASB issued the final version of IFRS 9 which replaces IAS 39 and includes a logical model for classification and measurement, a single, forward-looking ‘expected loss’ impairment model and a substantially-reformed approach to hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018. However, the Standard is available for early application. The own credit changes can be early applied in isolation without otherwise changing the accounting for financial instruments. The final version of IFRS 9 introduces a new expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, the new Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis. The AASB is yet to issue the final version of AASB 9. A revised version of AASB 9 (AASB 2013-9) was issued in December 2013 which included the new hedge accounting requirements, including changes to hedge effectiveness testing, treatment of hedging costs, risk components that can be hedged and disclosures. AASB 9 includes requirements for a simplified approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes are described below. a) Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows. b) Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument. c) Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases. d) Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows: a. The change attributable to changes in credit risk are presented in other comprehensive income (OCI) b. The remaining change is presented in profit or loss AASB 9 also removes the volatility in profit or loss that was caused by changes in the credit risk of liabilities elected to be measured at fair value. This change in accounting means that gains caused by the deterioration of an entity’s own credit risk on such liabilities are no longer recognised in profit or loss. Consequential amendments were also made to other standards as a result of AASB 9, introduced by AASB 2009-11 and superseded by AASB 2010-7, AASB 2010-10 and AASB 2014-1 – Part E.	1 January 2018	These amendments are not expected to have any significant impact on the Group's financial report.	1 July 2018

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014
(Continued)

Reference	Title	Summary	Application Date of Standard	Impact on Group Financial Report	Application Date for Group
AASB 2012-3	Amendments to Australian Accounting Standards – *Offsetting Financial Assets and Financial Liabilities*	AASB 2012-3 adds application guidance to AASB 132 Financial Instruments: Presentation to address inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement.	1 January 2014	These amendments are not expected to have any significant impact on the Group's financial report.	1 July 2014
AASB 2013-3	Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets	AASB 2013-3 amends the disclosure requirements in AASB 136 Impairment of Assets. The amendments include the requirement to disclose additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposal.	1 January 2014	These amendments are not expected to have any significant impact on the Group's financial report.	1 July 2014
AASB 2013-4	Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting [AASB 139]	AASB 2013-4 amends AASB 139 to permit the continuation of hedge accounting in specified circumstances where a derivative, which has been designated as a hedging instrument, is novated from one counterparty to a central counterparty as a consequence of laws or regulations.	1 January 2014	These amendments are not expected to have any significant impact on the Group's financial report.	1 July 2014
AASB 2013-5	Amendments to Australian Accounting Standards – Investment Entities [AASB 1, AASB 3, AASB 7, AASB 10, AASB 12, AASB 107, AASB 112, AASB 124, AASB 127, AASB 132, AASB 134 & AASB 139]	These amendments define an investment entity and require that, with limited exceptions, an investment entity does not consolidate its subsidiaries or apply AASB 3 Business Combinations when it obtains control of another entity. These amendments require an investment entity to measure unconsolidated subsidiaries at fair value through profit or loss in its consolidated and separate financial statements. These amendments also introduce new disclosure requirements for investment entities to AASB 12 and AASB 127.	1 January 2014	These amendments are not expected to have any significant impact on the Group's financial report.	1 July 2014
AASB 1031	Materiality	The revised AASB 1031 is an interim standard that cross-references to other Standards and the Framework (issued December 2013) that contain guidance on materiality. AASB 1031 will be withdrawn when references to AASB 1031 in all Standards and Interpretations have been removed.	1 January 2014	These amendments are not expected to have any significant impact on the Group's financial report.	1 July 2014
AASB 2013-9	Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments	The Standard contains three main parts and makes amendments to a number Standards and Interpretations. Part A of AASB 2013-9 makes consequential amendments arising from the issuance of AASB CF 2013-1. Part B makes amendments to particular Australian Accounting Standards to delete references to AASB 1031 and also makes minor editorial amendments to various other standards. Part C makes amendments to a number of Australian Accounting Standards, including incorporating Chapter 6 Hedge Accounting into AASB 9 Financial Instruments.	20 December 2013 1 January 2014 1 January 2015	These amendments are not expected to have any significant impact on the Group's financial report.	30 June 2014 1 July 2014 1 July 2015
Interpretation 21	Levies	This Interpretation confirms that a liability to pay a levy is only recognised when the activity that triggers the payment occurs. Applying the going concern assumption does not create a constructive obligation.	1 January 2014	These amendments are not expected to have any significant impact on the Group's financial report.	1 July 2014

Reference	Title	Summary	Application Date of Standard	Impact on Group Financial Report	Application Date for Group
AASB 2014-1 Part A - Annual Improvements 2010–2012 Cycle	Amendments to Australian Accounting Standards Part A Annual Improvements to IFRSs 2010–2012 Cycle	AASB 2014-1 Part A: This standard sets out amendments to Australian Accounting Standards arising from the issuance by the International Accounting Standards Board (IASB) of International Financial Reporting Standards (IFRSs) Annual Improvements to IFRSs 2010–2012 Cycle and Annual Improvements to IFRSs 2011–2013 Cycle. Annual Improvements to IFRSs 2010–2012 Cycle addresses the following items: a) AASB 2 - Clarifies the definition of 'vesting conditions' and 'market condition' and introduces the definition of 'performance condition' and 'service condition'. b) AASB 3 - Clarifies the classification requirements for contingent consideration in a business combination by removing all references to AASB 137. c) AASB 8 - Requires entities to disclose factors used to identify the entity's reportable segments when operating segments have been aggregated. An entity is also required to provide a reconciliation of total reportable segments' asset to the entity's total assets. d) AASB 116 & AASB 138 - Clarifies that the determination of accumulated depreciation does not depend on the selection of the valuation technique and that it is calculated as the difference between the gross and net carrying amounts. e) AASB 124 - Defines a management entity providing KMP services as a related party of the reporting entity. The amendments added an exemption from the detailed disclosure requirements in paragraph 17 of AASB 124 for KMP services provided by a management entity. Payments made to a management entity in respect of KMP services should be separately disclosed.	1 July 2014	These amendments are not expected to have any significant impact on the Group's financial report.	1 July 2014
AASB 2014-1 Part A - Annual Improvements 2011–2013 Cycle	Amendments to Australian Accounting Standards – Part A Annual Improvements to IFRSs 2011–2013 Cycle	This standard sets out amendments to Annual Improvements to IFRSs 2011–2013 Cycle addresses the following items: a) AASB13 - Clarifies that the portfolio exception in paragraph 52 of AASB 13 applies to all contracts within the scope of AASB 139 or AASB 9, regardless of whether they meet the definitions of financial assets or financial liabilities as defined in AASB 132. b) AASB40 - Clarifies that judgment is needed to determine whether an acquisition of investment property is solely the acquisition of an investment property or whether it is the acquisition of a group of assets or a business combination in the scope of AASB 3 that includes an investment property. That judgment is based on guidance in AASB 3.	1 July 2014	These amendments are not expected to have any significant impact on the Group's financial report.	1 July 2014
AASB 2013-7	Amendments to AASB 1038 arising from AASB 10 in relation to Consolidation and Interests of Policyholders [AASB 1038]	AASB 2013-7 removes the specific requirements in relation to consolidation from AASB 1038, which leaves AASB 10 as the sole source for consolidation requirements applicable to life insurer entities.	1 January 2014	These amendments are not expected to have any significant impact on the Group's financial report	1 July 2014

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of the Company as at 30 June 2014 and the results of all subsidiaries for the year then ended.

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Company.

Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are de-consolidated from the date that control ceases. Intercompany transactions and balances, income and expenses and profits and losses between Group companies, are eliminated.

(d) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

(e) Trade and Other Receivables

Trade receivables are recognised and carried at original invoice amount less a provision for any uncollectable debts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written-off as incurred.

Receivables from related parties are recognised and carried at the nominal amount due and are interest free.

(f) Investments and Other Financial Assets

(i) Classification

Financial assets in the scope of AASB 139 *Financial Instruments: Recognition and Measurement* are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale investments, as appropriate. When financial assets are recognised initially they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The Group determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year-end.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than twelve months after the reporting date which are classified as non-current assets. Loans and receivables are included in receivables in the statement of financial position.

Available-for-sale financial assets

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within twelve months of the reporting date.

(ii) Recognition and derecognition

Purchases and sales of investments are recognised on trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(iii) Subsequent measurement

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest rate method. Realised and unrealised gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are included in the Statement of Profit or Loss and other Comprehensive Income in the period in which they arise. Unrealised gains and losses arising from changes in the fair value of non-monetary securities classified as available-for-sale are recognised in equity in the investments available-for-sale reserve. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments previously reported in equity are included in the Statement of Profit or Loss and other Comprehensive Income as gains and losses on disposal of investment securities.

(iv) Impairment

The Group assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered in determining whether the security is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in Profit or loss – is transferred from equity to the Statement of Profit or Loss and other Comprehensive Income. Impairment losses recognised in the Statement of Profit or Loss and other Comprehensive Income on equity instruments classified as held for sale are not reversed through the Statement of Profit or Loss and other Comprehensive Income.

(g) Leases

Leases of property, plant and equipment where the Group, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the asset's useful life and the lease term.

Leases where a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

(h) Property, Plant and Equipment

(i) Cost and valuation

All classes of property, plant and equipment are measured at historical cost.

Plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation. All other repairs and maintenance are recognised in the Statement of Profit or Loss and other Comprehensive Income as incurred.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Property, Plant and Equipment (Continued)

(ii) Depreciation and Amortisation

Depreciation is provided on a straight line basis on all property, plant and equipment.

	2014	2013
Major depreciation and amortisation periods are:		
Leasehold Land:	**7% - 20%**	7% - 20%
Buildings:	**22%- 40%**	22%- 40%
Plant and equipment:	**22%- 40%**	22%- 40%

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

(iii) Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

(i) Exploration and Development Expenditure

Expenditure on exploration and evaluation is accounted for in accordance with the 'area of interest' method and with AASB 6 *Exploration for and Evaluation of Mineral Resources*.

Exploration and evaluation expenditure encompasses expenditures incurred by the Group in connection with the exploration for and evaluation of mineral resources before the technical feasibility and commercial viability of extracting a mineral resource are demonstrable.

For each area of interest, expenditure incurred in the acquisition of rights to explore is capitalised, classified as tangible or intangible, and recognised as an exploration and evaluation asset. Exploration and evaluation assets are measured at cost at recognition and are recorded as an asset if:

(i) the rights to tenure of the area of interest are current; and

(ii) at least one of the following conditions is also met:

- the exploration and evaluation expenditures are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale; and

- exploration and evaluation activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation expenditure incurred by the Group subsequent to acquisition of the rights to explore is expensed as incurred, up to costs associated with the preparation of a feasibility study.

(i) Impairment

Capitalised exploration costs are reviewed each reporting date to establish whether an indication of impairment exists. If any such indication exists, the recoverable amount of the capitalised exploration costs is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years.

Where a decision is made to proceed with development, accumulated expenditure is tested for impairment and transferred to development properties, and then amortised over the life of the reserves associated with the area of interest once mining operations have commenced. Recoverability of the carrying amount of the exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

(j) Payables

Liabilities are recognised for amounts to be paid in the future for goods and services received. Trade accounts payable are normally settled within 60 days.

(k) Provisions

Provisions are recognised when the group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(l) Revenue Recognition

Geological services income

Income for the provision of geological services is recognised in the accounting period in which the services are rendered.

Office services income

Income for the provision of personnel, office accommodation and equipment services is recognised in income on a straight line basis over the term of the agreement. Contingent income is recognised in the periods in which it is earned.

Interest income

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial assets.

