



NEWS RELEASE | 22 August 2017

## APPROVAL OF SPATIAL DEVELOPMENT PLAN RECEIVED

- **Prairie receives spatial development plan approval for the Jan Karski Mine site**
- **Poland's Ministry of Agriculture approves rezoning of 56 hectares of agricultural land for industrial use to allow for construction of a mine site, shafts and associated surface infrastructure**
- **Jan Karski is now one of the most advanced new large scale coking coal projects in the Northern Hemisphere**
- **Prairie notes the current strong coking coal price environment with spot market prices for hard coking coal remaining at ~US\$200/t; semi-soft coking coal prices at ~USD105/t and benchmark for high volatile semi-soft coking coal at ~USD140/t**
- **Prairie continues to advance its two World Class coking coal projects in Poland alongside partners and investors including China Coal and CD Capital**

Prairie Mining Limited ("**Prairie**" or "**Company**") is pleased to announce the formal approval of the spatial development plan (rezoning) for its 100% owned high value ultra-low ash semi-soft coking coal ("**SSCC**") Jan Karski Mine in the Lublin Province, south east Poland ("**Jan Karski**" or "**Project**").

Prairie's Chief Executive Officer Ben Stoikovich commented:

***"With approval of the spatial development plan we have taken a major step forward towards applying for a Mining Concession in order to build the Jan Karski Mine together with our strategic partner China Coal, and ultimately unlock significant value for all stakeholders. We continue to enjoy strong support from the community, local Municipalities and the Regional Government.***

***Jan Karski is now one of the most advanced coking coal projects of significant scale in the Northern Hemisphere and its development will provide substantial economic and social benefits for Eastern Poland. We now look forward to submitting the ESIA for formal Environmental Consent and our Mining Concession application in due course."***

## SPATIAL PLANNING (REZONING) APPROVAL FOR JAN KARSKI

Following completion of community consultation and submission by Prairie of all applications required to change the local spatial development plan to effect the rezoning of land for mining use, the Gmina (Municipality) of Siedliszcze has officially adopted a new spatial development plan that will allow for the construction of the Jan Karski Mine site in the location of Kulik.

The Resolution of the Town Council of Siedliszcze on “adoption of zoning plan for stage I No. XXIX/250/17” was passed completing yet another significant milestone towards Prairie obtaining a Mining Concession for Jan Karski.

