



Prairie Mining
Limited

NEWS RELEASE | 25 MAY 2016

MAJOR STEPS COMPLETED IN PERMITTING PROCESS

HIGHLIGHTS:

- *Prairie continues to make excellent progress to secure a mining concession on time and on budget, and is on track to make a formal mining concession application in H1 2017*
- *Deposit Development Plan, a Polish standard technical and economic study and a key component for the mining concession application, has been completed for the Lublin Coal Project*
- *Application for an Environmental Consent Decision has been submitted along with a Project Information Card*
- *Local Land Rezoning amendments have formally commenced with municipal authorities*
- *Applications to obtain a Power Grid connection for the mine site have commenced*
- *Planned railway spur line connection to the national railway network has officially been included as part of the Lublin Regional Development Strategy*
- *Prairie continues to enjoy broad-based support for the Project from regional authorities and local communities*

Prairie Mining Limited ("**Prairie**" or "**Company**") is pleased to report substantial progress in various permitting aspects of the Lublin Coal Project ("**LCP**" or "**Project**") leading to a mining concession application, which in Poland comprises the submission of:

- A Deposit Development Plan ("**DDP**");
- An Environmental Social Impact Assessment ("**ESIA**") that is to be approved by regional authorities. Under Polish law, the environmental consent decision has to be obtained prior to obtaining a mining concession. The environmental consent decision is issued by a specialised environmental authority (the Regional Director for Environmental Protection); and
- An application to rezone land where mining surface infrastructure is to be located

Deposit Development Plan

The DDP has been completed and is a standard mine technical and economic study as prescribed by Polish mining regulations. The DDP is required to document the proper management and extraction of resources and will be submitted to the relevant Polish government mining authority for their review prior to the grant of a mining concession at the Project.

The DDP includes economic assumptions based on the Project's Pre-Feasibility Study ("**PFS**") (refer to announcement dated 8 March 2016) and is required to meet specific Polish geological standards as well as conforming with existing Polish mining regulation requirements. It is expected that the DDP will be lodged to the provincial mining authority in Lublin for final review shortly.

In conjunction with the submission of the DDP, the final selection of the site for mine surface infrastructure has been formally confirmed and will be used in both the spatial development permitting and the application for the environmental consent decision for the Prairie's Lublin Coal Project.

Environmental Consent Decision and ESIA

An application for an environmental consent decision ("**Environmental Decision**") for the LCP has also been submitted (to the Regional Director for Environmental Protection in Lublin) along with a Project Information Card which sets out the environmental procedure leading to the approval of the ESIA. The ESIA, which is currently progressing, will provide the relevant authorities with sufficient information to award the Environmental Decision.

Prairie is currently on track to complete all environmental requirements and submit its completed ESIA to the regional authorities at the beginning of 3Q 2016 and expects to receive the Environmental Decision over the Project's mining area in early 2017.

Land Rezoning

As part of the PFS, Prairie finalised the site location for the "Jan Karski" mine (refer to announcement dated 9 December 2014), which was selected based on geological, mining, transport and commercial considerations. In relation to the site location, a motion for the amendment of local land rezoning has been lodged by the Company with the Commune of Siedliszcze, in the County of Chelm, which allows for the rezoning of land for the purpose of "deep hard coal mining" and conversion of agriculture land where the surface mine infrastructure will be located to be designated for "industrial use". The commencement of the spatial planning procedure has been initiated following substantial progress in acquiring land for the planned mine site.

