

PRAIRIE TO RAISE CAPITAL AND STRENGTHEN BOARD TO FOCUS ON RESOURCE OPPORTUNITIES

CAPITAL RAISING

Prairie Downs Metals Limited (ASX: PDZ) ("Prairie" or "the Company") is pleased to advise that it will raise approximately \$2.25 million in additional working capital. The funds raised will enable the Company to fund ongoing exploration and development of the Company's namesake project at Prairie Downs, fund the exercise of unlisted options held in Papillon Resources Limited, and enable Prairie to accelerate ongoing project generation activities which are focused on the identification of new opportunities in the resource sector.

The Company will undertake a share placement of up to 22.5 million shares at \$0.10 per share to raise approximately \$2.25 million before costs ("Placement") to institutional and sophisticated investors. There will be 13.75 million attaching options exercisable at \$0.15 expiring 30 June 2015.

The offer of securities will exceed the Company's current 15% new issues capacity, therefore the Placement will be completed in two tranches as follows:

- (i) an initial tranche where 5.0 million shares and 5.0 million attaching options will be offered to raise \$500,000; and
- (ii) a second and final tranche where the remainder of 17.5 million shares and 8.75 million attaching Options will be offered to raise \$1,750,000.

The second tranche of the Placement will require shareholder approval at a general meeting, which is expected to be held by late September 2011.

Azure Capital Limited has been appointed as lead manager to the Placement with the largest participant being Arredo Pty Ltd, a company associated with Mr Ian Middlemas.

BOARD AND MANAGEMENT CHANGES

The Board has appointed Mr Ian Middlemas as Chairman of the Company and Mr Mark Pearce as a Director effective from 25 August 2011.

Mr Ian Middlemas is a Chartered Accountant and has been in commerce for over twenty years holding senior executive positions and directorships with a number of public companies. He was a Senior Group Executive with Normandy Group for approximately ten years. Mr Middlemas was the Chairman of Mantra Resources Limited from its IPO until its recent takeover by JSC Atomredmetzoloto for an all-cash consideration of A\$1.02 Billion.

Mr Middlemas has considerable corporate, financial and management expertise and is a member of the Financial Services Institute of Australasia.

Mr John Welborn and Mr Alec Pismiris will remain as directors, however Mr Jeremy Shervington and Mr Stuart Hall have resigned as directors. Mr Mark Pearce will also replace Mr Dennis Wilkins as Company Secretary effective 25 August 2011.

The Company extends its appreciation to Mr Shervington, Mr Hall, and Mr Wilkins for their efforts on behalf of the Company.

The Board will continue to focus on creating value from the Company's existing assets, as well as pursuing new opportunities in the resources sector, both domestic and overseas.

CHANGE OF REGISTERED OFFICE

The Company also advises that its Principal and Registered Office is now located at:

Level 9, BGC Centre
28 The Esplanade
PERTH WA 6000

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