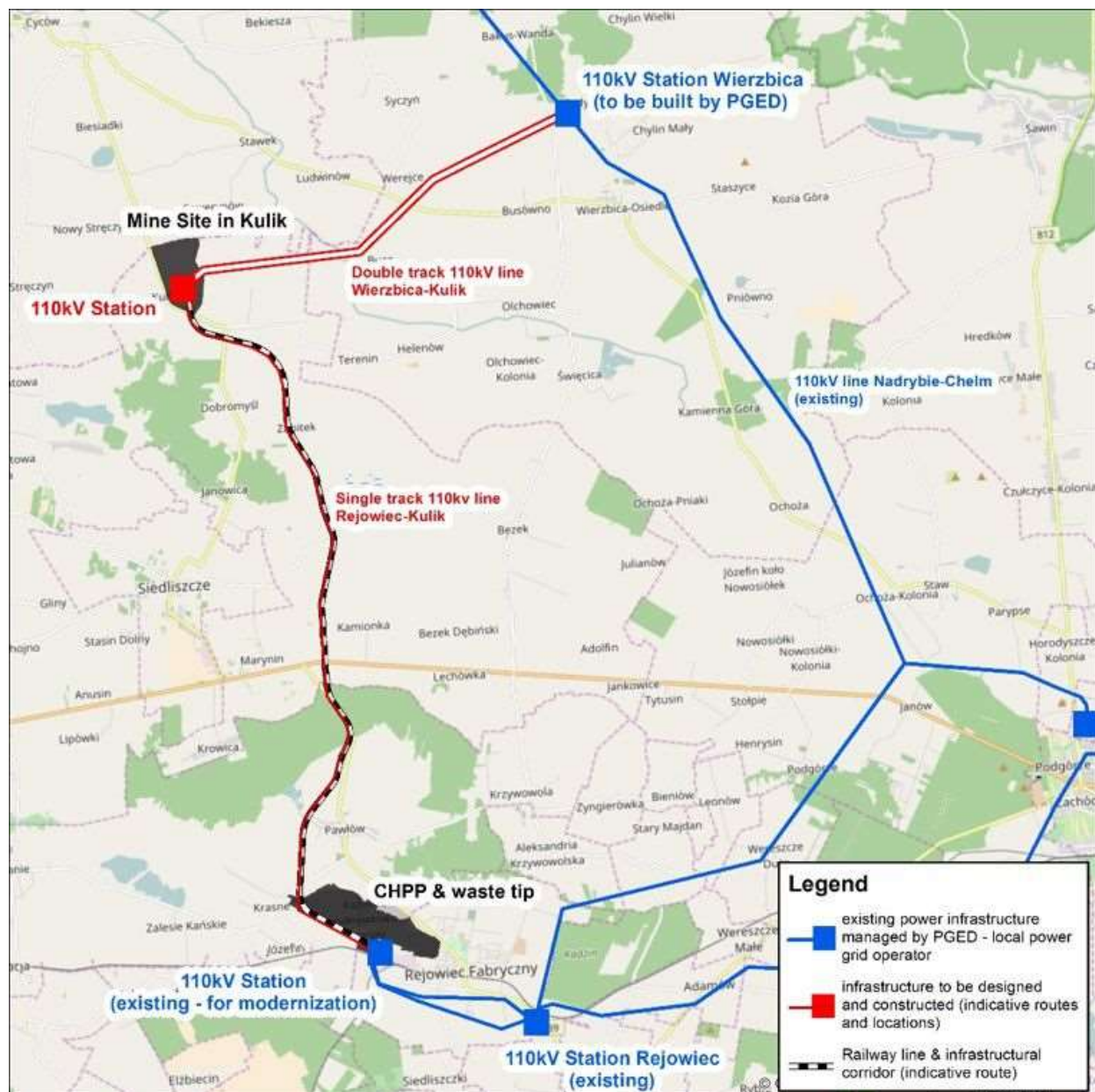


Figure 1: Configuration of the Jan Karski Mine surface infrastructure & Rezoned Mine Site in Kulik



The spatial planning approval process was conducted in parallel with approval by Poland's Ministry of Agriculture for the rezoning of 56 hectares of agricultural land to be designated for industrial (mining) purposes. This 56 hectares is in the Kulik area where the Jan Karski mine shafts and major surface facilities will be located, as per the approved Jan Karski Deposit Development Plan and the ongoing China Coal Bankable Feasibility Study.

This follows the achievement by Prairie of another significant permitting milestone following official approval by the Lublin Regional Mining Authority of the Jan Karski Deposit Development Plan ("**DDP**") in May 2017 (*refer to ASX announcement dated 25 May 2017*).



**Figure 2: 3D Visualisation of Jan Karski Mine Site Surface Layout**

Prairie remains on track to have its full application for a Mining Concession submitted for Jan Karski in the coming months. In Poland, a Mining Concession application comprises the approval of a DDP, a spatial development plan (rezoning of land for mining use), and an Environmental Social Impact Assessment ("**ESIA**") in the form of an Environmental Consent decision. Jan Karski's DDP and Spatial Development Plan have now been officially approved.

Furthermore, Prairie has substantially completed the ESIA for Jan Karski and is expecting to make a formal submission to regional authorities for Environmental Consent in the coming weeks. Granting of the Environmental Consent will fulfil all of the regulatory prerequisites for the Company to submit a formal Mining Concession application.

