

NEWS RELEASE | 10 December 2020

Notice of Annual General Meeting

Prairie Mining Limited (**Prairie** or **Company**) advises that attached to this announcement is the 2020 Notice of Annual General Meeting (**AGM**) with the AGM to be held at the Conference Room, 28 The Esplanade, Perth, Western Australia on Wednesday, 20 January 2021 at 11am (AWST).

The Board is closely monitoring the rapidly changing coronavirus (COVID-19) pandemic and the health of the Company's Shareholders, employees and other stakeholders is of paramount importance.

While the Board would like to host all Shareholders in person, in order to minimise the risk to Shareholders and to the Company and its ongoing operations, the Company suggests that Shareholders do not attend the AGM in person.

Accordingly, the Directors strongly encourage all Shareholders to lodge Proxy Forms prior to the AGM. The Company advises that a poll will be conducted for each of the Resolutions.

The Company will not be sending shareholders a hard copy of the Notice of AGM by post ahead of the AGM. This approach is consistent with the relief provided by the Australian Treasurer in response to the COVID-19 pandemic.

Instead, the Notice of AGM (which includes an Independent Experts Report) is being made available to shareholders electronically which can be viewed and downloaded online from the Company's website at http://www.pdz.com.au/company-reports and the ASX announcements platform.

The Board will continue to monitor Australian Government restrictions on public gatherings. If it becomes necessary or appropriate to make alternative arrangements to those set out in the Notice of AGM, the Company will notify Shareholders accordingly via the Company's website at www.pdz.com.au and the ASX announcements platform.

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For further information, please contact:

Prairie Mining Limited

Ben Stoikovich, Chief Executive Officer Sapan Ghai, Head of Corporate Development Kazimierz Chojna, Commercial Officer

This announcement has been authorised for release by the Company Secretary.



ACN 008 677 852

NOTICE OF ANNUAL GENERAL MEETING

The Annual General Meeting of the Company will be held at the Conference Room, Ground Floor, 28 The Esplanade, Perth, Western Australia on Wednesday, 20 January 2021 at 11:00am (AWST).

This Notice and the accompanying Explanatory Memorandum should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their stockbroker, investment advisor, accountant, solicitor or other professional adviser prior to voting.

Should you wish to discuss any matter please do not hesitate to contact the Company Secretary by telephone on + 61 8 9322 6322.

Shareholders are urged to vote by lodging the Proxy Form attached to the Notice.

PRAIRIE MINING LIMITED ACN 008 677 852

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the annual general meeting of Shareholders of Prairie Mining Limited (**Company**) will be held at Conference Room, Ground Floor, 28 The Esplanade, Perth, Western Australia, on Wednesday, 20 January 2021 at 11:00am (AWST) (**Meeting**).

The Board is closely monitoring the rapidly changing coronavirus (COVID-19) pandemic. The health of the Company's Shareholders, employees and other stakeholders is of paramount importance.

While the Board would like to host all Shareholders in person, in order to minimise the risk to Shareholders and to the Company and its ongoing operations, the Company suggests that Shareholders do not attend the Meeting in person.

Accordingly, the Directors strongly encourage all Shareholders to lodge Proxy Forms prior to the Meeting. The Company advises that a poll will be conducted for each of the Resolutions.

The Board will continue to monitor Australian Government restrictions on public gatherings. If it becomes necessary or appropriate to make alternative arrangements to those set out in this Notice, the Company will notify Shareholders accordingly via the Company's website at www.pdz.com.au and the ASX announcements platform.

The Explanatory Memorandum provides additional information on matters to be considered at the Meeting. The Explanatory Memorandum and the Proxy Form form part of this Notice.

The Directors have determined pursuant to regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the Meeting are those who are registered as Shareholders on Monday, 18 January 2021 at 4:00pm (AWST).

Terms and abbreviations used in this Notice and the Explanatory Memorandum are defined in Schedule 1.

AGENDA

Annual Report

To consider the Annual Report of the Company and its controlled entities for the year ended 30 June 2020, which includes the Financial Report, the Directors' Report and the Auditor's Report.

1. Resolution 1 – Remuneration Report

To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution, the following:

"That, pursuant to and in accordance with section 250R(2) of the Corporations Act and for all other purposes, approval is given by Shareholders for the adoption of the Remuneration Report on the terms and conditions in the Explanatory Memorandum."

Voting Exclusion

In accordance with section 250R of the Corporations Act, a vote on this Resolution must not be cast (in any capacity) by, or on behalf of:

- (a) a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report; or
- (b) a Closely Related Party of such member.

However, a person described above may cast a vote on this Resolution if the vote is not cast on behalf of a person described in subparagraphs (a) or (b) above and either:

 the person does so as a proxy appointed in writing that specifies how the proxy is to vote on this Resolution; or (b) the person is the Chairperson voting an undirected proxy which expressly authorises the Chairperson to vote the proxy on a resolution connected with the remuneration of a member of the Key Management Personnel.

2. Resolution 2 – Re-election of Mr Benjamin Stoikovich as Director

To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution the following:

"That, pursuant to and in accordance with Listing Rule 14.4, Article 6(c) of the Constitution and for all other purposes, Mr Benjamin Stoikovich, Director, retires and being eligible, is re-elected as a Director on the terms and conditions in the Explanatory Memorandum."

3. Resolution 3 – Re-election of Mr Thomas Todd as Director

To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution, the following:

"That, pursuant to and in accordance with Listing Rule 14.4, Article 6(c) of the Constitution and for all other purposes, Mr Thomas Todd, Director, retires and being eligible, is re-elected as a Director on the terms and conditions in the Explanatory Memorandum."

4. Resolution 4 – Participation of Mr Benjamin Stoikovich in Management Incentive Program

To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution, the following:

"That, subject to each of the other Management Incentive Program Resolutions being passed or the inter-conditionality of the other Management Incentive Program Resolutions being waived by the Board, pursuant to and in accordance with Part 2D.2 of the Corporations Act (including sections 200B, 200C and 200E of the Corporations Act), Chapter 2E of the Corporations Act (including section 208 of the Corporations Act) and for all other purposes, Shareholders approve Mr Benjamin Stoikovich's participation (through Arbitration Advisory Ltd) in the Company's Management Incentive Program and entitlement to 30% of the Management Entitlement Amount on the terms and conditions in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast on this Resolution by or on behalf of Mr Benjamin Stoikovich or any associate.

However, a person described above may cast a vote on this Resolution if:

- (a) it is cast as a proxy appointed by writing that specifies how the proxy is to vote on the Resolution; and
- (b) it is not cast on behalf of the person or an associate of the person described above.

In accordance with section 250BD of the Corporations Act, a vote on this Resolution must not be cast by a person appointed as a proxy, where that person is either a member of the Key Management Personnel or a Closely Related Party of such member.

However, a vote may be cast by such person if the vote is not cast on behalf of a person who is otherwise excluded from voting, and:

- (a) the person is appointed as a proxy and the appointment specifies how the proxy is to vote; or
- (b) the person appointed as proxy is the Chairperson and the appointment does not specify how the Chairperson is to vote but expressly authorises the Chairperson to exercise the proxy even if the Resolution is connected with the remuneration of a member of the Key Management Personnel.

5. Resolution 5 – Participation of Mr Mark Pearce in Management Incentive Program

To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution, the following:

"That, subject to each of the other Management Incentive Program Resolutions being passed or the inter-conditionality of the other Management Incentive Program Resolutions being waived by the Board, pursuant to and in accordance with Part 2D.2 of the Corporations Act (including sections 200B, 200C and 200E of the Corporations Act), Chapter 2E of the Corporations Act (including section 208 of the Corporations Act) and for all other purposes, Shareholders approve Mr Mark Pearce's participation in the Company's Management Incentive Program and entitlement to 7.5% of the Management Entitlement Amount on the terms and conditions in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast on this Resolution by or on behalf of Mr Mark Pearce or any associate.

However, a person described above may cast a vote on this Resolution if:

- (a) it is cast as a proxy appointed by writing that specifies how the proxy is to vote on the Resolution; and
- (b) it is not cast on behalf of the person or an associate of the person described above.

In accordance with section 250BD of the Corporations Act, a vote on this Resolution must not be cast by a person appointed as a proxy, where that person is either a member of the Key Management Personnel or a Closely Related Party of such member.

However, a vote may be cast by such person if the vote is not cast on behalf of a person who is otherwise excluded from voting, and:

- (a) the person is appointed as a proxy and the appointment specifies how the proxy is to vote; or
- (b) the person appointed as proxy is the Chairperson and the appointment does not specify how the Chairperson is to vote but expressly authorises the Chairperson to exercise the proxy even if the Resolution is connected with the remuneration of a member of the Key Management Personnel.

6. Resolution 6 – Participation of Management Personnel in Management Incentive Program

To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution, the following:

"That, subject to each of the other Management Incentive Program Resolutions being passed or the inter-conditionality of the other Management Incentive Program Resolutions being waived by the Board, pursuant to and in accordance with Part 2D.2 of the Corporations Act (including sections 200B, 200C and 200E of the Corporations Act) and for all other purposes, Shareholders approve each of the Management Personnel's (or their nominees) participation in the Company's Management Incentive Program and entitlement to proceeds from the Management Entitlement Amount on the terms and conditions in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast on this Resolution by or on behalf of any Management Personnel or any associate.

However, a person described above may cast a vote on this Resolution if:

- (a) it is cast as a proxy appointed by writing that specifies how the proxy is to vote on the Resolution; and
- (b) it is not cast on behalf of the person or an associate of the person described above.

In accordance with section 250BD of the Corporations Act, a vote on this Resolution must not be cast by a person appointed as a proxy, where that person is either a member of the Key Management Personnel or a Closely Related Party of such member.

However, a vote may be cast by such person if the vote is not cast on behalf of a person who is otherwise excluded from voting, and:

- (a) the person is appointed as a proxy and the appointment specifies how the proxy is to vote; or
- (b) the person appointed as proxy is the Chairperson and the appointment does not specify how the Chairperson is to vote but expressly authorises the Chairperson to exercise the proxy even if the Resolution is connected with the remuneration of a member of the Key Management Personnel.

BY ORDER OF THE BOARD

Dylan Browne Company Secretary

Dated: 10 December 2020

PRAIRIE MINING LIMITED ACN 008 677 852

EXPLANATORY MEMORANDUM

1. Introduction

This Explanatory Memorandum has been prepared for the information of Shareholders in connection with the business to be conducted at the Meeting on 20 January 2021, at 11:00am (AWST).

This Explanatory Memorandum should be read in conjunction with, and forms part of, the Notice.

The purpose of this Explanatory Memorandum is to provide information to Shareholders in deciding whether or not to pass the Resolutions.

This Explanatory Memorandum includes the following information to assist Shareholders in deciding how to vote on the Resolutions:

Section 2:	Action to be taken by Shareholders		
Section 3:	Annual Report		
Section 4:	Resolution 1 – Remuneration Report		
Section 5:	Resolution 2 – Re-election of Mr Benjamin Stoikovich as Director		
Section 6:	Resolution 3 – Re-election of Mr Thomas Todd as Director		
Section 7:	Management Incentive Program		
Section 8:	Resolutions 4 and 5 – Participation of Mr Benjamin Stoikovich and Mr Mark Pearce in Management Incentive Program		
Section 9:	Resolution 6 – Participation of Management Personnel in Management Incentive Program		
Schedule 1:	Definitions		
Schedule 2	Independent Expert's Report		

A Proxy Form is located at the end of the Explanatory Memorandum.

2. Action to be taken by Shareholders

Shareholders should read the Notice (including this Explanatory Memorandum) carefully before deciding how to vote on the Resolutions.

2.1 Proxies

A Proxy Form is attached to the Notice. This is to be used by Shareholders if they wish to appoint a representative (a 'proxy') to vote in their place. All Shareholders are invited and encouraged to attend the Meeting or, if they are unable to attend in person, sign and return the Proxy Form to the Company in accordance with the instructions set out in the Proxy Form. Returning the Proxy Form to the Company will not preclude a Shareholder from attending or (subject to the voting exclusions set out in the Notice) voting at the Meeting in person.

Please note that:

- (a) a Shareholder entitled to attend and vote at the Meeting is entitled to appoint a proxy;
- (b) a proxy need not be a Shareholder; and
- (c) a Shareholder entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise. Where the proportion or number is not specified, each proxy may exercise half of the votes.

Proxy Forms must be received by the Company no later than 11:00am (AWST) on Monday, 18 January 2021, being at least 48 hours before the Meeting

The Proxy Form provides further details on appointing proxies and lodging Proxy Forms.

2.2 Attendance at the Meeting

The Company advises Shareholders that the Meeting will be held in compliance with the Australian Government's restrictions on public gatherings.

The Board is closely monitoring the rapidly changing coronavirus (COVID-19) pandemic. The health of the Company's Shareholders, employees and other stakeholders is of paramount importance.

While the Board would like to host all Shareholders in person, in order to minimise the risk to Shareholders and to the Company and its ongoing operations, the Company suggests that Shareholders do not attend the Meeting in person.

Accordingly, the Directors strongly encourage all Shareholders to lodge Proxy Forms prior to the Meeting. The Company advises that a poll will be conducted for each of the Resolutions.

The Board will continue to monitor Australian Government restrictions on public gatherings. If it becomes necessary or appropriate to make alternative arrangements to those set out in this Notice, the Company will notify Shareholders accordingly via the Company's website at www.pdz.com.au and the ASX announcements platform

2.3 Voting Prohibition by Proxy Holders (Remuneration Report)

In accordance with section 250R of the Corporations Act, a vote on Resolution must not be cast (in any capacity) by, or on behalf of:

- (a) a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report; or
- (b) a Closely Related Party of such member.

However, a person described above may cast a vote on Resolution 1 if the vote is not cast on behalf of a person described in subparagraphs (a) or (b) above and either:

- (a) the person does so as a proxy appointed in writing that specifies how the proxy is to vote on Resolution 1; or
- (b) the person is the Chairperson voting an undirected proxy which expressly authorises the Chairperson to exercise the proxy even if Resolution 1 is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

A vote on Resolution 1 must not be cast by a person appointed as a proxy, where that person is either a member of the Key Management Personnel or a Closely Related Party of such member.

However, a vote may be cast by such persons if the vote is not cast on behalf of a person who is excluded from voting on Resolution 1, and:

- (a) the person is appointed as a proxy that specifies the way the proxy is to vote on this Resolution 1; or
- (b) the person is the chair and the appointment of the chair as proxy does not specify the way the proxy is to vote on Resolution 1, but expressly authorises the Chairperson to exercise the proxy even if Resolution 1 is connected with the remuneration of a member of the Key Management Personnel.

3. Annual Report

In accordance with section 317(1) of the Corporations Act, the Annual Report for the financial year ended 30 June 2020 must be laid before the Meeting.

At the Meeting, Shareholders will be offered the opportunity to:

- (a) discuss the Annual Report which is available online at http://www.pdz.com.au/;
- (b) ask guestions about, or comment on, the management of the Company; and

(c) ask the Auditor questions about the conduct of the audit and the preparation and content of the Auditor's Report.

In addition to taking questions at the Meeting, written questions to the Chairperson about the management of the Company, or to the Auditor about:

- (a) the preparation and contents of the Auditor's Report;
- (b) the conduct of the audit;
- accounting policies adopted by the Company in relation to the preparation of the financial statements; and
- (d) the independence of the Auditor in relation to the conduct of the audit,

may be submitted no later than 5 business days before the Meeting to the Company Secretary at the Company's registered office.

4. Resolution 1 – Adoption of Remuneration Report

In accordance with section 250R(2) of the Corporations Act, the Company must put the Remuneration Report to the vote of Shareholders. The Directors' Report contains the Remuneration Report which sets out:

- (a) the Company's remuneration policy; and
- (b) the remuneration arrangements in place for the executive Directors, specified executives and non-executive Directors.

In accordance with section 250R(3) of the Corporations Act, Resolution 1 is advisory only and does not bind the Directors of the Company. If Resolution 1 is not passed, the Directors will not be required to alter any of the arrangements in the Remuneration Report.

