Prairie Mining Limited

NEWS RELEASE | 16 March 2017

SCOPING STUDY INDICATES DEBIENSKO MINE RESTART WILL DELIVER LOWEST COST HARD COKING COAL INTO EUROPE

A Scoping Study for the **fully permitted Debiensko mine** highlights technical viability and robust economics to potentially be a **large scale, low cost and long life premium hard coking coal supplier,** and with a JORC Resource of 301 Mt, **Debiensko has the potential to be a globally significant project.**

Cautionary Statement - The primary purpose of the Scoping Study is to establish whether or not to proceed to the next stage of feasibility studies and has been prepared to an accuracy level of ±30%. The Scoping Study results should not be considered a profit forecast or production forecast.

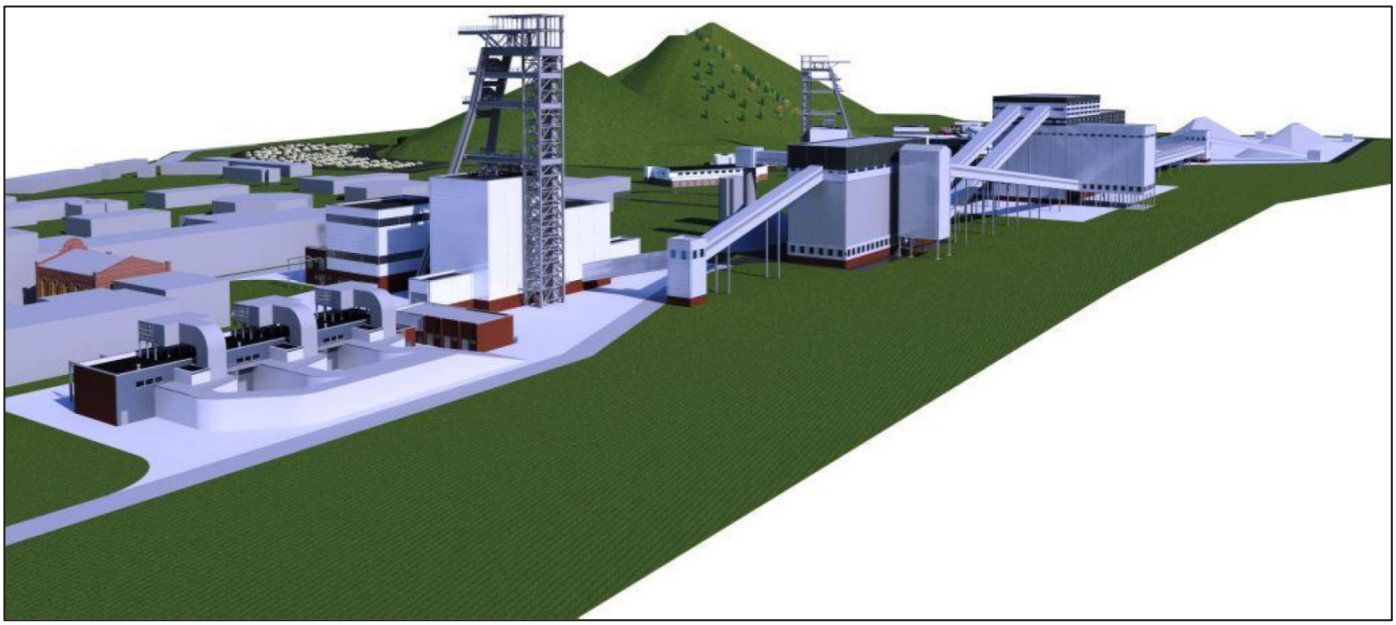
The Scoping Study is a preliminary technical and economic study of the potential viability of Debiensko. In accordance with the ASX listing rules, the Company advises that the Scoping Study referred to in this announcement is based on lower-level technical and preliminary economic assessments, and is insufficient to support estimation of Ore Reserves or to provide assurance of an economic development case at this stage, or to provide certainty that the conclusions of the Scoping Study will be realised.

The Production Target referred to in this announcement is based on 64% Indicated Resources and 36% Inferred Resources for the mine life covered under the Scoping Study. In accordance with the 26 year mine plan incorporated into the Scoping Study, the first 14 years of production will come exclusively from Indicated Resources. There is a low level of geological confidence associated with Inferred Mineral Resources and there is no certainty that further exploration work will result in the determination of Measured or Indicated Mineral Resources or that the Production Target or preliminary economic assessment will be realised.

