Prairie Mining Limited

ANNUAL FINANCIAL REPORT

30 JUNE 2015

ABN 23 008 677 852

CORPORATE DIRECTORY

DIRECTORS:

Mr Ian Middlemas	Chairman
Mr Benjamin Stoikovich	Director and CEO
Ms Carmel Daniele	Non-Executive Director
Mr Emil Morfett	Non-Executive Director
Mr Thomas Todd	Non-Executive Director
Mr Mark Pearce	Non-Executive Director
Mr Todd Hannigan	Alternate Director

COMPANY SECRETARY:

Mr Dylan Browne

PRINCIPAL OFFICES:

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United Kingdom

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SHARE REGISTRIES:

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Bristol BS13 8AE
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BANKERS:

Australia and New Zealand Banking
Group Limited
77 St Georges Terrace
Perth WA 6000

AUDITOR:

Ernst & Young
11 Mounts Bay Road
Perth WA 6000

SOLICITORS:

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Level 31, Central Park
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Perth WA 6000

STOCK EXCHANGE LISTINGS:

Australia:
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Home Branch – Perth
2 The Esplanade
Perth WA 6000
ASX Code: PDZ – fully paid ordinary shares

United Kingdom:
London Stock Exchange – Main Board
10 Paternoster Square
London ECM 7LS
LSE Code: PDZ – fully paid ordinary shares

Poland:
Warsaw Stock Exchange
Książęca 4
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WSE Code: PDZ – fully paid ordinary shares

POLISH BROKER:

IPOPEMA Securities S.A.
ul. Próżna 9
PL-00-107 Warsaw

CONTENTS

The Directors of Prairie Mining Limited (formerly Prairie Downs Metals Limited) present their report on the Consolidated Entity consisting of Prairie Mining Limited ("Company" or "Prairie") and the entities it controlled at the end of, or during, the year ended 30 June 2015 ("Consolidated Entity" or "Group").

DIRECTORS

The names and details of the Group's Directors in office at any time during the financial year or since the end of the financial year are:

Mr Ian Middlemas	Chairman
Mr Benjamin Stoikovich	Director and CEO
Mr Anastasios (Taso) Arima	Executive Director (resigned 21 September 2015)
Ms Carmel Daniele	Non-Executive Director (appointed 21 September 2015)
Mr Emil Morfett	Non-Executive Director (appointed 21 September 2015)
Mr Thomas Todd	Non-Executive Director (appointed 16 September 2014)
Mr John Welborn	Non-Executive Director (resigned 21 September 2015)
Mr Mark Pearce	Non-Executive Director
Mr Todd Hannigan	Alternate Director (appointed 16 September 2014)

Unless otherwise stated, Directors held their office from 1 July 2014 until the date of this report.

CURRENT DIRECTORS AND OFFICERS

Mr Ian Middlemas *B.Com, CA*
Chairman

Mr Middlemas is a Chartered Accountant, a member of the Financial Services Institute of Australasia and holds a Bachelor of Commerce degree. He worked for a large international Chartered Accounting firm before joining the Normandy Mining Group where he was a senior group executive for approximately 10 years. He has had extensive corporate and management experience, and is currently a Director with a number of publicly listed companies in the resources sector.

Mr Middlemas was appointed a Director of the Company on 25 August 2011. During the three year period to the end of the financial year, Mr Middlemas has held directorships in Paringa Resources Limited (October 2013 – present), Berkeley Energy Limited (April 2012 – present), Prairie Mining Limited (August 2011 – present), Pacific Ore Limited (April 2010 – present), Wildhorse Energy Limited (January 2010 – present), Equatorial Resources Limited (November 2009 – present), WCP Resources Limited (September 2009 – present), Sovereign Metals Limited (July 2006 – present), Papillon Resources Limited (May 2011 – October 2014), Sierra Mining Limited (January 2006 – June 2014) and Decimal Software Limited (July 2013 – April 2014).

Mr Benjamin Stoikovich *B.Eng, M.Eng, M.Sc, CEng, CEnv*
Director and CEO

Mr Stoikovich is a mining engineer and professional corporate finance executive. He has extensive experience in the resources sector gained initially as an underground Longwall Coal Mining Engineer with BHP Billiton where he was responsible for underground longwall mine operations and permitting, and more recently as a senior executive within the investment banking sector in London where he gained experience in mergers and acquisitions, debt and off take financing.

He has Bachelor of Mining Engineering from the University of NSW; a Master of Environmental Engineering from the University of Wollongong; and a M.Sc in Mineral Economics from Curtin University. Mr Stoikovich also holds a 1st Class Coal Mine Managers Ticket from the Coal Mine Qualifications Board (NSW, Australia) and is a registered Chartered Engineer (CEng) and Chartered Environmentalist (CEnv) in the United Kingdom.

Mr Stoikovich was appointed a Director of the Company on 17 June 2013. During the three year period to the end of the financial year, Mr Stoikovich has not held any other directorships in listed companies.

CURRENT DIRECTORS AND OFFICERS (Continued)

Ms Carmel Daniele *B.Ec, CA*
Non-Executive Director

Ms Carmel Daniele is Founder and Chief Investment Officer of CD Capital in London. Ms Daniele has over 20 years of global natural resources investment experience, ten of which was spent with Newmont Mining/Normandy Mining and acquired companies. As a Senior Executive (Corporate Advisory) at Newmont she structured cross-border M&As including the three-way merger between Franco-Nevada, Newmont and Normandy. Post-merger Ms Daniele structured the divestment of various non-core mining assets around the world for the merchant banking arm, Newmont Capital. Ms Daniele started off her career at Deloitte Touche Tohmatsu where she spent 8 years in various corporate finance roles. Prior to setting up CD Capital in London in 2006, Ms Daniele spent a year and half as investment advisor to RAB Capital's Special Situations Fund on sourcing and negotiating natural resource private equity investments. Ms Daniele holds a Master of Laws (Corporate & Commercial) and Bachelor of Economics from the University of Adelaide and is a Fellow of the Institute of Chartered Accountants.

Ms Daniele was appointed a Director on 21 September 2015.

Mr Emil Morfett *B.Sc, M.Sc, CEng, IMMM*
Non-Executive Director

Mr Morfett has over 30 years' experience in mining industry acquisitions, privatisations, IPOs, equity offerings and has held directorships of numerous public mining companies. He has had commodity exposure to iron ore, coal, base metals, copper, gold, vanadium, tungsten, nickel sulphide, manganese and rare earths via employment at Rio Tinto, as an exploration geologist in Saudi Arabia and the USA; at Goldfields, as a geologist and mining analyst in South Africa; at Paribas and J.P. Morgan, both as Head of Metals and Mining Research; and at Millstone Grit, where he was Managing Director, Founder and Mining Analyst. Mr Morfett joined CD Capital in 2014. He has a BSc in Geology from the University of London, Queen Mary College and an MSc in Mineral Exploration from the University of Kingston, Ontario. Mr Morfett is also a Chartered Engineer and Member of the Institute of Materials, Minerals and Mining.

Mr Morfett was appointed a Director on 21 September 2015.

Mr Thomas Todd *B.Sc (Hons), CA*
Non-Executive Director

Mr Todd was the Chief Financial Officer of Aston Resources from 2009 to November 2011. Prior to Aston Resources, Mr Todd was Chief Financial Officer of Custom Mining, where his experience included project acquisition and funding of project development for the Middlemount project to the sale of the company to Macarthur Coal. A graduate of Imperial College, Mr Todd holds a Bachelor of Physics with first class Honours. He is a member of The Institute of Chartered Accountants in England and Wales and a graduate of the Australian Institute of Company Directors.

Mr Todd was appointed a Director on 16 September 2014. During the three year period to the end of the financial year, Mr Todd has been an alternate director in Paringa Resources Limited (May 2014 – Present)

Mr Mark Pearce *B.Bus, CA, FCIS, FFin*
Non-Executive Director

Mr Pearce is a Chartered Accountant and is currently a Director of several listed companies that operate in the resources sector. He has had considerable experience in the formation and development of listed resource companies and has worked for several large international Chartered Accounting firms. Mr Pearce is also a Fellow of the Governance Institute of Australia and a Fellow of the Financial Services Institute of Australasia.

Mr Pearce was appointed a Director of the Company on 25 August 2011. During the three year period to the end of the financial year, Mr Pearce has held directorships in Wildhorse Energy Limited (August 2014 – present), Prairie Mining Limited (August 2011 – present), Pacific Ore Limited (April 2010 – present), Equatorial Resources Limited (November 2009 – present), WCP Resources Limited (September 2009 – present), Sovereign Metals Limited (July 2006 – present) and Decimal Software Limited (July 2013 – April 2014).

Mr Todd Hannigan *B.Eng (Hons)*
Alternate Director for Mr Thomas Todd

Mr Hannigan was the Chief Executive Officer of Aston Resources from 2010 to 2011. During this time, the company significantly progressed the Maules Creek project, including upgrades to the project's resources and reserves, completion of all technical and design work for the Definitive Feasibility Study, negotiation of two major project stake sales and joint venture agreements, securement of port and rail access and progression of planning approvals to final stages. Mr Hannigan has worked internationally in the mining and resources sector for over 18 years with Aston Resources, Xstrata Coal, Hanson PLC, BHP Billiton and MIM.

Mr Hannigan was appointed as Alternate for Mr Thomas Todd on 16 September 2014. During the three year period to the end of the financial year, Mr Hannigan has held a directorship in Paringa Resources Limited (May 2014 – Present)

Mr Dylan Browne *B.Com, CA, AGIA*
Company Secretary

Mr Browne is a Chartered Accountant and Associate Member of the Governance Institute of Australia who commenced his career at a large international accounting firm and has since worked in the corporate office of a number of listed companies that operate in the resources sector. Mr Browne was appointed Company Secretary of the Company on 25 October 2012.

PRINCIPAL ACTIVITIES

The principal activities of the Group during the financial year consisted of the exploration and development of resource projects. No significant change in nature of these activities occurred during the year.

OPERATING AND FINANCIAL REVIEW

Operations

Highlights during, and subsequent to, the financial year end include:

(i) Completed an investment agreement with CD Capital Natural Resources Fund III LP ("CD Capital") for an investment in Prairie's 100% owned subsidiary, PDZ Holdings Pty Ltd ("PDZ Holdings"), of up to A$83 million to upgrade, expand and develop the Lublin Coal Project ("LCP" or "Project"). Pursuant to the investment agreement, the Company appointed Ms Carmel Daniele and Mr Emil Morfett as Non-Executive Directors of the Company;

(ii) Successfully completed all required exploration works at the LCP in accordance with the work program outlined in the exploration concession agreements with the Polish Ministry of Environment ("MoE");

(iii) Secured a three year exclusive right to apply and be granted a mining concession for the Project following the approval of geological documentation by the MoE;

(iv) Announced a substantial increase in Indicated Coal Resources to 333 million tonnes ("Mt") for the LCP, representing a 96% increase from the Coal Resource Estimate ("CRE") in 2014;

(v) Published excellent final results from coal quality testing carried out on cores from the last three holes of Prairie's drilling campaign which confirmed the Free Swell Index ("FSI") numbers of up to 6.0 in the target mining areas of the key 391 coal seam;

(vi) The Company completed the admission of its ordinary shares on the main market of the London Stock Exchange and the main market of the Warsaw Stock Exchange;

(vii) Commencement and progression of a Pre-Feasibility Study ("PFS") for the LCP which has been designed to comply with international best practice in all study areas in order to support detailed technical and financial due diligence by strategic equity partners, offtakers, financial institutions and to promote a seamless transition to the Definitive Feasibility Study ("DFS") stage;

OPERATING AND FINANCIAL REVIEW (Continued)

Operations (Continued)

(viii) The Company was granted a new large contiguous exploration concession for coal at the Project increasing the Project area by 54km^2 to over 235km^2. The new concession, Sawin-Zachód ("Sawin"), confirms Prairie's position as the dominant land holder in the Lublin coal basin and provides the potential for a significant increase in coal resources;

(ix) Appointed specialist marketing firms to conduct European coal marketing studies for the Project which is being completed alongside the PFS;

(x) The Company signed agreements with the MoE providing access to further detailed historical exploration data for the K-4-5, K-8 and K-9 concessions at the LCP;

(xi) Continued baseline studies for the Environmental and Social Impact Assessment ("ESIA"), the completion of which is a pre-requisite for the grant of a mining concession at the LCP; and

(xii) Appointment of Mr Thomas Todd as Non-Executive Director and Mr Todd Hannigan as his alternate Director.

Lublin Coal Project

The Lublin Coal Project is a large scale premium coal project located in the Lublin Coal Basin in south east Poland. The Lublin Coal Basin is an established coal producing province which is well serviced by modern and highly efficient infrastructure, offering the potential for low capital intensity mine development. The LCP is situated adjacent to the Bogdanka coal mine which has been in commercial production since 1982 and is the lowest cost coal producer in Europe.

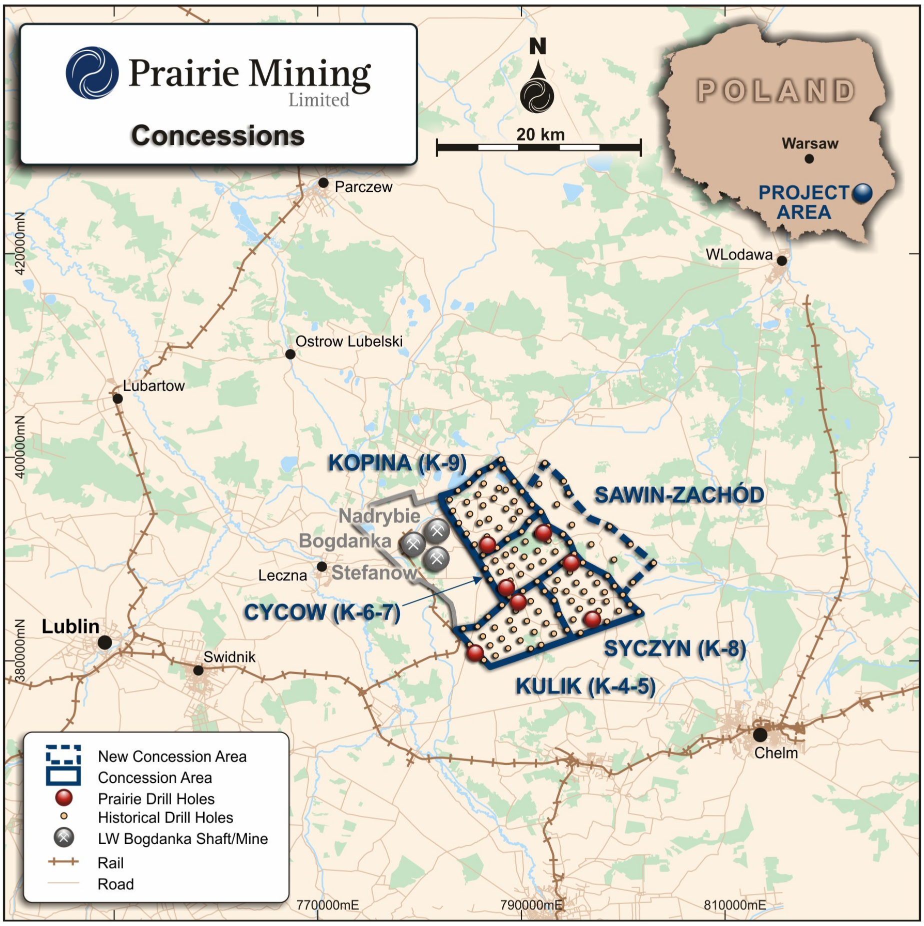

Figure 1: Lublin Coal Project Concessions

CD Capital to Invest up to $83m in Prairie's Lublin Coal Project

On 21 September 2015, Prairie completed an investment agreement with CD Capital to raise up to $83 million. CD Capital have committed to be a key strategic funding partner in the upgrading, expansion and development of Prairie's LCP.

The transaction was approved by shareholders on 21 September 2015 and is structured in three tranches as follows:

- a private placement by PDZ Holdings (a wholly-owned subsidiary of Prairie which indirectly holds the LCP) of non-interest bearing convertible loan notes with an aggregate principal amount of $15 million to CD Capital, exchangeable for ordinary shares of Prairie at $0.335 per share;
- the grant of unlisted options in Prairie with an exercise price of A$0.60 per option for a further $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.

The receipt by PDZ Holdings of the initial $15 million will fund the de-risking of the Project towards a construction decision. The completion of the transaction will fully fund all required works up to a positive mine development decision at the LCP, including the completion of a DFS and all required permitting.

CD Capital securing rights to provide $55 million as part of future Prairie fund raising provides a solid platform for Prairie to progress project financing for the successful development of the LCP.

Under the investment agreement, CD Capital has appointed two directors, Ms Carmel Daniele and Mr Emil Morfett, to the Board of Prairie.

CD Capital is a global natural resources private equity fund with a proven track record of successfully identifying and investing in world-class mining and resource assets at the growth equity stage. CD Capital unlocks value in high quality mining projects through a strategic hands-on approach to development and has a long term investment horizon. CD Capital's underlying investor base is made up of professional institutional investors with strong representation from endowments and foundations.

Approval of Geological Documentation

On 1 July 2015, Prairie announced that it had secured the Exclusive Right to apply for, and consequently be granted, a mining concession for the LCP. This follows the approval by Poland's MoE of Prairie's previously submitted geological documentation and is in accordance with the terms of the Polish Geological and Mining Law (2011) ("GML"). Geological documentation is a resource estimate prepared according to the standards prescribed in the Polish resource reporting code and follows the successful completion of all required exploration works by Prairie under its concession commitments with the MoE.

As a result of its geological documentation being approved, Prairie is now the only entity that can lodge a mining concession application over the LCP within the next three (3) years. The Company is advancing technical and environmental feasibility programs for the LCP in accordance with standards of international best practice and intends to submit the mining concession application for the Project in 2016.

The approved Geological Documentation covers an area comprising all four of the original exploration concessions granted to Prairie (K-4-5, K-6-7, K-8 and K-9) and includes the full extent of the targeted resources within the mine plan for the Project. As part of its application for the approval of Geological Documentation, Prairie relinquished a small area to the north of the K-9 concession as the coal within this region has been deemed not of mineable thickness. In addition, Prairie's geological documentation did not include the recently awarded Sawin concession which may be added at a later date.

Coal Resource Estimate

An updated CRE was published subsequent to the end of the year, delivering a substantial increase in Indicated Coal Resources to 333Mt which represents a 96% increase from the previous CRE in 2014.