Pursuant to the Corporations Act, Shareholders will have the opportunity to remove the whole Board except the Managing Director if the Remuneration Report receives a 'no' vote of 25% or more (**Strike**) at two consecutive AGMs.

If a resolution on the Remuneration Report receives a Strike at two consecutive AGMs, the Company will be required to put to Shareholders at the second AGM, a resolution on whether another meeting should be held (within 90 days) at which all Directors (other than the Managing Director) who were in office at the date of approval of the applicable Directors' Report must stand for re-election.

The Company's Remuneration Report did not receive a Strike at the 2019 annual general meeting. Please note, if the Remuneration Report receives a Strike at this Meeting and if a second Strike is received at the 2021 annual general meeting, this may result in the re-election of the Board.

The Chairperson will allow reasonable opportunity for Shareholders to ask questions about or comment on the Remuneration Report.

Resolution 1 is an ordinary resolution.

The Chairperson intends to exercise all available proxies in favour of Resolution 1.

If the Chairperson is appointed as your proxy and you have not specified the way the Chairperson is to vote on Resolution 1, by signing and returning the Proxy Form, you are considered to have provided the Chairperson with an express authorisation for the Chairperson to vote the proxy in accordance with the Chairperson's intention, even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

5. Resolution 2 - Re-election of Mr Benjamin Stoikovich as Director

5.1 General

Article 6.3(c) of the Constitution requires one third of the Directors (excluding Directors required to retire under Article 6.3(b) and rounded down to the nearest whole number) to retire at each annual general meeting where the Company has three or more Directors.

Accordingly, Resolution 2 provides that Mr Stoikovich will retire by rotation at this Meeting and, being eligible, offers himself for re-election.

Details of the qualifications and experience of Mr Stoikovich are in the Annual Report.

Resolution 2 is an ordinary resolution.

The Chairperson intends to exercise all available proxies in favour of Resolution 2.

5.2 Board Recommendation

The Board (excluding Mr Stoikovich) supports the election of Mr Stoikovich and recommends that Shareholders vote in favour of Resolution 2.

6. Resolution 3 – Re-election of Mr Thomas Todd as Director

6.1 General

Article 6.3(c) of the Constitution requires one third of the Directors (excluding Directors required to retire under Article 6.3(b) and rounded down to the nearest whole number) to retire at each annual general meeting where the Company has three or more Directors.

Accordingly, Resolution 3 provides that Mr Todd will retire by rotation at this Meeting and, being eligible, offers himself for re-election.

Details of the qualifications and experience of Mr Todd are in the Annual Report.

Resolution 3 is an ordinary resolution.

The Chairperson intends to exercise all available proxies in favour of Resolution 3.

6.2 Board Recommendation

The Board (excluding Mr Todd) supports the election of Mr Todd and recommends that Shareholders vote in favour of Resolution 3.

7. Management Incentive Program

7.1 Background

On 1 July 2020, the Company announced that it had entered into a litigation funding agreement (**LFA**) with LCM Funding UK Limited (a subsidiary of Litigation Capital Management Limited) (**LCM**) for A\$18m (US\$12.3m) to fund the Company's international arbitration damages claims in relation to the investment dispute with the Polish Government that has arisen out of certain measures taken by Poland in breach of the Energy Charter Treaty and the Australia-Poland Bilateral Investment Treaty (**Claim**).

The LFA provides for monies to be progressively drawn down from the litigation funding facility to meet expenses associated with the Claim. The funding provided by LCM is on a limited recourse basis and is repayable to LCM in the event of a successful Claim or settlement of the dispute with Poland. If there is no settlement or recovery of an award, then LCM is not entitled to any repayment of the financing facility. In return for providing the financing facility, LCM shall be entitled to receive repayment of any funds drawn plus an amount equal to between two and five times the total of any funds drawn from the funding facility during the first five years, depending on the time frame over which funds have remained drawn, and then a 30% interest rate after the fifth year until receipt of damages payments.

The parties to the LFA are the Company's 100% owned subsidiaries, PDZ Holdings Pty Ltd, PDZ (UK) Ltd and PD CO Holdings (UK) Ltd and LCM's subsidiary, LCM Funding UK Limited.

It is anticipated that to progress the Claim will involve a significant amount of effort and contribution from the Directors and management team through the various stages of the international arbitration proceedings which may extend over a number of years.

To retain the services of certain Directors and members of the Company's management team who are important to the Company's management and progress of the Claim and who have important historical information and knowledge to contribute towards the Claim, the Company has established a long term Management Incentive Program (Management Incentive Program). The retention of the assistance of the Directors and member of the Company's management team for the Claim through the Management Incentive Program will also assist the Company in its compliance with the terms of the LFA with LCM.

Whilst the Company's primary objective has always been the development of the coal projects in Poland to operational status, cost reduction measures, business development opportunities and the Claim have now become the central focus of the Company. Previous remuneration provided to Directors and the management team in the form of performance rights (under the Company's previously approved performance rights plan) are now essentially worthless following the acts of the Polish Government to block any pathway to development of the Company's Polish coal projects and is reflected by the Company now pursuing the Claim. The Management Incentive Program is therefore a continuation of the previous incentive program, being the performance rights plan, designed to retain the services of key Directors and management team who will contribute to the Claim.

7.2 Terms of the Management Incentive Program

The Company has established the Management Incentive Program which provides that if the Claim is successful, whether through the international arbitration proceedings or settlement, and the Company receives any damages or other proceeds in relation to or arising from the Claim (**Damages Proceeds**), 6% of any Damages Proceeds received by the Company (after distributions to litigation funders and enforcement costs) will be paid by the Company to the Management Incentive Program for distribution to participants in the Management Incentive Program. The Management Incentive Program is comprised of:

- (a) (Management Proceeds Deed) a management proceeds deed which provides for the Company to pay to the trustee of the Management Incentive Trust 6% of any Damages Proceeds received by the Company after distributions to litigation funders (such as to LCM pursuant to the LFA) and enforcement costs (Management Entitlement Amount); and
- (Management Incentive Trust) an Australian unit trust (with discretionary determination by a trustee) established by the Company and overseen by an independent trustee whereby each unit potentially entitles the holder to a pro rata portion of the Management Entitlement Amount (Management Incentive Trust). The unit entitlement of each participant in the Management Incentive Program to a portion of the Management Entitlement Amount is subject to the trustee exercising its discretion, in consultation with the Company's lawyers assisting with the Claim, to determine that the relevant participant has satisfied specific Claim related duties as determined by the Company's lawyers. These duties required of each participant are not contingent on them remaining as employees of the Company and the discharge of the relevant duties of each participant is not dependent on them providing beneficial testimony, rather the duties required to be satisfied are matters, determined by the Company's lawyers, to ensure that the Company can continue to progress with the Claim.

The participants in the Management Incentive Program and their relevant percentage entitlement to the Management Entitlement Amount are specified below:

Participant	Entitlement to Management Entitlement Amount (%)	
Mr Benjamin Stoikovich (units held by Arbitration Advisory Ltd)	30	
Mr Simon Kersey (units held by Cheyney Arbitration Limited)	20	
Mr Mark Pearce	7.5	
Mr Dylan Browne	7.5	
Mr Kazimierz Chojna (units held by Arbileo Advisory Ltd)	20	
Mr Miroslaw Taras (units held by Warbo S.A.)	10	
Ms Dominikia Kruszynska	5	

After the final determination of each participant's entitlement to the Management Entitlement Amount at the Trustee's discretion pursuant to the terms of the Management Incentive Trust, any remaining balance of the Management Entitlement Amount which has not been distributed to participants will be returned to the Company.

7.3 Independent Expert's Report

To assist Shareholders with their consideration of Resolutions 4 to 6, the Company has engaged BDO Corporate Finance (WA) Pty Ltd (**Independent Expert**) to consider whether the participation of Mr Benjamin Stoikovich, Mr Mark Pearce and the Management Personnel in the Management Incentive Program and their entitlement to the Management Entitlement Amount is fair and reasonable to non-associated Shareholders for the purposes of Part 2D.2 and Chapter 2E of the Corporations Act.

The Independent Expert has concluded that each of Resolutions 4 to 6 and Mr Benjamin Stoikovich, Mr Mark Pearce and the Management Personnel in the Management Incentive Program and their entitlement to the Management Entitlement Amount is fair and reasonable to non-associated Shareholders.

A copy of the Independent Expert's Report is contained in Schedule 2.

8. Resolutions 4 and 5 – Participation of Mr Benjamin Stoikovich and Mr Mark Pearce in the Management Incentive Program

8.1 General

Resolutions 4 and 5 seek Shareholder approval in accordance with Part 2D.2 of the Corporations Act (including sections 200C and 200E of the Corporations Act) and Chapter 2E of the Corporations Act (including section 208 of the Corporations Act) for Mr Benjamin Stoikovich (through his nominee Arbitration Advisory Ltd) and Mr Mark Pearce, respectively, to participate in the Management Incentive Program and be entitled to a percentage of the Management Entitlement Amount upon the Company's successful Claim as described in Section 7.2.

If Resolutions 4 and 5 are not approved by Shareholders, there is a risk that Mr Stoikovich and Mr Pearce (as applicable) will not provide the necessary assistance to the Company for the duration of the Claim (whether as a Director of the Company or otherwise) which will adversely impact on the Company's ability to progress the Claim.

Resolutions 4 and 5 are ordinary resolutions.

The Chairperson intends to exercise all available proxies in favour of Resolutions 4 and 5.

8.2 Chapter 2E of Corporations Act

Chapter 2E of the Corporations Act requires that for a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The entitlement to participate in the Management Incentive Program and the percentage entitlements to the Management Entitlement Amount constitutes the giving of a financial benefit as both Mr Stoikovich and Mr Pearce are related parties of the Company by reason of being Directors.

The Board has considered the application of Chapter 2E of the Corporations Act and believes that the arm's length exception provided by section 210 of the Corporations Act and the reasonable remuneration exception provided by section 211 of the Corporations Act are applicable in the circumstances having regard to a range of factors including the contributions and time commitment to the Company and its preparation for the Claim by each person, the loss of other incentive securities such as performance rights held by each person, the opportunity cost of forgoing other professional opportunities in assisting the Company with the Claim and the contingent nature of the Management

Entitlement Amount based on the success of the Claim and having regard to similar remuneration and retention arrangements for companies engaged in arbitration proceedings.

However, for the avoidance of any doubt, the Company has elected to seek Shareholder approval pursuant to section 208 of the Corporations Act for Mr Stoikovich's and Mr Pearce's participation in the Management Incentive Program and their 30% and 7.5%, respectively, entitlements to the Management Entitlement Amount.

8.3 Part 2D.2 of Corporations Act

The Corporations Act restricts the benefits which can be given to individuals who hold a managerial or executive office (as defined in the Corporations Act) in connection with the retirement from their position of employment in the company or its related bodies corporate or associated with the transfer of the whole or any part of the undertaking or property of the Company. A person who holds a managerial or executive office includes a member of Key Management Personnel. Mr Stoikovich and Mr Pearce are part of the Key Management Personnel.

In accordance with section 200B of the Corporations Act, to give a benefit in connection with a person's retirement from an office, the Company must obtain the approval of Shareholders in the manner set out in section 200E of the Corporations Act.

In accordance with section 200C of the Corporations Act, to give a benefit in connection with the transfer of the whole or any part of the undertaking or property of the Company to a person who holds a managerial or executive office in the Company or a Related Body Corporate (or their associate), the Company must obtain the approval of Shareholders in the manner set out in section 200E of the Corporations Act.

A "benefit" for the purposes of sections 200B and 200C of the Corporations Act is defined broadly and can include an entitlement to a payment from the Company, such as a payment associated with the Management Entitlement Amount.

Whilst sections 200B and 200C of the Corporation Act are not expected to apply, given the uncertain nature of when the Claim will be successful and when the entitlements to the Management Entitlement Amount under the Management Incentive Program will arise, the Company is seeking Shareholder approval for the avoidance of doubt for the benefits which arise from the participation by Mr Stoikovich's and Mr Pearce's participation in the Management Incentive Program and their 30% and 7.5%, respectively, entitlements to the Management Entitlement Amount in connection with either of their retirements from office or arising in connection with the transfer of part of the property of the Company (**Director Part 2D.2 Benefits**).

Accordingly, Resolutions 4 and 5 seek Shareholder approval for the purposes of section 200E for the purposes of sections 200B and 200C for the Director Part 2D.2 Benefits provided to Mr Stoikovich and Mr Pearce.

8.4 Specific Information required by section 200E of the Corporations Act

The following information is provided to Shareholders for the purposes of obtaining Shareholder approval for the purposes of section 200E of the Corporations Act for the provision of the Director Part 2D.2 Benefits to Mr Stoikovich and Mr Pearce.

The value of the benefit relating to the Director Part 2D.2 Benefits provided to Mr Stoikovich (through his nominee Arbitration Advisory Ltd) and Mr Pearce which may arise cannot presently be ascertained. However, the matters, events and circumstances that will, or are likely to, affect the calculation of that value include:

- (a) the number of units in the Management Incentive Trust held by each of Mr Stoikovich and Mr Pearce which entitle them to 30% and 7.5% of the Management Entitlement Amount, respectively;
- (b) the amount of any Damages Proceeds received by the Company in relation to the Claim;
- (c) the determination of the Management Entitlement Amount, based on the Damages Proceeds received by the Company and after payment of any distributions to litigation funders of the Claim and enforcement costs incurred by the Company; and
- (d) the exercise by the trustee of the Management Incentive Trust of its discretionary determination of whether Mr Stoikovich and Mr Pearce (as applicable) has satisfied their

relevant specific Claim related duties in relation to the Claim as specified by the Company's lawyers.

By way of example if the Claim is successful, then for each \$1,000 of Damages Proceeds received by the Company (after distributions to litigation funders and enforcement costs), \$60 would be paid to into the Management Incentive Trust and assuming that each of Mr Stoikovich and Mr Pearce are determined to have satisfied their duties, the value of the Director Part 2D.2 Benefit provided to each under the Management Incentive Program would be \$18 and \$4.50, respectively.

The Independent Expert has also determined in its Independent Expert's Report that the provision of the Director Part 2D.2 Benefits to Mr Stoikovich and Mr Pearce isfair and reasonable to non-associated Shareholders.

8.5 Specific Information required by section 219 of the Corporations Act

The following information is provided to Shareholders for the purposes of obtaining Shareholder approval for the purposes of section 219 of the Corporations Act for the financial benefits associated with Mr Stoikovich's (through his nominee Arbitration Advisory Ltd) and Mr Pearce's (or his nominee) participation in the Management Incentive Program and their 30% and 7.5%, respectively, entitlements to the Management Entitlement Amount:

- (a) the financial benefits under the Management Incentive Program are being provided to Mr Stoikovich (through his nominee Arbitration Advisory Ltd) pursuant to Resolution 4 and to Mr Mark Pearce pursuant to Resolution 5;
- (b) Mr Stoikovich is entitled to 30% of the Management Entitlement Amount and Mr Pearce is entitled to 7.5% of the Management Entitlement Amount, being cash payments, pursuant to the terms of the Management Incentive Program. The participation of Mr Stoikovich and Mr Pearce in the Management Incentive Program and their respective entitlements to the Management Entitlement Amount are to retain them as key members of the Company and also to ensure their continued assistance with the Claim. The respective entitlement of Mr Stoikovich and Mr Pearce to their portion of the Management Entitlement Amount was determined by the Company based on their estimated contributions and specific Claim related duties required of them for the purposes of assisting with the Company's claim and having regarding to the Management Incentive Program being intended to replace the Company's previous performance rights plan which related to the development of the Company's projects in Poland and the benefits forgone by Mr Stoikovich under that performance rights plan;
- (c) the Directors (other than Mr Stoikovich and Mr Pearce) recommend that Shareholders vote in favour of Resolutions 4 and 5. Mr Stoikovich and Mr Pearce have a material personal interest in the outcome of Resolutions 4 and 5 and therefore believe it inappropriate to make a recommendation;
- (d) the value of each of their respective entitlements to the Management Entitlement Amount cannot presently be ascertained and will be dependent on the factors described in Section 8.4 above. However, the Company has obtained the opinion of the Independent Expert who has determined in its Independent Expert's Report that the respective entitlement of Mr Stoikovich and Mr Pearce to their portion of the Management Entitlement Amount is fair and reasonable to non-associated Shareholders;
- (e) the annual remuneration for Mr Stoikovich and Mr Pearce in the financial years ending 30 June 2020 and 2019 is detailed below. A summary of the employment/consulting contracts with Mr Stoikovich and Mr Pearce is also detailed below:

	Short-term benefits Non-C				Non-Cash	Cash	
Director	Finan- cial Year	Salary & fees \$	Cash Incentive Payments \$	Post- employment benefits \$	Share- based payments \$	Total \$	Perfor- mance related %
Benjamin Stoikovich	2020	470,991	-	-	112,041	583,032	19.2
	2019	453,972	-	-	(325,050)	128,922	-
Mark Pearce	2020	20,000	-	1,900	-	21,900	-
	2019	20,000	-	1,900	-	21,900	

Mr Stoikovich has a director appointment letter dated 21 June 2018, under the terms of which he agrees to serve as a Director of the Company. Mr Stoikovich's appointment letter is terminable, pursuant to the Company's Constitution, by giving the Company notice in writing. Under the appointment letter, Mr Stoikovich receives a fixed fee of £25,000 per annum.