The Scoping Study is based on the material assumptions outlined elsewhere in this announcement. These include assumptions about the availability of funding. While the Company considers all the material assumptions to be based on reasonable grounds, there is no certainty that they will prove to be correct or that the range of outcomes indicated by the Scoping Study will be achieved.

To achieve the potential mine development outcomes indicated in the Scoping Study, additional funding will be required. Investors should note that there is no certainty that the Company will be able to raise funding when needed however the Company has concluded it has a reasonable basis for providing the forward looking statements included in this announcement and believes that it has a “reasonable basis” to expect it will be able to fund the development of Debiensko.

Given the uncertainties involved, investors should not make any investment decisions based solely on the results of the Scoping Study.



London Office: Unit 1C, 38 Jermyn Street | London | SWY1 6DN
Warsaw Office: Ul. Wspólna 35 lok. 4 | Warsaw | 00-519
Registered Office: Level 9, BGC Centre, 28 Esplanade | Perth | WA | 6000

Email: info@pdz.com.au
Website: www.pdz.com.au
ABN: 23 008 677 852
ASX / LSE / WSE: PDZ

SCOPING STUDY OUTCOMES:

- *Scoping Study illustrates potential technical viability and robust economics for the* ***fully permitted Debiensko mine*** *to be a* ***large scale, lowest cost and long life premium hard coking coal supplier***
- ***Globally significant*** *project with 2.6 Mtpa hard coking coal production from a JORC Resource of 301 Mt*
- ***Cash costs of approximately US$47 per tonne*** *(steady state average) potentially positions Debiensko as by far amongst the lowest cost suppliers of hard coking coal into Prairie's key European markets*
- *High potential cash margins result in forecast* ***EBITDA (average steady state) of US$282 million*** *by adoption of international best practice in mine design*
- ***Key Scoping Study results for Debiensko are summarised as follows:***
    - ***Hard Coking Coal Production (Steady State Ave)*** — ***up to 2.6 Mtpa***
    - ***Total Operating Costs FOR Mine Gate (Steady State Ave)*** — ***estimated US$47 per tonne***
    - ***Annual EBITDA (Steady State Ave)*** — ***up to US$282 million***
    - ***Life of Mine Cumulative Free Cash Flow*** — ***estimated US$5.4 billion***
    - ***Initial Mine Life from First Production*** — ***up to 26 years***
    - ***Life of Mine Saleable Hard Coking Coal Production*** — ***up to 65 Mt***
- ***Highly favourable market fundamentals*** *as Europe continues to consume 47 Mt of hard coking coal annually, 85% of which is imported; Debiensko coking coal is expected to enjoy* ***strong demand from steelmakers, with substantial netback pricing advantages given proximity to regional customers***
- ***Access to well established and already connected regional rail infrastructure*** *with underutilised bulk cargo capacity for low transportation costs within Poland to regional Central European and wider European customers*
- ***Leveraging off existing infrastructure at the Debiensko mine site potentially results in exceptionally low capital intensity*** *of US$197 per tonne of annual saleable production capacity compared to an industry average of over US$401 per tonne for global hard coking coal mines developed in the last decade*
- *Significant* ***positive social and economic benefits for regional development****, jobs creation and re-industrialisation through re-development of a previously operating mine*
- *Prairie's Polish and international management team with experience in developing, operating and financing world-scale coal projects, will now proceed with formal feasibility and other technical studies*

Prairie's Chief Executive Officer, Mr Ben Stoikovich, said: "*The Scoping Study results confirm Debiensko's potential as a Tier 1 premium hard coking coal asset by virtue of the significant potential production scale and resource size, exceptionally low estimated cash costs and low capital intensity of the mine. The Study focused on the near-term development of highly profitable coal seams at low capital and operating costs. The mine has the potential to deliver 2.6 million tonnes per annum of premium quality hard coking coal at US$47 per tonne placing it right near the bottom of the global cost curve. Blessed with the presence of existing rail, road, power, water and other mine infrastructure the project has one of the potential lowest capital intensities for a new hard coking coal mine and is fully permitted for development. Preliminary analysis confirms that Debiensko hosts premium hard coking coals of comparable quality to internationally traded benchmark hard coking coals and the potential to obtain significant pricing premiums against imported seaborne coals owing to transport advantages (netbacks) of some US$15 per tonne. Our initial marketing studies indicate that Debiensko hard coking coal will likely be in strong demand in the Central European region, given the highly favourable regional supply / demand dynamics.*

It is time to re-affirm Poland's status as Europe's premier exporter of hard coking coal, which is so vital for European industry. By introducing international best practise into the Debiensko project, Prairie's highly experienced management team is well positioned to restart this Tier 1 asset, which will have huge social and economic benefits for regional development."