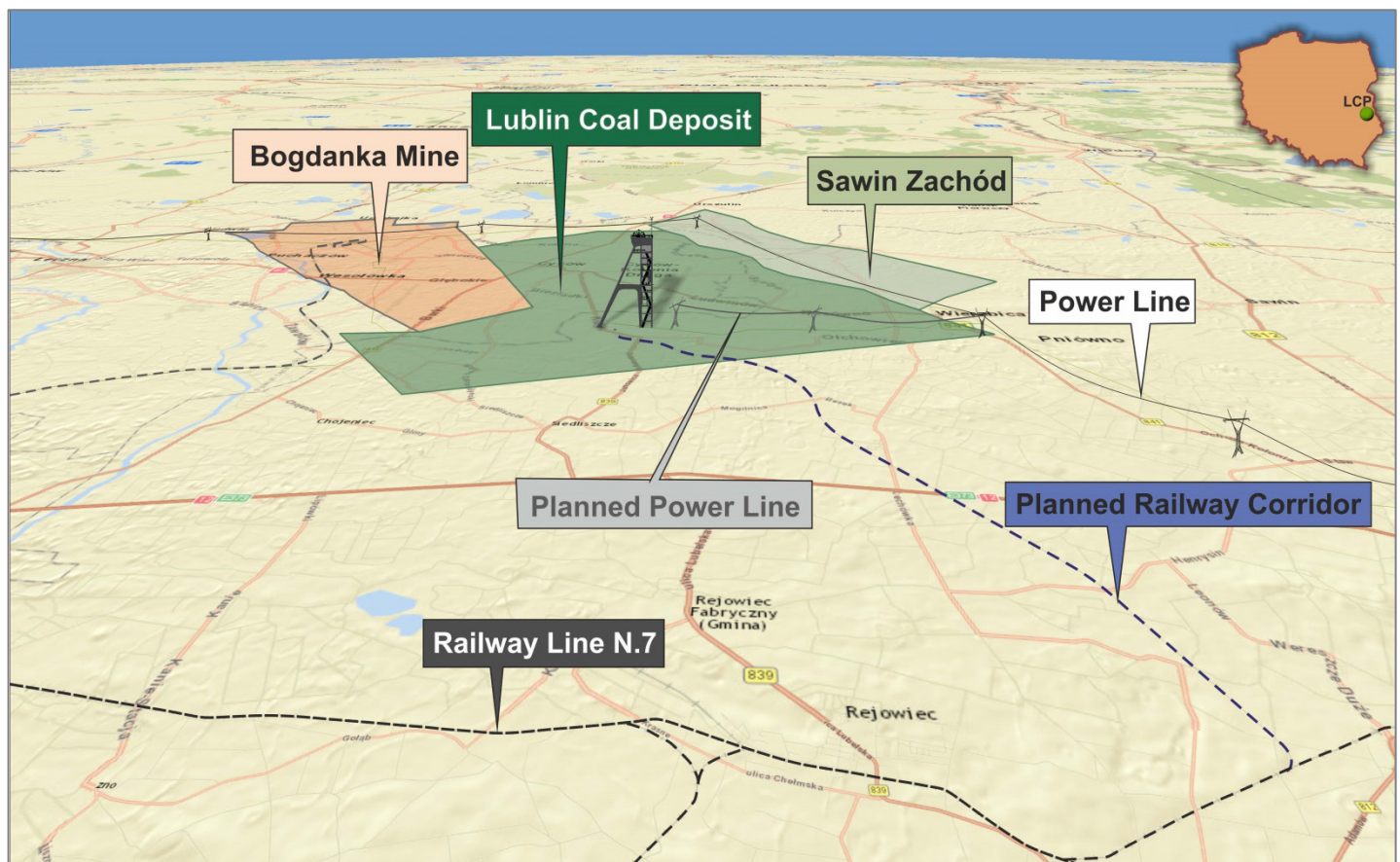


Figure 1: Lublin Coal Project Configuration

Power Grid Connection

Prairie has also initiated works aimed at obtaining power grid connection for the Project site, with discussions with a regional power grid operator and electricity distributor now under way. The respective power lines are in close proximity to the Project (see Figure 2 below) and a strategic plan to expand the high-voltage power network across the region has already been adopted by relevant state authorities. The Company expects to obtain the necessary conditions for power line connection by the end of 2016.