Selwyn Capital Limited (**Selwyn**), a company of which Mr Stoikovich is a director and shareholder, has a consulting agreement with the Company to provide business development, project management and capital raising services (CEO services). Under this agreement, Selwyn is paid a fixed annual consultancy fee of £112,500 per annum and an annual incentive payment of up to £100,000 payable upon the successful completion of key project milestones as determined by the Board. No incentive payment has been made in the last three financial years. In addition, Selwyn, is entitled to receive a payment incentive of £250,000 in the event of a change of control clause being triggered with the Company. The consulting contract can be terminated by either Selwyn or the Company by giving twelve months' notice. No amount is payable to Selwyn in the event of termination of the contract arising from negligence or incompetence in regard to the performance of services specified in the contract.

Furthermore, Arbitration Advisory Ltd (**AAL**), a company of which Mr Stoikovich is a director and shareholder, has a consulting agreement with the Company to provide services related to the Company's Claim against the Republic of Poland. Under this agreement, AAL is paid a fixed annual consultancy fee of £112,500 per annum. The consulting contract can be terminated by either Selwyn or the Company by giving six months' notice. No amount is payable to AAL in the event of termination of the contract arising from negligence or incompetence in regard to the performance of services specified in the contract.

Mr Pearce has a director appointment letter dated 21 September 2015, under the terms of which he agrees to serve as a Director of the Company. Mr Pearce's appointment letter is terminable, pursuant to the Company's Constitution, by giving the Company notice in writing. Under the appointment letter, Mr Pearce receives a fixed director fee of \$20,000 per annum (plus statutory superannuation).

(f) the current security holdings of Mr Stoikovich and Mr Pearce (or their nominees) are as follows:

Director	Shares	Performance Rights (expiring 31 Dec 2020)
Mr Benjamin Stoikovich	1,492,262	960,000
Mr Mark Pearce	3,000,000	-

(g) historical quoted price information for the Company's listed securities on ASX for the last twelve months from the date of this Notice is detailed below:

	Price (\$)	Date
Highest	0.335	20 July 2020
Lowest	0.10	27 and 28 April 2020
Last	0.20	9 December 2020

- (h) a voting exclusion statement is included in the Notice for the purposes of Resolutions 4 and 5; and
- (i) other than the information above and otherwise set out in the Notice, the Company believes that there is no other information that would be reasonably required by Shareholders to pass Resolutions 4 and 5.

8.6 Board Recommendation

The Board (excluding Mr Stoikovich and Mr Pearce) recommend that Shareholders vote in favour of Resolutions 4 and 5.

9. Resolution 6 – Participation of Management Personnel in Management Incentive Program

9.1 General

Resolution 6 seeks Shareholder approval in accordance with Part 2D.2 of the Corporations Act (including sections 200C and 200E of the Corporations Act) and Chapter 2E of the Corporations Act (including section 208 of the Corporations Act) for the Management Personnel (or their nominees) to participate in the Management Incentive Program and be entitled to a percentage of the Management Entitlement Amount upon the Company's successful Claim as described in Section 7.2.

If Resolution 6 is not approved by Shareholders, there is a risk that the relevant Management Personnel will not provide the necessary assistance to the Company for the duration of the Claim (whether as an employee of the Company or otherwise) which will adversely impact on the Company's ability to progress the Claim.

Resolution 6 is an ordinary resolution.

The Chairperson intends to exercise all available proxies in favour of Resolution 6.

9.2 Part 2D.2 of Corporations Act

A summary of sections 200B, 200C and 200E of the Corporations Act is contained in Section 8.3.

Whilst sections 200B and 200C of the Corporation Act are not expected to apply, given the uncertain nature of when the Claim will be successful and when the entitlements to the Management Entitlement Amount under the Management Incentive Program will arise, the Company is seeking Shareholder approval for the avoidance of doubt for the benefits which arise from the participation by the Management Personnel's participation in the Management Incentive Program and their respective entitlements to the Management Entitlement Amount described in Section 7.2 in connection with either of their retirements from office or arising in connection with the transfer of part of the property of the Company (Management Part 2D.2 Benefits).

Accordingly, Resolution 6 seeks Shareholder approval for the purposes of section 200E for the purposes of sections 200B and 200C for the Management Part 2D.2 Benefits provided to the Management Personnel.

9.3 Specific Information required by section 200E of the Corporations Act

The following information is provided to Shareholders for the purposes of obtaining Shareholder approval for the purposes of section 200E of the Corporations Act for the provision of the Management Part 2D.2 Benefits to the Management Personnel.

The value of the benefit relating to the Management Part 2D.2 Benefits provided to the Management Personnel which may arise cannot presently be ascertained. However, the matters, events and circumstances that will, or are likely to, affect the calculation of that value include:

- (a) the amount of any Damages Proceeds received by the Company in relation to the Claim;
- (b) the number of units in the Management Incentive Trust held by each member of the of Management Personnel as described in Section 7.2;
- (c) the determination of the Management Entitlement Amount, based on the Damages Proceeds received by the Company and after payment of any distributions to litigation funders of the Claim and enforcement costs incurred by the Company; and
- (d) the exercise by the trustee of the Management Incentive Trust of its discretionary determination of whether each member of the Management Personnel has satisfied their relevant specific Claim related duties in relation to the Claim as specified by the Company's lawyers.

By way of example if the Claim is successful, then for each \$1,000 of Damages Proceeds received by the Company (after distributions to litigation funders and enforcement costs), \$60 would be paid to

into the Management Incentive Trust and assuming that each member of the Management Personnel are determined to have satisfied their duties, the value of the Management Part 2D.2 Benefit provided to each under the Management Incentive Program would be as follows:

Participant	Entitlement to Management Entitlement Amount (%)	Management Part 2D.2 Benefit (\$) for every \$1,000	
Mr Simon Kersey (units held by Cheyney Arbitration Limited)	20	12	
Mr Dylan Browne	7.5	4.5	
Mr Kazimierz Chojna (units held by Arbileo Advisory Ltd)	20	12	
Mr Miroslaw Taras (units held by Warbo S.A.)	10	6	
Ms Dominikia Kruszynska	5	3	

9.4 Board Recommendation

The Board (excluding Mr Stoikovich and Mr Pearce) recommend that Shareholders vote in favour of Resolution 6.

Schedule 1 - Definitions

In the Notice and this Explanatory Memorandum, words importing the singular include the plural and vice versa.

\$ means Australian Dollars

AGM means an annual general meeting of the Shareholders.

Annual Report means the Directors' Report, the Financial Report, and Auditor's Report, in respect to the year ended 30 June 2020.

Article means an article in the Constitution.

ASX means the ASX Limited ABN 98 008 624 691 and where the context permits the Australian Securities Exchange operated by ASX Limited.

Auditor means the Company's auditor from time to time (being Ernst & Young as at the date of the Notice).

Auditor's Report means the Auditor's report on the Financial Report.

AWST means Australian Western Standard Time, being the time in Perth, Western Australia.

Board means the board of Directors of the Company.

Chairperson means the person appointed to chair the Meeting convened by the Notice.

Claim has the meaning given in Section 7.1.

Closely Related Party means in relation to a member of a Key Management Personnel:

- (a) a spouse or child of the member; or
- (b) has the meaning given in section 9 of the Corporations Act.

Company means Prairie Mining Limited ACN 008 677 852.

Constitution means the constitution of the Company as at the commencement of the Meeting.

Corporations Act means the Corporations Act 2001 (Cth).

Damages Proceeds has the meaning given in Section 7.2.

Director means a director of the Company.

Director Part 2D.2 Benefits has the meaning given in Section 8.3.

Directors' Report means the annual directors' report prepared under chapter 2M of the Corporations Act for the Company and its controlled entities.

Explanatory Memorandum means this explanatory memorandum which forms part of the Notice.

Financial Report means the annual financial report prepared under Chapter 2M of the Corporations Act for the Company and its controlled entities.

Independent Expert means BDO Corporate Finance (WA) Pty Ltd.

Independent Expert's Report means the report of the Independent Expert in Schedule 2.

Key Management Personnel means persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company.

LCM has the meaning given in Section 7.1.

LFA has the meaning given in Section 7.1.

Listing Rules means the listing rules of ASX.

Management Entitlement Amount has the meaning given in Section 7.2.

Management Incentive Program has the meaning given in Section 7.1.

Management Incentive Program Resolutions means Resolutions 4, 5 and 6.

Management Incentive Trust has the meaning given in Section 7.2.

Management Personnel means Mr Simon Kersey, Mr Dylan Browne, Mr Kazimierz Chojna, Mr Miroslaw Taras and Ms Dominikia Kruszynska.

Management Part 2D.2 Benefits has the meaning given in Section 9.2

Managing Director means the Managing Director.

Meeting has the meaning given to that term in the introductory paragraph of the Notice.

Notice means the notice of the Meeting and includes the agenda, Explanatory Memorandum and the Proxy Form.

Proxy Form means the proxy form attached to the Notice.

Related Body Corporate has the meaning given in the Corporations Act.

Remuneration Report means the remuneration report of the Company contained in the Directors' Report.

Resolution means a resolution proposed pursuant to the Notice.

Schedule means a schedule to this Explanatory Memorandum.

Section means a section of this Explanatory Memorandum.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a registered holder of a Share.

Strike means a 'no' vote of 25% or more on the resolution approving the Remuneration Report.

Schedule 2 - Independent Expert's Report







Financial Services Guide

12 November 2020

BDO Corporate Finance (WA) Pty Ltd ABN 27 124 031 045 (we or us or ours as appropriate) has been engaged by Thomson Geer as lawyers for Prairie Mining Limited (Prairie) to provide an independent expert's report on the proposal to pay related parties and key management personnel under a Management Incentive Program. You are being provided with a copy of our report because you are a shareholder of Prairie and this Financial Services Guide (FSG) is included in the event you are also classified under the Corporations Act 2001 (the Act) as a retail client.

Our report and this FSG accompanies the Explanatory Memorandum and Notice of Meeting required to be provided to you by Prairie to assist you in deciding on whether or not to approve the proposal.

Financial Services Guide

This FSG is designed to help retail clients make a decision as to their use of our general financial product advice and to ensure that we comply with our obligations as a financial services licensee.

This FSG includes information about:

- Who we are and how we can be contacted;
- The services we are authorised to provide under our Australian Financial Services Licence No. 316158:
- Remuneration that we and/or our staff and any associates receive in connection with the general financial product advice;
- Any relevant associations or relationships we have; and
- Our internal and external complaints handling procedures and how you may access them.

Information about us

We are a member firm of the BDO network in Australia, a national association of separate entities (each of which has appointed BDO (Australia) Limited ACN 050 110 275 to represent it in BDO International). The financial product advice in our report is provided by BDO Corporate Finance (WA) Pty Ltd and not by BDO or its related entities. BDO and its related entities provide professional services primarily in the areas of audit, tax, consulting, mergers and acquisition, and financial advisory services.

We and BDO (and its related entities) might from time to time provide professional services to financial product issuers in the ordinary course of business and the directors of BDO Corporate Finance (WA) Pty Ltd may receive a share in the profits of related entities that provide these services.

Financial services we are licensed to provide

We hold an Australian Financial Services Licence that authorises us to provide general financial product advice for securities to retail and wholesale clients, and deal in securities for wholesale clients. The authorisation relevant to this report is general financial product advice.

When we provide this financial service we are engaged to provide an expert report in connection with the financial product of another person. Our reports explain who has engaged us and the nature of the report we have been engaged to provide. When we provide the authorised services we are not acting for you.

General Financial Product Advice

We only provide general financial product advice, not personal financial product advice. Our report does not take into account your personal objectives, financial situation or needs. You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice. If you have any questions, or don't fully understand our report you should seek professional financial advice.

BDO

Financial Services Guide

Page 2

Fees, commissions and other benefits that we may receive

We charge fees for providing reports, including this report. These fees are negotiated and agreed with the person who engages us to provide the report. Fees are agreed on an hourly basis or as a fixed amount depending on the terms of the agreement. The fee payable to BDO Corporate Finance (WA) Pty Ltd for this engagement is approximately \$25,000.

Except for the fees referred to above, neither BDO, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the report and our directors do not hold any shares in Prairie.

Other Assignments

BDO has not conducted any other work for Prairie over the period of two years prior to the date of this report.

Remuneration or other benefits received by our employees

All our employees receive a salary. Our employees are eligible for bonuses based on overall productivity but not directly in connection with any engagement for the provision of a report. We have received a fee from Prairie for our professional services in providing this report. That fee is not linked in any way with our opinion as expressed in this report.

Referrals

We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

Complaints resolution

Internal complaints resolution process

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints must be in writing addressed to The Complaints Officer, BDO Corporate Finance (WA) Pty Ltd, PO Box 700 West Perth WA 6872.

When we receive a written complaint we will record the complaint, acknowledge receipt of the complaint within 15 days and investigate the issues raised. As soon as practical, and not more than **45** days after receiving the written complaint, we will advise the complainant in writing of our determination.

Referral to External Dispute Resolution Scheme

A complainant not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the Australian Financial Complaints Authority ('AFCA').

AFCA is an external dispute resolution scheme that deals with complaints from consumers in the financial system. It is a not-for-profit company limited by guarantee and authorised by the responsible federal minister. AFCA was established on 1 November 2018 to allow for the amalgamation of all Financial Ombudsman Service ('FOS') schemes into one. AFCA will deal with complaints from consumers in the financial system by providing free, fair and independent financial services complaint resolution. If an issue has not been resolved to your satisfaction you can lodge a complaint with AFCA at any time.

Our AFCA Membership Number is 12561. Further details about AFCA are available on its website www.afca.org.au or by contacting it directly via the details set out below.

Australian Financial Complaints Authority GPO Box 3 Melbourne VIC 3001

AFCA Free call: 1800 931 678
Website: www.afca.org.au
Email: info@afca.org.au

You may contact us using the details set out on page 1 of the accompanying report.



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Appendix 1 - Glossary and copyright notice

Appendix 2 - Valuation Methodologies

Appendix 3 - Comparable Claims and Incentive Programs

Appendix 4 - Independent Remuneration Report

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12 November 2020

Thomson Geer L27, Exchange Tower 2 The Esplanade PERTH WA Australia 6000

INDEPENDENT EXPERT'S REPORT

1. Introduction

On 1 July 2020, PDZ Holdings Pty Ltd, PDZ (UK) Limited, and PD Co Holdings (UK) Limited, all wholly-owned subsidiaries of Prairie Mining Limited (**Prairie** or **the Company**), entered into a Management Proceeds Deed (**MPD**) with Gragon Pty Ltd (**Trustee**) as a third-party independent Trustee of the PDZ Management Incentive Trust (**the Trust**). The beneficiaries of the Trust include related parties, Key Management Personnel (**KMP**) and other key management staff of Prairie and its subsidiaries (**the Beneficiaries**).