Fully Permitted Debiensko Mine Site & Railway Siding

For further information, contact:

Ben Stoikovich
Chief Executive Officer
+44 207 478 3900

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

Sapan Ghai
Corporate Development
+44 207 478 3900
info@pdz.com.au

SCOPING STUDY RESULTS

Prairie Mining Limited ("Prairie" or "Company") is pleased to report the results of the Scoping Study ("Study") for the Debiensko Hard Coking Coal Project ("Debiensko") prepared by independent consultants Royal HaskoningDHV, with input from other specialist consultants and local experts. The Study utilised the maiden Coal Resource Estimate ("CRE") for Debiensko which comprises a Global CRE of 301 million tonnes ("Mt") including an Indicated Resource of 93 Mt from three coal seams; 401/1, 404/9 and 405 seams. Debiensko is located in the Upper Silesian Coal Basin in the south west of the Republic of Poland. Key results of the Study were as follows:

Table 1: Strong Project Estimations and Approximations (to a maximum accuracy variation ± 30%)	
Cash flow	
Average Operating Costs Steady State	US$47 per tonne
Long Term Hard Coking ("HCC") Price Benchmark (FOB Australia – REAL 2016$)	US$142 per tonne *(current Mar 2017 spot price: +US$160/t)*
Average Received HCC Price FOR (including netback)	US$157 per tonne
Average Steady State EBITDA (US$m)	US$282 million
Production	
Average ROM* Coal Production Steady State	4 Mtpa
Life of Mine Plant Feed Coal Production ("LOM")	100.3 Mt
Average Effective Product Yield LOM	67.8 %
Mine Life Following First Production	26 years
Average Saleable HCC Production Steady State	2.6 Mtpa
Total Saleable HCC Produced LOM	**65 Mt**
Total Saleable Coal Produced LOM (HCC + Middlings)	68 Mt
Capital Expenditure to First Production	
Shaft sinking	US$208.5 million
Coal processing and surface facilities	US$102.5 million
Underground Infrastructure (Belts, Ventilation, Electrics)	US$62.0 million
Capitalised Pre-Production Expenses (Labour, Power, Contractors etc.)	US$51.5 million
Contingencies, EPCM and owners costs	US$79.5 million
Start of Construction	2019
Start of Production Ramp-Up	2023

**Run of Mine*
*** FX rate assumed for the Study is PLN:USD - 4.0:1.0*

POTENTIAL HIGH MARGIN, SIGNIFICANT CASH FLOW GENERATION

The results of the Study demonstrate the potential for exceptionally high operating margins and cash flow generation given the anticipated low operating costs for Debiensko. This is achieved because Prairie is pioneering in Poland well established international best practice in mine design, production organisation and technology for the project. Debiensko benefits from being a formerly operating mine, giving an excellent understanding of geology and mining conditions with substantial existing infrastructure available at site.

Based on an independent marketing study conducted by CRU International ("CRU"), a long term hard coking coal benchmark price forecast of US$142/t (FOB Australia, real 2016 $) has been used in this Study. This compares to the

current (March 2017) spot price of over US$160/t and the 2017 Q1 quarterly contract price of US$285/t. Due to the considerable transport cost advantages compared to imported hard coking coal, the CRU study also identified that Debiensko would potentially benefit from a substantial netback premium of US$15/t above benchmark prices for coal sold to regional Central European customers.

