Prairie Mining Limited

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FINAL TERMS AGREED FOR CD CAPITAL ADDITIONAL FUNDING

- **Prairie and CD Capital agree final terms for a further investment of US$2.0m in the form of non-redeemable, non-interest bearing Convertible Loan Notes**
- **Funding increased to accelerate the redevelopment of Prairie's Debiensko Hard Coking Coal Project and advance pre-construction engineering works at its Jan Karski Mine**
- **Subject to Shareholder approval, Notes issued by way of a private placement by PDZ Holdings Limited which will be convertible into ordinary shares of Prairie at A$0.46 (28 pence) per share (same price as the recent Institutional Placement) and will be subject to a lock up period during which time CD Capital may not convert the Notes prior to 1 April 2018**
- **Based on the current share capital, conversion of all of CD Capital's Notes and exercise of CD Capital's options would result in approximately a 30% shareholding in Prairie**

Prairie Mining Limited ("**Prairie**" or "**Company**") is pleased to announce that it has finalised terms for the previously announced additional investment from its cornerstone investor CD Capital Natural Resources Fund III LP ("**CD Capital**"), subject to shareholder approval.

The investment will take the form of a private placement of non-redeemable, non-interest bearing convertible loan notes ("**Notes**") for an aggregate principal amount of US$2.0 million upsized from the previously announced A$2.0m. The Notes can be exchanged into ordinary shares of the Company at A$0.46 per share representing the price of the share placement to a number of high quality UK institutional investors completed in April 2017 ("**Institutional Placement**"). The Notes are subject to a nine month lock up period whereby they are convertible after 1 April 2018.

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: ***"CD Capital's additional 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."***

The issue of the Notes are subject to shareholder approval and the Company expects to lodge a Notice of Meeting in the coming weeks.

For further information, please contact:

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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 by the group's latest 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.

KEY COMMERCIAL TERMS OF THE INVESTMENT BY CD CAPITAL

- Subject to shareholder approval and other standard conditions precedent, an initial placement by PDZ Holdings (a 100% owned Subsidiary of the Company) to CD Capital of US$2 million (~A$2.6 million) of Notes. These Notes are convertible into ordinary shares of Prairie at an issue price of A$0.46 per share. Key terms of the Notes include the following:
  - The Notes are non-interest bearing;
  - The Notes are only repayable in an event of breach of the terms Note agreements;
  - The Notes cannot be converted until after 1 April 2018 by either party;
  - Prairie has the right, whilst no Event of Default exists, to convert all or part of the outstanding principal amount of the Notes into shares at the conversion price of $0.46 per share:
    - in the event of an unconditional takeover of the Company (acquisition of a relevant interest in at least 50% of Prairie shares pursuant to a takeover bid or by an Australian court approving a merger by way of a scheme of arrangement); or
    - at any time after 1 April 2018 provided that the 30 day volume weighted average price ("**VWAP**") of Prairie's shares exceeds the conversion price of A$0.46 per share.
  - The Notes do not provide CD Capital with any right to participate in any new issues of securities.
  - CD Capital has the right to convert all or part of the outstanding principal amount of the Notes into shares at the conversion price of $0.46 per share provided that:
    - The original convertible notes issued to CD Capital in 2015 ("**Loan Notes 1**") have been converted into Prairie shares (refer to ASX Announcement dated 19 July 2015); and
    - The A$0.60 CD Capital unlisted options ("**CD Options**") have been exercised into Prairie shares.
- If the Company reorganises its capital structure, such as by subdividing or consolidating the number of its shares, conducts a pro-rata offer to existing shareholders or distributes assets or securities to Shareholders, then the conversion price of $0.46 of the Notes will be adjusted so that the number of Prairie shares received by CD Capital on conversion of the Notes is the same as if the Notes were converted prior to relevant event.

- The occurrence of an Event of Default entitles CD Capital to declare the principal amount of the Notes immediately due and payable and exercise any other rights or remedies (including bringing proceedings) against the Company.
- Each of the following events is an "Event of Default" in relation to the Convertible Note:
  - If any representation or warranty made by Prairie is false or misleading which is reasonably likely to be a Material Adverse Effect, and if such breach is capable of remedy, it is not remedied within 45 days;
  - If the Company breaches a covenant or condition of the Notes or associated agreements which is a Material Adverse Effect, and if such breach is capable of remedy, it is not remedied within 45 days;
  - An Insolvency Event occurs (i.e. winding up) in relation to the Group;
  - If the Group ceases to carry on a business; or
  - If the Group does not maintain the listing and trading of its shares on at least one of the ASX, LSE or WSE.
- CD Capital may assign, transfer or encumber in whole or in part (in amounts of at least A$1 million) its rights under the Notes to any third party by giving written notice to Prairie provided the third party has provided a deed of assumption. Assignment of the Notes will not result in the assignment of the rights and obligations under the subscription agreement or investment agreement from the previous convertible notes issued to CD Capital in 2015.
- A Material Adverse Effect means a material adverse effect on:
  - the Company or PDZ Holding's ability to perform any of their obligations under the Notes, the and all other documents to be executed and delivered by CD Capital to PDZ Holdings or the Group ("Transaction document");
  - the validity or enforceability of a Transaction Document; or
  - the assets, business, condition (financial or otherwise), prospects or operations of the Group.
- An Insolvency Event in relation to the Group means:
  - An order being made, or the Group passing a resolution, for its winding up.