



Prairie Mining
Limited

ASX RELEASE | 17 NOVEMBER 2014

MINISTRY OF ENVIRONMENT REJECTS BOGDANKA'S APPEAL

HIGHLIGHTS:

- **Poland's Ministry of Environment ("MoE") has officially rejected Lubelski Węgiel BOGDANKA S.A.'s ("Bogdanka") appeal regarding the MoE's initial decision to deny their application for a Mining Concession over Prairie's K-6-7 Concession**
- **The MoE's final decision expressly confirms Prairie's exclusive right to the K-6-7 Concession and reiterates that Prairie is currently the only entity that has a legal right to explore the deposit and to apply for a Mining Concession by exercising a priority right**

Prairie Mining Limited ("Prairie" or "Company") is pleased to advise that Poland's MoE has officially rejected Bogdanka's appeal of the MoE's initial decision in September 2014 denying Bogdanka's application for a Mining Concession over Prairie's K-6-7 Concession.

During 2014, Bogdanka submitted to the MoE a Mining Concession application over the K-6-7 area of the Lublin Coal Basin for which Prairie currently holds a valid and exclusive Exploration Concession and associated Usufruct Agreement through Prairie's 100% owned Polish subsidiary PD Co sp. z o.o. ("PD Co"). The K-6-7 area forms an integral part of the Company's Lublin Coal Project ("LCP" or "Project"). The MoE officially rejected Bogdanka's application for a Mining Concession in September 2014, which Bogdanka subsequently appealed.

The MoE has now officially rejected Bogdanka's appeal. This final decision emphasises that under the Polish Geological and Mining Law (2011) ("GML"), a clear and exclusive legal pathway exists for Prairie to progress unimpeded from an Exploration Concession to a Mining Concession: *"The priority right to conclude a mining usufruct agreement constitutes a preference for those investors who bore the costs related to the exploration of the deposit...as of the decision issuance date, the only entity which, after fulfilment of the requirements set out in the act, could apply for a priority right in establishing of a mining usufruct on the basis of Article 15 of the Geological and Mining Law is PD Co sp. z o.o."* The MoE's final decision confirms Prairie's security of tenure and exclusive right to take the K-6-7 concession, as part of the LCP, through to mining production.

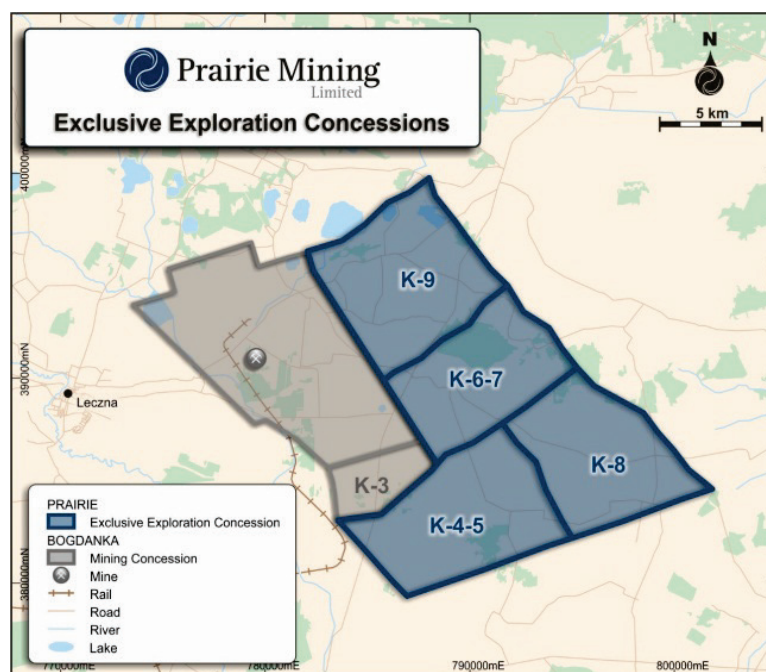


Figure 1: Prairie's Exclusive Concessions

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In their decision, the MoE has endorsed Prairie's modern international approach to exploration and technical studies, and compliance with the Polish exploration regulations by stating that: "...obtaining new, current geological information and data concerning the structure of the mineral deposit fulfils the objective of sustainable management of the deposit and is likely to enhance the design and safety of future extraction work. Such a thorough exploration of the mineral deposit allows for its rational use in the future, which is in line with the public interest." Prairie's recent drilling program and coal analysis has already confirmed that the prolific 391 seam across the LCP is capable of producing premium value semi-soft and PCI coals, from a basin that was previously thought to contain primarily thermal coal. The production of metallurgical coal from the LCP is now a major area of focus for Prairie. The last greenfield bituminous coal mine developed in Poland was in 1984 and over the last 30 years coal mining technology has advanced greatly. Prairie is planning to introduce the latest mine design and coal preparation technology into the LCP to maximise value from the identified semi-soft and PCI coal resources. The Pre-Feasibility Study ("PFS") for the Lublin Coal Project remains on-track to be completed during the first half of 2015.

Bogdanka has publicly announced its intention to lodge an administrative complaint against the MoE regarding the MoE's final decision, by initiating court proceedings with the Provincial Administrative Court in Warsaw. Such court proceedings will relate only to the administrative processes followed by the MoE in relation to Bogdanka's unsuccessful application for a mining concession over K-6-7, which has already been rejected twice by the MoE. The proceedings will not contend the validity of Prairie's exploration concession, nor Prairie's exclusive exploration rights and future right to enjoy priority in being granted a mining concession. Such administrative court proceedings will have no direct effect on Prairie's concession rights over the K-6-7 Concession.