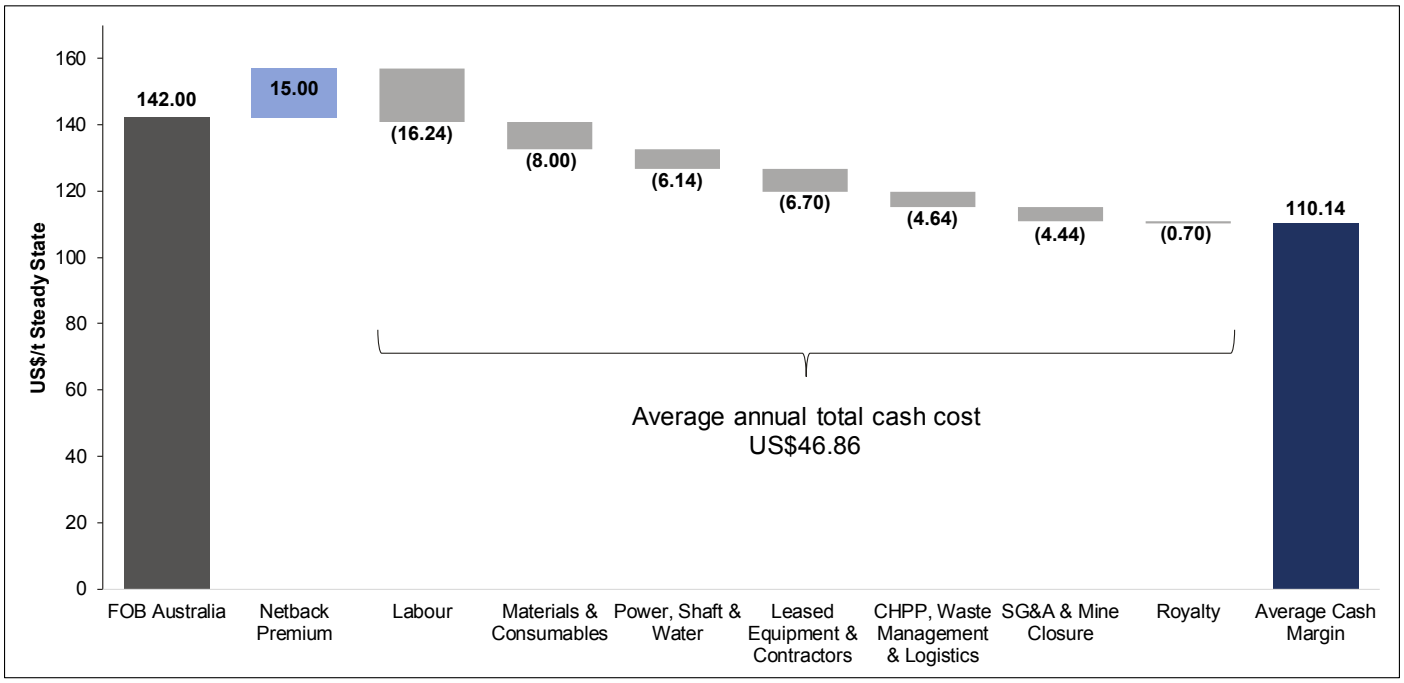


Figure 1: Projected Steady State Average Cash Flow Margin