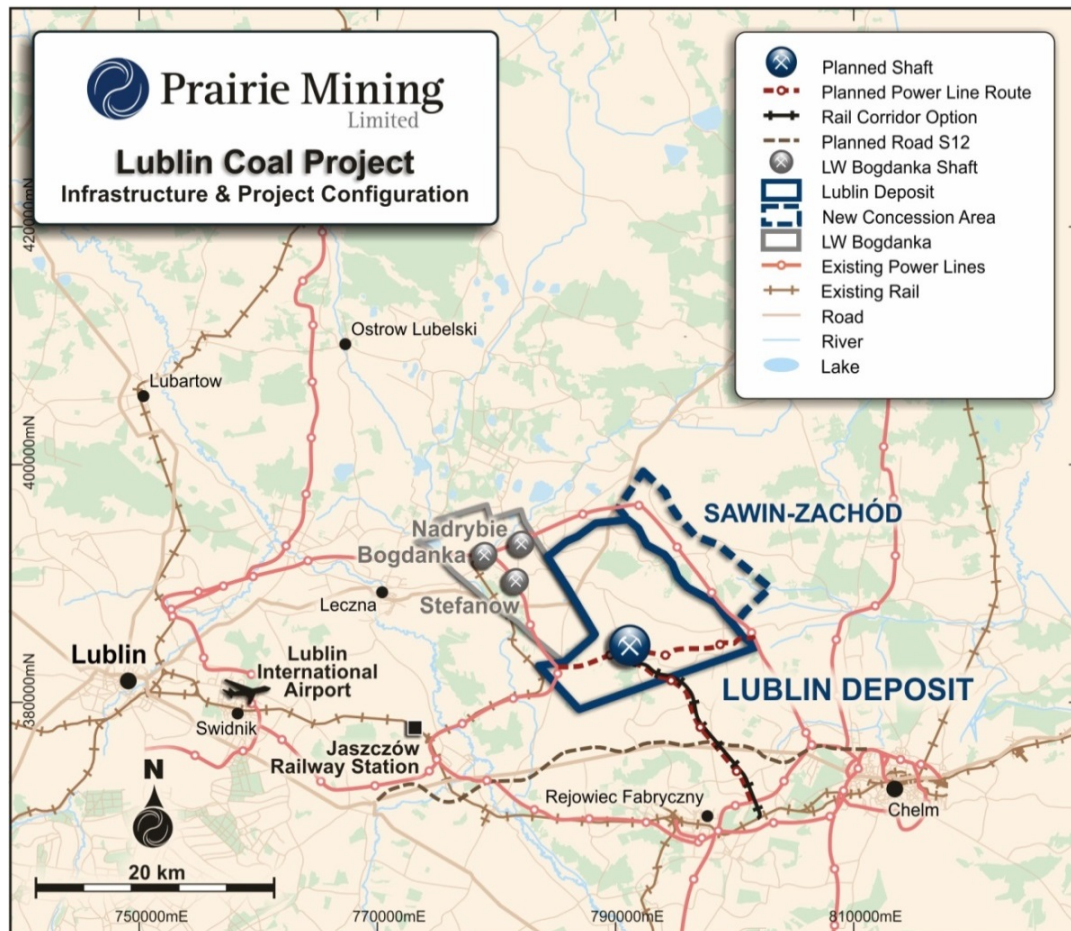


Figure 2: LCP concessions showing proximity to existing utilities and infrastructure

Railway Spur Line

The development of the LCP is fully supported by the regional Polish authorities as evidenced by the new “Regional Spatial Development Plan” for the Lublin Province which has been passed by the Lublin Regional Assembly. The Regional Spatial Development Plan has established that a leading strategy in the Lublin region is the development of coal mine infrastructure which facilitates and encourages mining of coal deposits in the Lublin Coal Basin.

Furthermore, the Lublin regional authorities have also updated a strategic plan entitled “Projects of priority importance for realization of objectives of the Regional Development Strategy for 2014-2020”, in which construction of a new railway line link for the construction of the Jan Karski coal mine is recognized as one of the main strategic investment plans for the Lublin region.

For further information contact:

Ben Stoikovich
Chief Executive Officer
+44 207 478 3900

Artur Kluczny
Group Executive – Poland
+48 22 351 73 80

info@pdz.com.au