Under the Trust, a Management Incentive Programme (MIP) has been agreed upon and provides the Trustee with the discretion to pay the Beneficiaries, or their nominees, a maximum of 6% (Management Entitlement Amount) of any residual amount received by Prairie arising from the Company's damages claim (Claim) against the Polish Government.

The Claim is in relation to the expropriation of the Company's Jan Karski and Debiensko coking coal mines (the Jan Karski and Debiensko Mines or the Mines).

The residual amount (**Residual Amount**) is any damages or settlement amount awarded to Prairie through the Claim proceedings net distributions to litigation funders and enforcement costs associated with the Claim.

The purpose of the MIP is to incentivise a core Prairie management team who have important historical information and knowledge, to contribute on an ongoing basis to the Claim proceedings. The Prairie management team, that is the Beneficiaries, are:

- Directors, Benjamin Stoikovich and Mark Pearce;
- Chief Financial Officer (CFO) Simon Kersey;
- Company Secretary (CoSec) Dylan Browne, and
- Other key management staff; Kazimierz Chojna, Miroslaw Taras, and Dominikia Kruszynska.

As directors of Prairie, Benjamin Stoikovich and Mark Pearce are related parties (**Related Parties**) of Prairie. They are therefore Related Parties, KMP, and beneficiaries of the Trust. As Related Parties Prairie has determined to seek shareholder approval under Chapter 2E of the Corporations Act 2001 Cth



('Corporations Act' or 'the Act') for their eligibility to participate in the MIP and to receive a maximum of 1.8% and 0.45% respectively (together 2.25%) of any Residual Amount (see Section 3.1.1).

Prairie has also determined to seek shareholder approval under Part 2D.2 of the Act for the participation of all Beneficiaries in the Management Entitlement Amount of 6% that may be paid under the MIP. This approval allows for payment of benefits should an individual retire from their position of employment, subject to continuing to meet the conditions of their participation (see Section 3.1.2).

2. Summary and Opinion

2.1 Purpose of the report

The directors of Prairie have requested that BDO Corporate Finance (WA) Pty Ltd (BDO) prepare an independent expert's report (Report) to express an opinion on whether the amounts proposed to be paid to the Beneficiaries under the MIP is Fair and Reasonable to the non-associated shareholders of Prairie (Shareholders).

Our Report is prepared under Part 2D.2 and Chapter 2E of the Corporations Act and is to be included with the Notice of Extraordinary Meeting and Explanatory Memorandum (NOM) seeking shareholder approval. Our Report is to assist the Shareholders of Prairie in their decision on whether to approve the Benefits set out under Resolutions 4 to 6 of the NOM.

Resolutions 4 to 6 propose the payment of capped percentages under the MIP to the Beneficiaries. These percentages are benefits under Part 2D and Chapter 2E of the Corporations Act (Benefits) and therefore require shareholder approval.

2.2 Approach

Our Report has been prepared having regard to the Australian Securities and Investments Commission (ASIC) Regulatory Guides:

- 76 Related party transactions (RG 76);
- 111 Content of expert's reports (RG 111), and
- 112 Independence of experts (RG 112).

In arriving at our opinion, we have assessed the terms of the MIP, more fully set out in the Prairie Explanatory Memorandum, and the Company profile, and histories of the Mines and Claim as summarised in the body of this report.

We have considered:

- Whether the 2.25% of the Residual Amount which may be paid to the Related Parties under certain conditions, will result in a fair outcome for non-associated shareholders;
- Whether the participation of KMP and other key management staff, including the Related Parties
 in the MIP following retirement from office, and subject to their contribution to the Claim
 proceedings, will result in a fair outcome for non-associated shareholders;
- Other factors which we consider to be relevant to the Shareholders in their assessment of the Resolutions, and
- The position of Shareholders should the Resolutions not be approved.



2.3 Opinion

We have considered the Benefits set out under Resolutions 4 to 6 within the NOM and the information summarised in the body of this report, and have concluded that the Benefits are Fair and Reasonable to non-associated Prairie Shareholders.

2.4 Fairness

ASIC regulatory guidance (RG 111.57) states that a transaction is Fair if the value of the benefit to be provided by the entity to a related party is equal to or less than the value of the consideration being provided to the entity. This comparison should be made assuming a knowledgeable and willing, but not anxious, buyer, and a knowledgeable and willing, but not anxious, seller acting at arm's length.

In considering Fairness we have relied on two assessments. Assessment One is a comparative analysis with like MIPs. Assessment Two considers whether the Benefits that may be provided to the Beneficiaries are equal to or less than the consideration provided to Prairie (RG 111.57).

In assessing whether the Benefits are Fair to the non-associated Shareholders of Prairie, we have required a fairness conclusion on both assessments. That is that the Prairie MIP falls within the comparable range of other MIPs, *and* the Benefits that may be provided to the Beneficiaries are equal to or less than the consideration to be received by Prairie.

Sections 7 and 8 of this Report set out our analysis of both assessments under which we determined that the Benefits under the MIP in Resolutions 4 to 6 of the NOM are Fair.

An overview of these assessments follow.

Assessment One:

For Assessment One we conducted an extensive search of public sources to identify comparable arbitration claims with state based enterprises or governments. We then identified those companies that had implemented incentive structures comparable to the Prairie MIP (see Section 7.1).

We identified three companies with incentive structures that paid on the gross proceeds from a successful claim and one, other than Prairie, that paid incentive amounts on the net proceeds. We also identified one company as having two incentive structures. One on gross and the other on net proceeds. This company was excluded from our analysis when forming our final opinion on Fairness.

We compared the Prairie MIP against the final four incentive structures on both a gross and net basis. Following this analysis we concluded that as the maximum Benefits (6% Management Entitlement Amount) of the Residual Amount that may be received by the Beneficiaries is within the net *and* gross proceeds ranges they are considered Fair under this assessment.

Further, as the maximum Benefits (6% Management Entitlement Amount) of the Residual Amount that may be received by each Beneficiary (see Section 4.2), is less than the midpoints for all comparable MIPs they are considered Fair under this assessment.

We therefore conclude under Assessment One that the Benefits proposed under Resolutions 4 to 6 of the Prairie NOM are Fair.



Assessment Two:

For Assessment Two we conducted a comparison between the Benefits received by the Beneficiaries against the Residual Amount to be received by Prairie.

As the maximum Benefits (percentages) of the Residual Amount that may be provided to the Related Parties, both individually and together, are less than the percentage allocated to Prairie, they are considered Fair under this assessment.

As the maximum Benefits (percentages) of the Residual Amount that may be provided to the KMP and other management staff, both individually and together, is less than the percentage allocated to Prairie they are considered Fair under this assessment.

We therefore conclude under Assessment Two that the Benefits that may be provided under Resolutions 4 to 6 of the Prairie NOM are Fair under this assessment.

2.5 Reasonableness

We have considered our analysis in Section 9 of this report, in terms of the:

- Advantages and disadvantages of the Resolutions.
- The position of Shareholders if the Resolutions are not approved.
- An opinion from BDO Remuneration and Reward, on the reasonableness of the Management Entitlement Amount as a form of remuneration.

BDO Remuneration and Reward is remuneration specialist who is independent of Prairie and the Beneficiaries and has concluded that in the circumstances the Management Entitlement Amount of 6% is reasonable remuneration. The opinion is attached to this Report at Appendix 4.

Having considered the above we are of the opinion that the position of Shareholders if Resolutions 4 to 6 are approved is more advantageous than the position if the Resolutions are not approved. Accordingly, in the absence of any other relevant information, we believe that the Benefits are Reasonable for Shareholders.

The respective advantages and disadvantages to non-associated Shareholders that were considered are summarised below:

Advantages	Disadvantages
The Benefits are Fair	Loss of Claim proceeds
Prairie retains historical and working knowledge of the Jan Karski and Debiensko Mines and Claim	Unknown value of the Benefits
Prairie will receive 94% of any damages or settlement amount (net of amount due to LCM and enforcement costs) awarded	



Advantages Disadvantages

The Management Entitlement Amount of 6% and Benefits are capped

The Benefits will be paid from the claim damages or settlement

The Benefits will not be paid if any claim damages or settlement amount is less than claim distributions and costs

The MIP is conditional

No Shareholder dilution

Other key matters we have considered include:

Description

If the Resolutions are not approved the MIP may lapse or be amended, and the Beneficiaries may not agree to any new terms.

Should they no longer contribute to the Claim proceedings the ability of Prairie to fulfil the Claim Solicitors' requests, as and when required may be compromised, particularly given the history of the Mines and the Claim.

This may jeopardise the standard of Claim or the continued willingness of LCM to fund the Claim.

3. Scope of the Report

3.1 Purpose of the Report

The purpose of this Report is to provide an independent expert opinion on whether the:

- Chapter 2E financial benefits that may be received by Related Parties under the MIP is Fair and Reasonable to the non-associated shareholders of Prairie, and
- Part 2D.2 benefits that may be received by KMP, including Related Parties, and other key
 management staff under the MIP is Fair and Reasonable to the non-associated shareholders of
 Prairie.



3.1.1. Chapter 2E Related Party financial benefits

Chapter 2E of the Act requires a public company to obtain shareholder approval when giving a financial benefit to a related party unless an exception applies and the directors of the company choose not to rely on that exception.

What constitutes a financial benefit, who are related parties, and the exceptions to shareholder approval are set out under Chapter 2E. The exceptions that may apply in these circumstances include an arm's length exception and reasonable remuneration exception however, the directors of Prairie have decided instead of seeking to rely on these exceptions that it is in the best interests of all parties to seek shareholder approval.

When shareholder approval is sought, the company must lodge with the ASIC the material that will be put to members. RG 76 sets out the information expected to be in the explanatory statements to the resolution being put to shareholders and requires, when necessary, an independent valuation of the financial benefit, particularly if the financial benefit is an issue of securities or involves the sale or purchase of an asset.

Resolutions 4 and 5 do not include an issue of securities or sale or purchase of an asset however they do involve a capped percentage of any Residual Amount awarded to Prairie following a successful Claim.

The Related Party financial benefits are capped at 1.8% for Benjamin Stoikovich, and 0.45% for Mark Pearce (together 2.25%), of the Residual Amount (see Section 4. 2).

The Residual Amount is any damages or settlement amount awarded through the Claim proceedings net distributions to the litigation funders and enforcement costs. The distributions to the litigation funders and enforcement costs are set out under Section 7.1 of the Prairie Explanatory Memorandum. These are the repayment of any funds drawn plus an amount equal to between two and five times the total of any funds drawn from the funding facility during the first five years, depending on the time frame over which funds have remained drawn, and then a 30% interest rate after the fifth year until receipt of damages payments.

BDO has been commissioned to provide an opinion on whether the Related Party financial benefits are Fair and Reasonable to the non-associated shareholders of Prairie.

3.1.2. Part 2D.2 Retirement from office benefits

Part 2D.2 of the Act restricts the benefits which can be given to individuals who hold a managerial or executive office in connection with the retirement from their position of employment in a company or its related bodies corporate or associated with the transfer of the whole or any part of the undertaking or property of the Company. Persons who hold a managerial or executive office are the Prairie Related Parties, KMP, and other key management staff.

To give a benefit in connection with an individual's retirement from an office, a company must obtain the approval of Shareholders.

The meaning of benefit, managerial and executive office and the exemptions to shareholder approval are set out under Part 2D.2. Given the uncertain nature and timing of the Claim, the directors of Prairie have determined they will seek the approval of non-associated shareholders under Resolutions 4 to 6 to pay eligible Beneficiaries their allocated percentages of the Management Entitlement Amount (see Section 4.2) should they retire from their position. This remains subject to them continuing to meet the conditions of the MIP.



Resolutions 6 does not include an issue of securities or sale or purchase of an asset however it does involve a capped percentage of any Residual Amount awarded to Prairie following a successful Claim.

BDO has been commissioned to provide an opinion on whether the payment of any Part 2D.2 benefits are Fair and Reasonable to the non-associated shareholders of Prairie.

3.2 Regulatory guidance

Neither the Listing Rules nor the Corporations Act defines the meaning of Fair and Reasonable. In determining whether the Benefits are Fair and Reasonable, we have had regard to the views expressed by ASIC in RG 111. This regulatory guide provides guidance as to what an independent expert should consider to assist security holders to make informed decisions about transactions.

RG 111 suggests that when an expert assesses whether a related party transaction is 'Fair and Reasonable' for the purposes of Chapter 2E this should not be applied as a composite test—that is, there should be a separate assessment of whether the transaction is 'Fair' and 'Reasonable'. An expert should not assess whether the transaction is Fair and Reasonable based simply on a consideration of the advantages and disadvantages of the proposal.

The consideration of a related party transaction under RG111 also requires the expert to opine on whether the resolutions proposed result in a control transaction. As stated under 3.1, Resolutions 4 to 6 do not include an issue of shares, nor do they result in an acquisition or increase in a controlling stake in Prairie and therefore are not a control transaction. The benefit in the considered resolutions are in the form of an amount, likely cash, which will be paid out of any successful claim for damages.

There are no statutory or regulatory requirements for an independent experts opinion on the fairness and reasonableness of Benefits received under Part 2D.2 of the Act however, we have determined that the guidance for related party transactions under RG 111 is relevant.

As such, we have used RG 111 as a guide for our analysis and have not treated the Resolutions as if they were a control transaction, asset acquisition, or disposal. Rather, the Benefits are in the form of long term incentive remuneration.

3.3 Adopted basis of evaluation

RG 111.57 states that a transaction is Fair if the value of the benefit to be provided by the entity to a related party is equal to or less than the value of the consideration being provided to the entity. This comparison should be made assuming a knowledgeable and willing, but not anxious, buyer, and a knowledgeable and willing, but not anxious, seller acting at arm's length.

As we do not consider the Resolutions, either individually or together, to be a control transaction a control premium is not relevant to our analysis on fairness.

A proposed related party transaction is Reasonable if it is fair. It might also be reasonable if despite being not fair the expert believes that there are sufficient reasons for shareholders to vote for the transaction.

If an expert concludes that a related party transaction is not Fair, but Reasonable, the expert should clearly explain the meaning of this opinion and why the expert has reached this conclusion.



Having regard to the above, BDO has completed its analysis in four parts, taking all material terms of the proposed Resolutions and MIP into account.

The first two go to the fairness of Resolutions 4 to 6 (see Section 8 'Are the Benefits fair?') and the third and fourth to reasonableness of the same Resolutions. (see Section 9 'Are the Benefits Reasonable?').

The four parts are:

- A comparison of the Management Entitlement Amount of 6% against similar arbitration cases and management incentive programs;
- A comparison between the Benefits agreed by the Beneficiaries against the amount to be received by Prairie;
- An opinion from BDO Remuneration and Reward, on the reasonableness of the Management Entitlement Amount of 6% as a form of remuneration, and
- An investigation into other significant factors to which Shareholders might give consideration, before approving the Resolutions, after reference to the fairness assessment described above.

It is important to note that an assessment of remuneration for reasonableness is a different test to Fair and Reasonable.

Reasonable Remuneration is an assessment between company and individual taking into consideration the circumstances of both whereas a reasonableness assessment for a Fair and Reasonable opinion is based on the advantages, disadvantages and consequences of not approving a transaction.

This assignment is a Valuation Engagement as defined by Accounting Professional & Ethical Standards Board professional standard APES 225 'Valuation Services' ('APES 225').

A Valuation Engagement is defined by APES 225 as follows:

'an Engagement or Assignment to perform a Valuation and provide a Valuation Report where the Valuer is free to employ the Valuation Approaches, Valuation Methods, and Valuation Procedures that a reasonable and informed third party would perform taking into consideration all the specific facts and circumstances of the Engagement or Assignment available to the Valuer at that time.'