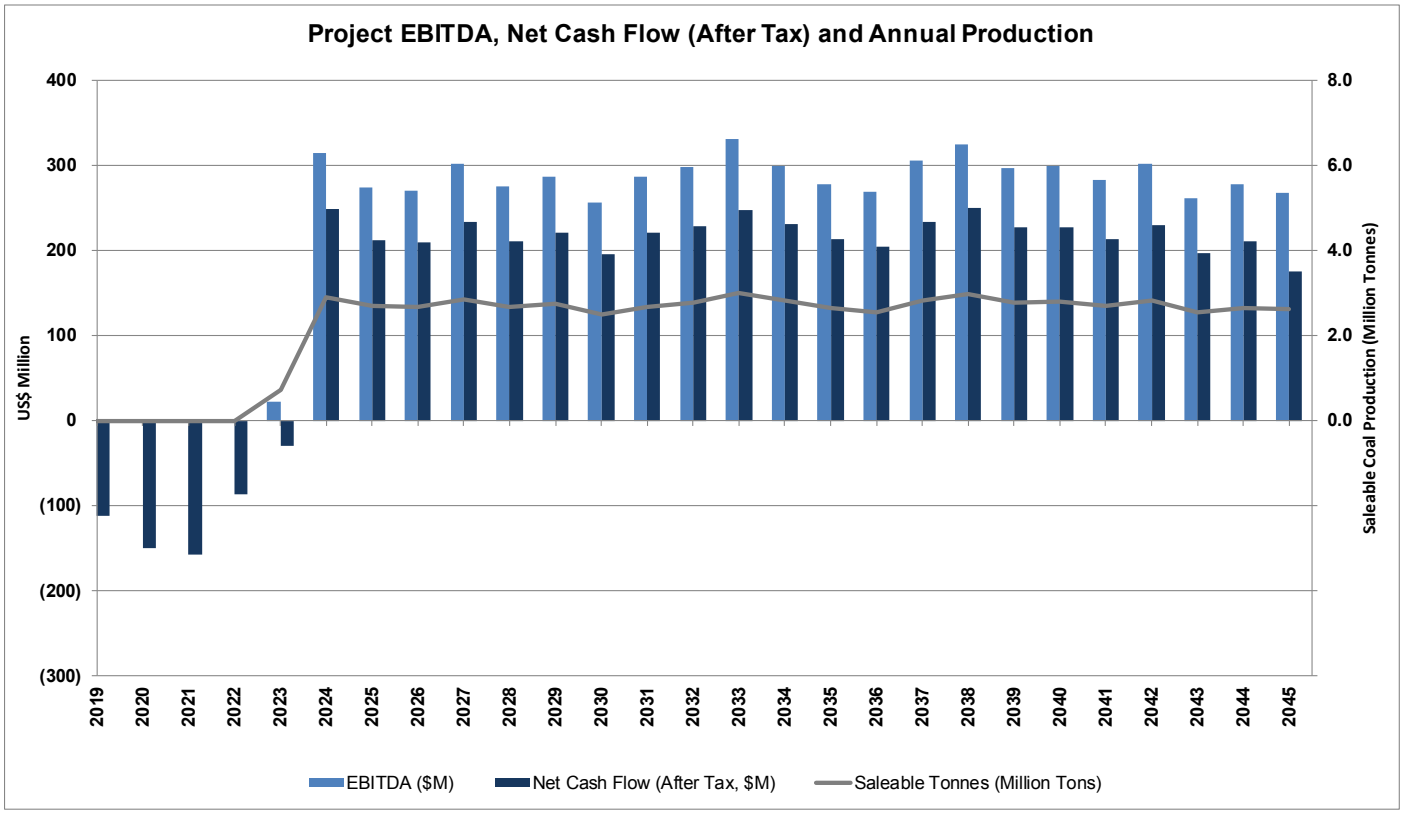
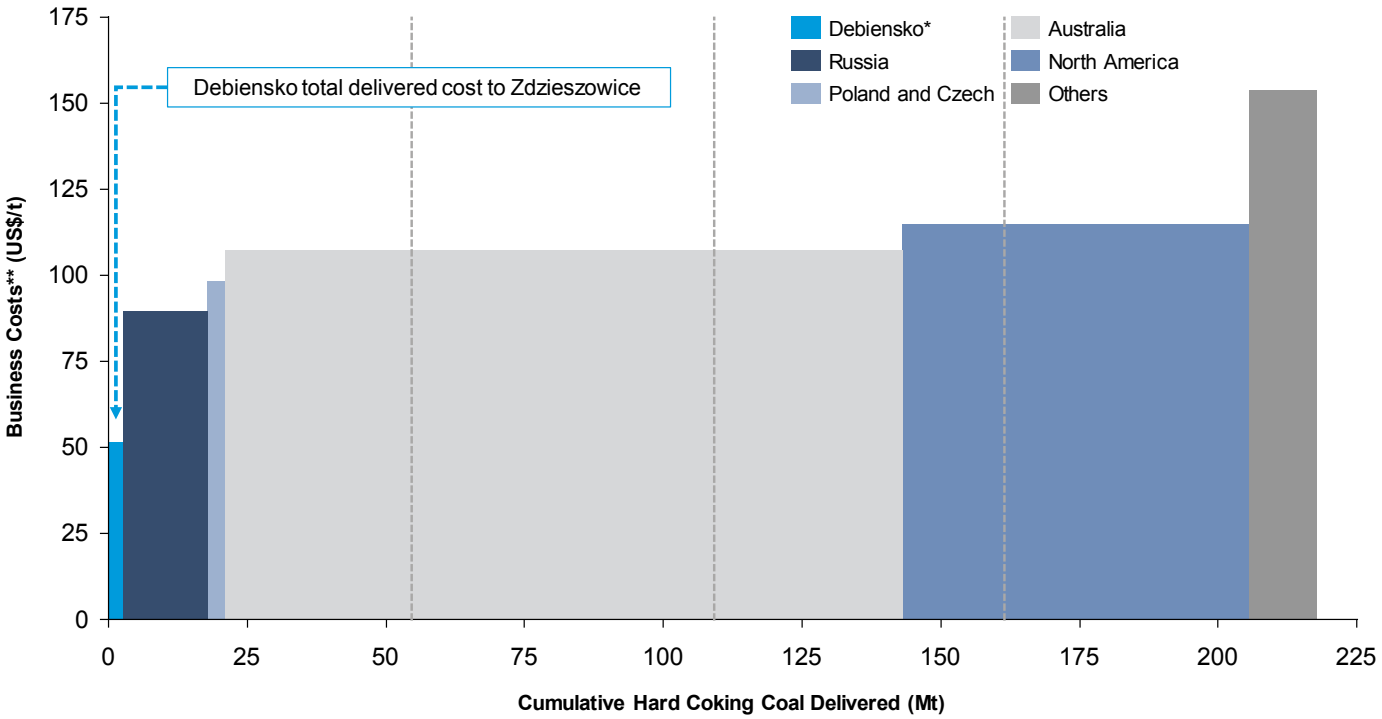