The updated CRE focused on increasing the number of Indicated tonnes within the overall resource to support the mine plan for the PFS as the Project heads into the development phase.

DIRECTORS' REPORT
(Continued)

OPERATING AND FINANCIAL REVIEW (Continued)

Operations (Continued)

Coal Resource Estimate (Continued)

The CRE was reported in accordance with the JORC Code (2012) and comprises 333Mt in the Indicated Category as part of a Global CRE of 722Mt. The CRE has been modelled based on data from 10 coal seams that were considered economically extractable and applies a 1m seam thickness cut off and a 100m stand-off from the Jurassic formation.

Table 1: Lublin Coal Project Coal Resource Estimate – Gross Seam Thickness

Coal Seam	Indicated Coal Resource In-Situ (Mt)	Inferred Coal Resource In-Situ (Mt)	Total Coal Resource In-Situ (Mt)
382	60	39	**98**
385	39	21	**60**
389	19	41	**60**
391	164	82	**246**
Other Seams	51	207	**258**
Total – Project Area	**333**	**390**	**722**

* The tonnage calculations for the Indicated Resource have included allowances for geological uncertainty (15%)

* Note: Apparent differences in totals may occur due to rounding

Coal Quality

Prairie has conducted separate coal washability testing based on its completed drilling program, the results of which were published by the company in April 2015 (refer ASX announcement "March 2015 Quarterly Report", 30 April 2015). These results were highly encouraging as they confirmed the 391 coal seam hosts extensive premium coal throughout the planned target mining areas of the Project where the 391 coal seam is thickest. The 391 seam thickens towards the west of the Project area, as it approaches the border with the Bogdanka mine. In these areas, coal seam thicknesses extend up to 3.2 metres in the 391 seam.

The LCP also has attractive coal quality parameters, particularly within the 391 seam, with the potential to produce both metallurgical and premium thermal coals. Prairie has confirmed Free Swell Index ("FSI") numbers of up to 6.0 in the target mining areas of the key 391 coal seam.

Table 2: 7 Hole Coal Quality Analysis – 391 Coal Seam

Drill Hole ID	Washed Coal Quality (Air Dried Basis)						
	Calorific Value	FSI	Ash	Volatile Matter	Moisture	Sulphur	**Yield @ 1.35 Float**
Kulik	**7,806 kcal/kg**	6.0	2.2%	36.4%	2.7%	1.0%	**94%**
Cycow 7	**7,832 kcal/kg**	5.5	2.3%	37.6%	2.2%	1.06%	**71.5%**
Kopina 1	**7,526 kcal/kg**	4.0	2.0%	35.6%	2.3%	0.9%	**95%**
Cycow 8	**7,618 kcal/kg**	2.0	2.4%	34.3%	4.0%	0.60%	**91%**
Syczyn 7	**7,830 kcal/kg**	6.0	2.4%	36.7%	3.3%	0.7%	**97%**
Syczyn 8	**7,798 kcal/kg**	4.5	1.5%	36.7%	3.8%	0.66%	**84%**
Borowo	**7,809 kcal/kg**	5.0	2.7%	33.2%	2.4%	1.0%	**75%**

Pre-Feasibility Study

During the year, the Company commenced and progressed past the mid-way point of the PFS. A joint team of consultants from Golder Associates (UK) Ltd ("Golder") and Royal HaskoningDHV ("RHDHV") are managing the PFS which has been designed to comply with international best practise in all study areas in order to support detailed technical and financial due diligence by strategic equity partners, offtakers, financial institutions and to promote a seamless transition to the DFS.

London Stock Exchange and Warsaw Stock Exchange Listings

Subsequent to the end of the year, the Company completed the admission of its ordinary shares on the main market of the London Stock Exchange and on the main market of the Warsaw Stock Exchange. The admissions will position the Company for the next stage of development by further raising the profile of the Company and facilitating the future participation of UK, Polish and other European investors in Prairie's growth.

Divestment of Prairie Downs Base Metals Project ("BMP")

During the year, Prairie entered into a new farm-in agreement ("Farm-In Agreement") with Marindi Metals Pty Ltd ("Marindi") in relation to the BMP.

Under the terms of the Farm-In Agreement, Marindi can earn a 100% interest in the BMP by electing to pay Prairie A$0.5 million in cash (which Prairie received on 27 May 2015) and a further A$1 million in cash or shares by 30 September 2016, with Prairie retaining a 2.5% Net Smelter Royalty.

The Farm-In Agreement allows Prairie to focus 100% of its time, energy and resources on the world class LCP and provides the incentive for Marindi, which is led by highly experienced base metal mining executives, to rapidly advance the development of the Base Metals Project.

Results of Operations

The net loss of the Consolidated Entity for the year ended 30 June 2015 was $5,152,146 (2014: $5,018,964). Significant items contributing to the current year loss and the substantial differences from the previous financial year include:

(i) Exploration and Evaluation expenses of $7,301,685 (2014: $6,603,649), which is attributable to the Group's accounting policy of expensing exploration and evaluation expenditure incurred by the Group subsequent to the acquisition of rights to explore and up to the commencement of a bankable feasibility study for each separate area of interest. As a direct result of exploration and evaluation activities conducted during the year, the Group achieved key milestones including (i) approval of geological documentation and securing a three year exclusive right to apply for a mining concession at the LCP; (ii) completion of the initial drilling program and subsequent publication of results which confirmed the 391 coal seam hosts extensive premium coal throughout the target mining areas; (iii) the commencement and progression of the PFS; (iv) the grant of the new Sawin exploration concession at the Project increasing the Project area to over 235km^2; and (v) entering into agreements with the MoE providing access to further detailed historical exploration data for the K-4-5, K-8 and K-9 concessions at the LCP;

(ii) Non-cash share-based payment expenses of $1,576,867 (2014: $636,708) due to incentive securities issued to key management personnel and other key employees and consultants of the Group as part the long-term incentive plan to reward key management personnel and other key employees and consultants for the long term performance of the Group. The expense results from the Group's accounting policy of expensing the fair value (determined using an appropriate pricing model) of incentive securities granted on a straight-line basis over the vesting period of the options and rights. The increase in share-based payment expenses in 2015 compared to 2014 is attributable to the grant of additional incentive securities being issued to key employees and consultants of the Group as part of the long-term incentive plan to reward key management personnel and other key employees and consultants for the long term performance of the Group;

(iii) Non-cash gain on the derecognition of available-for-sale financial assets of $9,593,775 (2014: nil). At 1 July 2014, the Company held 10.0 million fully paid ordinary shares in Papillon Resources Limited ("Papillon") (ASX:PIR). During the year, Papillon implemented a scheme of arrangement by which B2Gold Corp (TSX:BTO) ("B2Gold") acquired all of the issued shares in Papillon ("Scheme"). In consideration for the Scheme, Prairie received 0.661 B2Gold shares for every Papillon share held. As a result of the Scheme, the Company was required to derecognise the Papillon available-for-sale asset. The Company subsequently recognised the B2Gold shares as a held-for-trading (fair value through profit and loss) financial asset;

DIRECTORS' REPORT
(Continued)

OPERATING AND FINANCIAL REVIEW (Continued)

Results of Operations (Continued)

(iv) Other income of $1,823,851 (2014: nil) which consists of a net gain on sale of available-for-sale financial assets of $1,323,851 (2014: nil) as a result of selling a parcel of one (1) million Papillon shares during the year, and on receiving $500,000 (2014: nil) as a result of the Farm-In Agreement with Marindi. No other income was received in 2014;

(v) Business development expenses of $1,301,836 (2014: $659,745) which includes expenses in relation to the Group's investor relations activities including in 2015, brokerage fees, travel costs, attendances at conferences and expenses incurred in relation to the admission of the Company's shares on the London Stock Exchange and Warsaw Stock Exchange;

(vi) Non-cash other expenses of $1,063,846 (2014: nil) as a result of the fair value loss on financial assets at fair value through profit and loss; and

(vii) An income tax expense of $4,410,000 (2014: benefit of $3,645,000) as a result of the sell down and derecognition of available-for-sale assets that occurred during the period.

Financial Position

As at the date of this report, the Company had working capital in excess of $21.6 million which includes cash and cash equivalents and held-for-trading listed securities.

At 30 June 2015, the Company had cash reserves of $2,076,409 (2014: $2,574,300), no debt and listed securities of $7,569,754 (2014: $18,800,000).

At 30 June 2015, the Company had net assets of $9,399,258 (2014: $21,332,288), a decrease of 56% compared with the previous year. This is consistent with and largely attributable to the sale of and decrease in value of listed securities held by the Company coupled with the current year's net loss after tax.

Business Strategies and Prospects for Future Financial Years

Prairie's strategy is to create long-term shareholder value by continuing to explore and develop the LCP in Poland.

To date, the Group has not commenced production of any minerals. To achieve its objective, the Group currently has the following business strategies and prospects:

- complete a PFS on the LCP, which is scheduled for completion in 2015;
- continue the mining concession process for the LCP, having been granted the 3 year Priority Right, including the rezoning of land for mining use, the completion of a Deposit Development Plan ("DDP") and EIA for the LCP and submission of these to the local authorities for approval. Once approved the Company will apply for a mining concession for the LCP;
- complete European coal marketing studies for the LCP;
- complete further coal quality and washability testing to confirm product specifications and potential yields to support a DFS;
- subject to the results of the PFS, to commence a DFS and proceed to begin the development and financing of the LCP; and
- conduct additional exploration at Sawin.

All of these activities are inherently risky and the Board is unable to provide certainty of the expected results of these activities, or that any or all of these likely activities will be achieved. The material business risks faced by the Group that could have an effect on the Group's future prospects, and how the Group manages these risks, include the following:

- ***CD Capital investment agreement*** – Pursuant to the CD Capital agreement, CD Capitals nominee directors must retire and stand for election at the upcoming 2015 annual general meeting of the Company. If these nominee directors are not elected, this will constitute an event of default under the terms of the investment agreement and this would entitle CD Capital to declare the entire principal amount of the convertible note immediately due and payable. In addition, the occurrence of any other event of default under the CD Capital investment agreement would also entitle CD Capital to declare the entire principal amount of the convertible note immediately due and payable;

- ***The Company's activities will require further capital*** – The ability of the Company to finance future capital investment for the development and continuing operation of the Project is dependent, among other things, on the Company's ability to raise additional future funding either through equity or debt financing. Failure to obtain sufficient financing may result in delaying or indefinite postponement of exploration and any development of the Project or even a loss of property interest. The key initial items in respect of which the Company would require further funding in the future would be the development and construction of the mine at the LCP. In this regard, and pursuant to the CD Capital investment agreement, CD Capital has a first right to invest a further $55 million in any future fund raise conducted by the Company. There is however no guarantee that CD Capital would take up this right in the future and there is a risk that the Company's obligation to offer CD Capital a first right of refusal on any future fund raising could prejudice the Company's ability to raise funds from investors other than CD Capital. However, the Company considers that it would not be necessary to undertake such development actions until it has secured financing to do so and the timing for commencement of such actions would accordingly depend on the date that such financing is secured. If, in the unlikely event that future financing cannot be secured, the Group has the flexibility to significantly reduce its ongoing expenditure.

  The Company's board of directors has a successful track record of fundraising for natural resources projects, including large scale coal projects, and has completed successful financing transactions with strategic partners, large institutional fund managers, off-take partners and traders and project finance lenders. There is however no guarantee that the then prevailing market conditions will allow for a fundraising or that new investors will be prepared to subscribe for ordinary shares or at the price at which they are willing to do so. Failure to obtain sufficient financing may result in delaying or indefinite postponement of appraisal and any development of the LCP, a loss of the Company's personnel and ultimately a loss of its interest in the Project if it were unable to successfully apply for a mining concession for the LCP before the expiry of the Priority Right. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be favourable to the Company.

  If the Company obtains debt financing, it will be exposed to the risk of leverage and its activities could become subject to restrictive loan and lease covenants and undertakings. If the Company obtains equity financing other than on a pro rata basis to existing Shareholders, the percentage ownership of the existing Shareholders may be reduced, Shareholders may experience subsequent dilution and/or such securities may have preferred rights, options and pre-emption rights senior to the Ordinary Shares. There can be no assurance that the Company would be successful in overcoming these risks or any other problems encountered in connection with such financings.

- ***Risk of further challenges by Bogdanka*** – In April 2015 the MoE issued a decision approving geological documentation for the Project. Subsequently, Bogdanka filed a motion to be admitted as a party to the proceedings related to the approval of geological documentation. On 25 June 2015, the MoE issued its final decision rejecting Bogdanka's application to be admitted as a party to the proceedings relating to the approval of geological documentation. This means that the MoE decision approving the geological documentation is final - providing the Company with a three year priority right to apply for a mining concession for the LCP and confirms that the Company's geological documentation complies with the legal requirements of the GML. Bogdanka has in the past raised several appeals challenging the Company's title to the exploration concessions comprising the Project and to actions by government departments in the approval process of the Project. There is no guarantee that Bogdanka will not seek to file further appeals including appealing the approval of the geological documentation by the MoE and the priority right secured by the Company as a consequence of that approval. If an appeal is made, this may include an appeal of the MoE's final decision to the administrative court in Warsaw.

OPERATING AND FINANCIAL REVIEW (Continued)

Business Strategies and Prospects for Future Financial Years (Continued)

- ***The Company has limited operating history*** – The Company has limited operating history on which it can base an evaluation of its prospects. Despite this, members of the Company's Board of Directors and management team have considerable experience in the exploration, appraisal, funding development and mining of coal projects both globally and within the Lublin Coal Basin. The future success of the Company is dependent upon a number of factors, including the successful: (i) completion of positive technical and feasibility studies which demonstrates that mining of coal can be economically undertaken at the Project; (ii) design, construction and commissioning of the infrastructure required for the Project; (iii) progression of permitting and maintenance of title for Project; and (iv) identification of, and agreement with, strategic partners, offtakers and other financiers to fund and assist with the development and operation of mining at the Project.

  The prospects of the Company must be considered in light of the risks, expenses and difficulties frequently encountered by companies in their early stage of development, particularly in the mineral exploration sector, which has a high level of inherent uncertainty.

- ***Operations conducted in an emerging market*** – The Company's operations are located in Poland and will be exposed to related risks and uncertainties associated with this jurisdiction. Changes in mining or investment policies, laws or regulations (or the application thereof) or shifts in political attitude in Poland, in particular to mining, use of coal, and foreign ownership of coal projects may adversely affect the operation or profitability of the Company. The Company continues to consult with the various levels of Government but there can be no assurances that the future political developments in Poland will not directly impact the Company's operations or its ability to attract funding for its operations. The Company also competes with many other companies in Poland, including companies with established mining operations. Some of these companies have greater financial resources and political influence than the Company and, as a result, may be in a better position to compete with or impede the Company's current or future activities. Specifically in relation to this, Prairie notes that during the year, the "MoE" rejected Lubelski Węgiel BOGDANKA S.A.'s ("Bogdanka") application for a mining concession over the Company's K-6-7 exploration concession. However, the Company notes that Bogdanka has appealed this decision to the administrative court in Poland with the results of these proceedings still currently pending. The administrative court has no authority to grant Bogdanka the concession but it may however cancel the MoE's rejection decision. If the administrative court cancels the MoE decision, the MoE will be required to re-assess Bogdanka's mining concession application. The proceedings will not relate to the Company's valid and existing priority right to apply for a mining concession over the K-6-7 area;

- ***The Company may be adversely affected by fluctuations in coal prices*** – The price of coal fluctuates widely and is affected by numerous factors beyond the control of the Company are currently depressed from previous levels and there is no guarantee that prices will recover. Future production, if any, from the Company's mineral properties and its profitability will be dependent upon the price of coal being adequate to make these properties economic. The Company currently does not engage in any hedging or derivative transactions to manage commodity price risk. As the Company's operations change, this policy will be reviewed periodically going forward; and

- ***Global financial conditions may adversely affect the Company's growth and profitability*** – Many industries, including the mineral resource industry, are impacted by these market conditions. Some of the key impacts of the current financial market turmoil include contraction in credit markets resulting in a widening of credit risk, devaluations and high volatility in global equity, commodity, foreign exchange and precious metal markets, and a lack of market liquidity. The exploration and any development of the Company's exploration properties will require substantial funding. Due to the current nature of the Company's activities, a slowdown in the financial markets or other economic conditions may adversely affect the Company's growth, or rate of growth, and ability to fund its activities. If these increased levels of volatility and market turmoil continue, the Company's activities could be adversely impacted and the trading price of the Company's shares could be adversely affected.

EARNINGS PER SHARE

	2015 Cents	2014 Cents
Basic and diluted loss per share	**(3.81)**	(4.00)

ENVIRONMENTAL REGULATION AND PERFORMANCE

The Group's operations are subject to various environmental laws and regulations under the relevant government's legislation. Full compliance with these laws and regulations is regarded as a minimum standard for all operations to achieve.

Instances of environmental non-compliance by an operation are identified either by external compliance audits or inspections by relevant government authorities.

There have been no significant known breaches by the Group during the financial year.

DIVIDENDS

No dividends were paid or declared since the start of the financial year. No recommendation for payment of dividends has been made.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no significant changes in the state of affairs of the Group during the year other than the following:

(i) On 1 September 2014, the Company completed the sale of one (1) million available-for-sale financial assets (listed shares held in Papillon Resources Limited (ASX:PIR) ("Papillon"). Furthermore, and on 3 October 2014, Papillon implemented a scheme of arrangement by which B2Gold Corp (TSX:BTO) ("B2Gold") acquired all of the issued shares in Papillon ("Scheme"). In consideration for the Scheme, Prairie received 0.661 B2Gold shares for every Papillon share held. As a result of the Scheme, the Company was required to derecognise the Papillon available-for-sale asset. The Company subsequently recognised the B2Gold shares as a held-for-trading financial asset which substantially increased the Company's working capital position;

(ii) On 16 September 2014, the Company appointed Mr Thomas Todd as a Non-Executive Director and Mr Todd Hannigan as his alternate Director;

(iii) On 23 September 2014, the Company entered into a deed of renunciation to cancel 4.4 million unissued milestone shares which were to be issued upon the achievement of relevant performance milestones as announced by the Company on 9 August 2012; and

(iv) On 3 February 2015, the Company announced that it had been granted the Sawin exploration concession at the Project increasing the Project area by $54km^2$ to over $235km^2$.