Poland, a member of the European Union since 2004, enjoys strong relations with Australia which includes more than \$650m in annual trade occurring between the two countries. Australia also holds the status of "Most Favoured Nation" with Poland and the countries signed a Promotion and Protection of Investment Agreement in 1991 (a Bilateral Investment Treaty) which provides reciprocal protections for investments made by residents and entities of both countries.

Commenting on the latest decision by the MoE, Prairie's CEO Ben Stoikovich said: *"We are pleased that the Polish government has upheld the rejection of Bogdanka's opportunistic application for a Mining Concession over the central part of our Lublin Coal Project where we hold a valid and exclusive Exploration Concession. This final decision confirms, beyond any doubt, our exclusive right to progress towards a Mining Concession over this valuable coal deposit without hindrance. We are proud to be pioneering the application of international standards for exploration and feasibility work in Poland, which is necessary to ensure that the deposit's value is maximised for all stakeholders and meets the rigorous requirements for international financing. Prairie has attracted a team of top international talent and local mining professionals, including world class coal mining consultants, which is testament to the underlying quality and potential of the LCP. We are creating jobs and investing heavily in our development program and as a result, have generated strong support for our Project from local communities and regional authorities. I am proud to be operating in Poland and am excited by the pathway ahead, with our PFS on track for completion in the first half of 2015."*

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ABOUT THE LUBLIN COAL PROJECT

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

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

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

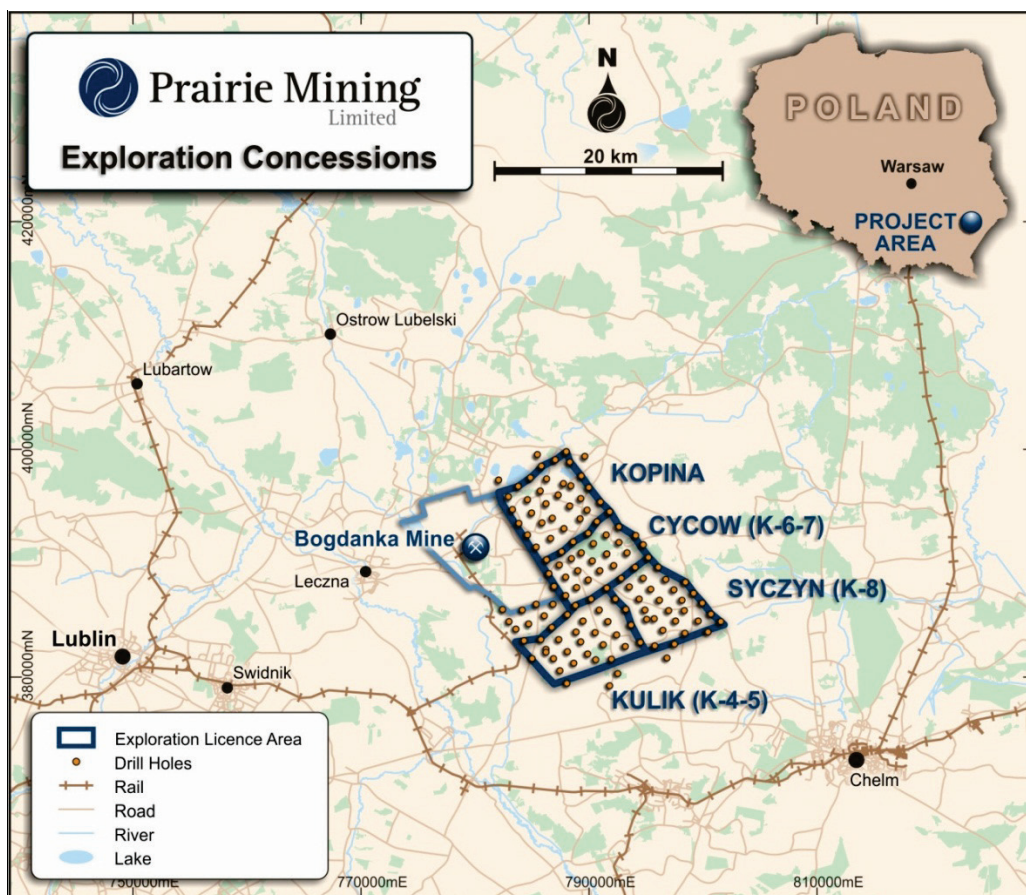


Figure 2: Lublin Coal Project Concessions

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

Forward Looking Statements

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

Competent Person Statements

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

The information in this announcement that relates to Exploration Results, Coal Resources, Production Targets and the Scoping Study was extracted from Prairie's ASX announcements dated 23 September 2014 entitled 'Annual Report to shareholders', 28 April 2014 entitled 'Scoping Study Confirms Potential for World Class High Margin Met and Thermal Coal Project' and 13 March 2014 entitled 'Initial Washability Results Display Exceptionally High Yields' available to view on the company's website at www.pdz.com.au

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

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

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

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

Lublin Coal Project Coal Quality Statistics (Air Dried) of In-situ Indicated Coal Resources (based on gross coal seam thickness)		
Parameter	391 Seam	389 Seam
Ash %	9.37	17.61
Calorific Value GAD kcal/kg:(MJ/kg)	7,004 (29.33)	6,104 (25.56)
Sulphur %	1.27	1.25