This Valuation Engagement has been undertaken in accordance with the requirements set out in APES 225.

4. Outline of the MIP

After entering into a litigation funding agreement (LFA) with LCM Funding UK Limited (LCM), Prairie established the MIP to retain key management personnel who have important historical information and knowledge on the Jan Karski and Debiensko Mines and can contribute to the efficient progression of the Claim. The MIP is characterised by Prairie as a long term incentive plan (LTIP) and we have taken this into consideration by seeking the opinion of a remuneration specialist.

Generally, the purpose of a LTIP is to reward directors and KMP for reaching specific goals that lead to increased shareholder value. Each of the prospective recipients is usually required to reach stated hurdles or fulfil stated requirements.

The Prairie MIP takes the form of a corporate trust of which the Related Parties, KMP, and other key management staff are named beneficiaries. Under the Trust, the Trustee has the discretion to distribute to the Beneficiaries a proportion of the maximum of 6% of any Residual Amount received by Prairie arising



from the Company's Claim against the Polish Government in relation to the Jan Karski and Debiensko Mines.

If the Claim does not result in damages or a settlement amount that is greater than the distributions to litigation funders and enforcement costs associated with the Claim, the Beneficiaries will not receive any payment under the MIP.

4.1 Allocation of Claim Damages or Settlement Amount

Any Claim damages or settlement amount awarded will be paid in the following priority:

- 1. Distributions to litigation funders and enforcement costs (these are set out under Section 7 of the Prairie Explanatory Memorandum);
- 2. Prairie (the Residual Amount), then to the
- 3. Management Entitlement Amount. The Management Entitlement Amount is 6% of any Residual Amount received by Prairie.

That is, any damages or settlement received will be firstly applied towards payments due to the litigation funders and costs. Any residual amount will be allocated to Prairie (94%) and the Beneficiaries (6%).

4.2 Management Entitlement Amounts under the MIP

The Beneficiaries and proposed proportional entitlements to the Residual Amount and Management Entitlement Amount are detailed in the following table.

Beneficiaries (or their nominees)	Role		% of Residual Amount	% of the Management Entitlement Amount
Prairie			94%	-
Ben Stoikovich	Director and Chief Executive Officer	Related Party & KMP	1.80%	30% of the 6%
Mark Pearce	Non-executive Director	Related Party & KMP	0.45%	7.5% of the 6%
Simon Kersey	Chief Financial Officer	KMP	1.2%	20% of the 6%
Dylan Browne	Company Secretary	KMP	0.45%	7.5% of the 6%
Kazimierz Chojna	Management	Key Staff	1.2%	20% of the 6%
Miroslaw Taras	Management	Key Staff	0.60%	10% of the 6%
Dominika Kruszynska	Management	Key Staff	0.30%	5% of the 6%
			100%	100% of the 6%

4.3 The obligations of the Beneficiaries under the MIP

Under the MIP the Beneficiaries each have duties that are relevant to the progression of the Claim until its outcome. These duties will be determined and requested by the Solicitors to the Claim, through the Trustee as the Claim progresses. However, broadly they are to assist with the claim proceedings when required by the Claim Solicitors and to be reasonably available up until an outcome on the Claim proceedings.



4.4 Mechanism for any distributions under the MIP

Following successful completion of the Claim, the distribution of costs, and receipt of any Residual Amount by Prairie, the Trustee will determine whether the Beneficiaries have satisfied and performed all duties which the Claim Solicitors required of them. If a beneficiary is assessed by the Trustee as having satisfied all Claim related duties, the Trustee will distribute to the beneficiary the percentage of the Management Entitlement Amount they are entitled to under the Deed. That is their allocated percentage as set out under 4.2 above.

For those Beneficiaries assessed by the Trustee as not having satisfied the requested duties, or unable to, the proportion of the Management Entitlement Amount otherwise due to them will be retained by Prairie.

In circumstances where the Claim is not found to be in Prairie's favour, or the claim damages or settlement amount is equal to or less than the distributions and enforcement costs of the Claim, a Management Entitlement Amount will not eventuate and the Beneficiaries will not receive a Benefit under the MIP.

5. Profile of Prairie Mining Limited and the Claim

5.1 Background

Prairie (formerly Prairie Downs Metals Limited) is an Australian Securities Exchange, London Stock Exchange, and Warsaw Stock Exchange listed exploration and development company, with coking coal mines located in the Republic of Poland. The Company's flagship assets are the Jan Karski Mine located in the Lublin Coal Basin in south-east Poland, and the Debiensko Mine located in the Upper Silesian Coal Basin in south-west Poland. The Company was incorporated in 1957 and is based in Perth, Western Australia.

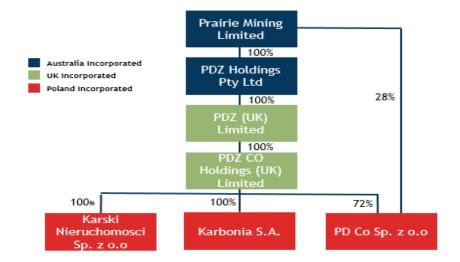
The current board of directors are:

- Ian Middlemas Chairman, appointed a Director in 2011;
- Benjamin Stoikovich Director and CEO, appointed in 2013;
- Carmel Daniele Non-Executive Director, appointed 2015;
- Thomas Todd Non-Executive Director, appointed 2014;
- Mark Pearce Non-Executive Director, appointed 2011, and
- Todd Hannigan Alternate Director to Thomas Todd, appointed 2014.

Of the Prairie directors only Benjamin Stoikovich and Mark Pearce are beneficiaries of the MIP. As directors they are Related Parties of Prairie and may receive a financial benefit, subject to contribution conditions under the MIP. They are also considered KMP under the MIP and therefore will remain entitled to the benefit, subject to their contribution, should they retire from office.

Prairie's corporate tree showing its wholly-owned subsidiaries is outlined below. PDZ Holdings Pty Limited, PDZ (UK) Limited, and PD CO Holdings (UK) Limited are the claimants to the Claim.





5.2 Projects

Jan Karski Mine

The Jan Karski Mine (formerly Lublin Coal Project) is a large scale semi-soft coking coal project located in the Lublin Coal Basin, an established coal-producing province in south-east Poland. The concession areas on which the Jan Karski Mine is situated were first subject to exploration drilling in the late 1960s, with substantial drilling being undertaken by the Polish Government during the 1970s and 1980s. The original concessions covered an area of approximately 182km².

Prairie acquired a 100% interest in the Jan Karski Mine in August 2012 after the exploration licenses were granted by Poland's Ministry of the Environment (MoE) to Prairie's wholly-owned subsidiary, PD Co Sp. z o.o. The Project comprises the Kulik, Cycow, Syczyn, and Kopina exploration concessions, and is located adjacent to the Bogdanka Coal Mine that is owned and operated by Lubelski Wegiel Bogdanka S.A (Bogdanka). Upon acquisition, Prairie announced that it would focus on evaluating the data from previous exploration activities, and would look to undertake further exploration and drilling activities over the following months.

In July 2013, Prairie commissioned a scoping study, to assess the technical and economic feasibility of the Jan Karski Mine. Results of the study were announced in April 2014, and indicated the potential of the project to be developed as a large scale mine, with the ability to produce both semi-soft coking coal and premium thermal coal. The Company subsequently announced that it would continue drilling and aim to commence a pre-feasibility study (**PFS**) over the subsequent period.

In February 2015, Prairie announced that it had secured an additional coal exploration concession at the Jan Karski Mine. The new concession is known as Sawin-Zachód, and comprises 54km², bringing the total project area to approximately 235km². The Sawin-Zachód concession was subject to historical drilling by the Polish Government, and the Company believes it has the potential to increase the coal resource and future mine life of the project.

The PFS was completed in March 2016, which confirmed the technical and economic viability of the Jan Karski Mine to be developed as a large-scale, long-life coal mine. The PFS outlined a JORC 2012 initial Marketable Ore Reserve of 139.1 million tonnes (Mt) of coal, with the project supporting an average



steady state production of 8.0Mt per annum (Mtpa) over a 24-year life-of-mine. The Company subsequently announced that it had entered into a financing and construction cooperation agreement with China Coal No.5 Construction Company Limited (CC5C) with the intention of completing a bankable feasibility study (BFS) in 2017.

In April 2018, Prairie announced that it had commenced legal proceedings against Poland's MoE (refer Section 5.3 for further details on the Claim history).

Debiensko Project

The Debiensko Project is a hard coking coal project located in the Upper Silesian Coal Basin in south-west Poland. The mine was originally opened in 1898 and was operated on by various Polish mining companies up until 2000, when mining operations were terminated due to a downturn in global coal prices. Operations were restarted in 2006 by New World Resources Plc, and the project was granted a 50-year mine license in 2008.

Prairie acquired the Debiensko Project in October 2016 through the purchase of 100% of the shares in NWR Karbonia S.A. for a consideration of A\$0.7m (EUR0.5m), and deferred contingent cash consideration of A\$2.2m) (EUR1.5m). The acquisition included the 50-year mining concession, and established on-site facilities, as the Company announced that it intended to progress the project to produce an updated MRE, and a feasibility study with a focus on near-term production. Prairie would subsequently apply to the MoE to amend the mining concession, to extend the first production of coal from 2018 to 2025.

Prairie completed a scoping study in March 2017, which outlined the technical and economic viability of the Debiensko Project. The Company subsequently announced that it aimed to complete a feasibility study on the project. Over the following year, Prairie continued exploration works program in preparation for future studies, and commence discussions with steel makers and coke producers for future sales and offtake agreements.

In May 2018, the Company announced that its application to amend the 50-year mining concession had been denied by the MoE, with Prairie stating that it would appeal the Polish MoE's initial decision. Activity at the project has been restricted to site planning and drill hole analysis as proceedings have escalated, as outlined in Section 5.3.

5.3 Background to the Claim

On 7 February 2014, Prairie announced the commencement of an Environmental and Social Impact Assessment (ESIA) at the Jan Karski Mine. The Company announced that 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 for the grant of a mining license over the Company's concessions.

On 13 February 2014, the Company announced that it had signed an agreement with the Polish MoE to obtain the rights to use a completed set of detailed historical exploration data for the Jan Karski Mine, which gives Prairie the legal title to use the data as part of the mine permitting process. The Company announced that securing this agreement with the MoE was a further pre-requisite for the commencement of the mine permitting process under Polish law.



On 28 August 2014, Prairie announced the completion of a seven hole drilling program in accordance with the terms of Prairie's exclusive exploration concessions for the Jan Karski Mine. Completion of the drilling program satisfied all of the conditions of the minimum works program specified in the agreements with the Company and the Polish Government. The Company announced that it would rapidly progress towards the mining concession phase of the permitting progress by submitting Geological Documentation to the Government in the coming months.

On 1 July 2015, Prairie announced that following the approval of its Geological Documentation, the Company had secured an exclusive right to be granted a mining concession for the Jan Karski Mine. This meant that Prairie was the only legal entity that could apply for a mining concession over the Jan Karski Mine for the period up until 2 April 2018. In Poland, a Mining Usufruct Agreement (a mining concession application) must succeed the approval of a Deposit Development Plan (DDP), an ESIA, and an application to rezone land where mining surface infrastructure is to be located (Spatial Development Plan).

On 28 April 2016, the Company released its March 2016 quarterly activities report, which outlined that Bogdanka had lost its administrative complaint case against Poland's MoE in relation to Prairie's rights over the Cycow concession.

In December 2016, Prairie applied to the MoE to amend the 50-year mining concession at the Debiensko Project to extend the time stipulated for the first production of coal from 2018 to 2025.

Throughout May and August 2017, Prairie announced the approval of a DDP and a Spatial Development Plan at the Jan Karski Mine. Subsequently, on 30 November 2017, the Company announced that it had submitted an ESIA for Environmental Consent, and would begin the preparation of a mining concession application at the project.

On 3 April 2018, the Company announced that it had not yet received the required Environmental Consent Decision. Prairie had the legal right to lodge a mining concession application up until 2 April 2018, which had expired as of the date of the announcement. The Company also announced that they had applied for a Mining Usufruct Agreement in December 2017, preventing any third-party from being granted a license over any or part of the concessions. Under Polish law, the MoE is strictly obligated to grant the agreement within three months of application. As the Company had not yet received approval, it commenced legal proceedings against the MoE through the Polish courts in order to protect the Company's security of tenure over the Jan Karski concessions.

On 26 April 2018, the Company announced that the Polish Civil Court had ruled in Prairie's favour by granting an injunction, preventing the MoE from granting any mining concessions or agreements with any other party until court proceedings were concluded. Additionally, the Company announced that the Lublin Regional Director for the Environment (LRDE) had issued an official notification indicating that a decision regarding Environmental Consent would be concluded by 30 June 2018. The LRDE subsequently released an official notification that the decision would be extended past 30 June 2018, due to further information requests to supplement Prairie's original ESIA.

On 28 May 2018, the Company announced that it had received an initial (non-binding) and appealable, first instance decision from the MoE that had denied the Company's application to amend the 50-year mining concession for first production of coal from 2018 to 2025 at the Debiensko Project. The Company stated that it would appeal the decision on the basis that its justification for denial was fundamentally flawed. Additionally, the Company outlined that under Polish administrative law, a decision from the MoE has a maximum statutory deadline of two months, which is substantially lesser than the 17 months taken to issue Prairie with a decision.



On 18 January 2019, Prairie provided an update to the status of their concessions at the Jan Karski and Debiensko Mines. The Company announced that the Supreme Administrative Court in Poland had finally rejected Bogdanka's complaints against the MoE regarding the refusal of their 2013 application for a mining concession over Prairie's Cycow concession. The Company also announced that it had received a second instance decision from the MoE to deny Prairie's application to extend the production of first coal at the Debiensko project to 2025. It was announced that this decision may result in the MoE proceeding to limit or withdraw the Debiensko concession.

On 13 February 2019, the Company announced that it had formally notified the Polish Government that a dispute existed between the two parties. The dispute arose out of certain measures by the Polish Government that was in breach of multiple investment and charter treaties. Prairie's notification called for prompt negotiations with the Government to resolve the dispute, and the Company announced that if the dispute was not resolved amicably, the Company would have the right to submit the dispute to international arbitration.

On 9 April 2019, the Company announced that an Appeal Court in Warsaw had overturned the Civil Court's April 2018 decision, and lifted Prairie's injunction preventing the granting of any mining concessions or agreements with other parties at the Jan Karski Mine. The Company additionally announced that it was in discussions with Jastrzębska Spólka Węglowa SA for the potential sale of the Debiensko and Jan Karski Mines.

On 31 December 2019, Prairie announced that a press release had been issued by Bogdanka indicating that they had been awarded a mining concession by the relevant Polish Government authorities for the Cycow deposit area, which was an integral part of Prairie's plans at the Jan Karski Mine. The Company stated that it was working with its legal advisers to prepare submissions and to finalise funding for the international arbitration claims.

On 1 July 2020, the Company announced that it had secured \$18 million through a litigation funding agreement with LCM to pursue international arbitration claims against the Republic of Poland. The facility would be available for immediate draw down to cover costs associated with the claim and is repayable in the event that a damages award is recovered from the Republic of Poland.

On 9 September 2020, the Company announced that it had formally commenced international arbitration proceedings by serving Notices of Arbitration under both the Energy Charter Treaty and the Australia-Poland Bilateral Investment Treaty on the Republic of Poland. Prairie's Claim for damages included the value of historic expenditure in developing the Jan Karski and Debiensko Projects, lost profits, and damages arising as a result of the Polish Government's acts and omissions, accrued interest related to any damages, and all arbitration costs.

6. Approach adopted to assess Fairness

In assessing the Benefits to be received under the Resolutions we must determine the value of any benefit to be received by the Beneficiaries.

The Benefits that may be received by each of the Beneficiaries and assessed by the Trustee as being payable as a consequence of the fulfilment of the duties requested by the Claims Solicitor, are set out under Section 4.2.



The Benefits will only be received following a successful Claim, receipt of damages or settlement amount, and after distribution of litigation funders and enforcement costs (see Section 4.1 for the allocation priority of claim damages or settlement amount).