(m) Income Tax

The income tax expense for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose on goodwill or in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against tax liabilities and the deferred tax liabilities relate to the same taxable entity and the same taxation authority.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Income Tax (Continued)

Tax consolidation

Prairie Mining Limited and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. Each entity in the group recognises its own current and deferred tax liabilities, except for any deferred tax assets resulting from unused tax losses and tax credits, which are immediately assumed by the Company. The current tax liability of each group entity is then subsequently assumed by the Company. The tax consolidated group has entered a tax sharing agreement whereby each company in the Group contributes to the income tax payable in proportion to their contribution to the net profit before tax of the tax consolidated group.

(n) Employee Entitlements

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within 12 months have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than 12 months have been measured at the present value of the estimated future cash outflows to be made for those benefits.

(o) Earnings per Share

Basic earnings per share (“EPS”) is calculated by dividing the net profit attributable to members of the Company for the reporting period, after excluding any costs of servicing equity, by the weighted average number of Ordinary Shares of the Company, adjusted for any bonus issue.

Diluted EPS is calculated by dividing the basic EPS earnings, adjusted by the after tax effect of financing costs associated with dilutive potential Ordinary Shares and the effect on revenues and expenses of conversion to Ordinary Shares associated with dilutive potential Ordinary Shares, by the weighted average number of Ordinary Shares and dilutive Ordinary Shares adjusted for any bonus issue.

(p) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(q) Segment Reporting

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. This includes start-up operations which are yet to earn revenues. Management will also consider other factors in determining operating segments such as the existence of a line manager and the level of segment information presented to the Board of Directors.

Operating segments have been identified based on the information provided to the chief operating decision makers – being the executive management team.

Operating segments that meet the quantitative criteria as prescribed by AASB 8 are reported separately. However, an operating segment that does not meet the quantitative criteria is still reported separately where information about the segment would be useful to users of the financial statements.

Information about other business activities and operating segments that are below the quantitative criteria are combined and disclosed in a separate category for “all other segments”.

(r) Acquisition of Assets

A group of assets may be acquired in a transaction which is not a business combination. In such cases the cost of the group is allocated to the individual identifiable assets (including intangible assets that meet the definition of and recognition criteria for intangible assets in AASB 138) acquired and liabilities assumed on the basis of their relative fair values at the date of purchase.

(s) Impairment of Assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

(t) Fair Value Estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets (such as available-for-sale securities) is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Group is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

(u) Issued and Unissued Capital

Ordinary Shares and Performance Shares are classified as equity. Issued and paid up capital is recognised at the fair value of the consideration received by the Company.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(v) Foreign Currencies

(i) Functional and presentation currency

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the Company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the Statement Profit or Loss and other Comprehensive Income, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the other Comprehensive Income.

(iii) Group companies

The financial results and position of foreign operations whose functional currency is different from the Group's presentation currency are translated as follows:

- assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;
- income and expenses are translated at average exchange rates for the period; and
- items of equity are translated at the historical exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the group's foreign currency translation reserve in the statement of financial position. These differences are recognised in the Statement of Profit or Loss and other Comprehensive Income in the period in which the operation is disposed.

(w) Share-Based Payments

Equity-settled share-based payments are provided to officers, employees, consultants and other advisors. These share-based payments are measured at the fair value of the equity instrument at the grant date. Fair value is determined using the Binomial option pricing model. Further details on how the fair value of equity-settled share based payments has been determined can be found in Note 21.

The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest. At each reporting date, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss over the remaining vesting period, with a corresponding adjustment to the option premium reserve.

Equity-settled share-based payments may also be provided as consideration for the acquisition of assets. Where Ordinary Shares are issued, the transaction is recorded at fair value based on the quoted price of the Ordinary Shares at the date of issue. The acquisition is then recorded as an asset or expensed in accordance with accounting standards.

(x) Use and Revision of Accounting Estimates, Judgements and Assumptions

The preparation of the financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

- Exploration and Evaluation Assets (Note 10)
- Share-Based Payments (Note 19)

2. REVENUE AND OTHER INCOME

	Note	2014 $	2013 $
(a) Revenue			
Interest income		**131,938**	141,428
		131,938	141,428
(b) Other Income			
Geological services income		**-**	5,120
Office services income from unrelated parties		**-**	161,405
		-	166,525

3. EXPENSES

	Note	2014 $	2013 $
(a) Other expenses			
Impairment of exploration and evaluation assets	10(b)	**-**	(1,685,000)
(b) Depreciation included in statement of comprehensive income			
Depreciation of plant and equipment	9	**(55,858)**	(241,266)
(c) Employee benefits expense (including KMP)			
Salaries and wages		**(246,517)**	(241,512)
Superannuation expense		**(15,358)**	(20,434)
Share-based payment expense	19(a)	**(636,708)**	(110,604)
Other employee expenses		**(11,313)**	(24,166)
Employment expenses included in profit or loss		**(909,896)**	(396,716)
Employment expenses recorded in exploration and evaluation expenses		**(744,021)**	(164,623)
Employment expenses recorded in business development expenses		**(250,590)**	-
Total employment expenses included in profit or loss		**(1,904,507)**	(561,339)

4. INCOME TAX

	2014 $	2013 $
(a) Recognised in the statement of comprehensive income		
Current income tax		
Current income tax benefit in respect of the current year	**-**	-
Adjustments in respect of current income tax of previous years	**-**	-
Deferred income tax		
Relating to origination and reversal of temporary differences	**(1,392,587)**	(862,560)
(Benefit)/expense arising from previously unrecognised temporary differences of a prior period	**329,671**	115,786
Deferred tax assets previously not brought to account	**(2,582,084)**	-
Deferred tax assets not brought to account	**-**	1,571,774
Adjustments in respect of deferred income tax of previous years	**-**	-
Income tax expense/(benefit) reported in the statement of Profit or Loss and other Comprehensive income	**(3,645,000)**	825,000
(b) Recognised in the statement of changes in equity		
Deferred income tax		
Unrealised gain/(loss) on available-for-sale investments	**3,645,000**	(825,000)
Income tax expense/(benefit) reported in equity	**3,645,000**	(825,000)
(c) Reconciliation between tax expense and accounting loss before income tax		
Accounting loss before income tax	**(8,663,964)**	(5,129,352)
At the domestic income tax rate of 30% (2013: 30%)	**(2,599,189)**	(1,538,806)
Expenditure not allowable for income tax purposes	**618,747**	757,041
Capital allowances	**(108,051)**	(133,704)
Deferred tax assets previously not brought to account	**(2,582,084)**	-
Deferred tax assets not brought to account	**-**	1,571,774
(Benefit)/expense arising from previously unrecognised temporary differences of a prior period	**329,671**	115,786
Effect of different tax rates of subsidiaries operating in other jurisdictions	**695,906**	52,909
Income tax expense/(benefit) reported in the statement of Profit or Loss and other Comprehensive income	**(3,645,000)**	825,000

	2014 $	2013 $
(d) Deferred Tax Assets and Liabilities		
Deferred income tax at 30 June relates to the following:		
Deferred Tax Liabilities		
Available-for-sale financial assets	**5,225,250**	1,580,250
Receivables	**7,416**	11,735
Deferred tax assets used to offset deferred tax liabilities	**(5,232,666)**	(1,591,985)
	-	-
Deferred Tax Assets		
Accrued expenditure	**13,500**	11,850
Capital allowances	**1,174,590**	140,424
Property, plant and equipment	**26,165**	22,251
Tax losses available offset against future taxable income	**6,013,580**	5,995,848
Deferred tax assets used to offset deferred tax liabilities	**(5,232,666)**	(1,591,985)
Deferred tax assets not brought to account	**(1,995,169)**	(4,578,388)
	-	-

The benefit of deferred tax assets not brought to account will only be brought to account if:

- future assessable income is derived of a nature and of an amount sufficient to enable the benefit to be realised;
- the conditions for deductibility imposed by tax legislation continue to be complied with; and
- no changes in tax legislation adversely affect the Group in realising the benefit.

(e) Tax Consolidation

The Company and its wholly-owned Australian resident entities have formed a tax consolidated group and are therefore taxed as a single entity. The head entity within the tax consolidated group is Prairie Mining Limited.

(f) Polish tax Losses

Losses from one source of profits may offset income from other sources in the same tax year. Losses may be carried forward to the following five tax years to offset profits from all sources that are derived in those years. Up to 50% of the original loss may offset profits in any of the five tax years. Losses may not be carried back.

5. DIVIDENDS PAID OR PROVIDED FOR ON ORDINARY SHARES

No dividends have been paid or proposed for the year ended 30 June 2014 (2013: Nil).

	2014 $	2013 $
(a) Franking Credit Balance		
Franking credits available to shareholders of Prairie Mining Limited for subsequent financial years	**-**	-

6. TRADE AND OTHER RECEIVABLES

	2014 $	2013 $
Trade receivables	**41,905**	8,477
Accrued interest	**24,721**	39,117
GST and other receivables	**288,025**	345,846
	354,651	393,440

7. CURRENT ASSETS - OTHER FINANCIAL ASSETS

	2014 $	2013 $
Bond – Performance guarantee[1]	**22,111**	22,000
	22,111	22,000

Notes:
[1] Performance guarantees of $22,111 (2013: $22,000) relate to environmental performance bonds on tenements.

8. NON-CURRENT ASSETS – OTHER FINANCIAL ASSETS

	2014 $	2013 $
Available-for-sale financial assets		
Australian listed equity securities[1]	**18,800,000**	6,650,000
	18,800,000	6,650,000

Notes:
[1] At 30 June 2014 the Company held 10,000,000 fully paid ordinary shares in Papillon Resources Limited (ASX:PIR). Subsequent to the end of the year the Company completed the sale of 1.0 million fully paid ordinary shares in Papillon to raise gross proceeds of $1.75 million. As a result of the sale, and subsequent to the end of the year, the Papillon shares have been reclassified as held-for-trading financial assets which has substantially increased the Company's working capital position.

9. PROPERTY, PLANT AND EQUIPMENT

	2014 $	2013 $
(a) Plant and Equipment		
At cost	**1,020,368**	924,658
Accumulated depreciation and impairment	**(932,733)**	(877,052)
Carrying amount at end of year, net of accumulated depreciation and impairment	**87,635**	47,606
(b) Reconciliation		
Carrying amount at beginning of year, net of accumulated depreciation and impairment	**47,606**	263,327
Additions	**101,487**	24,175
Depreciation charge	**(55,858)**	(241,266)
Exchange differences on translation of foreign operations	**(5,600)**	1,370
Carrying amount at end of year, net of accumulated depreciation and impairment	**87,635**	47,606

10. EXPLORATION AND EVALUATION ASSETS

	Note	2014 $	2013 $
(a) Areas of Interest			
Prairie Downs Base Metals Project[2]		-	-
Lublin Coal Project		**530,000**	530,000
Carrying amount at end of year, net of impairment[1]		**530,000**	530,000
(b) Reconciliation			
Opening net book amount		**530,000**	1,685,000
Acquisition costs incurred		**-**	530,000
Impairment losses[2]	3(a)	**-**	(1,685,000)
Carrying amount at end of year net of impairment [1]		**530,000**	530,000

Notes:

[1] The ultimate recoupment of costs carried forward for exploration and evaluation is dependent on the successful development and commercial exploitation or sale of the respective areas of interest.

[2] Based on market conditions and best available information at the time, a decision was made during the year ended 30 June 2013 to fully impair the carrying value of the Prairie Downs Base Metals Project.