SIGNIFICANT EVENTS AFTER BALANCE DATE

(i) On 1 July 2015, the Company announced that it had secured a three year exclusive right to apply and be granted a mining concession for the Project following the approval of its geological documentation by the Polish MoE;

(ii) On 23 July 2015, the Company announced an increase in Indicated Coal Resources to 333 million tonnes for the LCP, representing a 96% increase from the CRE in 2014;

(iii) On 3 September 2015 and 4 September 2015, the Company commenced trading of its shares on the main boards of the London Stock Exchange and Warsaw Stock Exchange respectively;

(iv) On 21 September 2015, following shareholder approval, the Company completed an investment agreement with CD Capital for an investment in PDZ Holdings to raise up to A$83 million to upgrade, expand and develop the Project; and

DIRECTORS' REPORT
(Continued)

SIGNIFICANT EVENTS AFTER BALANCE DATE (Continued)

(v) On 21 September 2015, on completing and in accordance with the investment agreement with CD Capital, the Company appointed CD Capital's nominee directors, Ms Carmel Daniele and Mr Emil Morfett, as Non-Executive Directors of the Company. As a result of CD Capital director appointments, Mr Welborn and Mr Arima resigned as directors of the Company.

Other than as outlined above, at the date of this report, there are no matters or circumstances, which have arisen since 30 June 2015 that have significantly affected or may significantly affect:

- the operations, in financial years subsequent to 30 June 2015, of the Consolidated Entity;
- the results of those operations, in financial years subsequent to 30 June 2015, of the Consolidated Entity; or
- the state of affairs, in financial years subsequent to 30 June 2015, of the Consolidated Entity.

DIRECTORS' INTERESTS

As at the date of this report, the Directors' interests in the securities of the Company are as follows:

	Interest in securities at the date of this report		
	Ordinary Shares[1]	Options[2]	Performance Rights[3]
Mr Ian Middlemas	10,000,000	-	-
Mr Benjamin Stoikovich	-	4,500,000	-
Ms Carmel Daniele	-	-	-
Mr Emil Morfett	-	-	-
Mr Thomas Todd	2,800,000	1,400,000[4]	-
Mr John Welborn	4,500,000	-	-
Mr Mark Pearce	3,000,000	-	-
Mr Todd Hannigan	3,146,398	1,400,000[4]	-

Notes:

1 "Ordinary Shares" means fully paid Ordinary Shares in the capital of the Company.
2 "Options" means an option to subscribe for one Ordinary Share in the capital of the Company.
3 "Performance Rights" means Performance Rights issued by the Company that convert to one Ordinary Share in the capital of the Company upon vesting of various performance conditions.
4 On 11 September 2014, 1,400,000 Unlisted Options were issued to T2 Resources Pty Ltd, a Company in which Messrs Todd and Hannigan are directors and shareholders.

SHARE OPTIONS AND PERFORMANCE RIGHTS

At the date of this report the following options and rights have been issued over unissued Ordinary Shares of the Company:

- 1,250,000 Unlisted Options exercisable at $0.25 each on or before 30 June 2016;
- 1,500,000 Unlisted Options exercisable at $0.40 each on or before 30 June 2016;
- 1,600,000 Unlisted Options exercisable at $0.35 each on or before 30 June 2017;
- 4,460,000 Unlisted Options exercisable at $0.45 each on or before 30 June 2017;
- 1,400,000 Unlisted Options exercisable at $0.45 each on or before 30 June 2018;
- 2,265,000 Unlisted Options exercisable at $0.60 each on or before 30 June 2017; and
- 4,147,000 Performance Rights with various vesting conditions and expiry dates between 31 June 2017 and 31 December 2020.

During the year ended 30 June 2015 11,787,553 Ordinary Shares have been issued as a result of the exercise of 11,787,553 Unlisted Options, and no Ordinary Shares have been issued as a result of the conversion of Performance Rights. Subsequent to year end and up until the date of this report, no Ordinary Shares have been issued as a result of the exercise of Unlisted Options, and 1,885,000 Ordinary Shares have been issued as a result of the conversion of 1,885,000 Performance Rights.

INDEMNIFICATION AND INSURANCE OF OFFICERS AND AUDITORS

The Constitution of the Company requires the Company, to the extent permitted by law, to indemnify any person who is or has been a Director or officer of the Company or Group for any liability caused as such a Director or officer and any legal costs incurred by a Director or officer in defending an action for any liability caused as such a Director or officer.

During or since the end of the financial year, no amounts have been paid by the Company or Group in relation to the above indemnities.

During the financial year, an annualised insurance premium was paid to provide adequate insurance cover for directors and officers against any potential liability and the associated legal costs of a proceeding.

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the financial year.

REMUNERATION REPORT (AUDITED)

This Remuneration Report, which forms part of the Directors' Report, sets out information about the remuneration of Key Management Personnel ("KMP") of the Group.

Details of Key Management Personnel

Details of the KMP of the Group during or since the end of the financial year are set out below:

Directors

Mr Ian Middlemas	Chairman
Mr Benjamin Stoikovich	Director and CEO
Mr Anastasios (Taso) Arima	Executive Director (resigned 21 September 2015)
Ms Carmel Daniele	Non-Executive Director (appointed 21 September 2015)
Mr Emil Morfett	Non-Executive Director (appointed 21 September 2015)
Mr Thomas Todd	Non-Executive Director (appointed 16 September 2014)
Mr John Welborn	Non-Executive Director (resigned 21 September 2015)
Mr Mark Pearce	Non-Executive Director
Mr Todd Hannigan	Alternate Director (appointed 16 September 2014)

Other KMP

Mr Janusz Jakimowicz	President of the PD Co sp z o.o. Management Board
Mr Artur Kluzcny	Vice President of the PD Co sp z o.o. Management Board (appointed 25 November 2014)
Mr Hugo Schumann	Executive – Corporate Development
Mr Dylan Browne	Company Secretary

Unless otherwise disclosed, the KMP held their position from 1 July until the date of this report.

Remuneration Policy

The Group's remuneration policy for its KMP has been developed by the Board taking into account the size of the Group, the size of the management team for the Group, the nature and stage of development of the Group's current operations, and market conditions and comparable salary levels for companies of a similar size and operating in similar sectors. In addition to considering the above general factors, the Board has also placed emphasis on the following specific issues in determining the remuneration policy for KMP:

REMUNERATION REPORT (AUDITED) (Continued)

Remuneration Policy (Continued)

(a) the Group is currently focused on undertaking exploration, appraisal and development activities;

(b) risks associated with small cap resource companies whilst exploring and developing projects; and

(c) other than profit which may be generated from asset sales, the Company does not expect to be undertaking profitable operations until sometime after the commencement of commercial production on any of its projects

Executive Remuneration

The Group's remuneration policy is to provide a fixed remuneration component and a performance based component (short term incentive and long term incentive). The Board believes that this remuneration policy is appropriate given the considerations discussed in the section above and is appropriate in aligning executives' objectives with shareholder and business objectives.

Fixed Remuneration

Fixed remuneration consists of base salaries, as well as employer contributions to superannuation funds and other non-cash benefits. Non-cash benefits may include provision of car parking and health care benefits.

Fixed remuneration is reviewed annually by the Board. The process consists of a review of company and individual performance, relevant comparative remuneration externally and internally and, where appropriate, external advice on policies and practices. Performance Based Remuneration – Short Term Incentive ("STI")

Performance Based Remuneration – Short Term Incentive ("STI")

Some executives are entitled to an annual cash incentive payment upon achieving various key performance indicators ("KPI's"), as set by the Board. Having regard to the current size, nature and opportunities of the Company, the Board has determined that these KPI's will include measures such as successful commencement and/or completion of exploration activities (e.g. commencement/completion of exploration programs within budgeted timeframes and costs), establishment of government relationship (e.g. establish and maintain sound working relationships with government and officialdom), development activities (e.g. completion of infrastructure studies and commercial agreements), corporate activities (e.g. recruitment of key personnel and representation of the company at international conferences) and business development activities (e.g. corporate transactions and capital raisings). These measures were chosen as the Board believes they represent the key drivers in the short and medium term success of the Project's development. On an annual basis, subsequent to year end, the Board assesses performance against each individual executive's KPI criteria.

During the 2015 financial year, a total cash incentive payment sum of $213,465 (2014: $187,785) was paid, or is payable, to some executives on achieving the KPIs set by the Board, which included: (i) the commencement and progression of the PFS for the LCP; (ii) securing a three year exclusive right to apply for a mining concession at the LCP follow approval of Prairie's geological documentation; (iii) completion of positive exploration and drilling programs at the LCP; (iv) the award of the Sawin exploration concession; (v) appointment of key director and management appointments; and (vi) completion of positive investor relation and marketing activities.

Performance Based Remuneration – Long Term Incentive

The Group has adopted a long-term incentive plan ("LTIP") comprising the "Prairie Employee and Contractors Performance Rights Plan" (the "Plan") to reward KMP and key staff (including employees and contractors) for long-term performance. Shareholders approved the Plan in November 2013 at an Annual General Meeting of Shareholders.

Performance Based Remuneration – Long Term Incentive (Continued)

The Plan provides for the issuance of unlisted performance share rights ("Performance Rights") which, upon satisfaction of the relevant performance conditions attached to the Performance Rights, will result in the issue of an Ordinary Share for each Performance Right. Performance Rights are issued for no consideration and no amount is payable upon conversion thereof.

To achieve its corporate objectives the Company needs to attract and retain its key staff, whether employees or contractors. Performance Rights granted to eligible participants under the Plan, will assist with the Company's employment strategy and will:

(a) enable the Company to recruit, incentivise and retain KMP and other eligible employees and contractors to assist with the completion of feasibility studies for the LCP to achieve the Company's strategic objectives;

(b) link the reward of eligible employees and contractors with the achievements of strategic goals and the long term performance of the Company;

(c) align the financial interests of eligible participants of the proposed Plan with those of Shareholders; and

(d) provide incentives to eligible employees and contractors of the Plan to focus on superior performance that creates Shareholder value.

Performance Rights granted under the Plan to eligible participants will be linked to the achievement by the Company of certain performance conditions as determined by the Board from time to time. These performance conditions must be satisfied in order for the Performance Rights to vest. The Performance Rights also vest where there is a change of control of the Company. Upon Performance Rights vesting, Ordinary Shares are automatically issued for no consideration. If a performance condition of a Performance Right is not achieved by the expiry date then the Performance Right will lapse.

During the financial year, Performance Rights were granted to certain KMP and other employees with the following performance conditions:

(a) Tranche 1 – Achievement of 300Mt Coal Resource and Preliminary Feasibility Study Milestone on or before 30 June 2015;

(b) Tranche 2 – Achievement of Geological Documentation Milestone on or before 30 September 2015;

(c) Tranche 3 – Achievement of Mine Permit and Definitive Feasibility Study on or before 31 December 2016;

(d) Tranche 4 – Award of Mine Permit Milestone on or before 31 December 2016; and

(e) Tranche 5 – Initial Production Milestone on or before 31 December 2020.

In addition, the Group has chosen to provide unlisted incentive options ("Unlisted Options") to some KMP as part of their remuneration and incentive arrangements in order to attract and retain their services and to provide an incentive linked to the performance of the Group. The Board's policy is to grant Unlisted Options to KMP with exercise prices at or above market share price (at the time of agreement). As such, the Unlisted Options granted to KMP are generally only of benefit if the KMP performed to the level whereby the value of the Group increased sufficiently to warrant exercising the unlisted Options granted.

Other than service-based vesting conditions (if any), there were no additional performance criteria on the Incentive Options granted to KMP, as given the speculative nature of the Group's activities at that time and the previously small management team responsible for its running, it was considered the performance of the KMP and the performance and value of the Group were closely related.

The Company prohibits executives entering into arrangements to limit their exposure to Unlisted Options and Performance Rights granted as part of their remuneration package.

Non-Executive Director Remuneration

The Board's policy is for fees to Non-Executive Directors to be no greater than market rates for comparable companies for time, commitment and responsibilities. Given the current size, nature and risks of the Company, Unlisted Options may also be used to attract and retain Non-Executive Directors. The Board determines payments to the Non-Executive Directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required.

REMUNERATION REPORT (AUDITED) (Continued)

Non-Executive Director Remuneration (Continued)

The maximum aggregate amount of fees that can be paid to Non-Executive Directors is subject to approval by shareholders at a General Meeting. Director's fees paid to Non-Executive Directors accrue on a daily basis. Fees for Non-Executive Directors are not linked to the performance of the economic entity. However, to align Directors' interests with shareholder interests, the Directors are encouraged to hold shares in the Company and given the current size, nature and opportunities of the Company, Non-Executive Directors may receive Unlisted Options in order to secure and retain their services.

Fees for the Chairman are presently $36,000 per annum (2014: $36,000) and fees for Non-Executive Directors' are presently set at $20,000 per annum (2014: $33,000). Effective 1 October 2014, the Board resolved to reduce Non-Executive Directors' fees to $20,000 per annum. These fees cover main board activities only. Only Non-Executive Directors may receive additional remuneration for other services provided to the Company, including but not limited to, membership of committees. The Company prohibits executives entering into arrangements to limit their exposure to Unlisted Options granted as part of their remuneration package.

Relationship between Remuneration of KMP and Shareholder Wealth

During the Company's exploration and development phases of its business, the Board anticipates that the Company will retain earnings (if any) and other cash resources for the exploration and development of its resource projects. Accordingly, the Company does not currently have a policy with respect to the payment of dividends and returns of capital. Therefore there was no relationship between the Board's policy for determining, or in relation to, the nature and amount of remuneration of KMP and dividends paid and returns of capital by the Company during the current and previous four financial years.

The Board did not determine, and in relation to, the nature and amount of remuneration of the KMP by reference to changes in the price at which shares in the Company traded between the beginning and end of the current and the previous four financial years. Discretionary annual cash incentive payments are based upon achieving various non-financial key performance indicators as detailed under "Performance Based Remuneration – Short Term Incentive" and are not based on share price or earnings. However, as noted above, certain KMP may receive Unlisted Options in the future which generally will be of greater value to KMP if the value of the Company's shares increases sufficiently to warrant exercising the Unlisted Options.

Relationship between Remuneration of KMP and Earnings

As discussed above, the Company is currently undertaking exploration and development activities, and does not expect to be undertaking profitable operations (other than by way of material asset sales, none of which is currently planned) until sometime after the successful commercialisation, production and sales of commodities from one or more of its projects. Accordingly the Board does not consider earnings during the current and previous four financial years when determining, and in relation to, the nature and amount of remuneration of KMP.

Emoluments of Directors and Executives

Details of the nature and amount of each element of the emoluments of each Director and KMP of Prairie Mining Limited are as follows:

		Short-term benefits						
		Salary & fees $	Cash Incentive Payments $	Living Allowance $	Post-employment benefits $	Share-based payments $	Total $	Performance related %
Directors								
Mr Ian Middlemas	**2015**	**36,000**	**-**	**-**	**3,420**	**-**	**39,420**	**-**
	2014	36,000	-	-	-	-	36,000	-
Mr Benjamin Stoikovich	**2015**	**432,531**	**164,204**	**-**	**-**	**175,712**	**772,447**	**44.0%**
	2014	401,354	144,300	-	-	394,175	939,829	57.3%
Mr Anastasios Arima[1]	**2015**	**79,167**	**-**	**-**	**7,521**	**-**	**86,688**	**-**
	2014	100,000	-	-	9,250	-	109,250	-
Mr Thomas Todd[2]	**2015**	**15,889**	**-**	**-**	**1,509**	**359,800**[3]	**377,198**	**95.4%**
Mr Todd Hannigan[2]	**2015**	**-**	**-**	**-**	**-**	**-**[3]	**-**	**-**
Mr John Welborn[1]	**2015**	**23,219**	**-**	**-**	**2,206**	**-**	**25,425**	**-**
	2014	33,022	-	-	3,055	-	36,077	-
Mr Mark Pearce	**2015**	**23,219**	**-**	**-**	**2,206**	**-**	**25,425**	**-**
	2014	33,022	-	-	3,055	-	36,077	-
Other KMP								
Mr Janusz Jakimowicz	**2015**	**331,983**	**-**	**48,061**	**-**	**456,122**	**836,166**	**54.5%**
	2014	332,358	-	49,053	-	-	381,411	-
Mr Artur Kluczny[4]	**2015**	**77,343**	**-**	**-**	**-**	**122,229**	**199,572**	**61.2%**
Mr Hugo Schumann[5]	**2015**	**141,828**	**49,261**	**-**	**-**	**68,287**	**259,376**	**45.3%**
	2014	68,534	43,485	-	-	77,871	189,890	63.9%
Mr Dylan Browne[6]	**2015**	**-**	**-**	**-**	**-**	**25,640**	**25,640**	**100.0%**
	2014	-	-	-	-	11,928	11,928	100.0%
Total	**2015**	**1,161,179**	**213,465**	**48,061**	**16,862**	**1,207,790**	**2,647,357**	
	2014	1,004,290	187,785	49,053	15,360	483,974	1,740,462	

Notes:

1 Messrs Arima and Welborn resigned on 21 September 2015.

2 Messrs Todd and Hannigan were appointed on 16 September 2014.

3 On 11 September 2014, 1,400,000 Unlisted Options were issued to T2 Resources Pty Ltd, a Company in which Messrs Todd and Hannigan are directors and shareholders.

4 Mr Kluczny was promoted to Vice President of the PD Co Management board effective 25 November 2014.

5 Mr Schumann was appointed 1 January 2014.

6 Mr Browne was appointed 25 October 2012. Mr Browne provides services as the Company Secretary through a services agreement with Apollo Group Pty Ltd ('Apollo'). During the year, Apollo was paid, or is payable, $296,000 for the provision of a fully serviced office and administrative, accounting and company secretarial services to the Group.