To assess the value of the Benefits we have considered an assessment of absolute and relative value. Absolute value examines the intrinsic value of an asset or company and its shares without comparing it to others. Relative value is based on a comparison with the value of like assets, or companies across appropriate criteria. A relative value is a Market Value (see methodology outlined under Appendix 2).

To assess the Benefits by relying on an absolute value approach requires the expert to value the benefit to be received by the Beneficiaries against the consideration being received by Prairie.

The Benefits are set out above under 4.2 and total 6% of any Residual Amount received by Prairie. This Residual Amount is after the satisfaction of all Claim distribution and enforcement costs. The consideration to be received by Prairie is the value of the ongoing contribution of the Beneficiaries to the Claim proceedings and, any benefit Shareholders will receive from a successful Claim.

When adopting the absolute value approach the following methodologies are commonly used to value a business or the shares of a company:

- Capitalisation of future maintainable earnings
- Discounted cash flow
- Quoted market price basis
- Net asset value

A summary of each of these methodologies is outlined in Appendix 2.

In determining the appropriateness of these methodologies in assessing the fairness of the proposed Benefits, the Claim amount sought by Prairie through the Claim proceedings should be considered.

We note the 1 July 2020 announcement by Prairie which states:

"The quantum of any Claim for compensation may include, but will not be limited to:

- The value of Prairie's historic expenditure in developing both the Jan Karski and Debiensko mines:
- Lost profits and damages that the Company has suffered as a result of Poland's acts and
 omissions which have resulted in the expropriation of both the Jan Karski of Debiensko mines,
 which is linked to the considerable Net Present Value of both mines at the time of Poland's
 international treaty breaches; and
- Accrued interest related to any damages award and all costs associated with pursuing the Claims to Arbitration

The Company is not able to make any further comment in relation to the potential quantum of any claim for compensation at this point."

There has been no update to the quantum of the Claim announced since 1 July 2020.



Taking the above into consideration BDO has determined that an assessment of a reasonably reliable absolute value of a Claim Amount based on the above methodologies, or the Claim quantum to approximate the quantity of any benefit to be received is not available to us because:

- Neither the Benefits nor the consideration received by Prairie is based on the value of Prairie or
 the Market Value of the Jan Karski and Debiensko Mines. Prairie has announced that any claim for
 damages may include but is not limited to, the value of historic expenditure lost profits, and
 damages the company has suffered as a result of Poland's expropriation of both the Jan Karski and
 Debiensko Mines, accrued interest, and costs.
- The Claim Amount to be sought is to be determined by a separate litigation expert engaged as part of Claim proceedings who will utilise parameters justifiable under claim proceedings.
- We would be required to pre-empt the Claim Amount based on assumed parameters without reference to the litigation expert's valuation and therefore our assumptions may not be reliable or reasonably based.
- The Claim Solicitors' precise demands of the Beneficiaries is unknown.
- The probability of a successful Claim and the time required to achieve an outcome cannot be reliably estimated.
- The claim proceedings are currently confidential.

As a consequence of the above, we have concluded that it is not appropriate, possible, or in the best interests of Shareholders to value the Jan Karski and Debiensko Mines using an absolute value approach.

We are also unable to approximate an absolute value for the Beneficiary contributions because at this point in the Claim proceedings the duties to be requested by the Claim Solicitors is unknown.

We have determined that the most appropriate approach is therefore a relative value approach. We have undertaken this assessment in two ways:

- A comparison of the Management Entitlement Amount of 6% against similar arbitration cases and management incentive programs, and
- A comparison between the Benefits that may be received by the Beneficiaries against the Residual Amount to be received by Prairie.

To conclude that the Benefits are Fair to the non-associated Shareholders of Prairie, we require a fairness conclusion on both assessments. That is that the Prairie MIP falls within the comparable range of other MIPs, and the Benefits that may be provided to the Beneficiaries are equal to or less than the consideration to be received by Prairie.

7. Analysis of Fairness

The Benefits are Fair if the value of the Benefits to be provided by Prairie to the Beneficiaries are equal to or less than the value of the consideration received by Prairie.



7.1 Assessment One

BDO has conducted an extensive search of various sources, including the World Bank's International Centre for Settlement of Investment Disputes caseload, and the United Nations Trade and Development Investment Dispute Navigator, to identify comparable arbitration claims with state based enterprises or governments. We then identified those companies that had implemented incentive structures comparable to the Prairie MIP.

Comparability of an incentive program was on the basis that participants in the program were:

- Primarily directors and management;
- Retained on a percentage of any damages or settlement amount received, and
- Awarded according to an assessment on contribution to the Claim.

The search was not industry-specific.

The following five companies were identified as having undergone arbitration and have incentive programs comparable to the Prairie MIP.

All companies are listed on a Stock Exchange and identification of the incentive programs was likely made possible as a result of their remuneration and incentive disclosure obligations to shareholders. Other comparable MIPs may exist however not identifiable as the information is not publically available.

Further details on each of the companies and claims can be found under Appendix 3.

Company	Participants	Max. % Gross Proceeds Awarded	Max. % Net Proceeds Awarded
Prairie	Directors, KMP, and management staff		6%
Crystallex International Corp.	Key executives		10% up to US\$700m 2% over US\$700m
Eco Oro Minerals Corp.	Key personnel	5%	
Gabriel Resources Ltd	Directors, key management, employees, experts	7.5% up to US\$500m 2.5% over US\$500m	
Gold Reserve Inc.	Directors, executives, employees, and consultants	1.28% up to US\$200m 6.4% thereafter	
Rusoro Mining Ltd. (Two success fees to be awarded)	Lenders, directors, and management	15%	
	Directors and management		2%*

^{*}This is in addition to any entitlement under the 15%

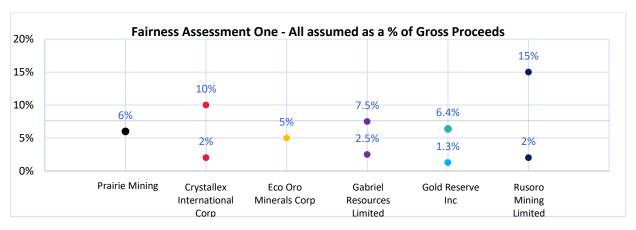
Source: BDO Analysis

In plotting each of the comparable MIPs in the following diagram we have assumed that all distributions will be a percentage of gross rather than net proceeds. This is because we cannot accurately estimate the amount of claim proceeds under the comparisons. This means that the Prairie, Crystallex International



Corp (Crystallex), and the 2% Rusoro Mining Ltd (Rusoro) distributions percentages are in effect assumed to be on the basis of gross rather than net proceeds.

We have also considered Crystallex International Corp, Gabriel Resources Ltd, and Gold Reserve Inc. under both the lower and higher percentage scenarios depending on final claim amount.



Source: BDO Analysis

In determining a range of percentages, we have excluded Rusoro as the terms of the two MIPs are not sufficiently transparent to make a confident assessment of their comparability to the Prairie MIP. The 15% MIP takes into account discounted services and the forgiveness of select obligations of the participants and the 2% program is likely to take this into consideration.

MIP Ranges	Low %	Midpoint %	High %
Percentage of Net Proceeds*	2	4	10
Percentage of Gross Proceeds	1.28	3.11	7.5

^{*}There is only one comparable MIP (Crystallex), other than Prairie that falls into this category.

Conclusion on Assessment One

As the maximum Benefits (6% Management Entitlement Amount) of the Residual Amount that may be received by the Beneficiaries is within the net and gross proceeds ranges they are considered Fair under this assessment.

As the maximum Benefits (6% Management Entitlement Amount) of the Residual Amount that may be received by each Beneficiary (see Section 4.2), is less than the midpoints for comparable MIPs they are considered Fair under this assessment.



We therefore conclude under Assessment Two that the Benefits proposed under Resolutions 4 to 6 of the Prairie NOM are Fair.

7.2 Assessment Two

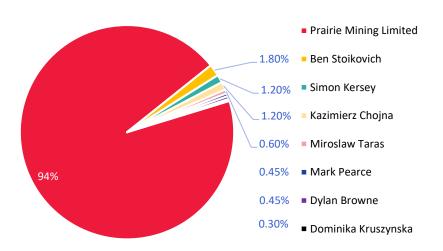
If the Claim is successful and damages or a settlement amount greater than the Claim distribution and enforcement costs is received by Prairie, Prairie will receive 94% of the Residual Amount. The Beneficiaries will receive the remaining 6% provided they have been assessed by the Trustee as having fulfilled their contribution requested by the Claim Solicitors. If they have not contributed as requested they will not receive their entitlement percentage and it will remain with Prairie.

The maximum damages or settlement proportions of the Residual Amount to be received by the Beneficiaries are set out in the following table and diagram below.

Interested Party		Max. % of the ResidualAmount
Prairie		94%
Ben Stoikovich	Related Party & KMP	1.8%
Mark Pearce	Related Party & KMP	0.45%
Simon Kersey	KMP	1.2%
Dylan Browne	KMP	0.45%
Kazimierz Chojna	Management	1.20%
Miroslaw Taras	Management	0.60%
Dominika Kruszynska	Management	0.30%
		100%

Source: BDO Analysis

Fairness Assessment Two - % of Residual Amount





Conclusion on Assessment Two

To be assessed as Fair under RG 111.57 the Benefits that may be provided to the Beneficiaries are to be equal to or less than the consideration provided to Prairie.

As the maximum Benefits (percentages) of the Residual Amount that may be provided to the Related Parties, both individually and together, are less than the percentage allocated to Prairie, they are considered Fair under this assessment.

As the maximum Benefits (percentages) of the Residual Amount that may be provided to the KMP and other management staff, both individually and together, is less than the percentage allocated to Prairie they are considered Fair under this assessment.

We therefore conclude that the Benefits that may be provided under Resolutions 4 to 6 of the Prairie NOM are Fair under this assessment.

8. Are the Benefits Fair?

The Benefits to be received by Beneficiaries are Fair if the value of the Benefits that may be provided by Prairie under the MIP are equal to or less than the value of the benefit being provided to Prairie.

We have made this assessment as follows:

- A comparison of the Management Entitlement Amount against similar arbitration cases and management incentives programs (see Section 7.1), and
- A comparison between the Benefits received by the Beneficiaries against the Residual Amount to be received by Prairie (see Section 7.2).

Under both of these assessments, we have concluded that the Benefits that may be provided to the Beneficiaries are Fair. Therefore, we have further concluded that the Benefits that may be provided to the Beneficiaries under Resolutions 4 to 6 of the Prairie NOM are individually and together Fair.

9. Are the Benefits Reasonable?

In assessing whether Benefits proposed by Resolutions 4 to 6 of the NOM are Reasonable to Shareholders we have:

- 1. Obtained the opinion of a remuneration specialist;
- 2. Considered the consequences of not approving the Resolutions, and
- 3. Considered the advantages and disadvantages to Shareholders of approving the Resolutions.



9.1 Reasonable Remuneration

We instructed BDO Remuneration and Reward to provide an opinion on whether the Management Entitlement Amount of 6% under the Prairie MIP was 'Reasonable Remuneration'. The opinion is attached as Appendix 4.

It is important to note that the assessment of Reasonable Remuneration is a different value test to Fair and Reasonable.

Reasonable Remuneration is a value assessment between company and individual taking into consideration the circumstances of both whereas a reasonableness assessment for a Fair and Reasonable opinion is based on the advantages, disadvantages, and consequences of not approving a transaction.

The Specialist has concluded that the MIP, as a whole, is reasonable cognisant of the Company's circumstances and importantly, represents a good alignment between shareholders, and Beneficiaries i.e. the incentive opportunity is purely at risk.

It is also reasonable as the Beneficiaries have agreed to contribute their efforts for an extended period of time at risk for the Management Entitlement Amounts agreed.

9.2 Consequences of not Approving the Resolutions

Under the funding agreement with LCM, Prairie, its subsidiaries, and directors are required to co-operate fully and at all times throughout the Claim proceedings including providing assistance to the Claim Solicitors as and when required. The length of the proceedings and the potential success of the Claim is unknown. The Beneficiaries have agreed to the terms and allocations under the MIP.

If the Resolutions are not approved the MIP may lapse or be amended, and the Beneficiaries may take the view that they are not appropriately retained or incentivised to contribute to possibly a lengthy Claim proceedings. The Beneficiaries may take the view that their continued contribution to the Claim proceedings is unlikely to advance their careers or skill set in the same manner as expending that effort elsewhere. This is an opportunity cost that the Beneficiaries would have no particular incentive to bear unless otherwise compensated.

Should they no longer contribute, the ability of Prairie to fulfil the Claim Solicitors' requests, as and when required, may be compromised, particularly given the history of the Mines and the Claim. This may jeopardise the standard of Claim or the continued willingness of LCM to fund the Claim. Prairie may then need to seek alternate funding to progress any claim for damages.

If alternate funders are found the favourability or not of the terms of any agreement, including the amount of loan funds, limited recourse terms, and the necessity for the contribution of Prairie directors and key staff, is unknown.

If alternate funders are not found a claim for damages may not progress and all expenditure and value of the Mines to Prairie may be lost.



9.3 Advantages of Approving the Resolutions

We have considered the following advantages when assessing whether the Resolutions are reasonable.

Advantage	Description
The Benefits are fair	As set out in Sections 7 and 8 of this IER the Benefits have been assessed as fair. RG 111 states that an offer is reasonable if it is fair.
Prairie retains historical and working knowledge of the Jan Karski and Debiensko Mines and Claim	Related Parties, KMP and other management staff who have a historical and working knowledge of the Mines and Claim have agreed to the MIP terms and to continue to support the Claim Solicitors for the duration of the Claim proceedings. This is likely to give the Claim proceedings an increased chance of success.
Prairie will receive 94% of any damages or settlement amount (net of amount due to LCM and enforcement costs) awarded	The majority of any damages or settlement amount received following a successful Claim and payment of distribution to LCM and enforcement costs will remain with Prairie to cover damages resulting from the expropriation of the Jan Karski and Debiensko Mines.
Management Entitlement Amount and Benefits capped	The Management Entitlement Amount and Benefits to the Beneficiaries are capped (see Section 4.2 for capped %s).
The Benefits paid from the Claim damages or settlement	The Benefits to Beneficiaries will be distributed from the damages or settlement amount following a successful claim, not from existing Prairie cash.
The Benefits will not be paid if any claim damages or settlement amount is less than Claim distributions and costs	In circumstances where any claim damages or settlement amount is less than or equal to the distributions to litigation funders and enforcement costs, Prairie will not be required to pay the Benefits.
The MIP is conditional	The Beneficiaries will not receive a benefit if the Claim is lost, the Trustee has determined they have not contributed to or fulfilled the Claim Solicitor's requests, or until after Prairie has paid all Claim distributions and enforcement costs.
No Shareholder dilution	The MIP does not include the issue of Prairie shares and therefore will not result in shareholder dilution or a change in control.



9.4 Disadvantages of Approving the Resolutions

If the Resolutions are approved, in our opinion, the potential disadvantages to Shareholders include those listed in the table below:

Disadvantage	Description
Loss of Claim proceeds	Shareholders will forgo 6% of any Claim damages or settlement amount (less distributions and costs) received by Prairie.
Unknown value of the Benefits	The value of any Claim damages or settlement amount and therefore benefit that may be received by the Beneficiaries will not be known until an outcome on the Claim is achieved.

In our opinion, the position of Shareholders if the Resolutions are approved is more advantageous than the position if the Resolutions are not approved. Accordingly, in the absence of any other relevant information, we believe that the Benefits are Reasonable for Shareholders.

10. Conclusion

We have considered the terms of the MIP as outlined in the body of this report and have concluded that the Benefits proposed by Resolutions 4 to 6 of the NOM are Fair and Reasonable to the non- associated shareholders of Prairie.