11. TRADE AND OTHER PAYABLES

	2014 $	2013 $
Trade creditors	**975,587**	744,881
Accrued expenses	**60,822**	56,254
	1,036,409	801,135

12. CONTRIBUTED EQUITY

	Note	2014 $	2013 $
(a) Issued and Unissued Capital			
134,679,879 (2013: 116,808,465) fully paid Ordinary Shares	12(b)	**34,539,888**	30,495,466
5,500,000 (2013: 5,500,000) unissued milestone shares	15	**325,000**	325,000
		34,864,888	30,820,466

(b) Movements in Ordinary Shares During the Past Two Years Were as Follows:

Date	Details	Number of Ordinary Shares	$
01-Jul-13	**Opening balance**	**116,808,465**	**30,495,466**
21-Aug-13	Shares issued to consultants in lieu of cash for the grant of coal leases (Note 16 (c))	**652,414**	**200,000**
8-Jan-14	Share placement	**13,500,000**	**3,645,000**
1-May-14	Issue of Shares on conversion of Performance Rights	**294,000**	**-**
Jul-13 to Jun-14	Exercise of $0.15 Unlisted Options	**3,425,000**	**513,750**
Jul-13 to Jun-14	Transfer from share-based payment reserve	**-**	**247,535**
8-Jan-14	Share issue costs settled by grant of Unlisted Options (Note 14 (c))	**-**	**(354,200)**
Jul-13 to Jun-14	Share issue costs	**-**	**(561,863)**[1]
30-Jun-14	**Closing balance**	**134,679,879**	**34,539,888**
01-Jul-12	Opening balance	98,440,598	23,551,897
12-Sep-12	Share placement	3,000,000	900,000
12-Sep-12	Acquisition of non-controlling interest (Note 15)	2,000,000	260,000
12-Sep-12	Shares issued upon the grant of coal leases in Poland	1,000,000	130,000
10-Apr-13	Share placement	12,000,000	6,000,000
Jul-12 to Jun-13	Exercise of Unlisted Options	367,867	55,180
Jul-12 to Jun-13	Share issue costs	-	(445,681)
30-Jun-13	Transfer from share-based payments reserve	-	44,070
30-Jun-13	**Closing balance**	116,808,465	30,495,466

Notes:
[1] Includes share-based payment of $354,200. Refer to Notes 14(c) and 19(a).

(c) Rights Attaching to Ordinary Shares:

The rights attaching to fully paid Ordinary Shares ("Ordinary Shares") arise from a combination of the Company's Constitution, statute and general law.

Ordinary Shares issued following the exercise of Unlisted Options in accordance with Note 13(c) or the conversion of Performance Rights in accordance with Note 13(d) will rank equally in all respects with the Company's existing Ordinary Shares.

Copies of the Company's Constitution are available for inspection during business hours at the Company's registered office. The clauses of the Constitution contain the internal rules of the Company and define matters such as the rights, duties and powers of its shareholders and directors, including provisions to the following effect (when read in conjunction with the Corporations Act 2001 or Listing Rules).

(i) Shares

The issue of shares in the capital of the Company and options over unissued shares by the Company is under the control of the Directors, subject to the Corporations Act 2001, ASX Listing Rules and any rights attached to any special class of shares.

(ii) Meetings of Members

Directors may call a meeting of members whenever they think fit. Members may call a meeting as provided by the Corporations Act 2001. The Constitution contains provisions prescribing the content requirements of notices of meetings of members and all members are entitled to a notice of meeting. A meeting may be held in two or more places linked together by audio-visual communication devices. A quorum for a meeting of members is two shareholders.

The Company holds annual general meetings in accordance with the Corporations Act 2001 and the Listing Rules.

(iii) Voting

Subject to any rights or restrictions at the time being attached to any shares or class of shares of the Company, each member of the Company is entitled to receive notice of, attend and vote at a general meeting. Resolutions of members will be decided by a show of hands unless a poll is demanded. On a show of hands each eligible voter present has one vote. However, where a person present at a general meeting represents personally or by proxy, attorney or representative more than one member, on a show of hands the person is entitled to one vote only despite the number of members the person represents.

On a poll each eligible member has one vote for each fully paid share held and a fraction of a vote for each partly paid share determined by the amount paid up on that share.

(iv) Changes to the Constitution

The Company's Constitution can only be amended by a special resolution passed by at least three quarters of the members present and voting at a general meeting of the Company. At least 28 days' written notice specifying the intention to propose the resolution as a special resolution must be given.

(v) Listing Rules

Provided the Company remains admitted to the Official List, then despite anything in its Constitution, no act may be done that is prohibited by the Listing Rules, and authority is given for acts required to be done by the Listing Rules. The Company's Constitution will be deemed to comply with the Listing Rules as amended from time to time.

13. RESERVES

	Note	2014 $	2013 $
Share-based-payments reserve	13(b)	**1,051,658**	308,285
Available-for-sale reserve		**10,149,750**	1,644,750
Foreign currency translation reserve		**(15,158)**	(60,863)
		11,186,250	1,892,172

(a) Nature and Purpose of Reserves

(i) Share-based payments reserve

The share-based payments reserve is used to record the fair value of Unlisted Options and Performance Rights issued by the Group.

(ii) Available-For-Sale Reserve

Changes in the fair value and exchange differences arising on translation of investments classified as available-for-sale financial assets are taken to the available-for-sale-reserve as described in Note 1(f). Amounts are recognised in the Statement of Profit or Loss and other Comprehensive Income when the associated assets are sold or impaired.

(iii) Foreign Currency Translation Reserve

Exchange differences arising on translation of foreign controlled entities are taken to the foreign currency translation reserve, as described in Note 1(v). The reserve is recognised in the Statement of Profit or Loss and other Comprehensive Income when the net investment is disposed of.

(b) Movements in share-based payments reserve during the past two years were as follows:

Date	Details	Number of Unlisted Options	Number of Performance Rights	$
01-Jul-13	**Opening balance**	**7,382,133**	**-**	**308,285**
21-Aug-13	Exercise of $0.15 Unlisted Options	(1,375,000)	-	(164,725)
27-Dec-13	Grant of Performance Rights	-	1,440,000	-
08-Jan-14	Grant of $0.45 Unlisted Options	2,200,000	-	-
07-Feb-14	Grant of Performance Rights	-	150,000	-
12-Feb-14	Grant of Performance Rights	-	250,000	-
13-Feb-14	Grant of $0.35 Unlisted Options	100,000	-	-
13-Feb-14	Grant of $0.45 Unlisted Options	510,000	-	-
13-Feb-14	Grant of $0.60 Unlisted Options	765,000	-	-
14-Feb-14	Cancellation of Performance Rights	-	(200,000)	-
12-Apr-14	Grant of Performance Rights	-	190,000	-
02-May-14	Conversion of Performance Rights	-	(294,000)	(82,810)
30-Jun-14	Share-based payments recognised this year	-	-	990,908
30-Jun-14	**Closing balance**	**9,582,133**	**1,536,000**	**1,051,658**

Date	Details	Number of Unlisted Options	Number of Performance Rights	$
01-Jul-12	**Opening balance**	**3,250,000**	**-**	**1,935,932**
Jul-12 to Jun-13	Exercise of $0.15 Unlisted Options	(367,867)	-	(44,070)
17-Jun-13	Grant of $0.35 Unlisted Options[1]	1,500,000	-	-
17-Jun-13	Grant of $0.45 Unlisted Options[1]	1,500,000	-	-
17-Jun-13	Grant of $0.60 Unlisted Options[1]	1,500,000	-	-
30-Jun-13	Adjustment for previously expired options	-	-	(1,694,181)
30-Jun-13	Share-based payment expense for the year	-	-	110,604
30-Jun-13	**Closing balance**	**7,382,133**	**-**	**308,285**

Notes:
[1] The Unlisted Options were issued as part of a consultancy agreement (effective 17 June 2013) requiring the grant of Unlisted Options pursuant to shareholder approval. Shareholder approval was received on 12 July 2013 at a General Meeting of Shareholders.

(c) Terms and Conditions of Unlisted Options

The Unlisted Options are granted based upon the following terms and conditions:

- Each Unlisted Option entitles the holder the right to subscribe for one Ordinary Share upon the exercise of each Unlisted Option;
- The Unlisted Options outstanding at the end of the financial year have the following exercise prices and expiry dates:
    - 11,957,133 Unlisted Options exercisable at $0.15 each on or before 30 June 2015;
    - 1,250,000 Unlisted Options exercisable at $0.25 each on or before 30 June 2016;
    - 1,600,000 Unlisted Options exercisable at $0.35 each on or before 30 June 2017;
    - 4,210,000 Unlisted Options exercisable at $0.45 each on or before 30 June 2017; and
    - 2,265,000 Unlisted Options exercisable at $0.60 each on or before 30 June 2017.
- The Unlisted Options are exercisable at any time prior to the Expiry Date, subject to vesting conditions being satisfied (if applicable);
- Ordinary Shares issued on exercise of the Unlisted Options rank equally with the then Ordinary Shares of the Company;
- application will be made by the Company to ASX for official quotation of the Ordinary Shares issued upon the exercise of the Unlisted Options;
- If there is any reconstruction of the issued share capital of the Company, the rights of the Unlisted Option holders may be varied to comply with the ASX Listing Rules which apply to the reconstruction at the time of the reconstruction; and
- No application for quotation of the Unlisted Options will be made by the Company.

13. RESERVES (Continued)

(d) Terms and Conditions of Performance Rights

The unlisted performance share rights ("Performance Rights") are granted based upon the following terms and conditions:

- Each Performance Right automatically converts into one Ordinary Share upon vesting of the Performance Right;
- Each Performance Right is subject to performance conditions (as determined by the Board from time to time) which must be satisfied in order for the Performance Right to vest;
- The Performance Rights outstanding at the end of the financial year have the following expiry dates:
  - 346,000 Performance Rights expiring on 30 June 2015;
  - 395,000 Performance Rights expiring on 30 Sep 2015; and
  - 795,000 Performance Rights expiring on 31 Dec 2016.
- The Performance Rights vest upon the following performance conditions:
  - Achievement of 150Mt Coal Resource and Scoping Study Milestone on or before 30 June 2014 (achieved 2 May 2014 and Performance Rights converted at this date);
  - Achievement of 300Mt Coal Resource and Preliminary Feasibility Study Milestone on or before 30 June 2015;
  - Achievement of Geological Documentation Milestone on or before 30 September 2015; and
  - Achievement of Mine Permit and Definitive Feasibility Study on or before 31 December 2016;
- Ordinary Shares issued on conversion of the Performance Rights rank equally with the then Ordinary Shares of the Company;
- Application will be made by the Company to ASX for official quotation of the Ordinary Shares issued upon conversion of the Performance Rights;
- If there is any reconstruction of the issued share capital of the Company, the rights of the Performance Right holders may be varied to comply with the ASX Listing Rules which apply to the reconstruction at the time of the reconstruction;
- No application for quotation of the Performance Rights will be made by the Company; and
- Without approval of the Board, Performance Rights may not be transferred, assigned or novated, except, upon death, a participant's legal personal representative may elect to be registered as the new holder of such Performance Rights and exercise any rights in respect of them.

14. STATEMENT OF CASH FLOWS

(a) Reconciliation of the Profit after Tax to the Net Cash Flows from Operations

	2014 $	2013 $
Net loss for the year	**(5,018,964)**	(5,954,352)
Adjustment for non-cash income and expense items		
Depreciation of plant and equipment	**55,858**	241,266
Share based payment expense	**636,708**	110,604
Unrealised foreign exchange gain	**49,871**	(64,563)
Impairment losses	**-**	1,685,000
Income tax (benefit)/expense	**(3,645,000)**	825,000
Change in operating assets and liabilities		
Decrease/(increase) in trade and other receivables	**38,789**	(198,924)
Increase in other financial assets	**(111)**	-
Increase in trade and other payables	**435,274**	502,672
Net cash outflow from operating activities	**(7,447,575)**	(2,853,297)

(b) Reconciliation of Cash

	2014 $	2013 $
Cash at bank and on hand	**674,300**	1,206,837
Deposits at call	**1,900,000**	4,964,004
	2,574,300	6,170,841

(c) Non-cash Financing and Investing Activities

	2014 $	2013 $
Acquisition of non-controlling interests (with shares and options)	**-**	585,000
Exploration and evaluation assets (with shares)[1]	**200,000**	-
Share issue costs (with options)[2]	**354,200**	-
	554,200	585,000

Notes:

[1] Refer to Note 19(a).