REMUNERATION REPORT (AUDITED) (Continued)

Options and Performance Rights Granted to KMP

Details of Unlisted Options and Performance Rights granted as part of remuneration by the Company to each KMP of the Group during the financial year is as follows:

2015	Security	Grant Date	Expiry Date	Vesting Date	Exercise Price $	Grant Date Fair Value[1] $	Number Granted	Number Vested
Director								
Mr Thomas Todd[2]	Options	10-Sep-14	30-Jun-18	10-Sep-14	0.45	0.2570	1,400,000	1,400,000
Mr Todd Hannigan[2]	Options	10-Sep-14	30-Jun-18	10-Sep-14	0.45	0.2570	1,400,000	1,400,000
Other KMP								
Mr Janusz Jakimowicz	Rights	3-Dec-14	30-Jun-15	30-Jun-15	-	0.3500	1,000,000	-
	Rights	3-Dec-14	30-Sep-15	30-Sep-15	-	0.3500	1,000,000	1,000,000
	Rights	11-Feb-15	31-Dec-16	31-Dec-16	-	0.3300	1,200,000	-
	Rights	11-Feb-15	31-Dec-20	31-Dec-20	-	0.3300	1,200,000	-
Mr Artur Kluczny	Rights	3-Dec-14	30-Jun-15	30-Jun-15	-	0.3500	150,000	-
	Rights	3-Dec-14	30-Sep-15	30-Sep-15	-	0.3500	225,000	-
	Rights	3-Dec-14	31-Dec-16	30-Dec-16	-	0.3500	375,000	-

Notes:

1 For details on the valuation of the Unlisted Options and Performance Rights, including models and assumptions used, please refer to Note 21 to the financial statements.

2 1,400,000 Unlisted Options were issued to T2 Resources Pty Ltd, a Company that Messrs Todd and Hannigan are directors and shareholders of.

3 Each Unlisted Option or Performance Right converts into one Ordinary Share of Prairie Mining Limited.

Details of the values of Unlisted Options granted, exercised or lapsed for each KMP of the Group during the 2015 financial year are as follows:

2015	Value of Options Granted during the Year[1] $	Value of Options exercised during the year $	Value of Options lapsed during the year $	Value of Options included in remuneration report for the year $	Remuneration for the year that consists of options %
Director					
Mr Thomas Todd[2]	359,800	-	-	359,800	95.4%
Mr Todd Hannigan[2]	-	-	-	-	-
Total	**359,800**	**-**	**-**	**359,800**	

Notes:

1 For details on the valuation of the Unlisted Options, including models and assumptions used, please refer to Note 21.

2 On 11 September 2014, 1,400,000 Unlisted Options were issued to T2 Resources Pty Ltd, a Company in which Messrs Todd and Hannigan are directors and shareholders.

Employment Contracts with Directors and KMP

Mr Stoikovich has signed an appointment letter with an effective appointment date of 17 June 2013, under the terms of which he agrees to serve as a Director of the Company. Mr Stoikovich's appointment letter is terminable, pursuant to the Company's Constitution, by giving the Company notice in writing. Mr Stoikovich receives a fixed fee of £25,000 per annum pursuant to this appointment letter.

Windellama Capital Limited, a company of which Mr. Stoikovich is a director and shareholder, has a consulting agreement with the Company to provide project management and capital raising services (CEO services) related principally to the Lublin Coal Project.

The contract with Windellama Capital Limited commenced effectively from 9 July 2015 (previously Cordeaux Capital Limited). Under this agreement, Windellama Capital Limited is paid a fixed fee of £200,000 per annum and an annual incentive payment of up to £80,000 payable upon the successful completion of key project milestones as determined by the Board. In addition, Windellama Capital Limited will be entitled to receive a payment incentive of £112,500 in the event of a change of control clause being triggered with the Company. The consulting contract may be terminated by either Windellama Capital Limited or the Company by giving six months' notice. No amount is payable to Windellama in the event of termination of the contract arising from negligence or incompetence in regard to the performance of services specified in the contract.

Mr Arima, Executive Director, has an employment contract with the Company dated 13 September 2012. The contract specifies the duties and obligations to be fulfilled by an Executive Director. The contract may be terminated by either party by giving one month's notice. Effective 1 February 2013, Mr Arima receives a fixed remuneration component of $50,000 per annum. Mr Arima resigned as a Director on 21 September 2015.

Mr Jakimowicz, President PD Co sp z o.o. has a consultancy agreement with the company dated 4 February 2013. The contract specifies the duties and obligations to be fulfilled by the President of PD Co sp z o.o. The contract may be terminated by either party by giving three months' notice. Mr Jakimowicz receives a consulting fee of $26,150, Management Board (PD Co sp. z o.o.) fees of PLN4,400 and an in-country living allowance of PLN11,630 per month.

Mr Kluczny, was appointed as Vice-President PD Co sp z o.o on 25 November 2014. He has a consultancy agreement with the company dated 12 December 2013 and amended effective 1 November 2014, which provides for a consulting fee of PLN26,600 per month for strategic advisory services. The contract may be terminated by either party by giving three months' notice. Mr Kluczny also receives a fixed Management Board (PD Co sp. z o.o.) fee of PLN4,400 per month.

Mr Schumann, Executive – Corporate Development, has a consultancy agreement with the Company which commenced 1 January 2014. The contract specifies the duties and obligations to be fulfilled by an Executive – Corporate Development. The contract may be terminated by either party by giving three months' notice. Mr Schumann receives a fixed remuneration component of £6,250 per month and an annual cash incentive payment of up to £24,000 to be paid upon the successful completion of key performance indicators as determined by the Board.

Loans from Key Management Personnel

No loans were provided to or received from Key Management Personnel during the year ended 30 June 2015 (2014: Nil).

Other Transactions

Apollo Group Pty Ltd, a Company of which Mr Mark Pearce is a Director and beneficial shareholder, was paid or is payable $296,000 (2014: $288,000) for the provision of serviced office facilities and administration services. The amount is based on a monthly retainer due and payable in advance, with no fixed term, and is able to be terminated by either party with one month's notice. This item has been recognised as an expense in the Statement of Profit or Loss and other Comprehensive Income. At 30 June 2015, $22,000 (2014: nil) was included as a current liability in the Statement of Financial Position. Effective 1 July 2015, the monthly retainer was reduced to $20,000 per month.

DIRECTORS' REPORT
(Continued)

REMUNERATION REPORT (AUDITED) (Continued)

Equity instruments held by KMP

Option and Performance Right holdings of Key Management Personnel

2015	Held at 1 July 2014	Granted as Remuner-ation	Options Exercised/ Rights Converted	Net Other Change	Held at 30 June 2015	Vested and exercise-able at 30 June 2015
Directors						
Mr Ian Middlemas	5,000,000	-	(5,000,000)	-	-	-
Mr Benjamin Stoikovich	4,500,000	-	-	-	4,500,000	3,000,000
Mr Anastasios Arima	1,600,000	-	(100,000)	-	1,500,000	1,500,000
Mr Thomas Todd	-[1]	1,400,000[2]	-	-	1,400,000	1,400,000
Mr Todd Hannigan	-[1]	1,400,000[2]	-	-	1,400,000	1,400,000
Mr John Welborn	-	-	-	-	-	-
Mr Mark Pearce	1,500,000	-	-	(1,500,000)[3]	-	-
Other KMP						
Mr Janusz Jakimowicz	-	4,400,000	-	(1,000,000)[4]	3,400,000	-
Mr Artur Kluczny	180,000[1]	750,000	-	(180,000)[4]	750,000	-
Mr Hugo Schumann	1,100,000	-	-	(50,000)[4]	1,050,000	450,000
Mr Dylan Browne	575,000	-	-	-	575,000	410,000
	14,455,000	**7,950,000**	**(5,100,000)**	**(2,730,000)**	**14,575,000**	**8,160,000**

Notes:
[1] As at date of appointment
[2] On 11 September 2014, 1,400,000 Unlisted Options were issued to T2 Resources Pty Ltd, a Company in which Messrs Todd and Hannigan are directors and shareholders of
[3] Off-market transfer
[4] Lapse of Performance Rights at 30 June 2015

Shareholdings of Key Management Personnel

2015	Held at 1 July 2014	Granted as Remuneration	Options Exercised/ Rights Converted	Net Other Change	Held at 30 June 2015
Directors					
Mr Ian Middlemas	5,000,000	-	5,000,000	-	10,000,000
Mr Benjamin Stoikovich	-	-	-	-	-
Mr Anastasios Arima	5,610,000	-	100,000	(2,800,000)[2]	2,910,000
Mr Thomas Todd	2,800,000[1]	-	-	-	2,800,000
Mr Todd Hannigan	2,800,000[1]	-	-	346,398[3]	3,146,398
Mr John Welborn	4,500,000	-	-	-	4,500,000
Mr Mark Pearce	3,000,000	-	-	-	3,000,000
Other KMP					
Mr Janusz Jakimowicz	1,541,931				1,541,931
Mr Artur Kluczny	20,000[1]	-	-	-	20,000
Mr Hugo Schumann	-	-	-	-	-
Mr Dylan Browne	-	-	-	-	-
	25,271,931	**-**	**5,100,000**	**(2,453,602)**	**27,918,329**

Notes:
[1] As at date of appointment.
[2] Sold on market to meet personal financial obligations and pursuant to a change in marital status.
[3] On market purchase.

End of Remuneration Report

DIRECTORS' MEETINGS

The number of meetings of Directors held during the year and the number of meetings attended by each Director was as follows (there were no Board committees during the financial year):

	Board Meetings	
	Number eligible to attend	Number attended
Mr Ian Middlemas	2	2
Mr Benjamin Stoikovich	2	2
Mr Thomas Todd	2	2
Mr Anastasios Arima	2	2
Mr John Welborn	2	2
Mr Mark Pearce	2	2
Mr Todd Hannigan	-	-

NON-AUDIT SERVICES

Non-audit services provided by our auditors, Ernst & Young and related entities, are set out below. The Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised. No non-audit services were provided by Ernst & Young during the year ended 30 June 2014.

	2015 $	2014 $
Preparation of income tax return	**8,000**	-
Professional fees in relation to the London and Warsaw Stock Exchange listings	**19,703**	
	27,703	-

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the year ended 30 June 2015 has been received and can be found on page 23 of the Directors' Report.

Signed in accordance with a resolution of the Directors.

Benjamin Stoikovich
Director

B. Stoik

23 September 2015

Forward Looking Statements

This release may include forward-looking statements. These forward-looking statements are based on Prairie's expectations and beliefs concerning future events. Forward looking statements are necessarily subject to risks, uncertainties and other factors, many of which are outside the control of Prairie, which could cause actual results to differ materially from such statements. Prairie makes no undertaking to subsequently update or revise the forward-looking statements made in this release, to reflect the circumstances or events after the date of that release.

Competent Person Statements

The information in this announcement that relates to Exploration Results and Coal Resources was extracted from Prairie's ASX announcements dated 23 July 2015 entitled 'Substantial Increase of 96% in Indicated Coal Resources to 333 Million Tonnes', 30 April entitled 'March 2015 Quarterly Report' and 13 March 2014 entitled 'Initial Washability Results Display Exceptionally High Yields' which are available to view on the company's website at www.pdz.com.au

The information in in the original ASX announcements that relates Coal Resources is based on information compiled or reviewed by Mr Samuel Moorhouse who is a Competent Person and a Chartered Geologist and Fellow of the Geological Society of London. Mr Moorhouse is employed by independent consultants Royal HaskoningDHV. Mr Moorhouse has sufficient experience that is relevant to the style of mineralization and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'.

The information in the original ASX announcements that related to Exploration Results (drill holes Syczyn 7, Kopina 1, Kulik and Borowo) is based on information compiled or reviewed by Dr Richard Lowman, a Competent Person who is a Fellow of the Geological Society of London. Dr Lowman is employed by independent consultants Wardell Armstrong LLP which owns Wardell Armstrong Limited. Dr Lowman has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'.

The information in the original ASX announcement that relates to Exploration Results (drill holes: Cycow 7, Cycow 8 and Syczyn 8) is based on information compiled or reviewed by Mr Jonathan O'Dell, a Competent Person who is a Member of the Australian Institute of Mining and Metallurgy. Mr O'Dell is a consultant employed full time by Prairie Mining Limited. Mr O'Dell has sufficient experience that is relevant to the style of mineralization and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'.

Prairie confirms that: a) it is not aware of any new information or data that materially affects the information included in the original ASX announcements and; b) all material assumptions and technical parameters underpinning the Coal Resource included in the original ASX announcement continue to apply and have not materially changed; c) the form and context in which the relevant Competent Persons' findings are presented in these announcements have not been materially modified from the original ASX announcement.

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Auditor's independence declaration to the Directors of Prairie Mining Limited

In relation to our audit of the financial report of Prairie Mining Limited for the year ended 30 June 2015 to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

G H Meyerowitz
Partner
23 September 2015

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2015

	Notes	2015 $	2014 $
CONTINUING OPERATIONS			
Revenue	2(a)	**34,912**	131,938
Gain on the derecognition of available-for-sale financial assets	8	**9,593,775**	-
Other income	2(b)	**1,823,851**	-
Exploration and evaluation expenses		**(7,301,685)**	(6,603,649)
Employment expenses	3(a)	**(175,372)**	(273,188)
Administration and corporate expenses		**(285,947)**	(224,547)
Occupancy expenses		**(489,131)**	(398,065)
Share-based payment expenses	3(a)	**(1,576,867)**	(636,708)
Business development expenses		**(1,301,836)**	(659,745)
Other expenses	3(b)	**(1,063,846)**	-
Loss before income tax		**(742,196)**	(8,663,964)
Income tax benefit/(expense)	4	**(4,410,000)**	3,645,000
Net loss for the year		**(5,152,146)**	(5,018,964)
Net loss attributable to members of Prairie Mining Limited		**(5,152,146)**	(5,018,964)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Changes in fair value of available-for-sale financial assets		**(3,642,124)**	12,150,000
Deferred tax on available-for-sale financial assets	4	**1,096,845**	(3,645,000)
Net realised gain on available-for-sale financial assets transferred to other income		**(1,323,851)**	-
Deferred tax on sale of available-for-sale financial assets	4	**397,155**	-
Gain on derecognition of available-for-sale financial assets transferred to other income	8	**(9,593,775)**	-
Deferred tax on gain on derecognition of available-for-sale financial assets	4	**2,916,000**	-
Exchange differences on translation of foreign operations		**38,121**	45,705
Total other comprehensive income/(loss) for the year, net of tax		**(10,111,629)**	8,550,705
Total comprehensive income/(loss) for the year, net of tax		**(15,263,775)**	3,531,741
Total comprehensive profit/(loss) attributable to members of Prairie Mining Limited		**(15,263,775)**	3,531,741
Basic and diluted loss per share from continuing operations (cents per share)	15	**(3.81)**	(4.00)

The above Consolidated Statement of Profit or Loss and other Comprehensive Income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2015

	Notes	2015 $	2014 $
ASSETS			
Current Assets			
Cash and cash equivalents	14(b)	**2,076,409**	2,574,300
Trade and other receivables	6	**197,878**	354,651
Other financial assets	7	**7,569,754**	22,111
Total Current Assets		**9,844,041**	2,951,062
Non-current Assets			
Other financial assets	8	**-**	18,800,000
Property, plant and equipment	9	**58,097**	87,635
Exploration and evaluation assets	10	**530,000**	530,000
Total Non-current Assets		**588,097**	19,417,635
TOTAL ASSETS		**10,432,138**	22,368,697
LIABILITIES			
Current Liabilities			
Trade and other payables	11	**1,032,880**	1,036,409
Total Current Liabilities		**1,032,880**	1,036,409
TOTAL LIABILITIES		**1,032,880**	1,036,409
NET ASSETS		**9,399,258**	21,332,288
EQUITY			
Contributed equity	12	**36,649,571**	34,864,888
Reserves	13	**2,620,683**	11,186,250
Accumulated losses		**(29,870,996)**	(24,718,850)
TOTAL EQUITY		**9,399,258**	21,332,288

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2015

	Ordinary Shares $	Available-For-Sale Reserve $	Share Based Payments Reserve $	Foreign Currency Translation Reserve $	Accumulated Losses $	Total Equity $
Balance at 1 July 2014	34,864,888	10,149,750	1,051,658	(15,158)	(24,718,850)	21,332,288
Net loss for the year	-	-	-	-	(5,152,146)	(5,152,146)
Other comprehensive income:						
Changes In fair value of available-for-sale financial assets	-	(3,642,124)	-	-	-	(3,642,124)
Deferred tax available-for-sale financial assets	-	1,096,845	-	-	-	1,096,845
Net realised gain on available-for-sale financial assets transferred to other income	-	(1,323,851)	-	-	-	(1,323,851)
Deferred tax on sale of available-for-sale financial assets	-	397,155	-	-	-	397,155
Gain on derecognition of available-for-sale financial assets transferred to other income	-	(9,593,775)	-	-	-	(9,593,775)
Deferred tax on gain on de-recognition of available-for-sale financial assets	-	2,916,000	-	-	-	2,916,000
Exchange differences on translation of foreign operations	-	-	-	38,121	-	38,121
Total comprehensive income/(loss) for the period	-	(10,149,750)	-	38,121	(5,152,146)	(15,263,775)
Transactions with owners recorded directly in equity						
Issue of ordinary shares	1,768,133	-	-	-	-	1,768,133
Share issue costs	(14,255)	-	-	-	-	(14,255)
Exercise of Unlisted Options	30,805	-	(30,805)	-	-	-
Recognition of share-based payments	-	-	1,576,867	-	-	1,576,867
Balance at 30 June 2015	36,649,571	-	2,597,720	22,963	(29,870,996)	9,399,258
Balance at 1 July 2013	30,820,466	1,644,750	308,285	(60,863)	(19,699,886)	13,012,752
Net loss for the year	-	-	-	-	(5,018,964)	(5,018,964)
Other comprehensive income:						
Exchange differences on translation of foreign operations	-	-	-	45,705	-	45,705
Change in the fair value of available-for sale financial assets	-	12,150,000	-	-	-	12,150,000
Deferred tax on available-for-sale financial assets	-	(3,645,000)	-	-	-	(3,645,000)
Total comprehensive income/(loss) for the period	-	8,505,000	-	45,705	(5,018,964)	(3,531,741)
Transactions with owners recorded directly in equity						
Issue of ordinary shares	4,358,750	-	-	-	-	4,358,750
Share issue costs	(561,863)	-	-	-	-	(561,863)
Exercise of Unlisted Options	164,725	-	(164,725)	-	-	-
Conversion of Performance Rights	82,810	-	(82,810)	-	-	-
Recognition of share-based payments	-	-	990,908	-	-	990,908
Balance at 30 June 2014	34,864,888	10,149,750	1,051,658	(15,158)	(24,718,850)	21,332,288

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2015

	Notes	2015 $	2014 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		**(9,265,398)**	(7,593,798)
Interest received from third parties		**58,667**	146,223
Proceeds from retirement of performance bonds		**22,111**	-
NET CASH FLOWS USED IN OPERATING ACTIVITIES	14(a)	**(9,184,620)**	(7,447,575)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for plant and equipment		**(37,896)**	(101,487)
Proceeds from sale of listed securities		**6,459,932**	-
Proceeds from Farm-In Agreement		**500,000**	-
NET CASH FLOWS USED IN INVESTING ACTIVITIES		**6,922,036**	(101,487)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		**1,768,133**	4,158,750
Payments for share issue costs		**(5,327)**	(207,663)
NET CASH FLOWS FROM FINANCING ACTIVITIES		**1,762,806**	3,951,087
Net decrease in cash and cash equivalents		**(499,778)**	(3,597,975)
Net foreign exchange differences		**1,887**	1,434
Cash and cash equivalents at beginning of year		**2,574,300**	6,170,841
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	14(b)	**2,076,409**	2,574,300

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in preparing the financial report of Prairie Mining Limited ("Prairie" or "Company") and its consolidated entities ("Consolidated Entity" or "Group") for the year ended 30 June 2015 are stated to assist in a general understanding of the financial report.