Figure 2: Estimated Project EBITDA, Net Cash Flow (After Tax, Ungeared) and Annual Production Life of Mine

POTENTIALLY LOWEST GLOBAL CASH OPERATING COSTS DELIVERED INTO EUROPE

Debiensko is projected to have an average steady state total cash cost of approximately US$47 per tonne Free On Rail ("FOR") for its premium hard coking coal, producing an average 2.6 Mtpa. Hard coking coal product from Debiensko is anticipated to be at the bottom of the global cost curve for hard coking coal delivered into Central Europe, with a delivered cost of approximately US$51 per tonne (FOR total cash cost including royalty + rail to typical regional customer).



** Debiensko delivered costs comprises: FOR cost of US$46.86/t + rail freight and handling costs (US$4.60/t)*
*** Excludes sustaining capital costs; Country averages have been calculated by taking a production weighted average cost of supply*

Figure 3: Estimated Hard coking coal business cost curve 2016, delivered Zdzieszowice Coke Plant
Source: CRU

The Study assumes that a substantial portion of the mining equipment fleet will be leased, which is common for underground coal mines in the region. In addition, there is a royalty of approximately PLN 2.80 (~US$0.70) per saleable tonne, in-line with the established Polish fiscal regime.

Table 2: Estimated Operating Costs (to a maximum accuracy variation ± 30%)

Average Operating Costs (Steady State)	US$ per tonne Saleable Coal
Labour Costs	16.24
Materials & Consumables	8.00
Power	4.13
Leased Equipment & Contractors	6.70
Shaft	1.83
Water	0.19
Sub-total Direct Mining Costs	**37.09**
CHPP*, Waste Management & Logistics	4.64
Sub-total Direct Production Costs	**41.72**

Table 2: Estimated Operating Costs (to a maximum accuracy variation ± 30%)	
Average Operating Costs (Steady State)	**US$ per tonne Saleable Coal**
SG&A	4.11
Mine Closure Fund	0.33
Average Operating Costs	**46.16**
Royalty	0.70
Average Total Cash Cost	**46.86**

** Coal Handling & Preparation Plant*

LOW CAPITAL INTENSITY

Debiensko is projected to have extremely low capital intensity compared to other globally significant hard coking coal mines that have been brought into production over the last decade. Debienkso has a capital intensity of approximately US$197/t annual saleable hard coking coal, compared to a peer group average of US$401/t. Debienkso benefits from existing utilities and infrastructure on site, given it is a brownfield project located in an area of heavy industry. The project also enjoys access to well established regional rail logistics with underutilised freight capacity, providing an immediate route to regional customers. Hard coking coal is a scarce commodity that is typically found in more complex geological settings, which means that the capital costs to develop genuine hard coking coal mines are generally higher than for mines that produce lower rank coals.