[2] A share-based payment of $354,200 in respect to capital raising costs has been recognised directly in equity as a share-based payment. Refer to Notes 12(a) and 19(a).

15. EARNINGS PER SHARE

The following reflects the income and share data used in the calculations of basic and diluted earnings per share:

	2014 $	2013 $
The following reflects the income and share data used in the calculations of basic and diluted earnings/(loss) per share:		
Net loss attributable to members of the Parent used in calculating basic and diluted earnings per share	**(5,018,964)**	(5,953,730)

	Number of Ordinary Shares 2014	Number of Ordinary Shares 2013
Weighted average number of Ordinary Shares used in calculating basic and diluted loss per share	**125,372,066**	106,016,224

(a) Non-Dilutive Securities

As at balance date, 22,782,133 Unlisted Options (which represent 22,782,133 potential Ordinary Shares) and 1,536,000 Performance Rights (which represent 1,536,000 potential Ordinary Shares) were considered non-dilutive as they would decrease the loss per share.

(b) Conversions, Calls, Subscriptions or Issues after 30 June 2014

Since 30 June 2014, the Company has issued the following securities:

- 10,315 Ordinary Shares following the exercise of 10,315 Unlisted Options at $0.15 each on or before 30 June 2015;
- 250,000 Unlisted Options exercisable at $0.45 each on or before 30 June 2017; and
- 1,4000,000 Unlisted Options exercisable at $0.45 each on or before 30 June 2018.

Other than as outlined above, there have been no other conversions to, calls of, or subscriptions for Ordinary Shares or issues of potential Ordinary Shares since the reporting date and before the completion of this financial report.

16. RELATED PARTIES

(a) Subsidiaries

Name	Country of Incorporation	% Equity Interest 2014 %	2013 %
Mineral Investments Pty Ltd	Australia	100	100
PDZ Holdings Pty Ltd	Australia	100	100
PDZ (UK) Limited	UK	100	100
PD CO Holdings (UK) Limited	UK	100	100
PD Co spółka z ograniczoną odpowiedzialnośc	Poland	100	100

(b) Ultimate Parent

Prairie Mining Limited is the ultimate parent of the Group.

(c) Transactions with Related Parties

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note.

Transactions with Key Management Personnel, including remuneration, are included at Note 17.

17. KEY MANAGEMENT PERSONNEL

(a) Details of Key Management Personnel

The KMP of the Group during or since the end of the financial year were as follows:

Directors

Mr Ian Middlemas	Chairman
Mr Benjamin Stoikovich	Director and CEO
Mr Anastasios (Taso) Arima	Executive Director
Mr Thomas Todd	Non-Executive Director (appointed 16 September 2014)
Mr John Welborn	Non-Executive Director
Mr Mark Pearce	Non-Executive Director
Mr Todd Hannigan	Alternate Director (appointed 16 September 2014)

Other KMP

Mr Janusz Jakimowicz	President PD Co sp z o.o.
Mr Hugo Schumann	Executive – Corporate Development (appointed 1 January 2014)
Mr Dylan Browne	Company Secretary

Unless otherwise disclosed, the KMP held their position from 1 July until the date of this report.

	2014 $	2013 $
Short-term employee benefits	**1,241,128**	406,135
Post-employment benefits	**15,360**	20,434
Share-based payments	**483,974**	15,380
Total compensation	**1,740,462**	441,949

(b) Loans from Key Management Personnel

No loans were provided to or received from Key Management Personnel during the year ended 30 June 2014 (2013: Nil).

(c) Other Transactions

Apollo Group Pty Ltd, a Company of which Mr Mark Pearce is a Director and beneficial shareholder, was paid $288,000 (2013: $277,000) for the provision of serviced office facilities and administration services. The amount is based on a monthly retainer due and payable in arrears, with no fixed term, and is able to be terminated by either party with one month's notice. This item has been recognised as an expense in the Statement of Profit or Loss and other Comprehensive Income.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014
(Continued)

18. PARENT ENTITY DISCLOSURES

	2014 $	2013 $
(a) Financial Position		
Assets		
Current assets	**2,485,025**	6,195,490
Non-current assets	**19,353,760**	7,190,540
Total assets	**21,838,785**	13,386,030
Liabilities		
Current liabilities	**506,497**	373,278
Total liabilities	**506,497**	373,278
Equity		
Contributed equity	**34,864,888**	30,820,466
Accumulated losses	**(24,734,007)**	(19,760,748)
Reserves	**11,201,407**	1,953,034
Total equity	**21,332,288**	13,012,752
(b) Financial Performance		
Profit/(loss) for the year	**(4,973,259)**	(17,093,855)
Other comprehensive income/(loss)	**8,505,000**	(1,925,000)
Total comprehensive income/(loss)	**3,531,741**	(19,018,855)

(c) Other information

The Company has not entered into any guarantees in relation to its subsidiaries.

Refer to Note 23 for details of contingent assets and liabilities.

19. SHARE-BASED PAYMENTS

(a) Recognised Share-based Payment Expense

From time to time, the Group provides incentive Unlisted Options and Performance Rights to officers, employees, consultants and other key advisors as part of remuneration and incentive arrangements. The number of options or rights granted, and the terms of the options or rights granted are determined by the Board. Shareholder approval is sought where required. During the past two years, the following equity-settled share-based payments have been recognised:

	2014 $	2013 $
Expenses arising from equity-settled share-based payment transactions	**636,708**	110,604
Share issue costs settled by equity-settled share-based payment transactions	**354,200**	-
Total share-based payments recognised during the year	**990,908**	110,604

Additionally, during the year, 652,414 Shares were issued to consultants to settle the cost of acquisition of coal leases for the value of $200,000 and have been recorded as exploration and evaluation assets during the year ended 30 June 2013.

(b) Summary of Unlisted Options and Performance Rights Granted as Share-based Payments

The following Unlisted Options were granted as share-based payments during the past two years:

Option Series	Issuing Entity	Number	Grant Date	Expiry Date	Exercise Price $	Grant Date Fair Value $
Series 1[4]	Prairie Mining Limited	1,500,000	17-Jun-13	30-Jun-17	0.35	0.1276
Series 2[4]	Prairie Mining Limited	1,500,000	17-Jun-13	30-Jun-17	0.45	0.1395
Series 3[4]	Prairie Mining Limited	1,500,000	17-Jun-13	30-Jun-17	0.60	0.1512
Series 4	Prairie Mining Limited	2,200,000	8-Jan-14	30-Jun-17	0.45	0.1610
Series 5	Prairie Mining Limited	100,000	13-Feb-14	30-Jun-17	0.35	0.1550
Series 6	Prairie Mining Limited	510,000	13-Feb-14	30-Jun-17	0.45	0.1400
Series 7	Prairie Mining Limited	765,000	13-Feb-14	30-Jun-17	0.60	0.1230

The following table illustrates the number and weighted average exercise prices (WAEP) of Unlisted Options granted as share-based payments at the beginning and end of the financial year:

Unlisted Options	2014 Number	2014 WAEP	2013 Number	2013 WAEP
Outstanding at beginning of year	**7,382,133**	**$0.3600**	3,250,000	$0.1885
Granted by the Company during the year	**3,575,000**	**$0.4793**	4,500,000	$0.4667
Forfeited/cancelled/lapsed/expired	**-**	**-**	-	-
Exercised during the year	**(1,375,000)**	**$0.1500**	(367,867)	$0.1500
Outstanding at end of year	**9,582,133**	**$0.4346**	7,382,133	$0.3600
Exercisable at end of year	**5,307,133**	**$0.3583**	2,882,133	$0.1934

The outstanding balance of options as at 30 June 2014 is represented by:

- 257,133 Unlisted Options exercisable at $0.15 each on or before 30 June 2015;
- 1,250,000 Unlisted Options exercisable at $0.25 each on or before 30 June 2016;
- 1,600,000 Unlisted Options exercisable at $0.35 each on or before 30 June 2017;
- 4,210,000 Unlisted Options exercisable at $0.45 each on or before 30 June 2017; and
- 2,265,000 Unlisted Options exercisable at $0.60 each on or before 30 June 2017.

19. SHARE-BASED PAYMENTS (Continued)

(b) Summary of Unlisted Options and Performance Rights Granted as Share-based Payments (Cont'd)

The following Performance Rights were granted as share-based payments during the past two years:

Rights Series	Issuing Entity	Number	Grant Date	Expiry Date	Exercise Price $	Grant Date Fair Value $
Series 1	Prairie Mining Limited	154,000	27-Dec-13	30-Jun-14	-	$0.290
Series 2	Prairie Mining Limited	221,000	27-Dec-13	30-Jun-15	-	$0.290
Series 3	Prairie Mining Limited	345,000	27-Dec-13	30-Sep-15	-	$0.290
Series 4	Prairie Mining Limited	720,000	27-Dec-13	31-Dec-16	-	$0.290
Series 5	Prairie Mining Limited	100,000	7-Feb-14	30-Jun-14	-	$0.265
Series 6	Prairie Mining Limited	50,000	7-Feb-14	30-Jun-15	-	$0.265
Series 7	Prairie Mining Limited	50,000	12-Feb-14	30-Jun-14	-	$0.265
Series 8	Prairie Mining Limited	75,000	12-Feb-14	30-Jun-15	-	$0.265
Series 9	Prairie Mining Limited	50,000	12-Feb-14	30-Sep-15	-	$0.265
Series 10	Prairie Mining Limited	75,000	12-Feb-14	31-Dec-16	-	$0.265
Series 11	Prairie Mining Limited	10,000	12-Apr-14	30-Jun-14	-	$0.420
Series 12	Prairie Mining Limited	30,000	12-Apr-14	30-Jun-15	-	$0.420
Series 13	Prairie Mining Limited	50,000	12-Apr-14	30-Sep-15	-	$0.420
Series 14	Prairie Mining Limited	100,000	12-Apr-14	31-Dec-16	-	$0.420

The following table illustrates the number and weighted average exercise prices (WAEP) of Performance Rights granted as share-based payments at the beginning and end of the financial year:

Performance Rights	2014 Number	2014 WAEP	2013 Number	2013 WAEP
Outstanding at beginning of year	**-**	**-**	-	-
Granted by the Company during the year	**2,030,000**	**-**	-	-
Forfeited/cancelled/lapsed/expired	**(200,000)**	**-**	-	-
Converted during the year	**(294,000)**	**-**	-	-
Outstanding at end of year	**1,536,000**	**-**	-	-

The outstanding balance of Performance Rights as at 30 June 2014 is represented by:

- 346,000 Performance Rights expiring on 30 June 2015;
- 395,000 Performance Rights expiring on 30 Sep 2015; and
- 795,000 Performance Rights expiring on 31 Dec 2016.

(c) Weighted Average Remaining Contractual Life

At 30 June 2014, the weighted average remaining contractual life of Unlisted Options on issue that had been granted as share-based payments was 2.82 years (2013: 3.39 years) and of Performance Rights granted as share-based payments was 1.84 years.

(d) Range of Exercise Prices

At 30 June 2014, the range of exercise prices of Unlisted Options on issue that had been granted as share-based payments was $0.15 to $0.60 (2013: $0.15 to $0.60). Performance Rights have a nil exercise price.