Prairie Mining is a Company limited by shares incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange ("ASX").

The financial report of the Group for the year ended 30 June 2015 was authorised for issue in accordance with a resolution of the Directors on 21 September 2015.

(a) Basis of Preparation

The financial report is a general purpose financial report, which has been prepared in accordance with Australian Accounting Standards ("AASBs") and other authoritative pronouncements of the Australian Accounting Standards Board ("AASB") and the *Corporations Act 2001*. The Group is a for-profit entity for the purposes of preparing the consolidated financial statements.

The financial report has been prepared on a historical cost basis, except for held-for-trading investments which have been measured at fair value. The financial report is presented in Australian dollars.

The consolidated financial statements have been prepared on a going concern basis which assumes the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the ordinary course of business.

(b) Statement of Compliance

The financial report complies with Australian Accounting Standards and International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

In the current year, the Group has adopted all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for the current annual reporting period. Details of the impact of the adoption of these new accounting standards are set out in the individual accounting policy notes to follow.

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Group for the annual reporting period ended 30 June 2015. These are outlined in the table overleaf:

Reference	Title	Summary	Application Date of Standard	Impact on Group Financial Report	Application Date for Group
AASB 9/IFRS 9	Financial Instruments	AASB 9 (December 2014) is a new standard which replaces AASB 139. This new version supersedes AASB 9 issued in December 2009 (as amended) and AASB 9 (issued in December 2010) and includes a model for classification and measurement, a single, forward-looking 'expected loss' impairment model and a substantially-reformed approach to hedge accounting. AASB 9 is effective for annual periods beginning on or after 1 January 2018. However, the Standard is available for early adoption. The own credit changes can be early adopted in isolation without otherwise changing the accounting for financial instruments. Classification and measurement AASB 9 includes requirements for a simpler approach for classification and measurement of financial assets compared with the requirements of AASB 139. There are also some changes made in relation to financial liabilities. The main changes are described below. Financial assets a. Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows. b. Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument. c. Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases. Financial liabilities Changes introduced by AASB 9 in respect of financial liabilities are limited to the measurement of liabilities designated at fair value through profit or loss (FVPL) using the fair value option. Where the fair value option is used for financial liabilities, the change in fair value is to be accounted for as follows: ► The change attributable to changes in credit risk are presented in other comprehensive income (OCI) ► The remaining change is presented in profit or loss AASB 9 also removes the volatility in profit or loss that was caused by changes in the credit risk of liabilities elected to be measured at fair value. This change in accounting means that gains or losses attributable to changes in the entity's own credit risk would be recognised in OCI. These amounts recognised in OCI are not recycled to profit or loss if the liability is ever repurchased at a discount. Impairment The final version of AASB 9 introduces a new expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, the new Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis.	1 January 2018	These amendments are not expected to have any significant impact on the Group's financial report.	1 July 2018

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Statement of Compliance (Continued)

Reference	Title	Summary	Application Date of Standard	Impact on Group Financial Report	Application Date for Group
		Hedge accounting Amendments to AASB 9 (December 2009 & 2010 editions and AASB 2013-9) issued in December 2013 included the new hedge accounting requirements, including changes to hedge effectiveness testing, treatment of hedging costs, risk components that can be hedged and disclosures.Consequential amendments were also made to other standards as a result of AASB 9, introduced by AASB 2009-11 and superseded by AASB 2010-7, AASB 2010-10 and AASB 2014-1 – Part E. AASB 2014-7 incorporates the consequential amendments arising from the issuance of AASB 9 in Dec 2014. AASB 2014-8 limits the application of the existing versions of AASB 9 (AASB 9 (December 2009) and AASB 9 (December 2010)) from 1 February 2015 and applies to annual reporting periods beginning on after 1 January 2015.			
AASB 15	Revenue from Contracts with Customers	In May 2014, the IASB issued IFRS 15 Revenue from Contracts with Customers, which replaces IAS 11 Construct ion Contracts, IAS 18 Revenue and related Interpretations (IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers and SIC-31 Revenue— Barter Transactions Involving Advertising Services). The core principle of IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps: (a) Step 1: Identify the contract(s) with a customer (b) Step 2: Identify the performance obligations in the contract (c)Step 3: Determine the transact ion price (d) Step 4: Allocate the transaction price to the performance obligations in the contract (e) Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation The AASB issued the Australian equivalent of IFRS 15, being AASB 15, in December 2014. Currently, these standards are effective for annual reporting periods commencing on or after 1 January 2017. Early application is permitted. (Note A) AASB 2 014-5 incorporates the consequential amendments to a number Australian Accounting Standards (including Interpretations) arising from the issuance of AASB 15.	Expected 1 January 2018	These amendments are not expected to have any significant impact on the Group's financial report.	Expected 1 July 2018
AASB 2014-9	Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements	AASB 2014-9 amends AASB 127 Separate Financial Statements, and consequentially amends AASB 1 First-time Adopt ion of Australian Accounting Standards and AASB 128 Investments in Associates and Joint Ventures, to allow entities to use the equity method of accounting for investments in subsidiaries, joint ventures and associates in their separate financial statements. AASB 2014-9 also makes editorial correct ions to AASB 127. AASB 2014-9 applies to annual reporting periods beginning on or after 1 January 2016. Early adoption permitted.	1 January 2016	These amendments are not expected to have any significant impact on the Group's financial report.	1 July 2016

Reference	Title	Summary	Application Date of Standard	Impact on Group Financial Report	Application Date for Group
AASB 2014-10	*Amendments to Australian Accounting Standards – Sale or Contribution of Asset s bet ween an Investor and its Associate or Joint Venture*	AASB 2014-10 amends AASB 10 Consolidated Financial Statement s and AASB 128 to address an inconsistency between the requirement s in AASB 10 and those in AASB 128 (August 2011), in dealing with the sale or contribution of asset s bet ween an investor and its associate or joint venture. The amendment s require: (a) a full gain or loss to be recognised when a transact ion involves a business (whether it is housed in a subsidiary or not); and (b) a partial gain or loss to be recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. AASB 2014-10 also makes an editorial correction to AASB 10. AASB 2014-10 applies to annual reporting periods beginning on or after 1 January 2016. Early adoption permitted.	1 January 2016	These amendments are not expected to have any significant impact on the Group's financial report.	1 July 2016
AASB 2015-1	Amendment s to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012–2014 Cycle	The subjects of the principal amendments to the Standards are set out below: AASB 5 Non-current Assets Held for Sale and Discontinued Operations: • Changes in methods of disposal – where an entity reclassifies an asset (or disposal group) directly from being held for distribution to being held for sale (or visa versa), an entity shall not follow the guidance in paragraphs 27–29 to account f or this change. AASB 7 Financial Instruments: Disclosures: • Servicing contracts - clarifies how an entity should apply the guidance in paragraph 42C of AASB 7 to a servicing contract to decide whether a servicing contract is 'continuing involvement ' for the purposes of applying the disclosure requirements in paragraphs 42E–42H of AASB 7. • Applicability of the amendments to AASB 7 to condensed interim financial statements - clarify that the additional disclosure required by the amendments to AASB 7 Disclosure–Off setting Financial Assets and Financial Liabilities is not specifically required for all interim periods. However, the additional disclosure is required to be given in condensed interim financial statements that are prepared in accordance with AASB 134 Interim Financial Reporting when its inclusion would be required by the requirements of AASB 134. AASB 119 Employee Benefits: • Discount rate: regional market issue - clarifies that the high quality corporate bonds used to estimate the discount rate f or post-employment benefit obligations should be denominated in the same currency as the liability. Further it clarifies that the depth of the market for high quality corporate bonds should be assessed at the currency level. AASB 134 Interim Financial Reporting: Disclosure of information 'elsewhere in the interim financial report' - amends AASB 1 34 to clarify the meaning of disclosure of information 'elsewhere in the interim financial report' and to require the inclusion of a cross-reference from the interim financial statements to the location of this information.	1 January 2016	These amendments are not expected to have any significant impact on the Group's financial report.	1 July 2016

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Statement of Compliance (Continued)

AASB 2015-2	Amendments to Australian Accounting Standards – Disclosure Initiative: Amendment s to AASB 101	The Standard makes amendments to AASB 101 Presentation of Financial Statements arising from the IASB's Disclosure Initiative project. The amendments are designed to further encourage companies to apply professional judgment in determining what information to disclose in the financial statements. For example, the amendments make clear that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. The amendment s also clarify that companies should use professional judgment in deter mining where and in what order information is presented in the financial disclosures.	1 January 2016	These amendments are not expected to have any significant impact on the Group's financial report.	1 July 2016
AASB 2015-3	Amendment s to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality	The Standard completes the AASB's project to remove Australian guidance on materiality from Australian Accounting Standards.	1 July 2015	These amendments are not expected to have any significant impact on the Group's financial report.	1 July 2015
AASB 2015-5	Amendments to Australian Accounting Standards – Investment Entities: Applying the Consolidation Exception	This makes amendments to AASB 10, AASB 12 Disclosure of Interests in Other Entities and AASB 128 arising from the IASB's narrow scope amendments associated with Investment Entities.	1 July 2015	These amendments are not expected to have any significant impact on the Group's financial report.	1 July 2015

(c) Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of the Company as at 30 June 2015 and the results of all subsidiaries for the year then ended.

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Company.

Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are de-consolidated from the date that control ceases. Intercompany transactions and balances, income and expenses and profits and losses between Group companies, are eliminated.

(d) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

(e) Trade and Other Receivables

Trade receivables are recognised and carried at original invoice amount less a provision for any uncollectable debts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written-off as incurred.

Receivables from related parties are recognised and carried at the nominal amount due and are interest free.

(f) Investments and Other Financial Assets

(i) Classification

Financial assets in the scope of AASB 139 *Financial Instruments: Recognition and Measurement* are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale investments, as appropriate. When financial assets are recognised initially they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The Group determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year-end.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than twelve months after the reporting date which are classified as non-current assets. Loans and receivables are included in receivables in the statement of financial position.

Financial Assets at Fair Value through Profit or Loss

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. The policy of the Group is to designate a financial asset in this category if there exists the possibility it will be sold in the short term and if the asset is subject to frequent changes in fair value. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the balance sheet date. Derivatives are classified as held for trading unless they are designated as hedges.

Available-for-sale financial assets

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within twelve months of the reporting date.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Investments and Other Financial Assets (Continued)

(ii) Recognition and derecognition

Purchases and sales of investments are recognised on trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(iii) Subsequent measurement

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest rate method. Realised and unrealised gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are included in the Statement of Profit or Loss and other Comprehensive Income in the period in which they arise. Unrealised gains and losses arising from changes in the fair value of non-monetary securities classified as available-for-sale are recognised in equity in the investments available-for-sale reserve. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments previously reported in equity are included in the Statement of Profit or Loss and other Comprehensive Income as gains and losses on disposal of investment securities.

(iv) Impairment

The Group assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered in determining whether the security is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in Profit or loss – is transferred from equity to the Statement of Profit or Loss and other Comprehensive Income. Impairment losses recognised in the Statement of Profit or Loss and other Comprehensive Income on equity instruments classified as held for sale are not reversed through the Statement of Profit or Loss and other Comprehensive Income.

(g) Leases

Leases of property, plant and equipment where the Group, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the asset's useful life and the lease term.

Leases where a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

(h) Property, Plant and Equipment

(i) Cost and valuation

All classes of property, plant and equipment are measured at historical cost.

Plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation. All other repairs and maintenance are recognised in the Statement of Profit or Loss and other Comprehensive Income as incurred.

(ii) Depreciation and Amortisation.

Depreciation is provided on a straight line basis on all property, plant and equipment.

	2015	2014
Major depreciation and amortisation periods are:		
Leasehold Land:	**7% - 20%**	7% - 20%
Buildings:	**22%- 40%**	22%- 40%
Plant and equipment:	**22%- 40%**	22%- 40%

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

(iii) Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

(i) Exploration and Development Expenditure

Expenditure on exploration and evaluation is accounted for in accordance with the 'area of interest' method and with AASB 6 *Exploration for and Evaluation of Mineral Resources*.

Exploration and evaluation expenditure encompasses expenditures incurred by the Group in connection with the exploration for and evaluation of mineral resources before the technical feasibility and commercial viability of extracting a mineral resource are demonstrable.

For each area of interest, expenditure incurred in the acquisition of rights to explore is capitalised, classified as tangible or intangible, and recognised as an exploration and evaluation asset. Exploration and evaluation assets are measured at cost at recognition and are recorded as an asset if:

(i) the rights to tenure of the area of interest are current; and

(ii) at least one of the following conditions is also met:

- the exploration and evaluation expenditures are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale; and
- exploration and evaluation activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation expenditure incurred by the Group subsequent to acquisition of the rights to explore is expensed as incurred, up to costs associated with the preparation of a feasibility study.

(i) Impairment

Capitalised exploration costs are reviewed each reporting date to establish whether an indication of impairment exists. If any such indication exists, the recoverable amount of the capitalised exploration costs is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Exploration and Development Expenditure (Continued)

(i) Impairment (Continued)

Where a decision is made to proceed with development, accumulated expenditure is tested for impairment and transferred to development properties, and then amortised over the life of the reserves associated with the area of interest once mining operations have commenced. Recoverability of the carrying amount of the exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

(j) Payables

Liabilities are recognised for amounts to be paid in the future for goods and services received. Trade accounts payable are normally settled within 60 days.

(k) Provisions

Provisions are recognised when the group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(l) Revenue Recognition

Interest income

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial assets.

(m) Income Tax

The income tax expense for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose on goodwill or in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against tax liabilities and the deferred tax liabilities relate to the same taxable entity and the same taxation authority.

Tax consolidation

Prairie Mining Limited and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. Each entity in the group recognises its own current and deferred tax liabilities, except for any deferred tax assets resulting from unused tax losses and tax credits, which are immediately assumed by the Company. The current tax liability of each group entity is then subsequently assumed by the Company. The tax consolidated group has entered a tax sharing agreement whereby each company in the Group contributes to the income tax payable in proportion to their contribution to the net profit before tax of the tax consolidated group.

(n) Employee Entitlements

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within 12 months have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than 12 months have been measured at the present value of the estimated future cash outflows to be made for those benefits.

(o) Earnings per Share

Basic earnings per share (“EPS”) is calculated by dividing the net profit attributable to members of the Company for the reporting period, after excluding any costs of servicing equity, by the weighted average number of Ordinary Shares of the Company, adjusted for any bonus issue.

Diluted EPS is calculated by dividing the basic EPS earnings, adjusted by the after tax effect of financing costs associated with dilutive potential Ordinary Shares and the effect on revenues and expenses of conversion to Ordinary Shares associated with dilutive potential Ordinary Shares, by the weighted average number of Ordinary Shares and dilutive Ordinary Shares adjusted for any bonus issue.

(p) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(q) Segment Reporting

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. This includes start-up operations which are yet to earn revenues. Management will also consider other factors in determining operating segments such as the existence of a line manager and the level of segment information presented to the Board of Directors.

Operating segments have been identified based on the information provided to the chief operating decision makers – being the executive management team.

Operating segments that meet the quantitative criteria as prescribed by AASB 8 are reported separately. However, an operating segment that does not meet the quantitative criteria is still reported separately where information about the segment would be useful to users of the financial statements.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(q) Segment Reporting (Continued)

Information about other business activities and operating segments that are below the quantitative criteria are combined and disclosed in a separate category for “all other segments”.

(r) Acquisition of Assets

A group of assets may be acquired in a transaction which is not a business combination. In such cases the cost of the group is allocated to the individual identifiable assets (including intangible assets that meet the definition of and recognition criteria for intangible assets in AASB 138) acquired and liabilities assumed on the basis of their relative fair values at the date of purchase.

(s) Impairment of Assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

(t) Fair Value Estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets (such as available-for-sale securities) is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Group is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

(u) Issued and Unissued Capital

Ordinary Shares and Unissued Milestone Shares are classified as equity. Issued and paid up capital is recognised at the fair value of the consideration received by the Company.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(v) Foreign Currencies

(i) Functional and presentation currency

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the Company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the Statement Profit or Loss and other Comprehensive Income, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the other Comprehensive Income.

(iii) Group companies

The financial results and position of foreign operations whose functional currency is different from the Group's presentation currency are translated as follows:

- assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;
- income and expenses are translated at average exchange rates for the period; and
- items of equity are translated at the historical exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the group's foreign currency translation reserve in the statement of financial position. These differences are recognised in the Statement of Profit or Loss and other Comprehensive Income in the period in which the operation is disposed.

(w) Share-Based Payments

Equity-settled share-based payments are provided to officers, employees, consultants and other advisors. These share-based payments are measured at the fair value of the equity instrument at the grant date. Fair value is determined using the Binomial option pricing model. Further details on how the fair value of equity-settled share based payments has been determined can be found in Note 19.

The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest. At each reporting date, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss over the remaining vesting period, with a corresponding adjustment to the option premium reserve.