## STRONG COKING COAL ENVIRONMENT

Prairie notes the current strong coking coal price environment with spot market prices for hard coking coal FOB Australia remaining at around US\$200/t. The strength in coking coal prices has been attributed to strong cash margins of Chinese steel mills currently well above US\$100/t compared to the previous 5-year average of ~US\$25/t, production cuts by some Chinese miners, and production disruptions in Australia which have recently included South32 calling force majeure at its Illawarra Coal operations and ongoing labour issues at Glencore's Oaky North mine.

### Semi-soft Coking Coal

SSCC prices FOB Australia remain at ~US\$105/t and FOB USA benchmark for high volatile SSCC remains at US\$140/t.

The ultra-low ash content of Jan Karski's SSCC increases the coals value-in-use to steel and coke makers, making the product highly saleable in both the domestic European and international markets. One of the key outcomes of utilising ultra-low ash coking coal to produce coke is the resulting decreased fuel rate. This has a key environmental benefit for steel makers that results in a reduction in CO<sub>2</sub> emissions per tonne of hot metal produced.

As Prairie announced in May 2017, following a benchmarking exercise by independent specialists, the high value ultra-low ash SSCC product from Jan Karski is expected to achieve a ~10% premium above the FOB Newcastle benchmark SSCC price. The standardized reference benchmark is Rio Tinto "Hunter Valley" brand SSCC FOB Newcastle, per figure 3 below.

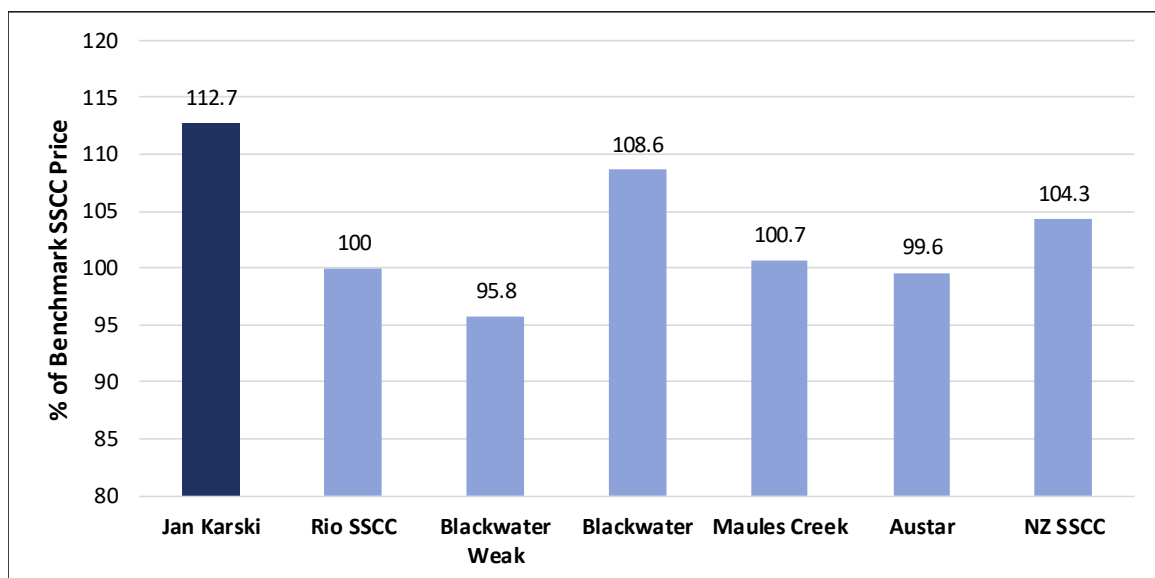


Figure 3: Platts Price Benchmarking Assessment

As China Coal looks to complete a Chinese Bankable Feasibility Study for the Jan Karski Mine in September, Prairie is further developing a coal marketing strategy by ongoing identification and evaluation of potential offtakers for Jan Karski's high value ultra-low ash SSCC product.

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