(e) Weighted Average Fair Value

The weighted average fair value of Unlisted Options granted as share-based payments by the Group during the year ended 30 June 2014 was $0.1497 (2013: $0.1247). The weighted average fair value of Performance Rights granted as share-based payments by the Group during the year ended 30 June 2014 was $0.2972 (2013: $nil).

(f) Option and Rights Pricing Models

The fair value of the equity-settled share options and performance rights granted is estimated as at the date of grant using the Binomial option valuation model taking into account the terms and conditions upon which the options were granted.

The table below lists the inputs to the valuation model used for share options granted by the Group during the last two years:

Inputs	Series 1[4]	Series 2[4]	Series 3[4]	Series 4	Series 5	Series 6	Series 7
Exercise price	$0.35	$0.45	$0.60	$0.45	$0.35	$0.45	$0.60
Grant date share price	$0.31	$0.31	$0.31	$0.30	$0.275	$0.275	$0.275
Dividend yield[1]	-	-	-	-	-	-	-
Volatility[2]	90%	90%	90%	90%	90%	90%	90%
Risk-free interest rate	3.76%	3.76%	3.76%	2.96%	2.98%	2.98%	2.98%
Grant date	17-Jun-13	17-Jun-13	17-Jun-13	8-Jan-14	13-Feb-14	13-Feb-14	13-Feb-14
Issue date	12-Jul-13	12-Jul-13	12-Jul-13	8-Jan-14	13-Feb-14	13-Feb-14	13-Feb-14
Expiry date	30-Jun-17	30-Jun-17	30-Jun-17	30-Jun-17	30-Jun-17	30-Jun-17	30-Jun-17
Expected life of option[3]	3.97 years	3.97 years	3.97 years	3.5 years	3.38 years	3.38 years	3.38 years
Fair value at grant date	$0.1276	$0.1395	$0.1512	$0.1610	$0.155	$0.1400	$0.1230

Notes:

1 The dividend yield reflects the assumption that the current dividend payout will remain unchanged.
2 The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may not necessarily be the actual outcome.
3 The expected life of the options is based on the expiry date of the options as there is limited track record of the early exercise of options.
4 The Unlisted Options were issued as part of a consultancy agreement (effective 17 June 2013) requiring the grant of Unlisted Options pursuant to shareholder approval. Shareholder approval was received on 12 July 2013 at a General Meeting of Shareholders.

19. SHARE-BASED PAYMENTS (Continued)

(f) Option and Rights Pricing Models (Continued)

The table below lists the inputs to the valuation model used for Performance Rights granted by the Group during the last two years:

Inputs	Series 1	Series 2	Series 3	Series 4	Series 5	Series 6	Series 7
Exercise price	$nil	$nil	$nil	$nil	$nil	$nil	$nil
Grant date share price	$0.29	$0.29	$0.29	$0.29	$0.265	$0.265	$0.265
Dividend yield[1]	-	-	-	-	-	-	-
Volatility[2]	90%	90%	90%	90%	90%	90%	90%
Risk-free interest rate	2.66%	2.66%	2.66%	2.66%	2.74%	2.74%	2.78%
Grant date	27-Dec-13	27-Dec-13	27-Dec-13	27-Dec-13	7-Feb-14	7-Feb-14	12-Feb-14
Issue date	27-Dec-13	27-Dec-13	27-Dec-13	27-Dec-13	7-Feb-14	7-Feb-14	12-Feb-14
Expiry date	30-Jun-14	30-Jun-15	30-Sep-15	31-Dec-16	30-Jun-14	30-Jun-15	30-Jun-14
Expected life of right[3]	0.5 years	1.5 years	1.8 years	3.0 years	0.39 years	1.39 years	0.38 years
Fair value at grant date	$0.29	$0.29	$0.29	$0.29	$0.265	$0.265	$0.265

Inputs	Series 8	Series 9	Series 10	Series 11	Series 12	Series 13	Series 14
Exercise price	$nil	$nil	$nil	$nil	$nil	$nil	$nil
Grant date share price	$0.265	$0.265	$0.265	$0.42	$0.42	$0.42	$0.42
Dividend yield[1]	-	-	-	-	-	-	-
Volatility[2]	90%	90%	90%	90%	90%	90%	90%
Risk-free interest rate	2.78%	2.78%	2.78%	2.77%	2.77%	2.77%	2.77%
Grant date	12-Feb-14	12-Feb-14	12-Feb-14	12-Apr-14	12-Apr-14	12-Apr-14	12-Apr-14
Issue date	12-Feb-14	12-Feb-14	12-Feb-14	12-Apr-14	12-Apr-14	12-Apr-14	12-Apr-14
Expiry date	30-Jun-15	30-Sep-15	31-Dec-16	30-Jun-14	30-Jun-15	30-Sep-15	31-Dec-16
Expected life of right[3]	1.38 years	1.63 years	2.88 years	0.22 years	1.22 years	1.47 years	2.72 years
Fair value at grant date	$0.265	$0.265	$0.265	$0.42	$0.42	$0.42	$0.42

Notes:

1 The dividend yield reflects the assumption that the current dividend payout will remain unchanged.

2 The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may not necessarily be the actual outcome.

3 The expected life of the rights is based on the expiry date of the rights as there is limited track record of the early exercise of rights.

20. AUDITORS' REMUNERATION

The auditor of Prairie Mining Limited is Ernst & Young (2013: BDO Audit (WA) Pty Ltd).

	2014 $	2013 $
Amounts received or due and receivable by Ernst & Young for:		
• an audit or review of the financial report of the entity and any other entity in the consolidated group	**28,755**	-
Amounts received or due and receivable by BDO Audit (WA) Pty Ltd for:		
• an audit or review of the financial report of the entity and any other entity in the consolidated group	**-**	32,990
• preparation of income tax return	**-**	10,523
	-	43,513

21. SEGMENT INFORMATION

AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Consolidated Entity that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

The Consolidated Entity operates in one segment, being mineral exploration. This is the basis on which internal reports are provided to the Directors for assessing performance and determining the allocation of resources within the Consolidated Entity.

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(a) Overview

The Group's principal financial instruments comprise receivables, payables, available-for-sale investments, cash and short-term deposits. The main risks arising from the Group's financial instruments are credit risk, liquidity risk, interest rate risk, equity price risk and foreign currency risk.

This note presents information about the Group's exposure to each of the above risks, its objectives, policies and processes for measuring and managing risk, and the management of capital. Other than as disclosed, there have been no significant changes since the previous financial year to the exposure or management of these risks.

The Group manages its exposure to key financial risks in accordance with the Group's financial risk management policy. Key risks are monitored and reviewed as circumstances change (e.g. acquisition of a new project) and policies are revised as required. The overall objective of the Group's financial risk management policy is to support the delivery of the Group's financial targets whilst protecting future financial security.

Given the nature and size of the business and uncertainty as to the timing and amount of cash inflows and outflows, the Group does not enter into derivative transactions to mitigate the financial risks. In addition, the Group's policy is that no trading in financial instruments shall be undertaken for the purposes of making speculative gains. As the Group's operations change, the Directors will review this policy periodically going forward.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board reviews and agrees policies for managing the Group's financial risks as summarised below.

(b) Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. This arises principally from cash and cash equivalents and trade and other receivables.

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(b) Credit Risk (Continued)

There are no significant concentrations of credit risk within the Group. The carrying amount of the Group's financial assets represents the maximum credit risk exposure, as represented below:

	2014 $	2013 $
Cash and cash equivalents	**2,574,300**	6,170,841
Trade and other receivables	**354,651**	393,440
Other financial assets	**22,111**	22,000
	2,951,062	6,586,281

With respect to credit risk arising from cash and cash equivalents, the Group's exposure to credit risk arises from default of the counter party, with a maximum exposure equal to the carrying amount of these instruments. Where possible, the Group invests its cash and cash equivalents with banks that are rated the equivalent of investment grade and above. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

The Group does not have any significant customers and accordingly does not have significant exposure to bad or doubtful debts.

Trade and other receivables comprise trade receivables, interest accrued and GST refunds due. Where possible the Consolidated Entity trades only with recognised, creditworthy third parties. It is the Group's policy that, where possible, customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. At 30 June 2014, none (2013: none) of the Group's receivables are past due.

(c) Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Board's approach to managing liquidity is to ensure, as far as possible, that the Group will always have sufficient liquidity to meet its liabilities when due. At 30 June 2014 and 2013, the Group had sufficient liquid assets to meet its financial obligations.
The contractual maturities of financial liabilities, including estimated interest payments, are provided below. There are no netting arrangements in respect of financial liabilities.

	≤6 Months $	6-12 Months $	1-5 Years $	≥5 Years $	Total $
2014 **Group**					
Financial Liabilities					
Trade and other payables	**1,036,409**	**-**	**-**	**-**	**1,036,409**
	1,036,409	**-**	**-**	**-**	**1,036,409**

(d) Interest Rate Risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the cash and short-term deposits with a floating interest rate.

These financial assets with variable rates expose the Group to cash flow interest rate risk. All other financial assets and liabilities, in the form of receivables and payables and available-for-sale investments are non-interest bearing.

At the reporting date, the interest rate profile of the Group's interest-bearing financial instruments was:

	2014 $	2013 $
Interest-bearing financial instruments		
Cash at bank and on hand	**674,300**	1,206,837
Deposits at Call	**1,900,000**	4,964,004
	2,574,300	6,170,841

The Group's cash at bank and on hand and short term deposits had a weighted average floating interest rate at year end of 3.2% (2013: 3.95%).

The Group currently does not engage in any hedging or derivative transactions to manage interest rate risk.

Interest rate sensitivity

A sensitivity of 1% (100 basis points) has been selected as this is considered reasonable given the current level of both short term and long term interest rates. A 1% (100 basis points) movement in interest rates at the reporting date would have increased/(decreased) Profit or Loss and Other Comprehensive Income by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2013.

	Profit or loss		Other Comprehensive Income	
	+ 100 basis points	- 100 basis points	+ 100 basis points	- 100 basis points
2014				
Group				
Cash and cash equivalents	**26,014**	**(26,014)**	**26,014**	**(26,014)**
2013				
Group				
Cash and cash equivalents	61,708	(61,708)	61,708	(61,708)

(e) Equity Price Risk

The Group is exposed to equity securities price risk. This arises from investments held by the Group and classified in the Statement of Financial Position as available-for-sale financial assets. At the reporting date the Group has investments in the listed equity securities of one ASX listed entity, refer note 8.

Equity price sensitivity

A sensitivity of 20% has been selected as this is considered reasonable given the current volatility of global equity markets. The sensitivity analyses below have been determined based on the exposure to equity price risks at the reporting date. This analysis assumes that all other variables remain constant.

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(e) Equity Price Risk (Continued)

Equity price sensitivity (Continued)

	Profit or loss		Other Comprehensive Income	
	20% increase	20% decrease	20% increase	20% decrease
2014				
Group				
Available-for-sale financial assets	**-**	**-**	**3,760,000**	**(3,760,000)**
2013				
Group				
Available-for-sale financial assets	-	-	1,330,000	(1,330,000)

(f) Commodity Price Risk

The Group is exposed to commodity price risk. These commodity prices can be volatile and are influenced by factors beyond the Group's control. As the Group is currently engaged in exploration and business development activities, no sales of commodities are forecast for the next 12 months, and accordingly, no hedging or derivative transactions have been used to manage commodity price risk.

(g) Capital Management

The Group defines its Capital as total equity of the Group, being $21,332,288 for the year ended 30 June 2014 (2013: $13,012,752). The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while financing the development of its projects through primarily equity based financing. The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Given the stage of development of the Group, the Board's objective is to minimise debt and to raise funds as required through the issue of new shares.