Equity-settled share-based payments may also be provided as consideration for the acquisition of assets. Where Ordinary Shares are issued, the transaction is recorded at fair value based on the quoted price of the Ordinary Shares at the date of issue. The acquisition is then recorded as an asset or expensed in accordance with accounting standards.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(x) Use and Revision of Accounting Estimates, Judgements and Assumptions

The preparation of the financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

- Exploration and Evaluation Assets (Note 10)
- Share-Based Payments (Note 19)

2. REVENUE AND OTHER INCOME

	2015 $	2014 $
(a) Revenue		
Interest income	**34,912**	131,938
	34,912	131,938
(b) Other Income		
Net gain on sale of available-for-sale financial assets	**1,323,851**	-
Farm-In Agreement income	**500,000**	-
	1,823,851	-

3. EXPENSES

	Note	2015 $	2014 $
(a) Employee benefits expense (including KMP)			
Salaries and wages		**(145,639)**	(246,517)
Superannuation expense		**(9,340)**	(15,358)
Other employee expenses		**(20,393)**	(11,313)
Employment expenses		**(175,372)**	(273,188)
Share-based payment expense	19(a)	**(1,576,867)**	(636,708)
Employment expenses recorded in exploration and evaluation expenses		**(730,048)**	(744,021)
Employment expenses recorded in business development expenses		**(550,437)**	(250,590)
Total employment expenses included in profit or loss		**(3,032,724)**	(1,904,507)
(b) Other Expenses			
Fair value loss on financial assets at fair value through profit and loss	7	**(1,063,846)**	-

4. INCOME TAX

	2015 $	2014 $
(a) Recognised in the statement of comprehensive income		
Current income tax		
Current income tax benefit in respect of the current year	-	-
Adjustments in respect of current income tax of previous years	-	-
Deferred income tax		
Relating to origination and reversal of temporary differences	**1,636,438**	(1,392,587)
(Benefit)/expense arising from previously unrecognised temporary differences of a prior period	**(187,849)**	329,671
Deferred tax assets not brought to account	**2,961,411**	(2,582,084)
Income tax expense/(benefit) reported in the statement of Profit or Loss and other Comprehensive income	**4,410,000**	(3,645,000)
(b) Recognised in the statement of changes in equity		
Deferred income tax		
Unrealised gain/(loss) on available-for-sale investments	**(1,096,845)**	3,645,000
Net gain on available-for-sale assets reclassified from equity to profit and loss	**(3,313,155)**	-
Income tax expense/(benefit) reported in equity	**(4,410,000)**	3,645,000
(c) Reconciliation between tax expense and accounting loss before income tax		
Accounting loss before income tax	**(742,196)**	(8,663,964)
At the domestic income tax rate of 30% (2014: 30%)	**(222,659)**	(2,599,189)
Expenditure not allowable for income tax purposes	**1,187,403**	618,747
Capital allowances	**-**	(108,051)
Deferred tax assets previously not brought to account	**2,961,411**	(2,582,084)
(Benefit)/expense arising from previously unrecognised temporary differences of a prior period	**(187,849)**	329,671
Effect of different tax rates of subsidiaries operating in other jurisdictions	**671,694**	695,906
Income tax expense/(benefit) reported in the statement of Profit or Loss and other Comprehensive income	**4,410,000**	(3,645,000)

4. INCOME TAX (Continued)

	2015 $	2014 $
(d) Deferred Tax Assets and Liabilities		
Deferred income tax at 30 June relates to the following:		
Deferred Tax Liabilities		
Available-for-sale financial assets	**-**	5,225,250
Other financial assets at fair value through profit or loss	**1,985,979**	-
Receivables	**290**	7,416
Deferred tax assets used to offset deferred tax liabilities	**(1,986,269)**	(5,232,666)
	-	-
Deferred Tax Assets		
Accrued expenditure	**11,550**	13,500
Capital allowances	**1,829,999**	1,174,590
Property, plant and equipment	**6,826**	26,165
Tax losses available offset against future taxable income	**5,095,609**	6,013,580
Deferred tax assets used to offset deferred tax liabilities	**(1,986,269)**	(5,232,666)
Deferred tax assets not brought to account	**(4,957,715)**	(1,995,169)
	-	-

The benefit of deferred tax assets not brought to account will only be brought to account if:

- future assessable income is derived of a nature and of an amount sufficient to enable the benefit to be realised;
- the conditions for deductibility imposed by tax legislation continue to be complied with; and
- no changes in tax legislation adversely affect the Group in realising the benefit.

(e) Tax Consolidation

The Company and its wholly-owned Australian resident entities have formed a tax consolidated group and are therefore taxed as a single entity. The head entity within the tax consolidated group is Prairie Mining Limited.

(f) Polish tax Losses

Losses from one source of profits may offset income from other sources in the same tax year. Losses may be carried forward to the following five tax years to offset profits from all sources that are derived in those years. Up to 50% of the original loss may offset profits in any of the five tax years. Losses may not be carried back.

5. DIVIDENDS PAID OR PROVIDED FOR ON ORDINARY SHARES

No dividends have been paid or proposed for the year ended 30 June 2015 (2014: Nil).

	2015 $	2014 $
(a) Franking Credit Balance		
Franking credits available to shareholders of Prairie Mining Limited for subsequent financial years	**-**	-

6. TRADE AND OTHER RECEIVABLES

	2015 $	2014 $
Trade receivables	**16,386**	41,905
Accrued interest	**966**	24,721
GST and other receivables	**180,526**	288,025
	197,878	354,651

7. CURRENT ASSETS - OTHER FINANCIAL ASSETS

	Note	2015 $	2014 $
Loans and receivables:			
Bonds[1]		**-**	22,111
		-	22,111
Held-for-trading financial assets:			
Canadian listed equity securities		**7,569,754**	-
	7(a)	**7,569,754**	-

(a) Held-for-trading financial assets reconciliation

	Note	2015 $	2014 $
Carrying amount at the start of the period		**-**	-
Recognition of held-for-trading financial assets[2]	8	**13,410,000**	-
Proceeds from sale of held-for-trading financial assets		**(4,698,339)**	-
Changes in fair value recognised in the Statement of Profit and Loss	3(a)	**(1,063,845)**	-
Foreign exchange loss		**(78,063)**	-
	7	**7,569,754**	-

Notes:

1 Performance guarantees, which relate to environmental performance bonds, were retired during the year as Group entered into the Mines Rehabilitation Fund (MRF).

2 At 30 June 2015, the Company held 3.75 million shares in B2Gold (TSX:BTO). Refer to Note 8 for further details.

8. NON-CURRENT ASSETS – OTHER FINANCIAL ASSETS

		2015 $	2014 $
Available-for-sale financial assets			
Australian listed equity securities[1]		-	18,800,000
		-	18,800,000

(a) Available-for-sale financial assets reconciliation

		2015	2014
Carrying amount at the start of the period		**18,800,000**	6,650,000
Proceeds from sale of available-for-sale financial assets		**(1,738,262)**	-
Changes in fair value recognised in the reserve		**(3,651,738)**	12,150,000
De-recognition of available-for-sale assets[1]	7	**(13,410,000)**	-
		-	18,800,000

Notes:

1 At 1 July 2014, the Company held 10.0 million fully paid ordinary shares in Papillon Resources Limited ("Papillon") (ASX:PIR). On 1 September 2014, the Company completed the sale of a parcel of one (1) million available-for-sale financial assets. Furthermore, and during the year, Papillon implemented a scheme of arrangement by which B2Gold (TSX:BTO) acquired all of the issued shares in Papillon ("Scheme"). In consideration for the Scheme, Prairie received 0.661 B2Gold shares for every Papillon share held. As a result of the Scheme, the Company was required to derecognise the Papillon available-for-sale asset which resulted in a non-cash gain being recognised in the Statement of Profit and Loss and other Comprehensive Income of $9,593,775 (2014: nil). The Company subsequently recognised the B2Gold shares as a held-for-trading financial asset. Please refer to Note 7 above for further details.

9. PROPERTY, PLANT AND EQUIPMENT

	2015 $	2014 $
(a) Plant and Equipment		
At cost	**1,050,035**	1,020,368
Accumulated depreciation and impairment	**(991,938)**	(932,733)
Carrying amount at end of year, net of accumulated depreciation and impairment	**58,097**	87,635
(b) Reconciliation		
Carrying amount at beginning of year, net of accumulated depreciation and impairment	**87,635**	47,606
Additions	**37,896**	101,487
Depreciation charge	**(54,342)**	(55,858)
Exchange differences on translation of foreign operations	**(13,092)**	(5,600)
Carrying amount at end of year, net of accumulated depreciation and impairment	**58,097**	87,635

10. EXPLORATION AND EVALUATION ASSETS

	2015 $	2014 $
(a) Areas of Interest		
Lublin Coal Project	**530,000**	**530,000**
Carrying amount at end of year, net of impairment[1]	**530,000**	**530,000**

Notes:
[1] The ultimate recoupment of costs carried forward for exploration and evaluation is dependent on the successful development and commercial exploitation or sale of the respective areas of interest.

11. TRADE AND OTHER PAYABLES

	2015 $	2014 $
Trade creditors	**986,673**	975,587
Accrued expenses	**46,207**	60,822
	1,032,880	1,036,409

12. CONTRIBUTED EQUITY

	Note	2015 $	2014 $
(a) Issued and Unissued Capital			
146,467,432 (2014: 134,679,879) fully paid Ordinary Shares	12(b)	**36,649,571**	34,539,888
600,000 (2014: 5,500,000) unissued milestone shares	12(b)	**-**	325,000
		36,649,571	34,864,888

12. CONTRIBUTED EQUITY (Continued)

(b) Movements in Ordinary Shares During the Past Two Years Were as Follows:

Date	Details	Number of Ordinary Shares	$
01-Jul-14	**Opening balance**	**134,679,879**	**34,539,888**
Jul-14 to Jun-15	Transfer from unissued milestone shares[1]	**-**	**325,000**
Jul-14 to Jun-15	Issue of shares on exercise of $0.15 Unlisted Options	**11,787,553**	**1,768,133**
Jul-14 to Jun-15	Transfer from share-based payment reserve	**-**	**30,805**
Jul-14 to Jun-15	Share issue costs	**-**	**(14,255)**
30-Jun-15	**Closing balance**	**146,467,432**	**36,649,571**
01-Jul-13	Opening balance	116,808,465	30,495,466
21-Aug-13	Shares issued to consultants in lieu of cash for the grant of coal leases (Note 14 (c))	652,414	200,000
8-Jan-14	Share placement	13,500,000	3,645,000
1-May-14	Issue of Shares on conversion of Performance Rights	294,000	-
Jul-13 to Jun-14	Exercise of $0.15 Unlisted Options	3,425,000	513,750
Jul-13 to Jun-14	Transfer from share-based payment reserve	-	247,535
Jul-13 to Jun-14	Share issue costs	-	(561,863)[2]
30-Jun-14	Closing balance	134,679,879	34,539,888

Notes:

[1] During the year, 4.4 million unissued milestone shares were cancelled. A further 0.5 million unissued milestone shares expired on 31 December 2014.

[2] Includes share-based payment of $354,200. Refer to Notes 14(c) and 19(a).

(c) Rights Attaching to Ordinary Shares:

The rights attaching to fully paid Ordinary Shares (“Ordinary Shares”) arise from a combination of the Company's Constitution, statute and general law.

Ordinary Shares issued following the exercise of Unlisted Options in accordance with Note 13(c) or the conversion of Performance Rights in accordance with Note 13(d) will rank equally in all respects with the Company's existing Ordinary Shares.

Copies of the Company's Constitution are available for inspection during business hours at the Company's registered office. The clauses of the Constitution contain the internal rules of the Company and define matters such as the rights, duties and powers of its shareholders and directors, including provisions to the following effect (when read in conjunction with the Corporations Act 2001 or Listing Rules).

(i) Shares

The issue of shares in the capital of the Company and options over unissued shares by the Company is under the control of the Directors, subject to the Corporations Act 2001, ASX Listing Rules and any rights attached to any special class of shares.

(ii) Meetings of Members

Directors may call a meeting of members whenever they think fit. Members may call a meeting as provided by the Corporations Act 2001. The Constitution contains provisions prescribing the content requirements of notices of meetings of members and all members are entitled to a notice of meeting. A meeting may be held in two or more places linked together by audio-visual communication devices. A quorum for a meeting of members is two shareholders.

The Company holds annual general meetings in accordance with the Corporations Act 2001 and the Listing Rules.

(iii) Voting

Subject to any rights or restrictions at the time being attached to any shares or class of shares of the Company, each member of the Company is entitled to receive notice of, attend and vote at a general meeting. Resolutions of members will be decided by a show of hands unless a poll is demanded. On a show of hands each eligible voter present has one vote. However, where a person present at a general meeting represents personally or by proxy, attorney or representative more than one member, on a show of hands the person is entitled to one vote only despite the number of members the person represents.

On a poll each eligible member has one vote for each fully paid share held and a fraction of a vote for each partly paid share determined by the amount paid up on that share.

(iv) Changes to the Constitution

The Company's Constitution can only be amended by a special resolution passed by at least three quarters of the members present and voting at a general meeting of the Company. At least 28 days' written notice specifying the intention to propose the resolution as a special resolution must be given.

(v) Listing Rules

Provided the Company remains admitted to the Official List, then despite anything in its Constitution, no act may be done that is prohibited by the Listing Rules, and authority is given for acts required to be done by the Listing Rules. The Company's Constitution will be deemed to comply with the Listing Rules as amended from time to time.

13. RESERVES

	Note	2015 $	2014 $
Share-based-payments reserve	13(b)	**2,597,720**	1,051,658
Available-for-sale reserve		**-**	10,149,750
Foreign currency translation reserve		**22,963**	(15,158)
		2,620,683	11,186,250

(a) Nature and Purpose of Reserves

(i) Share-based payments reserve

The share-based payments reserve is used to record the fair value of Unlisted Options and Performance Rights issued by the Group.

(ii) Available-For-Sale Reserve

Changes in the fair value and exchange differences arising on translation of investments classified as available-for-sale financial assets are taken to the available-for-sale-reserve as described in Note 1(f). Amounts are recognised in the Statement of Profit or Loss and other Comprehensive Income when the associated assets are sold or impaired.

13. RESERVES (Continued)

(a) Nature and Purpose of Reserves (Continued)

(iii) Foreign Currency Translation Reserve

Exchange differences arising on translation of foreign controlled entities are taken to the foreign currency translation reserve, as described in Note 1(v). The reserve is recognised in the Statement of Profit or Loss and other Comprehensive Income when the net investment is disposed of.

(b) Movements in share-based payments reserve during the past two years were as follows:

Date	Details	Number of Unlisted Options	Number of Performance Rights	$
01-Jul-14	**Opening balance**	**9,582,133**	**1,536,000**	**1,051,658**
11-Sep-14	Grant of $0.45 Unlisted Options	1,650,000	-	-
5-Dec-14	Grant of Performance Rights	-	3,875,000	-
11-Feb-14	Grant of Performance Rights	-	2,400,000	-
30-Jun-15	Lapse of Performance Rights	-	(1,779,000)	-
Jul-14 to Jun-15	Exercise of $0.15 Unlisted Options	(257,133)		(30,805)
Jul-14 to Jun-15	Share-based payments expense	-	-	1,576,867
30-Jun-15	**Closing balance**	**10,975,000**	**6,032,000**	**2,597,720**

Date	Details	Number of Unlisted Options	Number of Performance Rights	$
01-Jul-13	**Opening balance**	**7,382,133**	**-**	**308,285**
21-Aug-13	Exercise of $0.15 Unlisted Options	(1,375,000)	-	(164,725)
27-Dec-13	Grant of Performance Rights	-	1,440,000	-
08-Jan-14	Grant of $0.45 Unlisted Options	2,200,000	-	-
07-Feb-14	Grant of Performance Rights	-	150,000	-
12-Feb-14	Grant of Performance Rights	-	250,000	-
13-Feb-14	Grant of $0.35 Unlisted Options	100,000	-	-
13-Feb-14	Grant of $0.45 Unlisted Options	510,000	-	-
13-Feb-14	Grant of $0.60 Unlisted Options	765,000	-	-
14-Feb-14	Cancellation of Performance Rights	-	(200,000)	-
12-Apr-14	Grant of Performance Rights	-	190,000	-
02-May-14	Conversion of Performance Rights	-	(294,000)	(82,810)
30-Jun-14	Share-based payments expense	-	-	990,908
30-Jun-14	**Closing balance**	**9,582,133**	**1,536,000**	**1,051,658**

(c) Terms and Conditions of Unlisted Options

The Unlisted Options are granted based upon the following terms and conditions:

- Each Unlisted Option entitles the holder the right to subscribe for one Ordinary Share upon the exercise of each Unlisted Option;
- The Unlisted Options outstanding at the end of the financial year have the following exercise prices and expiry dates:

- 1,250,000 Unlisted Options exercisable at $0.25 each on or before 30 June 2016;
- 1,600,000 Unlisted Options exercisable at $0.35 each on or before 30 June 2017;
- 4,460,000 Unlisted Options exercisable at $0.45 each on or before 30 June 2017;
- 2,265,000 Unlisted Options exercisable at $0.60 each on or before 30 June 2017; and
- 1,400,000 Unlisted Options exercisable at $0.45 each on or before 30 June 2018.

- The Unlisted Options are exercisable at any time prior to the Expiry Date, subject to vesting conditions being satisfied (if applicable);
- Ordinary Shares issued on exercise of the Unlisted Options rank equally with the then Ordinary Shares of the Company;
- application will be made by the Company to ASX for official quotation of the Ordinary Shares issued upon the exercise of the Unlisted Options;
- If there is any reconstruction of the issued share capital of the Company, the rights of the Unlisted Option holders may be varied to comply with the ASX Listing Rules which apply to the reconstruction at the time of the reconstruction; and
- No application for quotation of the Unlisted Options will be made by the Company.

(d) Terms and Conditions of Performance Rights

The unlisted performance share rights ("Performance Rights") are granted based upon the following terms and conditions:

- Each Performance Right automatically converts into one Ordinary Share upon vesting of the Performance Right;
- Each Performance Right is subject to performance conditions (as determined by the Board from time to time) which must be satisfied in order for the Performance Right to vest;
- The Performance Rights outstanding at the end of the financial year have the following expiry dates:
  - 1,885,000 Performance Rights expiring on 30 September 2015 (Converted to shares 24 July 2015);
  - 2,947,000 Performance Rights expiring on 31 December 2016; and
  - 1,200,000 Performance Rights expiring on 31 December 2020.
- The Performance Rights vest upon the following performance conditions:
  - Achievement of Geological Documentation Milestone on or before 30 September 2015 (Achieved 1 July 2015, shares issued 24 July 2015);
  - Achievement of Mine Permit and Definitive Feasibility Study on or before 31 December 2016; and
  - Initial Production Milestone on or before 31 December 2020.
- Ordinary Shares issued on conversion of the Performance Rights rank equally with the then Ordinary Shares of the Company;
- Application will be made by the Company to ASX for official quotation of the Ordinary Shares issued upon conversion of the Performance Rights;
- If there is any reconstruction of the issued share capital of the Company, the rights of the Performance Right holders may be varied to comply with the ASX Listing Rules which apply to the reconstruction at the time of the reconstruction;
- No application for quotation of the Performance Rights will be made by the Company; and
- Without approval of the Board, Performance Rights may not be transferred, assigned or novated, except, upon death, a participant's legal personal representative may elect to be registered as the new holder of such Performance Rights and exercise any rights in respect of them.