11. Sources of information

This report has been based on the following information:

- Draft Notice of General Meeting and Explanatory Statement on or about the date of this report;
- Independent Remuneration Report on the Management Incentive Program prepared by Allan Feinberg, BDO Remuneration and Reward;
- Prairie announcements;
- Prairie Mining Limited Annual Report 2020 (released 30 September 2020) for the years ended 30 June 2020;
- Information in the public domain; and
- Discussions with Thomson Geer, lawyers to Prairie, and the Directors and Management of Prairie.

12. Independence

BDO Corporate Finance (WA) Pty Ltd is entitled to receive a fee of approximately \$25,000 (excluding GST and reimbursement of out of pocket expenses). The fee is not contingent on the conclusion, content or future use of this Report. Except for this fee, BDO Corporate Finance (WA) Pty Ltd has not received and



will not receive any pecuniary or other benefits whether direct or indirect in connection with the preparation of this report.

BDO Corporate Finance (WA) Pty Ltd has been indemnified by Prairie in respect of any claim arising from BDO Corporate Finance (WA) Pty Ltd.'s reliance on information provided by Prairie including the non-provision of material information, in relation to the preparation of this report.

Prior to accepting this engagement BDO Corporate Finance (WA) Pty Ltd has considered its independence with respect to Prairie and any of their respective associates with reference to ASIC Regulatory Guide 112 'Independence of Experts'. In BDO Corporate Finance (WA) Pty Ltd's opinion it is independent of Prairie and their respective associates.

Neither the two signatories to this report nor BDO Corporate Finance (WA) Pty Ltd, have had within the past two years any professional relationship with Prairie, or their associates, other than in connection with the preparation of this report.

A draft of this report was provided to Prairie and, Thomson Geer, lawyers to Prairie for confirmation of the factual accuracy of its contents. No significant or material changes were made to this report as a result of this review.

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13. Qualifications

BDO Corporate Finance (WA) Pty Ltd has extensive experience in the provision of corporate finance advice, particularly in respect of takeovers, mergers and acquisitions, schemes of arrangements and related party transactions.

BDO Corporate Finance (WA) Pty Ltd holds an Australian Financial Services Licence issued by the Australian Securities and Investments Commission for giving expert reports pursuant to the Listing rules of the ASX and the Corporations Act.

The persons specifically involved in preparing and reviewing this report were Sherif Andrawes and Adam Myers of BDO Corporate Finance (WA) Pty Ltd. They have significant experience in the preparation of independent expert reports, valuations, and related party advice across a wide range of industries in Australia. Messrs Andrawes and Myers were supported by BDO Remuneration and Reward and other BDO staff including Jane Gouvernet, Associate Director.

Sherif Andrawes is a Fellow of the Institute of Chartered Accountants in England & Wales and a Fellow of Chartered Accountants Australia & New Zealand. He has over 30 years' experience working in the audit and corporate finance fields with BDO and its predecessor firms in London and Perth. He has been responsible for over 350 public company independent expert's reports under the Corporations Act or ASX Listing Rules and is a CA BV Specialist. These experts' reports cover a wide range of industries in Australia with a focus on companies in the natural resources sector. Sherif Andrawes is the Corporate Finance



Practice Group Leader of BDO in Western Australia, the Global Head of Natural Resources for BDO and a former Chairman of BDO in Western Australia.

Adam Myers is a member of the Australian Institute of Chartered Accountants. Adam's career spans over 20 years in the Audit and Assurance and Corporate Finance areas. Adam is a CA BV Specialist and has considerable experience in the preparation of independent expert reports and valuations in general for companies in a wide number of industry sectors.

Allan Feinberg is the Managing Director of BDO Reward Pty Limited and REMSMART. He is an experienced remuneration specialist advising Boards, Remuneration Committees, and HR professionals on remuneration and reward-related matters. Allan is co-author of the Remuneration and Reward Series and has worked across many organisations and sectors that include mining and metals, construction, engineering, and utilities.

14. Disclaimers and consents

This report has been prepared at the request of Prairie for inclusion in the Notice of Meeting which will be sent to all Prairie Shareholders. Thomson Geer engaged BDO Corporate Finance (WA) Pty Ltd to prepare an independent expert's report to consider under Chapter 2E and Part 2D.2 of the Corporations Act, the fairness and reasonableness to non-associated shareholders of the Benefits under the MIP.

BDO Corporate Finance (WA) Pty Ltd hereby consents to this report accompanying the Notice of Meeting seeking shareholder approval for the relevant Resolutions. Apart from such use, neither the whole nor any part of this report, nor any reference thereto may be included in or with, or attached to any document, circular resolution, statement or letter without the prior written consent of BDO Corporate Finance (WA) Pty Ltd.

BDO Corporate Finance (WA) Pty Ltd takes no responsibility for the contents of the Notice of Meeting and Explanatory Memorandum other than this report.

We have no reason to believe that any of the information or explanations supplied to us are false or that material information has been withheld. It is not the role of BDO Corporate Finance (WA) Pty Ltd acting as an independent expert to perform any due diligence procedures on behalf of the Company. The Directors of the Company are responsible for conducting appropriate due diligence in relation to Prairie and the Claim. BDO Corporate Finance (WA) Pty Ltd provides no warranty as to the adequacy, effectiveness, or completeness of the due diligence process.

The opinion of BDO Corporate Finance (WA) Pty Ltd is based on the market, economic and other conditions prevailing at the date of this report. Such conditions can change significantly over short periods of time.

With respect to any taxation implications it is recommended that individual Shareholders obtain their own taxation advice, tailored to their own particular circumstances. Furthermore, the advice provided in this report does not constitute legal or taxation advice to the Shareholders of Prairie or any other party.

BDO Corporate Finance (WA) Pty Ltd has also considered and relied upon independent remuneration advice from BDO Remuneration and Reward.

The remuneration specialist engaged for the opinion possesses the appropriate qualifications and experience in the industry to make such assessments. The approaches adopted and assumptions made in



arriving at his opinion are appropriate for this report. We have received consent the use of the opinion in the preparation of this report and to append a copy of their report to this report.

The statements and opinions included in this report are given in good faith and in the belief that they are not false, misleading or incomplete.

The terms of this engagement are such that BDO Corporate Finance (WA) Pty Ltd is required to provide a supplementary report if we become aware of a significant change affecting the information in this report arising between the date of this report and prior to the date of the meeting.

Yours faithfully

BDO CORPORATE FINANCE (WA) PTY LTD

Sherif Andrawes

Director

Adam Myers

Director



Appendix 1 - Glossary of Terms

Reference	Definition
AFCA	Australian Financial Complaints Authority
The Act	The Corporations Act 2001 Cth
APES 225	Accounting Professional & Ethical Standards Board professional standard APES 225 'Valuation Services'
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
BDO	BDO Corporate Finance (WA) Pty Ltd
Beneficiaries	Ben Stoikovich, Mark Pearce, Simon Kersey, Dylan Browne, Miroslaw Taras, Kazimierz Chojna, and Dominika Kruszynska
Benefit	Any benefit that may accrue to the Beneficiaries as a consequence of Claim damages or settlement and the passing the relevant resolutions under Chapter 2E and Part 2D.2 of the Act
BDO	BDO Corporate Finance (WA) Pty Ltd
Claim	Damages claim against the Polish Government in relation to the Jan Karski and Debiensko coking coal mines
Claim Amount	The quantum of the claim for damages
The Company	Prairie Mining Limited
Corporations Act	The Corporations Act 2001 Cth
Fair	A transaction is Fair if the value of the financial benefit to be provided by the entity to the related party is equal to or less than the value of the consideration being provided to the entity.
Key Management Personnel (KMP) and other management staff	Ben Stoikovich, Mark Pearce, Simon Kersey, Dylan Browne, Miroslaw Taras, Kazimierz Chojna, and Dominika Kruszynska (Beneficiaries)
LCM	LCM Funding UK Limited
MIP	Management Incentive Program



Reference	Definition
Prairie	Prairie Mining Limited
Reasonable	A transaction is Reasonable if it is fair. It might also be reasonable if despite being not fair the expert believes that there are sufficient reasons for shareholders to vote for the Proposal.
Regulations	Corporations Act Regulations 2001 (Cth)
Our Report	This Independent Expert's Report prepared by BDO
Related Parties	Ben Stoikovich, Mark Pearce, and their associates
Residual Amount	Any damages or settlement amount received by Prairie arising from the Company's Claim. That is the total amount awarded, less distributions to litigation funders and enforcement costs.
RG 76	ASIC Regulatory Guide: Related party transactions (March 2011)
RG 111	ASIC Regulatory Guide: Content of expert reports (March 2011)
RG 112	ASIC Regulatory Guide: Independence of experts (March 2011)
Shareholders	Shareholders of Prairie not associated with the MIP
Valuation Engagement	An Engagement or Assignment to perform a Valuation and provide a Valuation Report where the Valuer is free to employ the Valuation Approaches, Valuation Methods, and Valuation Procedures that a reasonable and informed third party would perform taking into consideration all the specific facts and circumstances of the Engagement or Assignment available to the Valuer at that time.

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The Directors BDO Corporate Finance (WA) Pty Ltd 38 Station Street SUBIACO, WA 6008 Australia



Appendix 2 - Valuation Methodologies

Methodologies commonly used for valuing assets and businesses are as follows:

1 Net asset value ('NAV')

Asset based methods estimate the market value of an entity's securities based on the realisable value of its identifiable net assets. Asset based methods include:

- Orderly realisation of assets method
- Liquidation of assets method
- Net assets on a going concern method

The orderly realisation of assets method estimates fair market value by determining the amount that would be distributed to entity holders, after payment of all liabilities including realisation costs and taxation charges that arise, assuming the entity is wound up in an orderly manner.

The liquidation method is similar to the orderly realisation of assets method except the liquidation method assumes the assets are sold in a shorter time frame. Since wind up or liquidation of the entity may not be contemplated, these methods in their strictest form may not be appropriate. The net assets on a going concern method estimates the market values of the net assets of an entity but does not take into account any realisation costs.

Net assets on a going concern basis are usually appropriate where the majority of assets consist of cash, passive investments or projects with a limited life. All assets and liabilities of the entity are valued at market value under this alternative and this combined market value forms the basis for the entity's valuation.

Often the FME and DCF methodologies are used in valuing assets forming part of the overall Net assets on a going concern basis. This is particularly so for exploration and mining companies where investments are in finite life producing assets or prospective exploration areas.

These asset based methods ignore the possibility that the entity's value could exceed the realisable value of its assets as they do not recognise the value of intangible assets such as management, intellectual property and goodwill. Asset based methods are appropriate when an entity is not making an adequate return on its assets, a significant proportion of the entity's assets are liquid or for asset holding companies.

2 Quoted Market Price Basis ('QMP')

A valuation approach that can be used in conjunction with (or as a replacement for) other valuation methods is the quoted market price of listed securities. Where there is a ready market for securities such as the ASX, through which shares are traded, recent prices at which shares are bought and sold can be taken as the market value per share. Such market value includes all factors and influences that impact upon the ASX. The use of ASX pricing is more relevant where a security displays regular high volume trading, creating a liquid and active market in that security.

3 Capitalisation of future maintainable earnings ('FME')

This method places a value on the business by estimating the likely FME, capitalised at an appropriate rate which reflects business outlook, business risk, investor expectations, future growth prospects and other entity specific factors. This approach relies on the availability and analysis of comparable market data.



The FME approach is the most commonly applied valuation technique and is particularly applicable to profitable businesses with relatively steady growth histories and forecasts, regular capital expenditure requirements and non-finite lives.

The FME used in the valuation can be based on net profit after tax or alternatives to this such as earnings before interest and tax ('EBIT') or earnings before interest, tax, depreciation and amortisation ('EBITDA'). The capitalisation rate or 'earnings multiple' is adjusted to reflect which base is being used for FME.

4 Discounted future cash flows ('DCF')

The DCF methodology is based on the generally accepted theory that the value of an asset or business depends on its future net cash flows, discounted to their present value at an appropriate discount rate (often called the weighted average cost of capital). This discount rate represents an opportunity cost of capital reflecting the expected rate of return which investors can obtain from investments having equivalent risks.

Considerable judgement is required to estimate the future cash flows which must be able to be reliably estimated for a sufficiently long period to make this valuation methodology appropriate.

A terminal value for the asset or business is calculated at the end of the future cash flow period and this is also discounted to its present value using the appropriate discount rate.

DCF valuations are particularly applicable to businesses with limited lives, experiencing growth, that are in a start up phase, or experience irregular cash flows.

5 Market Based Assessment

The market based approach seeks to arrive at a value for a business by reference to comparable transactions involving the sale of similar businesses. This is based on the premise that companies with similar characteristics, such as operating in similar industries, command similar values. In performing this analysis it is important to acknowledge the differences between the comparable companies being analysed and the company that is being valued and then to reflect these differences in the valuation.



Appendix 3 - Comparable Claims & Incentive Programs

It is important to note that the circumstances of each claim and the terms of the incentive programs and any other performance rewards offered by each of the following companies will vary to Prairie however, the terms of the following incentive programs are those that are publically available and sufficiently comparable.

1. Crystallex International Corporation (Crystallex)

A Canadian mining company listed on the OTCQB and had the right to develop Las Cristinas, a gold deposit in Venezuela.

On February 10 2012, Crystallex filed a Memorial on the Merits with the World Bank's ICSID against Venezuela. The claim request arose out of the Government's termination of the claimant's mine operation contract over a gold deposit situated in Las Cristinas.

On 16 April 2012, an MIP designed to ensure the retention of key executives until the arbitration was completed, agreed upon, and later approved by an independent Board Committee.

The purpose of the MIP was to ensure that Crystallex was able to retain and incentivise key management employees to remain for the arbitration proceedings against Venezuela.

The MIP reserved 10% of the net proceeds of the Arbitration award up to US\$700m and reduced to 2% of any proceeds above US\$700m as a discretionary retention pool for key management employees. The participants and amounts to be awarded to individuals is based on contribution and at the discretion of the independent Board Committee. Any balance remaining in the discretionary retention pool after the payment of all retention payments is to be returned to Crystallex. In exercising its discretion the Committee is to take into consideration the amount awarded, speed of proceedings, personal and legal risks, and the opportunity cost to the individual in staying with Crystallex.

In May 2012, the MIP was challenged, along with other unrelated finance terms by noteholders to Crystallex however no amendments to the MIP were made.

Arbitration was decided in favour of Crystallex however proceedings continue.

2. Eco Oro Minerals Corp. (Eco Oro)

A Toronto Stock Exchange-listed precious metals exploration and development company which held mining rights over 50% of a concession area of the Angostura gold and silver deposit in Columbia.

In 2016 Eco Oro is alleged to have been deprived of its mining rights following a decision by the Columbian National Mining Agency. The concession area was found to fall within the Santurbán Páramo, an environmental conservation zone. The Mining Agency's actions followed the decision of Colombia's Constitutional Court that broadened restrictions on mining in high-mountain ecosystems known as páramos (sources of the country's freshwater supply), striking down legal provisions that had stabilised the rights of mining projects in those areas negotiated before 2010.

13 January 2017, the Eco Oro announced that the Board had implemented an MIP to incentivise key personnel on the successful prosecution and collection of the arbitration claim against Colombia under the Canada-Colombia Free Trade Agreement. Implementation of the MIP was a requirement under the terms of an investment agreement entered into by Eco Oro and Trexs Investments, LLC on July 21, 2016.

An independent Board Committee was appointed to administer the MIP which was to grant individuals cash retention amounts not exceeding, in aggregate, 7% of gross proceeds from the arbitration. The Committee



was required to take into consideration the amount of the proceeds received from arbitration and the time dedicated by each participant to the proceedings.

On 1 August 2017, Eco Oro announced that a settlement had been reached with shareholders that included an amendment to the MIP to reduce the cash retention pool from 7% to 5% of the total gross proceeds of the arbitration claim.

On 20 March 2018, following protracted negotiations, Eco Oro filed a Memorial on the Merits with the World Banks's International Centre for Settlement of Investment Disputes (ICSID) seeking USD\$764m in compensation for damages as a result of Columbian State measures affecting rights under the Angostura mining title.