The Group is not subject to externally imposed capital requirements.

There were no changes in the Group's approach to capital management during the year. During the next 12 months, the Group will continue to explore project financing opportunities, primarily consisting of additional issues of equity.

(h) Fair Value

The Group uses various methods in estimating the fair value of a financial instrument. The methods comprise:

- Level 1 – the fair value is calculated using quoted prices in active markets.
- Level 2 – the fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).
- Level 3 – the fair value is estimated using inputs for the asset or liability that are not based on observable market data.

At 30 June 2014 and 30 June 2013, the carrying value of the Group's financial assets and liabilities approximate their fair value. Please below for further disclosure.

The fair value of the financial instruments as well as the methods used to estimate the fair value are summarised in following table:

	Quoted Market Price (Level 1)	Valuation Technique (Level 2)	Valuation Technique (Level 3)	Total
2014				
Available-for-sale investments:				
Australian listed equity security	**18,800,000**	**-**	**-**	**18,800,000**
2013				
Available-for-sale investments:				
Australian listed equity security	6,650,000	-	-	6,650,000

Quoted market price represents the fair value determined based on quoted prices on active markets as at the reporting date without any deduction for transaction costs. The fair value of the listed equity investments are based on quoted market prices.

(i) Foreign Currency Risk

As a result of activities overseas, the Group's Statement of Financial Position and Statement of Profit or Loss and Other Comprehensive Income can be affected by movements in exchange rates. The Group also has transactional currency exposures. Such exposure arises from transactions denominated in currencies other than the functional currency of the entity.

The Group's exposure to foreign currency risk throughout the current and prior year primarily arose from controlled entities of the Company whose functional currency is the Polish Zloty ("PLN"). Foreign currency risk arises on translation of the net assets of a controlled entity to Australian dollars. In the Group accounts, the foreign currency gains or losses arising from this risk are recorded through the foreign currency translation reserve.

It is the Group's policy not to enter into any hedging or derivative transactions to manage foreign currency risk. However the Group does hold some PLN cash and cash equivalents to fund its planned Polish operations over the next 12 months, given the majority of the Group's expenditure over this period is expected to be in PLN.

At the reporting date, the Group's exposure to financial instruments denominated in foreign currencies was:

	2014		
	PLN	AUD	Total Equivalent AUD
Financial assets			
Cash and cash equivalents	151,135	2,521,807	2,574,300
Trade and other receivables	823,936	68,473	354,651
	975,071	2,590,280	2,928,951
Financial liabilities			
Trade and other payables	(1,525,672)	(506,497)	(1,036,409)
	(1,525,672)	(506,497)	(1,036,409)
Net exposure	**(550,601)**	**2,083,783**	**1,892,542**

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(i) Foreign Currency Risk (Continued)

Foreign exchange rate sensitivity

At the reporting date, had the Australian Dollar appreciated or depreciated against the PLN, as illustrated in the table below, Profit or Loss and other Comprehensive Income would have been affected by the amounts shown below. This analysis assumes that all other variables remain constant.

	Profit or loss		Other Comprehensive Income	
	10% Increase	10% Decrease	10% Increase	10% Decrease
2014				
Group				
AUD to PLN	**19,124**	**(19,124)**	**19,124**	**(19,124)**

23. CONTINGENT ASSETS AND LIABILITIES

(i) Contingent Assets

As at the date of this report, no contingent assets had been identified in relation to the 30 June 2014 financial year.

(ii) Contingent Liability

As at the date of this report, no contingent liabilities had been identified in relation to the 30 June 2014 financial year except for the following:

Historical Exploration Data

In February 2014, the Company announced that it had entered into an agreement with the Polish MoE to obtain a right to use a completed set of detailed historical exploration data for the K-6-7 Concession at the Project. Under the terms of the agreement, the Company was required to make a payment to the MoE of PLN1,911,709 (~A$690,500) for the right to use the historical exploration data. This amount constitutes 10% of the overall fee for the data. The term of the agreement is for 30 months and upon the grant of a mining license at the Project by the MoE, the balance is then payable in 12 equal quarterly instalments commencing 30 days subsequent to the grant of a mining license.

24. COMMITMENTS

Management have identified the following material commitments for the consolidated group as at 30 June 2014 and 30 June 2013:

2014	Note	Payable within 1 year $	Payable within 1 year less than 5 years $	Total $
Operating commitments				
Drilling contract	24(a)	**873,494**	**-**	**873,494**
Total Commitments		**873,494**	**-**	**873,494**

2013	Note	Payable within 1 year $	Payable within 1 year less than 5 years $	Total $
Operating commitments				
Drilling contract	24(a)	1,848,790	-	1,848,790
Total Commitments		**1,848,790**	**-**	**1,848,790**

(a) Drilling commitments

The commitment disclosed represents the Group's estimate of its contracted commitment with its drilling contractor for the Lublin Coal Project drilling program.

25. EVENTS SUBSEQUENT TO BALANCE DATE

(i) On 28 August 2014, the Company announced that it had completed the final hole of its seven-hole core drilling campaign as part of the agreed work program with the Polish government under the terms of its Exploration Concessions;

(ii) On 1 September 2014, the Company completed the sale of 1.0 million fully paid ordinary shares in Papillon Resources Limited (ASX:PIR) to raise gross proceeds of $1.75 million. As a result of this sale, the Papillon shares have been reclassified from available-for-sale to held-for-trading financial assets which has substantially increased the Company's working capital position;

(iii) On 16 September 2014, the Company appointed Mr Thomas Todd as a Non-Executive Director and Mr Todd Hannigan as his alternate Director; and

(iv) On 23 September 2014, the Company entered into a deed of renunciation to cancel 4.4 million unissued milestone shares which were to be issued upon the achievement of relevant performance milestones as announced by the Company on 9 August 2012.

Other than as outlined above, at the date of this report, there are no matters or circumstances, which have arisen since 30 June 2014 that have significantly affected or may significantly affect:

- the operations, in financial years subsequent to 30 June 2014 of the Consolidated Entity;
- the results of those operations, in financial years subsequent to 30 June 2014, of the Consolidated Entity; or
- the state of affairs, in financial years subsequent to 30 June 2014, of the Consolidated Entity.

DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of Prairie Mining Limited:

1. In the opinion of the Directors:

   (a) the attached financial statements, notes and the additional disclosures included in the Directors' report designated as audited, are in accordance with the Corporations Act 2001, including:

      (i) section 296 (compliance with accounting standards and Corporations Regulations 2001); and
      (ii) section 297 (gives a true and fair view of the financial position as at 30 June 2014 and of the performance for the year ended on that date of the consolidated group); and

   (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2. The attached financial statements are in compliance with International Financial Reporting Standards, as stated in note 1(b) to the financial statements.

3. The Directors have been given a declaration required by section 295A of the Corporations Act 2001 for the financial year ended 30 June 2014.

On behalf of the Board

B. Stoik

Benjamin Stoikovich
Director

24 September 2014

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Independent auditor's report to the members of Prairie Mining Limited

Report on the financial report

We have audited the accompanying financial report of Prairie Mining Limited, which comprises the consolidated statement of financial position as at 30 June 2014, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report.

Building a better working world

Opinion

In our opinion:

a. the financial report of Prairie Mining Limited is in accordance with the *Corporations Act 2001*, including:

   i giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and

   ii complying with Australian Accounting Standards and the Corporations Regulations 2001; and

b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Report on the remuneration report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2014. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Prairie Mining Limited for the year ended 30 June 2014 complies with section 300A of the *Corporations Act 2001*.

Ernst + Young

Ernst & Young

Peter McIver

Peter McIver
Partner
Perth
24 September 2014

The Board of Directors of Prairie Mining Limited is responsible for its corporate governance, that is, the system by which the Group is managed.

1. Board of Directors

1.1 Role of the Board and Management

The Board represents shareholders' interests in continuing a successful business, which seeks to optimise medium to long-term financial gains for shareholders. By not focusing on short-term gains for shareholders, the Board believes that this will ultimately result in the interests of all stakeholders being appropriately addressed when making business decisions.

The Board is responsible for ensuring that the Group is managed in such a way to best achieve this desired result. Given the current size and operations of the business, the Board currently undertakes an active, not passive role.

The Board is responsible for evaluating and setting the strategic directions for the Group, establishing goals for management and monitoring the achievement of these goals. The Managing Director is responsible to the Board for the day-to-day management of the Group.

The Board has sole responsibility for the following:

- Appointing and removing the Managing Director and any other executives and approving their remuneration;
- Appointing and removing the Company Secretary / Chief Financial Officer and approving their remuneration;
- Determining the strategic direction of the Group and measuring performance of management against approved strategies;
- Review of the adequacy of resources for management to properly carry out approved strategies and business plans;
- Adopting operating and capital expenditure budgets at the commencement of each financial year and monitoring the progress by both financial and non-financial key performance indicators;
- Monitoring the Group's medium term capital and cash flow requirements;
- Approving and monitoring financial and other reporting to regulatory bodies, shareholders and other organisations;
- Determining that satisfactory arrangements are in place for auditing the Group's financial affairs;
- Review and ratify systems of risk management and internal compliance and control, codes of conduct and compliance with legislative requirements; and
- Ensuring that policies and compliance systems consistent with the Group's objectives and best practice are in place and that the Company and its officers act legally, ethically and responsibly on all matters.

The Board's role and the Group's corporate governance practices are being continually reviewed and improved as required.

1.2 Composition of the Board and New Appointments

The Company currently has the following Board members:

• Mr Ian Middlemas	Chairman
• Mr Benjamin Stoikovich	Director and CEO
• Mr Anastasios (Taso) Arima	Executive Director
• Mr Thomas Todd	Non-Executive Director
• Mr John Welborn	Non-Executive Director
• Mr Mark Pearce	Non-Executive Director
• Mr Todd Hannigan	Alternate Director

Details of the directors, including their qualifications, experience and date of appointment are set out in the Directors' Report.

The Company's Constitution provides that the number of directors shall not be less than three and not more than ten. There is no requirement for any share holding qualification.

The Board has assessed the independence status of the directors and has determined that there are five independent directors, being Messrs Middlemas, Todd, Welborn, Pearce, and Hannigan.

1. Board of Directors (Continued)

1.2 Composition of the Board and New Appointments (Continued)

The Board has followed the ASX Corporate Governance Principles and Recommendations when assessing the independence of the directors which define an independent director to be a director who:

- is non-executive;
- is not a substantial shareholder (i.e. greater than 5%) of the Company or an officer of, or otherwise associated, directly or indirectly, with a substantial shareholder of the Company;
- has not within the last three years been employed in an executive capacity by the Company or another Group member, or been a director after ceasing to hold such employment;
- within the last three years has not been a principal or employee of a material professional adviser or a material consultant to the Company or another Group member;
- is not a significant supplier or customer of the Company or another Group member, or an officer of or otherwise associated, directly or indirectly, with a significant supplier or customer;
- has no material contractual relationship with the Company or another Group member other than as a director of the Company; and
- is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the Company.

Materiality for these purposes is determined on both quantitative and qualitative bases. An amount which is greater than five percent of either the net assets of the Company or an individual director's net worth is considered material for these purposes.

Apollo Group Pty Ltd, a company associated with Mr Pearce, is paid a monthly retainer to provide administrative services, company secretarial services, accounting services and a fully serviced office to the Company. The Board considers that this relationship is not material or significant enough to impact the independent judgment of Mr Pearce.

The Board considers that the Company is not currently of a size, nor are its affairs of such complexity to justify the appointment and further expense of additional independent Non-Executive Directors. The Board believes that the individuals on the Board can make, and do make, quality and independent judgments in the best interests of the Company on all relevant issues.