14. STATEMENT OF CASH FLOWS

(a) Reconciliation of the Profit after Tax to the Net Cash Flows from Operations

	2015 $	2014 $
Net loss for the year	**(5,152,146)**	(5,018,964)
Adjustments		
Depreciation of plant and equipment	**54,342**	55,858
Share-based payment expense	**1,576,867**	636,708
Unrealised foreign exchange gain	**113,671**	49,871
Net gain on sale of available-for-sale financial assets	**(1,323,851)**	-
Gain on derecognition of available-for-sale financial assets	**(9,593,775)**	-
Fair value loss on financial assets at fair value through profit and loss	**1,063,846**	-
Income tax (benefit)/expense	**4,410,000**	(3,645,000)
Farm-In Agreement income (investing activity)	**(500,000)**	-
Change in operating assets and liabilities		
Decrease in trade and other receivables	**156,773**	38,789
Increase in other financial assets	**22,111**	(111)
Increase/(decrease) in trade and other payables	**(12,458)**	435,274
Net cash outflow from operating activities	**(9,184,620)**	(7,447,575)

(b) Reconciliation of Cash

Cash at bank and on hand	**2,076,409**	674,300
Deposits at call	**-**	1,900,000
	2,076,409	2,574,300

(c) Non-cash Financing and Investing Activities

	2015 $	2014 $
Exploration and evaluation assets (with shares)	**-**	200,000
Share issue costs (with options)[1]	**-**	354,200
	-	554,200

Notes:
[1] A share-based payment of $354,200 in respect to capital raising costs was recognised directly in equity as a share-based payment. Refer to Notes 12(b) and 19(a).

15. EARNINGS PER SHARE

The following reflects the income and share data used in the calculations of basic and diluted earnings per share:

	2015 $	2014 $
The following reflects the income and share data used in the calculations of basic and diluted earnings/(loss) per share:		
Net loss attributable to members of the Parent used in calculating basic and diluted earnings per share	**(5,152,146)**	(5,018,964)

	Number of Ordinary Shares 2015	Number of Ordinary Shares 2014
Weighted average number of Ordinary Shares used in calculating basic and diluted loss per share	**135,077,138**	125,372,066

(a) Non-Dilutive Securities

As at balance date, 12,475,000 Unlisted Options (which represent 12,475,000 potential Ordinary Shares) and 6,032,000 Performance Rights (which represent 6,032,000 potential Ordinary Shares) were considered non-dilutive as they would decrease the loss per share.

(b) Conversions, Calls, Subscriptions or Issues after 30 June 2015

Since 30 June 2015, the Company has issued the following securities:

- 1,885,000 Ordinary Shares following the conversion of 1,885,000 Performance Rights on achievement of the Geological Documentation Milestone on 24 July 2015.

Other than as outlined above, there have been no other conversions to, calls of, or subscriptions for Ordinary Shares or issues of potential Ordinary Shares since the reporting date and before the completion of this financial report.

16. RELATED PARTIES

(a) Subsidiaries

Name	Country of Incorporation	% Equity Interest 2015 %	2014 %
Mineral Investments Pty Ltd	Australia	100	100
PDZ Holdings Pty Ltd	Australia	100	100
PDZ (UK) Limited	UK	100	100
PD CO Holdings (UK) Limited	UK	100	100
PD Co spółka z ograniczoną odpowiedzialnośc	Poland	100	100

(b) Ultimate Parent

Prairie Mining Limited is the ultimate parent of the Group.

(c) Transactions with Related Parties

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note.

Transactions with Key Management Personnel, including remuneration, are included at Note 17.

17. KEY MANAGEMENT PERSONNEL

(a) Details of Key Management Personnel

The KMP of the Group during or since the end of the financial year were as follows:

Directors

Mr Ian Middlemas	Chairman
Mr Benjamin Stoikovich	Director and CEO
Mr Anastasios (Taso) Arima	Executive Director (resigned 21 September 2015)
Ms Carmel Daniele	Non-Executive Director (appointed 21 September 2015)
Mr Emil Morfett	Non-Executive Director (appointed 21 September 2015)
Mr Thomas Todd	Non-Executive Director (appointed 16 September 2014)
Mr John Welborn	Non-Executive Director (resigned 21 September 2015)
Mr Mark Pearce	Non-Executive Director
Mr Todd Hannigan	Alternate Director (appointed 16 September 2014)

Other KMP

Mr Janusz Jakimowicz	President PD Co sp z o.o. Management Board
Mr Artur Kluzcny	Vice President of the PD Co sp z o.o. Management Board (appointed 25 November 2014)
Mr Hugo Schumann	Executive – Corporate Development
Mr Dylan Browne	Company Secretary

Unless otherwise disclosed, the KMP held their position from 1 July until the date of this report.

	2015 $	2014 $
Short-term employee benefits	**1,422,705**	1,241,128
Post-employment benefits	**16,862**	15,360
Share-based payments	**1,207,790**	483,974
Total compensation	**2,647,357**	1,740,462

(b) Loans from Key Management Personnel

No loans were provided to or received from Key Management Personnel during the year ended 30 June 2015 (2014: Nil).

(c) Other Transactions

Apollo Group Pty Ltd, a Company of which Mr Mark Pearce is a Director and beneficial shareholder, was paid $296,000 (2014: $288,000) for the provision of serviced office facilities and administration services. The amount is based on a monthly retainer due and payable in advance, with no fixed term, and is able to be terminated by either party with one month's notice. This item has been recognised as an expense in the Statement of Profit or Loss and other Comprehensive Income.

18. PARENT ENTITY DISCLOSURES

	2015 $	2014 $
(a) Financial Position		
Assets		
Current assets	**9,514,282**	2,485,025
Non-current assets	**542,345**	19,353,760
Total assets	**10,056,627**	21,838,785
Liabilities		
Current liabilities	**852,936**	506,497
Total liabilities	**852,936**	506,497
Equity		
Contributed equity	**36,649,571**	34,864,888
Accumulated losses	**(30,043,599)**	(24,734,007)
Reserves	**2,597,719**	11,201,407
Total equity	**9,203,691**	21,332,288
(b) Financial Performance		
Profit/(loss) for the year	**(22,697,993)**	(4,973,259)
Other comprehensive income/(loss)	**(10,149,750)**	8,505,000
Total comprehensive income/(loss)	**(32,847,743)**	3,531,741

(c) Other information

The Company has not entered into any guarantees in relation to its subsidiaries.

Refer to Note 23 for details of contingent assets and liabilities.

19. SHARE-BASED PAYMENTS

(a) Recognised Share-based Payment Expense

From time to time, the Group provides incentive Unlisted Options and Performance Rights to officers, employees, consultants and other key advisors as part of remuneration and incentive arrangements. The number of options or rights granted, and the terms of the options or rights granted are determined by the Board. Shareholder approval is sought where required. During the past two years, the following equity-settled share-based payments have been recognised:

	2015 $	2014 $
Expenses arising from equity-settled share-based payment transactions	**1,576,867**	636,708
Share issue costs settled by equity-settled share-based payment transactions	**-**	354,200
Total share-based payments recognised during the year	**1,576,867**	990,908

19. SHARE-BASED PAYMENTS (Continued)

(b) Summary of Unlisted Options and Performance Rights Granted as Share-based Payments

The following Unlisted Options were granted as share-based payments during the past two years:

2015 Option Series	Issuing Entity	Number	Grant Date	Expiry Date	Exercise Price $	Grant Date Fair Value $
Series 1	Prairie Mining Limited	250,000	10-Sep-14	30-Jun-17	0.45	0.2250
Series 2	Prairie Mining Limited	1,400,000	10-Sep-14	30-Jun-18	0.45	0.2570

2014 Option Series	Issuing Entity	Number	Grant Date	Expiry Date	Exercise Price $	Grant Date Fair Value $
Series 1[1]	Prairie Mining Limited	1,500,000	17-Jun-13	30-Jun-17	0.35	0.1276
Series 2[1]	Prairie Mining Limited	1,500,000	17-Jun-13	30-Jun-17	0.45	0.1395
Series 3[1]	Prairie Mining Limited	1,500,000	17-Jun-13	30-Jun-17	0.60	0.1512
Series 4	Prairie Mining Limited	2,200,000	8-Jan-14	30-Jun-17	0.45	0.1610
Series 5	Prairie Mining Limited	100,000	13-Feb-14	30-Jun-17	0.35	0.1550
Series 6	Prairie Mining Limited	510,000	13-Feb-14	30-Jun-17	0.45	0.1400
Series 7	Prairie Mining Limited	765,000	13-Feb-14	30-Jun-17	0.60	0.1230

Notes:
[1] The Unlisted Options were issued as part of a consultancy agreement (effective 17 June 2013) requiring the grant of Unlisted Options pursuant to shareholder approval. Shareholder approval was received on 12 July 2013 at a General Meeting of Shareholders.

The following table illustrates the number and weighted average exercise prices (WAEP) of Unlisted Options granted as share-based payments at the beginning and end of the financial year:

Unlisted Options	2015 Number	2015 WAEP	2014 Number	2014 WAEP
Outstanding at beginning of year	**9,582,133**	**$0.4346**	7,382,133	$0.3600
Granted by the Company during the year	**1,650,000**	**$0.4500**	3,575,000	$0.4793
Forfeited/cancelled/lapsed/expired	**-**	**-**	-	-
Exercised during the year	**(257,133)**	**$0.1500**	(1,375,000)	$0.1500
Outstanding at end of year	**10,975,000**	**$0.4436**	9,582,133	$0.4346
Exercisable at end of year	**8,710,000**	**$0.4074**	5,307,133	$0.3583

The outstanding balance of options as at 30 June 2015 is represented by:

- 1,250,000 Unlisted Options exercisable at $0.25 each on or before 30 June 2016;
- 1,600,000 Unlisted Options exercisable at $0.35 each on or before 30 June 2017;
- 4,460,000 Unlisted Options exercisable at $0.45 each on or before 30 June 2017;
- 2,265,000 Unlisted Options exercisable at $0.60 each on or before 30 June 2017; and
- 1,400,000 Unlisted Options exercisable at $0.45 each on or before 30 June 2018.

Prairie Mining Limited

The following Performance Rights were granted as share-based payments during the past two years:

2015 Rights Series	Issuing Entity	Number	Grant Date	Expiry Date	Exercise Price $	Grant Date Fair Value $
Series 1	Prairie Mining Limited	200,000	17-Jul-14	30-Jun-15	-	$0.430
Series 2	Prairie Mining Limited	100,000	17-Jul-14	30-Sep-15	-	$0.430
Series 3	Prairie Mining Limited	300,000	17-Jul-14	31-Dec-16	-	$0.430
Series 4	Prairie Mining Limited	1,233,000	5-Dec-14	30-Jun-15	-	$0.350
Series 5	Prairie Mining Limited	1,390,000	5-Dec-14	30-Sep-15	-	$0.350
Series 6	Prairie Mining Limited	652,000	5-Dec-14	31-Dec-16	-	$0.350
Series 7	Prairie Mining Limited	1,200,000	11-Feb-15	31-Dec-16	-	$0.330
Series 8	Prairie Mining Limited	1,200,000	11-Feb-15	31-Dec-20	-	$0.330

2014 Rights Series	Issuing Entity	Number	Grant Date	Expiry Date	Exercise Price $	Grant Date Fair Value $
Series 1	Prairie Mining Limited	154,000	27-Dec-13	30-Jun-14	-	$0.290
Series 2	Prairie Mining Limited	221,000	27-Dec-13	30-Jun-15	-	$0.290
Series 3	Prairie Mining Limited	345,000	27-Dec-13	30-Sep-15	-	$0.290
Series 4	Prairie Mining Limited	720,000	27-Dec-13	31-Dec-16	-	$0.290
Series 5	Prairie Mining Limited	100,000	7-Feb-14	30-Jun-14	-	$0.265
Series 6	Prairie Mining Limited	50,000	7-Feb-14	30-Jun-15	-	$0.265
Series 7	Prairie Mining Limited	50,000	12-Feb-14	30-Jun-14	-	$0.265
Series 8	Prairie Mining Limited	75,000	12-Feb-14	30-Jun-15	-	$0.265
Series 9	Prairie Mining Limited	50,000	12-Feb-14	30-Sep-15	-	$0.265
Series 10	Prairie Mining Limited	75,000	12-Feb-14	31-Dec-16	-	$0.265
Series 11	Prairie Mining Limited	10,000	12-Apr-14	30-Jun-14	-	$0.420
Series 12	Prairie Mining Limited	30,000	12-Apr-14	30-Jun-15	-	$0.420
Series 13	Prairie Mining Limited	50,000	12-Apr-14	30-Sep-15	-	$0.420
Series 14	Prairie Mining Limited	100,000	12-Apr-14	31-Dec-16	-	$0.420

The following table illustrates the number and weighted average exercise prices ("WAEP") of Performance Rights granted as share-based payments at the beginning and end of the financial year:

Performance Rights	2015 Number	2015 WAEP	2014 Number	2014 WAEP
Outstanding at beginning of year	**1,536,000**	**-**	-	-
Granted by the Company during the year	**6,275,000**	**-**	2,030,000	-
Forfeited/cancelled/lapsed/expired	**(1,779,000)**	**-**	(200,000)	-
Converted during the year	**-**	**-**	(294,000)	-
Outstanding at end of year	**6,032,000**	**-**	1,536,000	-

19. SHARE-BASED PAYMENTS (Continued)

(b) Summary of Unlisted Options and Performance Rights Granted as Share-based Payments (Cont'd)

The outstanding balance of Performance Rights as at 30 June 2015 is represented by:

- 1,885,000 Performance Rights expiring on 30 September 2015 (converted to shares on 24 July 2015);
- 2,947,000 Performance Rights expiring on 31 December 2016; and
- 1,200,000 Performance Rights expiring on 31 December 2020.

(c) Weighted Average Remaining Contractual Life

At 30 June 2015, the weighted average remaining contractual life of Unlisted Options on issue that had been granted as share-based payments was 2.02 years (2014: 2.82 years) and of Performance Rights granted as share-based payments was 1.83 years (2014: 1.84 years).

(d) Range of Exercise Prices

At 30 June 2015, the range of exercise prices of Unlisted Options on issue that had been granted as share-based payments was $0.25 to $0.60 (2014: $0.15 to $0.60). Performance Rights have a nil exercise price.

(e) Weighted Average Fair Value

The weighted average fair value of Unlisted Options granted as share-based payments by the Group during the year ended 30 June 2015 was $0.2522 (2014: $0.1497). The weighted average fair value of Performance Rights granted as share-based payments by the Group during the year ended 30 June 2015 was $0.3500 (2014: $0.2972).

(f) Option and Rights Pricing Models

The fair value of the equity-settled share options and performance rights granted is estimated as at the date of grant using the Binomial option valuation model taking into account the terms and conditions upon which the options were granted.

The table below lists the inputs to the valuation model used for share options granted by the Group during the last two years:

2015 Inputs	Series 1	Series 2
Exercise price	$0.45	$0.45
Grant date share price	$0.44	$0.44
Dividend yield[1]	-	-
Volatility[2]	80%	80%
Risk-free interest rate	2.82%	2.82%
Grant date	10-Sep-14	10-Sep-14
Issue date	11-Sep-14	11-Sep-14
Expiry date	30-Jun-17	30-Jun-18
Expected life of option[3]	2.81 years	3.81 years
Fair value at grant date	$0.2250	$0.2570

2014 Inputs	Series 1[4]	Series 2[4]	Series 3[4]	Series 4	Series 5	Series 6	Series 7
Exercise price	$0.35	$0.45	$0.60	$0.45	$0.35	$0.45	$0.60
Grant date share price	$0.31	$0.31	$0.31	$0.30	$0.275	$0.275	$0.275
Dividend yield[1]	-	-	-	-	-	-	-
Volatility[2]	90%	90%	90%	90%	90%	90%	90%
Risk-free interest rate	3.76%	3.76%	3.76%	2.96%	2.98%	2.98%	2.98%
Grant date	17-Jun-13	17-Jun-13	17-Jun-13	8-Jan-14	13-Feb-14	13-Feb-14	13-Feb-14
Issue date	12-Jul-13	12-Jul-13	12-Jul-13	8-Jan-14	13-Feb-14	13-Feb-14	13-Feb-14
Expiry date	30-Jun-17	30-Jun-17	30-Jun-17	30-Jun-17	30-Jun-17	30-Jun-17	30-Jun-17
Expected life of option[3]	3.97 years	3.97 years	3.97 years	3.5 years	3.38 years	3.38 years	3.38 years
Fair value at grant date	$0.1276	$0.1395	$0.1512	$0.1610	$0.155	$0.1400	$0.1230

Notes:

1 The dividend yield reflects the assumption that the current dividend payout will remain unchanged.

2 The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may not necessarily be the actual outcome.

3 The expected life of the options is based on the expiry date of the options as there is limited track record of the early exercise of options.

4 The Unlisted Options were issued as part of a consultancy agreement (effective 17 June 2013) requiring the grant of Unlisted Options pursuant to shareholder approval. Shareholder approval was received on 12 July 2013 at a General Meeting of Shareholders.