The Claim remains pending.

3. Gabriel Resources Ltd (Gabriel)

A Canadian resource company listed on the TSX-V with the principle focus of the exploration and development of the Rosia Montana gold and silver project in Romania. Gabriel holds an 80.69% interest and 19.31% held by a state-owned mining company.

On 21 July 2015, Gabriel filed a request for arbitration before the World Bank's ICSID against Romania. The claim arising out of the allegedly discriminatory measures relating to the approval of an environmental impact assessment and the issuance of an environmental permit required to start the exploitation of Gabriel's Rosia Montana mining project.

In December 2015, the Board, following the recommendation of the Compensation Committee, adopted a key employee engagement plan (KEEP) to support the ICSID Arbitration process. The purpose of the KEEP is an arbitration-related incentive program to incentivise the long-term participation of directors, key management, employees, and other expert contributors in pursuing the ICSID Arbitration to a successful conclusion.

In July 2016, the Claimants established a trust to provide a legal form for the implementation of the KEEP. The trust provides that, subject to specified definitions, terms, and conditions, the Claimants pay, or procure the payment, to the trust following receipt of the gross proceeds (less certain deductions and applicable taxes) of any award from the ICSID Arbitration in the form of cash equal to:

- (i) 7.5% of the first US\$500 million of the gross proceeds; and
- (ii) 2.5% of any amount of proceeds in excess of US\$500 million.

Gabriel states that the trust agreement sets out factors to be taken into account by the trustees in determining the amount of distributions to individual beneficiaries and that subject to certain limitations and mandatory minimum payment requirements in certain circumstances, the trustees have broad discretion (in the allocation to beneficiaries of any monies paid into the trust by the Claimants) to recognise the contribution of each beneficiary.

The Claim remains pending.

4. Gold Reserve Inc. (Gold Reserve)

A Canadian gold producer and explorer company listed on the TSX-V and QTCQX and in October 2009 initiated the Brisas Arbitration claim under the World Bank's ICSID to obtain compensation for the losses caused by the actions of Venezuela that terminated a mining project known as the Brisas Project in Venezuela.



On September 22, 2014, Gold Reserve was granted an Award in relation to the claim totaling US\$740.3 million and US\$240 for the sale of mining data.

Gold Reserve maintains a bonus plan administered by the independent directors and intended to compensate participants, including executive officers, employees, directors, and consultants for their past and present contributions to Gold Reserve. The bonus pool under the Plan is comprised of the gross proceeds collected or the fair value of any consideration realised less applicable taxes multiplied by 1.28% of the first US\$200 million and 6.4% thereafter.

As of June 30, 2020, the total cumulative estimated obligation under the terms of the Bonus Plan from the sale of the mining data and collection of the Award was approximately US\$4.4 million, of which approximately US\$45 thousand remains payable to Bonus Plan participants.

5. Rusoro Mining Ltd. (Rusoro)

A Canadian gold producer and explorer company listed on the TSX-V with business activities of the acquisition, exploration, development, and operation of a range of early-stage to advanced development stage projects in the Republic of Venezuela (Venezuela).

On September 16 2011, the Venezuelan government, enacted a law-decree reserving to the government exclusive rights for the extraction of gold in Venezuela. The Decree mandated the expiration of all mining concessions held by the Rusoro, subject to negotiation. Until March 14, 2012, Rusoro held a 95% controlling interest in the Choco 10 mine and a 50% interest in the Isidora mine, which Rusoro operated as part of a joint operation with the Venezuelan government. Rusoro also held interests in various exploration and development projects in Venezuela.

In June 2012, Rusoro entered into a litigation funding agreement with a subsidiary of the Calunius Litigation Risk Fund LP. Under the terms of the Litigation Funding Agreement, the Funder agreed to assist in the funding of Rusoro's legal costs in relation to the international arbitration proceedings against Venezuela on a non-recourse basis. In April 2019, an addendum to the agreement allowed for continued access to the remaining funding for the purpose of pursuit of the compensation awarded.

In addition to the Litigation Funding Agreement Rusoro has also provided contingent success fees to select stakeholders, including the Lenders of the Convertible Loan and the board of directors and management of Rusoro, in consideration for their discounted services or forgiveness of select obligations. The terms, clauses, and priority of the contingent fee agreements are varied, but generally provide each party a contingent success fee based on the successful outcome of the litigation and final settlement. Rusoro estimates the aggregate potential exposure related to these contingent success fees will not exceed 15% of the Award.

In July 2012, Rusoro filed a Request for Arbitration under the Additional Facility Rules of the World Bank's ICSID against Venezuela.

In October 2012, Rusoro entered into a trust agreement and a contribution agreement whereby it agreed to pay to a trust established for the board of directors and management of Rusoro a success fee equal to 2% of the proceeds received by Rusoro in respect of the legal proceedings it has commenced against the Venezuela for compensation for the nationalisation of the Rusoro gold assets. The Trustee is empowered to allocate the success fee amongst the board of directors and management of Rusoro as they deem appropriate.

On August 22, 2016, Rusoro was awarded compensation of US\$967.77 million plus pre and post award interest. No value has been accrued for the Award as at June 30, 2020, and the ultimate receipt, final settlement amount and the timing of the receipt of the Award is uncertain.

Appendix 4 - Independent Remuneration Report



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Sherif Andrawes BDO Corporate Finance (WA) Pty Ltd

4 November 2020

REASONABLE REMUNERATION - PRAIRIE MINING LIMITED

1. INTRODUCTION

Prairie Mining Limited (**Prairie or the Company**) has established the Management Incentive Program (**MIP**) which provides that if the Claim is successful, whether through the international arbitration proceedings or settlement, and the Company receives any damages or other proceeds in relation to or arising from the Claim (**Damages Proceeds**), 6% of any Damages Proceeds received by the Company (after distributions to litigation funders and enforcement costs) will be paid by the Company to the MIP, for distribution to its participants. .

The participants to the MIP include:

- Ben Stoikovich, Director and Chief Executive Officer (CEO)
- Mark Pearce, Non-Executive Director,
- Simon Kersey, Chief Financial Officer (CFO)
- Dylan Browne, Company Secretary (Co Sec)
- Miroslaw Taras, Management
- Kazimierz Chojna, Management and
- Dominikia Kruszynska, Management

(the Participants).



Stoikovich and Pearce are "Related Parties" of Prairie and therefore their participation in the MIP must be approved by shareholders unless it is judged to be reasonable given:

- (i) The circumstances of the company giving the remuneration; and,
- (ii) The Related Party's circumstances (including the responsibilities involved in the office or employment).

(Section 211 of the Corporations Act 2001).

This is a complex task, especially since the law does not define what is reasonable.

Stoikovich, and Pearce, are also Key Management Personnel (KMP) of Prairie. Kersey and Browne are Key Management Personnel (KMP). Taras, Chojna, and Kruszynska are Key Management Staff.

2. REASONABLENESS CONSIDERATIONS

For the purposes of this exercise, reasonableness will be tested by two objective factors being the current circumstances of the Company and that of the Participants.

- 1. Company circumstances may include referring to matters such as the following:
 - a. What the company does;
 - b. Operating location;
 - c. Structure and responsibilities of the board;
 - d. Risks, challenges and complexity of the business.
- 2. Individual circumstances may include such matters as referring to the following:
 - a. Current economic conditions;
 - b. Person's skill and expertise;
 - c. An independently assessed range of remuneration for comparable roles in the industry.

3. COMPANY CIRCUMSTANCES

In February 2019, Prairie formally notified the Polish Government that there exists an investment dispute between Prairie and the Polish Government. Prairie's notification called for prompt negotiations with the Government to amicably resolve the dispute and indicated Prairie's right to submit the dispute to international arbitration in the event of the dispute not being resolved. The Company remains open to resolving the dispute with the Polish Government amicably. However, as, the Polish Government has declined to participate in discussions related to the dispute and as a result, Prairie has formally commenced with arbitration as discussed above.

Going forward, it is important to understand what must be achieved in order to achieve the company's 'value creation event'.

Based on Prairie's current circumstances, the 'value creation' or 'liquidity event' is a successful legal outcome. The Company and Claim Solicitors require the continued services of the Related Parties and KMP to prepare evidence based on their intimate knowledge of the Company affairs (in so far as it relates to this matter), in their capacity as senior officers of the Company. It is also not implausible that if their



services are not retained they can offer their services to the defendants in this matter. If the services of the Participants are not secured, the loss to shareholders could be substantive.

The remuneration plan must therefore ensure that a:

- 1. Competitive remuneration offering is available to retain and motivate the Participants over the period of the Claim;
- 2. The plan encourages the best behaviours and performance as required from the Participants given Prairie's current circumstances;
- 3. The structure discourages conduct that may be to the disadvantage of the Claim.

4. INDIVIDUAL CIRCUMSTANCES

It is clear that the current circumstances of the Company may not provide any future career aspirations for the Participants and it is not improbable that given the incumbents' ages, they may look elsewhere to maximise their earnings in the last full decade/s of their working careers. In addition to this, the increasingly positive outlook of the commodities market means that experienced mining executives are in demand.

The decision facing these incumbents is the opportunity cost of forgoing their time contribution to a market related remuneration package compared to a Prairie long term incentive plan over an unknown period and based on a successful arbitration claim. It is a question of risk verse reward and the long term incentive plan needs to cater for this.

5. KEY COMMENTS

The Company is in a precarious position because without the support of the Participants they may not be able to efficiently or effectively progress the Claim against the Polish Government, which clearly is in the interests of shareholders.

The expertise, 'know how', and understanding of Prairie's business and the facts relating to this legal matter clearly differentiates them from any 'peers' in the market place. They are business critical to the Company's mission (realised claim), and the Company may be compromised in its Claim without their support.

There is also no legal obligation for the Participants to continue to offer their services to Prairie. If they do agree to work with the Company there is also no guarantee that the Company will be successful in their endeavours. This means that they are working on a pure risk basis with no guarantee of income for their efforts. It would also be fair to say that this is an extremely complex matter and the performance hurdles for success are 'stretched', and would represent above-average performances if achieved.

The incentive opportunity also needs to be judged in relation to the value that will be created if the Company is successful against the Polish Government. If the return the Company realises meets shareholder expectations and represents an appropriate return on remuneration spend, the amount



should then be deemed reasonable. In addition, the Board also needs to consider the impact on the business if the incumbents no longer contribute to the claim proceedings.

6. CONCLUSION

In view thereof, the current MIP, as a whole, is reasonable cognisant of the Company's circumstances and importantly, represents a good alignment between shareholders, Related Parties, KMP and Key Management Staff i.e. the incentive opportunity is purely at risk.

It is also reasonable as the Participants have agreed to contribute their efforts for an extended period of time at risk for the Management Entitlement Amounts agreed.

The MIP also supports the purpose for which it should exist, namely to:

- Ensure that the Company has a stable and committed participation from the Participants for the purposes of achieving its 'liquidity event';
- Provide adequate remuneration to retain the current individuals to carry out their commitments diligently;
- To align the interests of the MIP Participants with the interests of public investors, and
- Preserve cash holdings in the most effective way possible as the Company is not a revenue producer and wishes to utilise its cash resources in the most efficient manner possible.

Yours sincerely,

Allan Feinberg

Managing Director

Remuneration and Reward Services

PRAIRIE MINING LIMITED

ACN 008 677 852

Contact Name

PROXY FORM
The Company Secretary

Prairie Mining Limited					
By delivery: Level 9, 28 The Esplanade PERTH WA 6000	By post: PO Box Z5083 PERTH WA 6831	By email: voting@pdz.com.au	By facsimi +61 8 9322		
Name of Shareholder:					
Address of Shareholder:					
Number of Shares entitled to vote	:				
Please mark 🗷 to indicate you no later than 48 hours before t		ents will only be valid and acceptens are provided overleaf.	ed by the Company if	f they are mad	e and received
Step 1 – Appoint a Proxy to Vo	te on Your Behalf				
I/we being Shareholder/s of the C	Company hereby appoint:				
(mark box) write		hairperson as your proxy, please body corporate (excluding the ointing as your proxy			
my/our behalf and to vote in accordance sees fit) at the Annual General N	rdance with the following directi leeting of Prairie Mining Limited uary 2021 at 11:00am (AWST) a at this proxy is authorised to exe		ven, and to the extent n, Ground Floor, 28 T	permitted by land he Esplanade,	aw, as the proxy Perth, Western
Important – If the Chairperson	is your proxy or is appointed	your proxy by default			
default, unless you indicate othe authorising the Chairperson to vo	rwise by ticking either the 'for', of the in accordance with the Chair	Resolutions 1, 4, 5 and 6. If the Chalagainst or labstain box in relation person's voting intentions on Resolumber of Key Management Personne	to Resolutions 1, 4, autions 1, 4, 5 and 6 ev	5 and 6, you w	vill be expressly
Step 2 – Instructions as to Vot	ing on Resolutions				
INSTRUCTIONS AS TO VOTING	ON RESOLUTIONS				
The proxy is to vote for or agains	t the Resolutions referred to in t	ne Notice as follows:			
			For	Against	Abstain*
Resolution 1 Remuneration Re	eport				
Resolution 2 Re-election of Mi	Benjamin Stoikovich as Directo	r			
Resolution 3 Re-election of Mi	Thomas Todd as Director				
Resolution 4 Participation of M	Ir Benjamin Stoikovich in Manag	ement Incentive Program			
Resolution 5 Participation of M	Ir Mark Pearce in Management	ncentive Program			
-	lanagement Personnel in Manag				
* If you mark the Abstain box for a pa counted in computing the required ma		your proxy not to vote on your behalf or	n a show of hands or on	a poll and your v	otes will not be
The Chairperson intends to vo	te all available and undirected	proxies in favour of each Resolu	tion.		
Authorised signature/s					
This section <i>must</i> be signed in a	ccordance with the instructions	pelow to enable your voting instructi	ons to be implemente	d.	
Individual or Shareholder 1	Shareho	older 2	Shareholder	3	
Sole Director and Sole Company	Secretary Director		Director/Com	pany Secretar	У

Contact Daytime Telephone

Date

Proxy Notes:

A Shareholder entitled to attend and vote at the Meeting may appoint a natural person as the Shareholder's proxy to attend and vote for the Shareholder at that Meeting. If the Shareholder is entitled to cast 2 or more votes at the Meeting the Shareholder may appoint not more than 2 proxies. Where the Shareholder appoints more than one proxy the Shareholder may specify the proportion or number of votes each proxy is appointed to exercise. If such proportion or number of votes is not specified each proxy may exercise half of the Shareholder's votes. A proxy may, but need not be, a Shareholder of the Company.

If a Shareholder appoints a body corporate as the Shareholder's proxy to attend and vote for the Shareholder at that Meeting, the representative of the body corporate to attend the Meeting must produce the Certificate of Appointment of Representative prior to admission. A form of the certificate may be obtained from the Company's share registry.

You must sign this form as follows in the spaces provided:

Joint Holding: where the holding is in more than one name all of the holders must sign.

Power of Attorney: if signed under a Power of Attorney, you must have already lodged it with the registry, or alternatively, attach a certified

photocopy of the Power of Attorney to this Proxy Form when you return it.

Companies: a Director can sign jointly with another Director or a Company Secretary. A sole Director who is also a sole Company

Secretary can also sign. Please indicate the office held by signing in the appropriate space.

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Representative" should be produced prior to admission. A form of the certificate may be obtained from the Company's Share Registry.

Proxy Forms (and the power of attorney or other authority, if any, under which the Proxy Form is signed) or a copy or facsimile which appears on its face to be an authentic copy of the Proxy Form (and the power of attorney or other authority) must be deposited at or received electronically by email or by facsimile transmission at the Perth office of the Company (Level 9, 28 The Esplanade, Perth, WA, 6000, or by post to PO Box Z5083, Perth, WA, 6831 or by email to voting@pdz.com.au or by Facsimile (08) 9322 6558 if faxed from within Australia or +61 8 9322 6558 if faxed from outside Australia) not less than 48 hours prior to the time of commencement of the Meeting (AWST).