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## JAN KARSKI MINE UPDATE

In April 2018, Prairie Mining Limited (**Prairie** or **Company**) filed a civil law claim against the Polish Ministry of Environment (**MoE**) due to its failure to grant Prairie a mining usufruct agreement over the concessions which form the Jan Karski Mine (**Jan Karski**) and in order to protect the Company's security of tenure over the project.

The Company had been awarded the Priority Right to apply for a mining concession at Jan Karski in 2015 following its full compliance with Poland's Geological and Mining Law (2011).

Subsequent to Prairie's filing of the civil law claim discussed above, the Polish Civil Court granted Prairie an injunction preventing the MoE from granting prospecting, exploration or mining concessions and concluding usufruct agreements with any other party until full court proceedings were concluded.

In its ruling, the Court stated that: *"Based on the evidence one may at this point state that the plaintiff [Prairie] enjoys the right to request conclusion of the requested mining usufruct agreement for the 'Lublin' hard coal area (otherwise known as Jan Karski) resulting from Article 15 of the Geological and Mining Law [2011]."*

An Appeal Court in Warsaw has now overturned the Civil Court's decision and lifted the injunction. Prairie believes that the Appeal Court's decision is fundamentally flawed as it has the effect of retrospectively applying the August 2018 amended version of the Geological and Mining Law and (incorrectly) concludes that Prairie did not have a Priority Right over the entire Jan Karski (Lublin) deposit.

Prairie's civil law claim against the MoE for failure to grant the Company with a mining usufruct agreement at Jan Karski remains ongoing and is not impacted by the Appeal Court's decision to lift the injunction. The Appeal Court's decision is further evidence of the unfair and inequitable treatment faced by Prairie as a foreign investor in Poland and the Company will therefore consider all other actions necessary to ensure its rights are preserved.

In February 2019, the Company formally notified the Polish Government that there exists an investment dispute between Prairie and the Government that has arisen out of certain measures taken by Poland in breach of the Energy Charter Treaty, the UK-Poland Bilateral Investment Treaty and the Australia-Poland Bilateral Investment Treaty.

### **Discussion continue between Prairie and JSW**

Discussions between Prairie and Jastrzębska Spółka Węglowa SA (**JSW**) have been ongoing with JSW reporting that it would like to conclude the basic terms of a potential transaction with Prairie for the Debiensko and Jan Karski projects by the end of April 2019.

In February 2019, Prairie and JSW signed an extension to an NDA, in order to discuss a deal structure and commercial terms for any co-operation or transaction and for the adaption of mine plans for both Debiensko and Jan Karski to align with JSW's development concepts and to maximise potential synergies at Debiensko.

There can be no certainty as to whether any transaction(s) or co-operation will be agreed, or the potential form of such transaction(s) or co-operation. It is emphasised that any potential transaction(s), should they occur, may be subject to a number of conditions including, but not limited to, obtaining necessary corporate approvals, consents and approvals related to funding, consents from Poland's Office of Competition and Consumer Protection (UOKiK) if required, and any other requirements that may relate to the strategy, objectives and regulatory regimes applicable to the respective issuers.

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