The table below lists the inputs to the valuation model used for Performance Rights granted by the Group during the last two years:

2015 Inputs	Series 1	Series 2	Series 3	Series 4
Exercise price	$nil	$nil	$nil	$nil
Grant date share price	$0.43	$0.43	$0.43	$0.35
Dividend yield[1]	-	-	-	-
Volatility[2]	80%	80%	80%	80%
Risk-free interest rate	2.58%	2.36%	2.36%	2.36%
Grant date	17-Jul-14	17-Jul-14	17-Jul-14	5-Dec-14
Issue date	5-Dec-14	5-Dec-14	5-Dec-14	5-Dec-14
Expiry date	30-Jun-15	30-Sep-15	31-Dec-16	30-Jun-15
Expected life of right[3]	0.95 years	1.21 years	2.46 years	0.58 years
Fair value at grant date	$0.43	$0.43	$0.43	$0.35

19. SHARE-BASED PAYMENTS (Continued)

(f) Option and Rights Pricing Models (Continued)

2015 Inputs (Continued)	Series 5	Series 6	Series 7	Series 8
Exercise price	$nil	$nil	$nil	$nil
Grant date share price	$0.35	$0.35	$0.33	$0.33
Dividend yield[1]	-	-	-	-
Volatility[2]	80%	80%	-	-
Risk-free interest rate	2.36%	2.36%	-	-
Grant date	5-Dec-14	5-Dec-14	11-Feb-15	11-Feb-15
Issue date	5-Dec-14	5-Dec-14	18-Feb-15	18-Feb-15
Expiry date	30-Sep-15	31-Dec-16	31-Dec-16	31-Dec-20
Expected life of right[3]	0.83 years	2.08 years	1.89 years	5.8 years
Fair value at grant date	$0.35	$0.35	$0.33	$0.33

2014 Inputs	Series 1	Series 2	Series 3	Series 4	Series 5	Series 6	Series 7
Exercise price	$nil	$nil	$nil	$nil	$nil	$nil	$nil
Grant date share price	$0.29	$0.29	$0.29	$0.29	$0.265	$0.265	$0.265
Dividend yield[1]	-	-	-	-	-	-	-
Volatility[2]	90%	90%	90%	90%	90%	90%	90%
Risk-free interest rate	2.66%	2.66%	2.66%	2.66%	2.74%	2.74%	2.78%
Grant date	27-Dec-13	27-Dec-13	27-Dec-13	27-Dec-13	7-Feb-14	7-Feb-14	12-Feb-14
Issue date	27-Dec-13	27-Dec-13	27-Dec-13	27-Dec-13	7-Feb-14	7-Feb-14	12-Feb-14
Expiry date	30-Jun-14	30-Jun-15	30-Sep-15	31-Dec-16	30-Jun-14	30-Jun-15	30-Jun-14
Expected life of right[3]	0.5 years	1.5 years	1.8 years	3.0 years	0.39 years	1.39 years	0.38 years
Fair value at grant date	$0.29	$0.29	$0.29	$0.29	$0.265	$0.265	$0.265

2014 Inputs (Continued)	Series 8	Series 9	Series 10	Series 11	Series 12	Series 13	Series 14
Exercise price	$nil	$nil	$nil	$nil	$nil	$nil	$nil
Grant date share price	$0.265	$0.265	$0.265	$0.42	$0.42	$0.42	$0.42
Dividend yield[1]	-	-	-	-	-	-	-
Volatility[2]	90%	90%	90%	90%	90%	90%	90%
Risk-free interest rate	2.78%	2.78%	2.78%	2.77%	2.77%	2.77%	2.77%
Grant date	12-Feb-14	12-Feb-14	12-Feb-14	12-Apr-14	12-Apr-14	12-Apr-14	12-Apr-14
Issue date	12-Feb-14	12-Feb-14	12-Feb-14	12-Apr-14	12-Apr-14	12-Apr-14	12-Apr-14
Expiry date	30-Jun-15	30-Sep-15	31-Dec-16	30-Jun-14	30-Jun-15	30-Sep-15	31-Dec-16
Expected life of right[3]	1.38 years	1.63 years	2.88 years	0.22 years	1.22 years	1.47 years	2.72 years
Fair value at grant date	$0.265	$0.265	$0.265	$0.42	$0.42	$0.42	$0.42

Notes:

1 The dividend yield reflects the assumption that the current dividend payout will remain unchanged.

2 The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may not necessarily be the actual outcome.

3 The expected life of the rights is based on the expiry date of the rights as there is limited track record of the early exercise of rights.

20. AUDITORS' REMUNERATION

The auditor of Prairie Mining Limited is Ernst & Young.

	2015 $	2014 $
Amounts received or due and receivable by Ernst & Young for:		
• an audit or review of the financial report of the entity and any other entity in the consolidated group	**28,255**	28,755
• preparation of income tax return	**8,000**	-
• professional service fees for the Company's UK Main board standard listing	**19,703**	-
	55,958	28,755

21. SEGMENT INFORMATION

AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Consolidated Entity that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

The Consolidated Entity operates in one segment, being mineral exploration. This is the basis on which internal reports are provided to the Directors for assessing performance and determining the allocation of resources within the Consolidated Entity.

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(a) Overview

The Group's principal financial instruments comprise receivables, payables, available-for-sale investments, cash and short-term deposits. The main risks arising from the Group's financial instruments are credit risk, liquidity risk, interest rate risk, equity price risk and foreign currency risk.

This note presents information about the Group's exposure to each of the above risks, its objectives, policies and processes for measuring and managing risk, and the management of capital. Other than as disclosed, there have been no significant changes since the previous financial year to the exposure or management of these risks.

The Group manages its exposure to key financial risks in accordance with the Group's financial risk management policy. Key risks are monitored and reviewed as circumstances change (e.g. acquisition of a new project) and policies are revised as required. The overall objective of the Group's financial risk management policy is to support the delivery of the Group's financial targets whilst protecting future financial security.

Given the nature and size of the business and uncertainty as to the timing and amount of cash inflows and outflows, the Group does not enter into derivative transactions to mitigate the financial risks. In addition, the Group's policy is that no trading in financial instruments shall be undertaken for the purposes of making speculative gains. As the Group's operations change, the Directors will review this policy periodically going forward.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board reviews and agrees policies for managing the Group's financial risks as summarised below.

(b) Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. This arises principally from cash and cash equivalents and trade and other receivables. There are no significant concentrations of credit risk within the Group. The carrying amount of the Group's financial assets represents the maximum credit risk exposure, as represented below:

	2015 $	2014 $
Cash and cash equivalents	**2,076,409**	2,574,300
Trade and other receivables	**197,878**	354,651
Other financial assets	**-**	22,111
	2,247,287	2,951,062

With respect to credit risk arising from cash and cash equivalents, the Group's exposure to credit risk arises from default of the counter party, with a maximum exposure equal to the carrying amount of these instruments. Where possible, the Group invests its cash and cash equivalents with banks that are rated the equivalent of investment grade and above. The Group’s exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

The Group does not have any significant customers and accordingly does not have significant exposure to bad or doubtful debts.

Trade and other receivables comprise trade receivables, interest accrued and GST refunds due. Where possible the Consolidated Entity trades only with recognised, creditworthy third parties. It is the Group’s policy that, where possible, customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group’s exposure to bad debts is not significant. At 30 June 2015, none (2014: none) of the Group’s receivables are past due.

(c) Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Board's approach to managing liquidity is to ensure, as far as possible, that the Group will always have sufficient liquidity to meet its liabilities when due. At 30 June 2015 and 2014, the Group had sufficient liquid assets to meet its financial obligations.

The contractual maturities of financial liabilities, including estimated interest payments, are provided below. There are no netting arrangements in respect of financial liabilities.

	≤6 Months $	6-12 Months $	1-5 Years $	≥5 Years $	Total $
2015 Group					
Financial Liabilities					
Trade and other payables	**1,032,880**	**-**	**-**	**-**	**1,032,880**
	1,032,880	**-**	**-**	**-**	**1,032,880**

(d) Interest Rate Risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the cash and short-term deposits with a floating interest rate.

These financial assets with variable rates expose the Group to cash flow interest rate risk. All other financial assets and liabilities, in the form of receivables and payables and available-for-sale investments are non-interest bearing.

At the reporting date, the interest rate profile of the Group's interest-bearing financial instruments was:

	2015 $	2014 $
Interest-bearing financial instruments		
Cash at bank and on hand	**2,076,409**	674,300
Deposits at Call	**-**	1,900,000
	2,076,409	2,574,300

The Group's cash at bank and on hand and short term deposits had a weighted average floating interest rate at year end of 0.6% (2014: 3.2%).

The Group currently does not engage in any hedging or derivative transactions to manage interest rate risk.

Interest rate sensitivity

A sensitivity of 1% (100 basis points) has been selected as this is considered reasonable given the current level of both short term and long term interest rates. A 1% (100 basis points) movement in interest rates at the reporting date would have increased/(decreased) Profit or Loss and Other Comprehensive Income by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2014.

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(d) Interest Rate Risk (Continued)

Interest rate sensitivity (Continued)

	Profit or loss		Other Comprehensive Income	
	+ 100 basis points	- 100 basis points	+ 100 basis points	- 100 basis points
2015				
Group				
Cash and cash equivalents	**20,764**	**(20,764)**	**-**	**-**
2014				
Group				
Cash and cash equivalents	26,014	(26,014)	-	-

(e) Equity Price Risk

The Group is exposed to equity securities price risk. This arises from investments held by the Group and classified in the Statement of Financial Position as available-for-sale financial assets. At the reporting date the Group has investments in the listed equity securities of one TSX listed entity, refer note 7.

Equity price sensitivity

A sensitivity of 20% has been selected as this is considered reasonable given the current volatility of global equity markets. The sensitivity analyses below have been determined based on the exposure to equity price risks at the reporting date. This analysis assumes that all other variables remain constant.

	Profit or loss		Other Comprehensive Income	
	20% increase	20% decrease	20% increase	20% decrease
2015				
Group				
Held-for-trading financial assets	**1,513,951**	**(1,513,951)**	**-**	**-**
2014				
Group				
Available-for-sale financial assets	-	-	3,760,000	(3,760,000)

(f) Commodity Price Risk

The Group is exposed to commodity price risk. These commodity prices can be volatile and are influenced by factors beyond the Group's control. As the Group is currently engaged in exploration and business development activities, no sales of commodities are forecast for the next 12 months, and accordingly, no hedging or derivative transactions have been used to manage commodity price risk.

(g) Capital Management

The Group defines its Capital as total equity of the Group, being $9,399,258 for the year ended 30 June 2015 (2014: $21,332,288). The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while financing the development of its projects through primarily equity based financing. The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Given the stage of development of the Group, the Board's objective is to minimise debt and to raise funds as required through the issue of new shares.

The Group is not subject to externally imposed capital requirements.

There were no changes in the Group's approach to capital management during the year. During the next 12 months, the Group will continue to explore project financing opportunities, primarily consisting of additional issues of equity.

(h) Fair Value

The Group uses various methods in estimating the fair value of a financial instrument. The methods comprise:

- Level 1 – the fair value is calculated using quoted prices in active markets.
- Level 2 – the fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).
- Level 3 – the fair value is estimated using inputs for the asset or liability that are not based on observable market data.

At 30 June 2015 and 30 June 2014, the carrying value of the Group's financial assets and liabilities approximate their fair value. Please below for further disclosure.

The fair value of the financial instruments as well as the methods used to estimate the fair value are summarised in following table:

	Quoted Market Price (Level 1)	Valuation Technique (Level 2)	Valuation Technique (Level 3)	Total
2015				
Held-for-trading investments:				
Canadian listed equity security	**7,569,754**	**-**	**-**	**7,569,754**
2014				
Available-for-sale investments:				
Australian listed equity security	18,800,000	-	-	18,800,000

Quoted market price represents the fair value determined based on quoted prices on active markets as at the reporting date without any deduction for transaction costs. The fair value of the listed equity investments are based on quoted market prices.

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(i) Foreign Currency Risk

As a result of activities overseas, the Group's Statement of Financial Position and Statement of Profit or Loss and Other Comprehensive Income can be affected by movements in exchange rates. The Group also has transactional currency exposures. Such exposure arises from transactions denominated in currencies other than the functional currency of the entity.

The Group's exposure to foreign currency risk throughout the current and prior year primarily arose from controlled entities of the Company whose functional currency is the Polish Zloty ("PLN"). Foreign currency risk arises on translation of the net assets of a controlled entity to Australian dollars. In the Group accounts, the foreign currency gains or losses arising from this risk are recorded through the foreign currency translation reserve.

It is the Group's policy not to enter into any hedging or derivative transactions to manage foreign currency risk. However the Group does hold some PLN cash and cash equivalents to fund its planned Polish operations over the next 12 months, given the majority of the Group's expenditure over this period is expected to be in PLN.

At the reporting date, the Group's exposure to financial instruments denominated in foreign currencies was:

	2015			
	PLN	CAD	AUD	Total Equivalent AUD
Financial assets				
Cash and cash equivalents	188,665	-	2,011,231	2,076,409
Trade and other receivables	454,870	-	40,734	197,878
Held-for-trading financial assets	-	7,162,500	7,569,754	7,569,754
	643,535	7,162,500	9,621,719	9,844,041
Financial liabilities				
Trade and other payables	(520,868)	-	(852,936)	(1,032,880)
Net exposure	**122,667**	**7,162,500**	**8,768,783**	**8,811,161**

Foreign exchange rate sensitivity

At the reporting date, had the Australian Dollar appreciated or depreciated against the PLN or CAD, as illustrated in the table below, Profit or Loss and other Comprehensive Income would have been affected by the amounts shown below. This analysis assumes that all other variables remain constant.

	Profit or loss		Other Comprehensive Income	
	10% Increase	10% Decrease	10% Increase	10% Decrease
2015				
Group				
AUD to PLN	**(4,238)**	**4,238**	**(4,238)**	**4,238**
AUD to CAD	**(756,975)**	**756,975**	**-**	**-**

23. CONTINGENT ASSETS AND LIABILITIES

(i) Contingent Assets

As at the date of this report, no contingent assets had been identified in relation to the 30 June 2015 financial year.

(ii) Contingent Liability

As at the date of this report, no contingent liabilities had been identified in relation to the 30 June 2015 financial year except for the following:

Historical Exploration Data

In February 2014, the Company announced that it had entered into an agreement with the Polish MoE to obtain a right to use a completed set of detailed historical exploration data for the K-6-7 concession at the Project. Under the terms of the agreement, the Company was required to make a payment to the MoE of PLN1,911,709 (~A$690,500) for the right to use the historical exploration data. This amount constitutes 10% of the overall fee for the data. The term of the agreement is for 30 months and upon the grant of a mining license at the Project by the MoE, the balance is then payable in 12 equal quarterly instalments commencing 30 days subsequent to the grant of a mining license.

During the current year, the Company entered into further agreements with the MoE to obtain full rights to use a completed set of detailed historical exploration data for the K-4-5, K-8 and K-9 concessions at the LCP. These agreements also give Prairie the legal title to use this data as part of the mine permitting process. Under the terms of the agreements, the Company was required to make a payment to the MoE of PLN3,682,248 (~A$1,292,017) for the right to use the historical exploration data. This amount constitutes 10% of the overall fee for the data. The term of the agreement is 30 months and upon the grant of a mining concession at the LCP by the MoE, the balance is payable in 12 equal quarterly instalments commencing 30 days subsequent to the grant of the mining concession.

24. COMMITMENTS

Management have identified the following material commitments for the consolidated group as at 30 June 2015 and 30 June 2014:

2015	Note	Payable within 1 year $	Payable within 1 year less than 5 years $	Total $
Operating commitments				
Drilling contract	24(a)	-	-	-
Total Commitments				

2014	Note	Payable within 1 year $	Payable within 1 year less than 5 years $	Total $
Operating commitments				
Drilling contract	24(a)	**873,494**	-	**873,494**
Total Commitments		**873,494**	-	**873,494**

24. COMMITMENTS (Continued)

(a) Drilling commitments

The commitment disclosed above represents the Group's estimate of its contracted commitment with its drilling contractor for the LCP drilling program.

25. EVENTS SUBSEQUENT TO BALANCE DATE

(i) On 1 July 2015, the Company announced it had secured a three year exclusive right to apply and be granted a mining concession for the Project following the approval of its geological documentation by the Polish MoE;

(ii) On 23 July 2015, the Company announced an increase in Indicated Coal Resources to 333 million tonnes for the LCP, representing a 96% increase from the CRE in 2014;

(iii) On 3 September 2015 and 4 September 2015, the Company commenced trading of its shares on the main boards of the London Stock Exchange and Warsaw Stock Exchange respectively;

(iv) On 21 September 2015, following shareholder approval, the Company completed an investment agreement with CD Capital for an investment in PDZ Holdings to raise up to A$83 million to upgrade, expand and develop the Project; and

(v) On 21 September 2015, on completing and in accordance with the investment agreement with CD Capital, the Company appointed CD Capital's nominee directors, Ms Carmel Daniele and Mr Emil Morfett, as Non-Executive Directors of the Company. As a result of the CD Capital director appointments, Mr John Welborn and Mr Anastasios Arima resigned as directors of the Company.

Other than as outlined above, at the date of this report, there are no matters or circumstances, which have arisen since 30 June 2015 that have significantly affected or may significantly affect:

- the operations, in financial years subsequent to 30 June 2015 of the Consolidated Entity;
- the results of those operations, in financial years subsequent to 30 June 2015, of the Consolidated Entity; or
- the state of affairs, in financial years subsequent to 30 June 2015, of the Consolidated Entity.

DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of Prairie Mining Limited:

1. In the opinion of the Directors and to the best of their knowledge:

   (a) the attached financial statements, notes and the additional disclosures included in the Directors' report designated as audited, are in accordance with the Corporations Act 2001, including:

      (i) Complying with the applicable Accounting Standards; and
      (ii) Giving a true and fair view of the assets, liabilities, financial position and profit or loss of the consolidated group and the undertakings included in the consolidation taken as a whole as at 30 June 2015 and of its performance for the year ended 30 June 2015; and

   (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2. The attached financial statements are in compliance with International Financial Reporting Standards, as stated in note 1(b) to the financial statements; and

3. To the best of the Directors' knowledge, the Directors' report includes a fair review of the development and performance of the business and the financial position of the Group, together with a description of the principal risks and uncertainties that the Group faces.

The Directors have been given a declaration required by section 295A of the Corporations Act 2001 for the financial year ended 30 June 2015.

On behalf of the Board

B. Stoik

Benjamin Stoikovich
Director

23 September 2015

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Independent auditor's report to the members of Prairie Mining Limited

Report on the financial report

We have audited the accompanying financial report of Prairie Mining Limited, which comprises the consolidated statement of financial position as at 30 June 2015, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report.

Opinion

In our opinion:

a. the financial report of Prairie Mining Limited is in accordance with the *Corporations Act 2001*, including:

   i giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the year ended on that date

   ii complying with Australian Accounting Standards and the *Corporations Regulations 2001*

b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Report on the remuneration report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2015. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Prairie Mining Limited for the year ended 30 June 2015 complies with section 300A of the *Corporations Act 2001*.

Ernst & Young

G H Meyerowitz
Partner
Perth
23 September 2015