



NEWS RELEASE | 25 May 2017

## DEPOSIT DEVELOPMENT PLAN APPROVED AS JAN KARSKI RECEIVES STRONG REGIONAL GOVERNMENT SUPPORT

### HIGHLIGHTS

- *Deposit Development Plan at Jan Karski approved by Lublin Regional Mining Authority, paving the way forward for a mining concession application*
- *2017 Jan Karski Mine Development Conference attended by the Australian Ambassador to Poland, the Vice Marshall of the Lublin province and representatives from the Polish Investment and Trade Agency and numerous other distinguished regional officials*
- *Significant government support received at the Conference as regional authorities updated on Jan Karski's considerable progress to date*
- *Conditions of power grid connection have been signed with national power utility PGE Dystrybucja S.A. which will provide the 45MW bulk supply required for full scale mine production*
- *Development activities have commenced with the appointment of a leading contractor to design and supervise the bulk power supply connections for the project, including power lines and substations*

Prairie Mining Limited ("Prairie" or "Company") is pleased to announce it has achieved a significant permitting milestone following a positive decision to approve the Deposit Development Plan ("DDP") for the Jan Karski Mine ("Jan Karski" or "Project"), which now paves the way forward for the Company to submit a formal mining concession application.

The Project received exceptionally strong support from regional authorities and local communities at the 2017 Jan Karski Mine Development Conference recently held in Lublin.

The Conference received wide coverage in both local and national media, including major newspapers and television, and was attended by senior Polish and Australian officials including:

- Mr Paul Wojciechowski, Australian Ambassador to Poland
- Mr Anthony Weymouth, Senior Trade Commissioner and Commercial Counsellor - Austrade
- Mr Krzysztof Grabczuk, Vice Marshal of Lublin Province
- Mr Tomasz Sonntag, Director of the Lubelskie Province Governor's Office
- Mr Tomasz Szczepaniak, Vice Governor of Chelm Shire/County
- Mr Waldemar Białowas – Vice Governor of Świdnik Shire/County
- Mr Łukasz Chrabański – Representative of the Polish Investment and Trade Agency ("PAIH").

Numerous community leaders from municipalities around the Jan Karski location also attended.

Mr Paul Wojciechowski, Australian Ambassador to Poland also gave his strong support for Jan Karski and noted that Prairie has strong support from the Australian government:

***"I am immensely pleased to see at this Conference the continuous support of local communities and regional authorities for Prairie's Jan Karski project. As I hear, Prairie would be ready to commence the construction phase as soon as the mining concession is granted. The success of this investment will be proof for other foreign investors that projects of such scale are feasible in Poland. It also serves as a perfect example of the kind of high-quality foreign investment Deputy Prime Minister Morawiecki called for in his economic development plan for Poland. I am looking forward to Jan Karski being built, providing thousands of new jobs in the region and contributing to social and economic development of the Lublin Voivodeship. This project will continue to enjoy strong support of the Australian government, as it is one of the most important Australian investments in Poland."***

Regional politicians confirmed their support for Jan Karski, which will be located in Siedliszcze municipality in the Chelm Shire, and its potential to create a large number of jobs and bring significant economic benefits to the regional and national economy. In his speech, the Vice Marshal (regional Governor) of the Lublin Province, Mr Krzysztof Grabczuk, said:

***“The local government of Lublin Voivodeship has been supportive and will be supportive of Prairie’s investment in the future. We realise how important Jan Karski is for our region. Not only will the new mine create thousands of new jobs, but also largely contribute to the economic development of the region. It is uncommon for a mining project to be as strongly supported by the local communities as this one is, hence it proves our understanding of the mining industry and recognition of its economic benefits. We are looking forward to seeing another profitable mine in our region, Jan Karski, build and run according to the best international standards.”***



**Figure 1: Australian Ambassador to Poland, Mr. Paul Wojciechowski meets with Vice Marshall of Lublin Province, Mr. Krzysztof Grabczuk at the Jan Karski Mine Development Conference**





**Figure 2: From Left to right – Mr. Łukasz Chrabański (Polish Investment and Trade Agency PAIH Representative), Mr. Mirosław Taras (Group Executive, Prairie Mining), Mr. Hieronim Zonik (Mayor of Siedliszcze), Mr. Ben Stoikovich (CEO, Prairie Mining), Mr. Paul Wojciechowski (Australian Ambassador to Poland), and Mr. Krzysztof Grabczuk (Vice Marshall of Lublin Province)**

## Permitting Milestone - Deposit Development Plan

Prairie has achieved a significant permitting milestone following a positive decision to approve the Jan Karski DDP, which now paves the way forward for the Company to submit a formal mining concession application. The DDP is a mine technical-economic study which is prepared according to Polish government standards.

The DDP has now been officially approved by the Lublin Regional Mining Office and will form part of the Company's mining concession application. Under Polish law a mining concession application comprises the submission of a DDP, an Environmental Social Impact Assessment and approval of a spatial development plan (rezoning of land for mining use).



**Figure 3: Jan Karski Mine Site Layout**

Prairie is expecting Environmental Consent and an approved spatial development plan during the second half of 2017. A granted mining concession will be valid for up to 50 years.

### **Power Supply**

Prairie has now initiated works aimed at obtaining power grid connection for Jan Karski having obtained the appropriate network connection conditions from PGE Dystrybucja S.A. ("PGED"), a subsidiary of one of Poland's major state-owned power utility PGE Group, the largest power producer and supplier in Poland. Under the agreement, PGED has confirmed the conditions of connection to provide 45MW bulk power supply required for full scale mine production. Power supply will be made available in two phases; firstly, 20MW for the mine construction and shaft sinking phase, and then full mine power supply of 45MW for steady state production. The respective high voltage network power lines are in close proximity to the project and a strategic plan to expand the high-voltage power network across the region has already been adopted by relevant state authorities.

To initiate the power line connections, Prairie has appointed SAG Elbud Gdansk S.A. ("SAG"), to design and complete all the permitting and engineering preparation for the connection and construction of a 10 km long 110kV power line from a nearby power substation to the Jan Karski Mine site. SAG is a Polish subsidiary of the SAG Group, one of Europe's leading service and system supplier for electrical power, gas and water networks, as well as installations for generating, providing and applying electricity. The SAG Group currently has over 8,000 employees across Europe in offices in Germany, France, Poland, Czech Republic, Slovakia, Hungary and the Netherlands.

**Prairie's CEO Ben Stoikovich commented:**

***"I am delighted with the strong regional government and community support we continue to enjoy from the Lublin region. We have designed Jan Karski to be a modern world class mine that will create jobs and stimulate further economic development in the region. Jan Karski is one of the most significant Australian investments in Central Europe and we enjoy strong support from the Australian government. Prairie will continue to transfer valuable international know-how and implement globally proven mining technologies that will unlock the full potential of the Lublin Coal Basin."***



***The approval of the Deposit Development Plan is an important step in the permitting process for Jan Karski and we now expect to be in a position to apply for a Mining Concession during the second half of the year. The power connection agreement with major Polish power utility PGE, and the appointment of SAG to commence power supply engineering works signals the initiation of development activities at Jan Karski.***

***Following the cooperation agreement with China Coal and the latest CD Capital investment, combined with cash on hand and the net proceeds from the recently completed institutional placement, Prairie is in an excellent financial position to further accelerate development activities at Jan Karski and Debiensko.”***

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## **Forward Looking Statements**

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