If the Group's activities increase in size, nature and scope, the size of the Board will be reviewed periodically to determine the optimum number of directors required for the Board to properly perform its responsibilities and functions.

The membership of the Board, its activities and composition is subject to periodic review. The criteria for determining the identification and appointment of a suitable candidate for the Board shall include quality of the individual, background of experience and achievement, compatibility with other Board members, credibility within the Group's scope of activities, intellectual ability to contribute to the Board duties and physical ability to undertake the Board duties and responsibilities.

Directors are initially appointed by the full Board subject to election by shareholders at the next annual general meeting. Under the Company's Constitution the tenure of directors (other than managing director, and only one managing director where the position is jointly held) is subject to reappointment by shareholders not later than the third anniversary following his last appointment. Subject to the requirements of the Corporations Act 2001, the Board does not subscribe to the principle of retirement age and there is no maximum period of service as a director. A managing director may be appointed for any period and on any terms the directors think fit and, subject to the terms of any agreement entered into, the Board may revoke any appointment.

1.3 Committees of the Board

The Board considers that the Group is not currently of a size, nor are its affairs of such complexity to justify the formation of separate or special committees at this time. The Board as a whole is able to address the governance aspects of the full scope of the Group's activities and to ensure that it adheres to appropriate ethical standards.

The Board has also established a framework for the management of the Group including a system of internal controls, a business risk management process and the establishment of appropriate ethical standards.

The full Board currently holds meetings at such times as may be necessary to address any general or specific matters as required.

If the Group's activities increase in size, scope and nature, the appointment of separate or special committees will be reviewed by the Board and implemented if appropriate.

1.4 Conflicts of Interest

In accordance with the Corporations Act 2001 and the Company's Constitution, Directors must keep the Board advised, on an ongoing basis, of any interest that could potentially conflict with those of the Group. Where the Board believes that a significant conflict exists the Director concerned does not receive the relevant board papers and is not present at the meeting whilst the item is considered.

1.5 Independent Professional Advice

The Board has determined that individual Directors have the right in connection with their duties and responsibilities as Directors, to seek independent professional advice at the Group's expense. The engagement of an outside adviser is subject to prior approval of the Chairman and this will not be withheld unreasonably. If appropriate, any advice so received will be made available to all Board members.

2. Ethical Standards

The Board acknowledges the need for continued maintenance of the highest standard of corporate governance practice and ethical conduct by all Directors and employees of the Group.

2.1 Code of Conduct for Directors

The Board has adopted a Code of Conduct for Directors to promote ethical and responsible decision-making by the Directors. The code is based on a code of conduct for Directors prepared by the Australian Institute of Company Directors.

The principles of the code are:

- A director must act honestly, in good faith and in the best interests of the Company as a whole.
- A director has a duty to use due care and diligence in fulfilling the functions of office and exercising the powers attached to that office.
- A director must use the powers of office for a proper purpose, in the best interests of the Company as a whole.
- A director must recognise that the primary responsibility is to the Company's shareholders as a whole but should, where appropriate, have regard for the interest of all stakeholders of the Company.
- A director must not make improper use of information acquired as a director.
- A director must not take improper advantage of the position of director.
- A director must not allow personal interests, or the interests of any associated person, to conflict with the interests of the Company.
- A director has an obligation to be independent in judgment and actions and to take all reasonable steps to be satisfied as to the soundness of all decisions taken as a Board.
- Confidential information received by a director in the course of the exercise of directorial duties remains the property of the Company and it is improper to disclose it, or allow it to be disclosed, unless that disclosure has been authorised by the Company, or the person from whom the information is provided, or is required by law.
- A director should not engage in conduct likely to bring discredit upon the Company.
- A director has an obligation at all times, to comply with the spirit, as well as the letter of the law and with the principles of the Code.

The principles are supported by guidelines as set out by the Australian Institute of Company Directors for their interpretation. Directors are also obliged to comply with the Company's Code of Ethics and Conduct, as outlined below.

2. Ethical Standards (Continued)

2.2 Code of Ethics and Conduct

The Group has implemented a Code of Ethics and Conduct, which provides guidelines aimed at maintaining high ethical standards, corporate behaviour and accountability within the Group.

All employees and directors are expected to:

- respect the law and act in accordance with it;
- respect confidentiality and not misuse Group information, assets or facilities;
- value and maintain professionalism;
- avoid real or perceived conflicts of interest;
- act in the best interests of shareholders;
- by their actions contribute to the Group's reputation as a good corporate citizen which seeks the respect of the community and environment in which it operates;
- perform their duties in ways that minimise environmental impacts and maximise workplace safety;
- exercise fairness, courtesy, respect, consideration and sensitivity in all dealings within their workplace and with customers, suppliers and the public generally; and
- act with honesty, integrity, decency and responsibility at all times.

An employee that breaches the Code of Ethics and Conduct may face disciplinary action. If an employee suspects that a breach of the Code of Ethics and Conduct has occurred or will occur, he or she must report that breach to management. No employee will be disadvantaged or prejudiced if he or she reports in good faith a suspected breach. All reports will be acted upon and kept confidential.

2.3 Dealings in Company Securities

The Group’s Securities Trading Policy imposes trading restrictions on when KMP and other employees of the Group may deal in the Company’s securities, in order to reduce the risk of insider trading.

The Securities Trading Policy prohibits KMP and other employees from dealing in the Company’s securities if he or she has information that he or she knows, or ought to reasonably know, is inside information. ‘Inside information’ is information that is not generally available and if it were generally available, a reasonable person would expect it to have a material effect on the price or value of the Company’s securities.

The Securities Trading Policy also provides prescribed closed periods during which KMP are prohibited from dealing in the Company’s securities (subject to certain limited exceptions). The ‘closed periods’ are based around the release of material information including results from feasibility studies, exploration and corporate activities.

In addition, if an employee (including a KMP) has information that he or she knows, or ought reasonably to know, is inside information, the employee must not directly or indirectly communicate that information to another person if he or she knows, or ought reasonably to know, that the other person would or would be likely to deal in the Company’s securities or procure another person to deal in the Company’s securities. This prohibition applies regardless of how the employee learns the information (e.g. even if the employee overhears it or is told in a social setting).

KMP must obtain written clearance from an approving officer at least 2 business days prior when a KMP intends to deal in Company securities. KMP must then notify the Company Secretary of any dealings in the Company’s securities within 2 business days of such deal occurring.

The Company also prohibits KMP entering into arrangements to limit their exposure to Company securities granted as part of the KMP’s remuneration package.

Breaches of this policy will be subject to disciplinary action, including dismissal in serious cases.
These restrictions have been developed having regard to the current nature of the Company’s activities, being exploration and development rather than production. Should the Company move into production, then the policy may be amended to restrict trading of securities during certain periods prior to the release of financial and operating results.

2.4 Interests of Other Stakeholders

The Group's objective is to leverage into resource projects to provide a solid base in the future from which the Group can build its resource business and create wealth for shareholders. The Group's operations are subject to various environmental laws and regulations under the relevant government's legislation. Full compliance with these laws and regulations is regarded as a minimum standard for the Group to achieve.

To assist in meeting its objective, the Group conducts its business within the Code of Ethics and Conduct, as outlined in 2.2 above.

3. Disclosure of Information

3.1 Continuous Disclosure to ASX

The continuous disclosure policy requires all executives and Directors to inform the Chairman or in their absence the Company Secretary of any potentially material information as soon as practicable after they become aware of that information.

Information is material if it is likely that the information would influence investors who commonly acquire securities on ASX in deciding whether to buy, sell or hold the Company's securities.

Information need not be disclosed if:

a) It is not material and a reasonable person would not expect the information to be disclosed, or it is material but due to a specific valid commercial reason is not to be disclosed; and
b) The information is confidential; or
c) One of the following applies:
   i. It would breach a law or regulation to disclose the information;
   ii. The information concerns an incomplete proposal or negotiation;
   iii. The information comprises matters of supposition or is insufficiently definite to warrant disclosure;
   iv. The information is generated for internal management purposes;
   v. The information is a trade secret;
   vi. It would breach a material term of an agreement, to which the Group is a party, to disclose the information;
   vii. The information is scientific data that release of which may benefit the Group's potential competitors.

The Chairman and Company Secretary are responsible for interpreting and monitoring the Group's disclosure policy and where necessary informing the Board. The Company Secretary is responsible for all communications with ASX.

3.2 Communication with Shareholders

The Group places considerable importance on effective communications with shareholders.

The Group's communication strategy requires communication with shareholders and other stakeholders in an open, regular and timely manner so that the market has sufficient information to make informed investment decisions on the operations and results of the Group. The strategy provides for the use of systems that ensure a regular and timely release of information about the Group is provided to shareholders. Mechanisms employed include:

- Announcements lodged with ASX;
- ASX Quarterly Cash Flow Reports;
- Half Yearly Report;
- Presentations at the Annual General Meeting/General Meetings; and
- Annual Report.

The Board encourages full participation of shareholders at the Annual General Meeting to ensure a high level of accountability and understanding of the Group's strategy and goals.

The Group also posts all reports, ASX and media releases and copies of significant business presentations on the Company's website.

4. Risk Management and Internal Control

4.1 Approach to Risk Management and Internal Control

The identification and effective management of risk, including calculated risk-taking, is viewed as an essential part of the Group's approach to creating long-term shareholder value.

The Group operates a standardised risk management process that provides a consistent framework for the identification, assessment, monitoring and management of material business risks. This process is based on the Australian/New Zealand Standard for Risk Management (AS/NZS 4360 Risk Management) and the Committee of Sponsoring Organisations of the US Treadway Commission (COSO) control framework for enterprise risk management.

Strategic and operational risks are reviewed at least annually as part of the annual strategic planning, business planning, forecasting and budgeting process.

The Group has developed a series of operational risks which the Group believes to be inherent in the industry in which the Group operates having regard to the Group's circumstances (including financial resources, prospects and size). These include:

- fluctuations in commodity prices and exchange rates;
- accuracy of mineral reserve and resource estimates;
- reliance on licenses, permits and approvals from governmental authorities;
- ability to obtain additional financing;
- acquisition of new business opportunities; and
- changed operating, market or regulatory environments.

These risk areas are provided here to assist investors to understand better the nature of the risks faced by our Group and the industry in which the Group operates. They are not necessarily an exhaustive list.

4.2 Risk Management Roles and Responsibilities

Management is responsible for designing, implementing and reporting on the adequacy of the Group's risk management and internal control system. Management reports to the Board annually, or more frequently as required, on the Group's key risks and the extent to which it believes these risks are being managed.

The Board is responsible for reviewing and approving the Group's risk management and internal control system and satisfying itself annually, or more frequently if required, that management has developed and implemented a sound system of risk management and internal control.

In 2013 the Board reviewed the overall risk profile for the Group and received reports from management on the effectiveness of the Group's management of its material business risks.

4.3 Integrity of Financial Reporting

The Board also receives a written assurance from the Chief Executive Officer or equivalent (CEO) and the Chief Financial Officer or equivalent (CFO) that to the best of their knowledge and belief, the declaration provided by them in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in relation to financial reporting risks.

The Board notes that due to its nature, internal control assurance from the CEO and CFO can only be reasonable rather than absolute. This is due to such factors as the need for judgement, the use of testing on a sample basis, the inherent limitations in internal control and because much of the evidence available is persuasive rather than conclusive and therefore is not and cannot be designed to detect all weaknesses in control procedures.

4.4 Role of External Auditor

The Group's practice is to invite the auditor (who now must attend) to attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.

5. Performance Review

The Board has adopted a self-evaluation process to measure its own performance and the performance of its committees (if any) during each financial year. Also, an annual review is undertaken in relation to the composition and skills mix of the directors of the Company.

