



NEWS RELEASE | 18 April 2017

ADDITIONAL FUNDING FROM CORNERSTONE INVESTOR TO ACCELERATE PRAIRIE'S TIER ONE PREMIUM COAL PROJECTS

HIGHLIGHTS

- ***CD Capital to continue its support of Prairie through a further investment of A\$2.0m in the form of non-redeemable, non-interest bearing Convertible Loan Notes***
- ***Investment follows the recent successful placement by Prairie of A\$5.2m to high quality UK based institutional investors***
- ***Subject to Shareholder approval, the Notes issued will satisfy CD Capital's investment mandate, and will be exchangeable for ordinary shares of Prairie at A\$0.46 (28 pence) per share representing the same price of the recently completed successful placement of ordinary shares to UK institutional investors***
- ***Proceeds from CD Capital's investment in addition to the Institutional Placement will enable Prairie to accelerate the development of its Debiensko Hard Coking Coal Project and advance pre-construction engineering works at its Jan Karski Mine***
- ***Notes will be issued by way of a private placement by PDZ Holdings Pty Ltd – a wholly owned subsidiary of Prairie which indirectly holds the Company's Tier One Coking Coal Projects***
- ***Based on the current share capital, conversion of all of CD Capital's Notes would result in CD Capital maintaining approximately a 23% shareholding in Prairie, and the additional exercise of CD Capital's options would increase CD Capital's holding by a further 7%***

Prairie Mining Limited ("**Prairie**" or "**Company**") is pleased to announce that it has agreed terms for further investment from its cornerstone investor CD Capital Natural Resources Fund III LP ("**CD Capital**") subject to shareholder approval and completion of final formal documentation. The investment will take the form of a private placement by PDZ Holdings Pty Ltd ("**PDZ Holdings**") (a wholly-owned subsidiary of Prairie which indirectly holds the Jan Karski Mine ("**Jan Karski**") and the Debiensko Hard Coking Coal Project ("**Debiensko**") of non-redeemable, non-interest bearing convertible loan notes ("**Notes**") for an aggregate principal amount of A\$2.0 million. The Notes can be exchanged into ordinary shares of the Company at A\$0.46 per share representing the price of the recent successful placing of ordinary shares to high quality UK institutional investors completed in April 2017 ("**Institutional Placement**").

The proceeds from CD Capital's investment, combined with the net proceeds from the Institutional Placement, will enable Prairie to further accelerate the development of its Debiensko Hard Coking Coal Project and advance pre-construction engineering works at its Jan Karski Mine.

Prairie and CD Capital will continue working together in partnership to de-risk and enhance the significant value of Prairie's world class coking coal assets as they progress rapidly through the next stages of project development.

Prairie's CEO Ben Stoikovich commented: ***"Following on from our recent successful placing to a number of high quality UK based institutional investors, CD Capital's increased investment in Prairie reaffirms the global significance of our Tier One coking coal assets in Poland. We are delighted with the continued support from our cornerstone investor who shares Prairie's vision to become Europe's next strategic coking coal supplier."***

CD Capital's Founder & CIO Carmel Daniele said: ***"We are excited about the ongoing material achievements in the development of Prairie's world class coking coal projects. We look forward to continuing to work in partnership with Prairie's experienced management team as Prairie continues to develop Jan Karski and Debiensko into two of the lowest cost coking coal mines in the heart of Europe's steel industry."***

ABOUT CD CAPITAL

CD Capital is an established and UK FCA registered fund manager with a specific focus on the mining sector. The strong experienced team of CD Capital currently manages three private equity investment funds with assets under management of over US\$600 million. This investment is the first by the group's newest fund - CD Capital Natural Resources Fund III LP. As evident from the quality of this investment, CD Capital continues to achieve its mandate of partnering with leading mining entrepreneurs and strongly-aligned management teams to build world class mining projects from the highest quality pipeline.

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BACKGROUND ON CD CAPITAL INVESTMENT AGREEMENT

In September 2015, Prairie completed an Investment Agreement with CD Capital, key commercial terms of which are detailed within the Company's announcement *"CD Capital to Invest up to A\$83 Million in Prairie's Lublin Coal Project"* dated 20th July 2015.

In Summary, CD Capital invested in Prairie by way of a private placement by PDZ Holdings of non-redeemable, non-interest bearing Notes with an aggregate principal amount of \$15 million to CD Capital, exchangeable for ordinary shares in Prairie at \$0.335 per share. The transaction was approved by shareholders and is structured as follows:

- Issue of the Notes upfront;
- On conversion of the Notes, grant CD Capital unlisted options in Prairie with an exercise price of A\$0.60 per option ("CD Options") for a further investment in Prairie of \$13 million once exercised; and
- a priority right for CD Capital to invest a further A\$55 million in any future funding conducted by Prairie.