Arrangements put in place by the Board to monitor the performance of the Group's executives include:

- a review by the Board of the Group's financial performance;
- annual performance appraisal meetings incorporating analysis of key performance indicators with each individual to ensure that the level of reward is aligned with respective responsibilities and individual contributions made to the success of the Group;
- an analysis of the Group's prospects and projects; and
- a review of feedback obtained from third parties, including advisors.

The Remuneration Report discloses the process for evaluating the performance of senior executives, including the Managing Director (where applicable).

In 2014, performance evaluations for senior executives took place in accordance with the process disclosed above and in the Remuneration Report.

6. Remuneration Arrangements

The broad remuneration policy is to ensure that remuneration properly reflects the relevant persons duties and responsibilities, and that the remuneration is competitive in attracting, retaining and motivating people of the highest quality. The Board believes that the best way to achieve this objective is to provide Executive Directors and executives with a remuneration package consisting of fixed components that reflect the person's responsibilities, duties and personal performance.

In addition to the above, the Group has developed a limited equity-based remuneration arrangement for key executives and consultants.

The remuneration of Non-Executive Directors is determined by the Board as a whole having regard to the level of fees paid to non-executive directors by other companies of similar size in the industry.

The aggregate amount payable to the Company's Non-Executive Directors must not exceed the maximum annual amount approved by the Company's shareholders.

7. Compliance With ASX Corporate Governance Recommendations

During the 2014 financial year, the Company complied with the ASX Principles and Recommendations other than in relation to the matters specified below.

Recommendation Reference	Notification of Departure	Explanation for Departure
2.4	A separate Nomination Committee has not been formed.	The Board considers that the Company is not currently of a size to justify the formation of a nomination committee. The Board as a whole undertakes the process of reviewing the skill base and experience of existing Directors to enable identification or attributes required in new Directors. Where appropriate independent consultants are engaged to identify possible new candidates for the Board.
3.2, 3.3	A policy concerning diversity has not been established	At the date of this report the Company has one employee, being the Executive Director. The Company currently has no female employees, executives, or directors. The Board's policy is to employ the best candidate for a specific position, regardless of gender, and considers that the Company is not currently of a size to justify a policy regarding diversity and objectives regarding gender diversity.
4.1, 4.2, 4.3	A separate Audit Committee has not been formed.	The Board considers that the Company is not of a size, nor are its financial affairs of such complexity to justify the formation of an audit committee. The Board as a whole undertakes the selection and proper application of accounting policies, the identification and management of risk and the review of the operation of the internal control systems.
8.1	A separate Remuneration Committee has not been formed	The Board considers that the Company is not currently of a size, nor are its affairs of such complexity to justify the formation of a remuneration committee. The Board as a whole is responsible for the remuneration arrangements for Directors and executives of the Company.

As the Company's activities increase in size, scope and/or nature, the Company's corporate governance principles will be reviewed by the Board and amended as appropriate.

The shareholder information set out below was applicable as at 30 September 2014.

1. TWENTY LARGEST HOLDERS OF LISTED SECURITIES

The names of the twenty largest holders of listed securities are listed below:

Ordinary Shares

Name	Number of Ordinary Shares	Percentage of Ordinary Shares
UBS Nominees Pty Ltd <TP00014 15 A/C>	11,807,666	8.77%
JP Morgan Nominees Australia Limited	7,239,310	5.37%
Arredo Pty Ltd	5,000,000	3.71%
RBC Trustees (CI) Limited <The Pilatus A/C>	4,440,000	3.30%
Mr John Paul Welborn	3,750,000	2.78%
Citicorp Nominees Pty Limited	3,302,715	2.45%
T2 Resources Pty Ltd	2,800,000	2.08%
Mr James Howard Nigel Smalley	2,700,000	2.00%
Bouchi Pty Ltd	2,653,700	1.97%
Mr Mark Pearce + Mrs Natasha Pearce <NMLP Family A/C>	2,500,000	1.86%
Nefco Nominees Pty Ltd	2,163,117	1.61%
Klip Pty Ltd <Beirne Super Fund A/C>	1,899,000	1.41%
HSBC Custody Nominees (Australia) Limited	1,767,627	1.31%
1956 Pty Ltd <Jakimowicz Family A/C>	1,541,931	1.14%
Mr Angus William Johnson + Mrs Lindy Johnson <The Dena Super Fund A/C>	1,494,321	1.11%
Cabbdeg Investments Pty Ltd	1,485,000	1.10%
Dr Salim Cassim	1,432,000	1.06%
Mr Terry Patrick Coffey + Hawkes Bay Nominees Limited <Williams Family No 2 A/C>	1,410,000	1.05%
Moshos Family Investments Pty Ltd <Moshos Family A/C>	1,250,000	0.93%
Growth Capital (WA) Pty Ltd <The Richards Family A/C>	1,202,500	0.89%
Total Top 20	**61,838,887**	**45.91%**
Others	72,851,307	54.09%
Total Ordinary Shares on Issue	**134,690,194**	**100.00%**

2. DISTRIBUTION OF EQUITY SECURITIES

Analysis of numbers of holders by size of holding:

	Ordinary Shares	
Distribution	Number of Shareholders	Number of Ordinary Shares
1 – 1,000	645	155,990
1,001 – 5,000	343	1,028,681
5,001 – 10,000	244	2,068,784
10,001 – 100,000	637	23,802,649
More than 100,000	162	107,634,090
Totals	**2,031**	**134,690,194**

There were 657 holders of less than a marketable parcel of Ordinary Shares.

ASX ADDITIONAL INFORMATION
(Continued)

3. VOTING RIGHTS

See Note 12(c) of the Notes to the Financial Statements.

4. SUBSTANTIAL SHAREHOLDERS

There are no substantial holders who have notified the Company in accordance with section 671B of the *Corporations Act 2001*.

5. UNQUOTED SECURITIES

The names of the security holders holding 20% or more of an unlisted class of security are listed below:

Holder	$0.15 Unlisted Options Expiring 30-Jun-15	$0.25 Unlisted Options Expiring 30-Jun-16	$0.40 Unlisted Options Expiring 30-Jun-16	$0.35 Unlisted Options Expiring 30-Jun-17	$0.45 Unlisted Options Expiring 30-Jun-17	$0.45 Unlisted Options Expiring 30-Jun-18	$0.60 Unlisted Options Expiring 30-Jun-17
Arredo Pty Ltd	5,000,000	-	-	-	-	-	-
Mr Peter Woodman + Ms Denise Elizabeth Pringle	100,000	1,000,000	-	-	-	-	-
Mr Dylan Paul Browne	-	250,000	-	-	160,000	-	165,000
Moshos Family Investments Pty Ltd <Moshos Family A/C>	100,000	-	1,500,000	-	-	-	-
Cordeaux Capital Limited	-	-	-	1,500,000	1,500,000	-	1,500,000
CPS Capital Group Pty Ltd	-	-	-	-	1,400,000	-	-
T2 Resources Pty Ltd	-	-	-	-	-	1,400,000	-
Strident Resources Ltd	-	-	-	100,000	350,000	-	600,000
Others (holding less than 20%)	6,746,818	-	-	-	1,050,000	-	-
Total	**11,946,818**	**1,250,000**	**1,500,000**	**1,600,000**	**4,460,000**	**1,400,000**	**2,265,000**
Total holders	*31*	*2*	*1*	*2*	*6*	*1*	*3*

6. ON-MARKET BUY BACK

There is currently no on-market buy back program for any of Prairie Mining Limited's listed securities.

7. EXPLORATION INTERESTS

As at 30 September 2014, the Group has an interest in the following projects:

Location	Tenement	Percentage Interest	Status
Lublin Coal Project	Kulik (k-4-5)	100	Granted
Lublin Coal Project	Cycow (k-6-7)	100	Granted
Lublin Coal Project	Syczyn (K-8)	100	Granted
Lublin Coal Project	Kopina (k-9)	100	Granted
Perenjori	E59/1144	100	Granted
Prairie Downs	E52/1758	100	Granted
Prairie Downs	E52/1926	100	Granted

** The Company has entered into a farm-in agreement to assign up to 100% interest in the Prairie Downs Base Metals Project.*

8. MINERAL RESOURCES STATEMENT

Summary of Coal Resources

The Company's Coal Resources as at 30 June 2014 and 2013, reported in accordance with the 2012 Edition of the JORC Code, are as follows:

Lublin Coal Project Coal Resource Estimate As at 30 June 2014				Lublin Coal Project Coal Quality Statistics (Air Dried) of In-situ Indicated Coal Resources as at 30 June 2014		
Coal Seam	**Indicated (Mt)**	**Inferred (Mt)**	**Total (Mt)**	**Parameter**	**391 Seam**	**389 Seam**
391	**137**	**177**	**314**	Calorific Value kcal/kg:(MJ/Kg)	**7,004 (29.33)**	**6,104 (25.56)**
389	**20**	**84**	**104**	Ash %	**9.37**	**17.61**
Other Seams	**-**	**1,141**	**1,141**	Sulphur %	**1.27**	**1.25**
Total	**157**	**1,402**	**1,559**			

* The CRE was updated during the year following new drilling and modelling. The total resource remains within 1% of the maiden CRE reported in 2013. The tonnage calculations for the Indicated Resource have included allowances for geological uncertainty (5%). The total coal resource for the 391 seam in the upgraded CRE has been reduced from 327Mt per the 2013 CRE to 314Mt due to the allowance for geological uncertainty applied in the upgraded 2014 CRE. The CRE is based on net coal seam thickness. Coal Quality is based on gross coal seam thickness.

Lublin Coal Project Coal Resource Estimate As at 30 June 2013				Lublin Coal Project Coal Quality Statistics (Air Dried) of In-situ Coal Resources as at 30 June 2013		
Coal Seam	**Indicated (Mt)**	**Inferred (Mt)**	**Total (Mt)**	**Parameter**	**391 Seam**	**389 Seam**
391	-	327	327	Calorific Value kcal/kg:(MJ/Kg)	6,894 (28.87)	-
389	-	108	108	Ash %	8.4	-
Other Seams	-	1,141	1,141	Sulphur %	1.16	-
Total	-	1,576	1,576			

Annual Review of Coal Resources

During the year, the Company reported an upgraded Coal Resource estimate for the Lublin Coal Project located in South East Poland (refer ASX announcement dated 28 April 2014). As a result of the annual review of the Company's Coal Resources, there has been no change to the Coal Resources reported for the Lublin Coal Project since 28 April 2014.

Governance of Coal Resources

The Company engages external consultants and competent persons (as determined pursuant to the JORC Code) to prepare and calculate estimates of its Coal Resources. Management and the Board review these estimates and underlying assumptions for reasonableness and accuracy. The results of the Coal Resource estimates are then reported in accordance with the requirements of the JORC Code and other applicable rules (including ASX Listing Rules).

Where material changes occur during the year to a project, including project's size, title, exploration results or other technical information then previous resource estimates and market disclosures are reviewed for completeness.

The Company reviews its Coal Resources as at 30 June each year. Where a material change has occurred in the assumptions or data used in previously reported Coal Resources, then where possible a revised Coal Resource estimate will be prepared as part of the annual review process. However, there are circumstance where this may not be possible (e.g. an ongoing drilling programme), in which case a revised Mineral Resource Estimate will be prepared and reported as soon as practicable.

8. MINERAL RESOURCES STATEMENT (Continued)

Competent Person Statement

The information in this Mineral Resources Statement that relates to Coal Resources is based on, and fairly represents, information and supporting documentation compiled by or reviewed by Dr Richard Lowman, a Competent Person 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 that is relevant to the style of mineralization and type of deposit 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'. Dr Lowman approves and consents to the inclusion in the Mineral Resources Statement of the matters based on his information in the form and context in which it appears.

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Prairie Mining
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