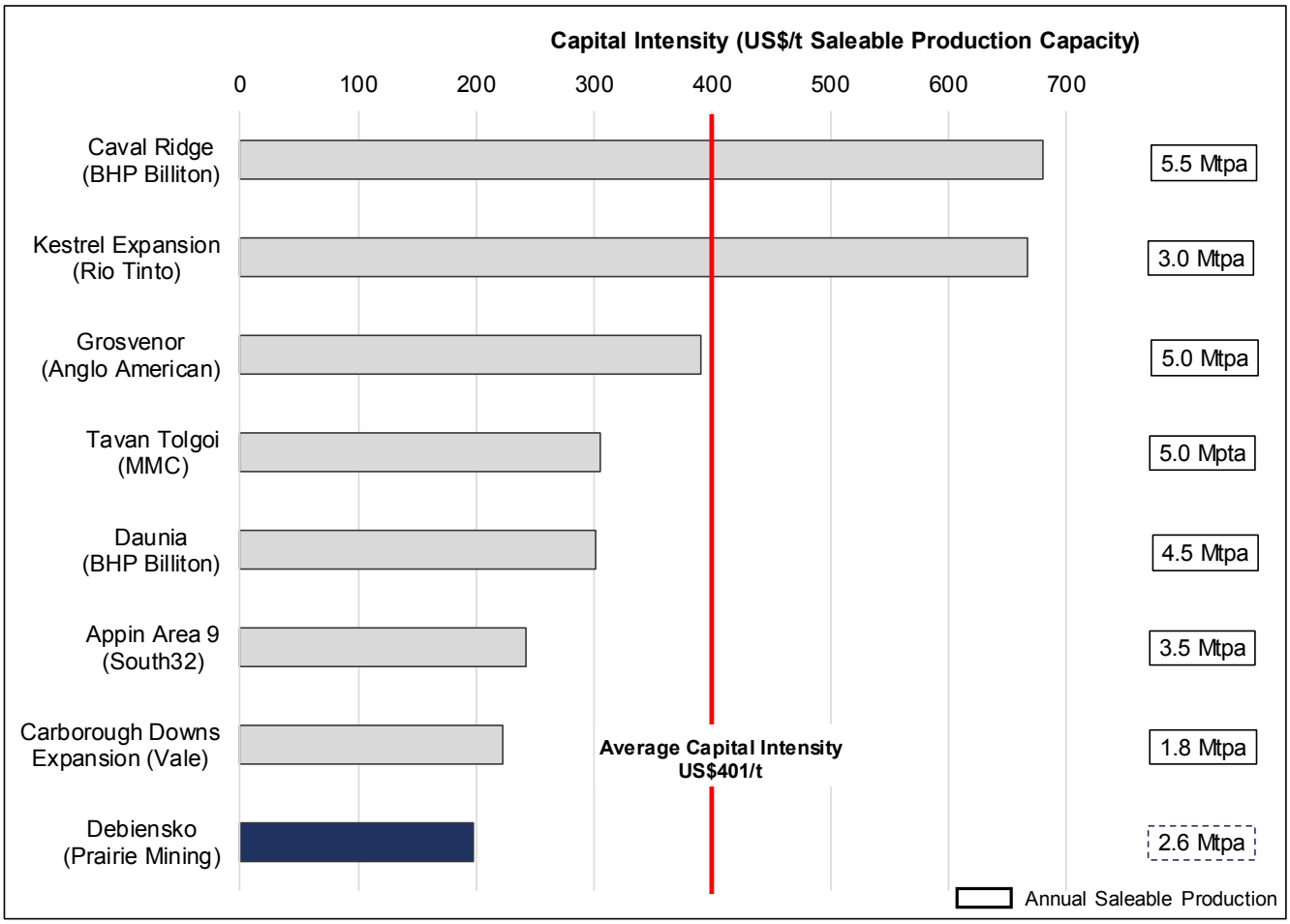


Figure 4: Potential Debiensko Capital Intensity vs. Recently Built Hard Coking Coal Mines
Source: KPMG, Industry Reports

PROJECT BACKGROUND

Debiensko is a fully permitted, hard coking coal project located in the Upper Silesian Coal Basin in the south west of the Republic of Poland. It is approximately 40 km from the city of Katowice and 40 km from the Czech Republic.

Debiensko is bordered by the Knurow-Szczyglowice Mine in the north west and the Budryk Mine in the north east, both owned and operated by Jastrzębska Spółka Węglowa SA ("JSW"), Europe's leading producer of hard coking coal.

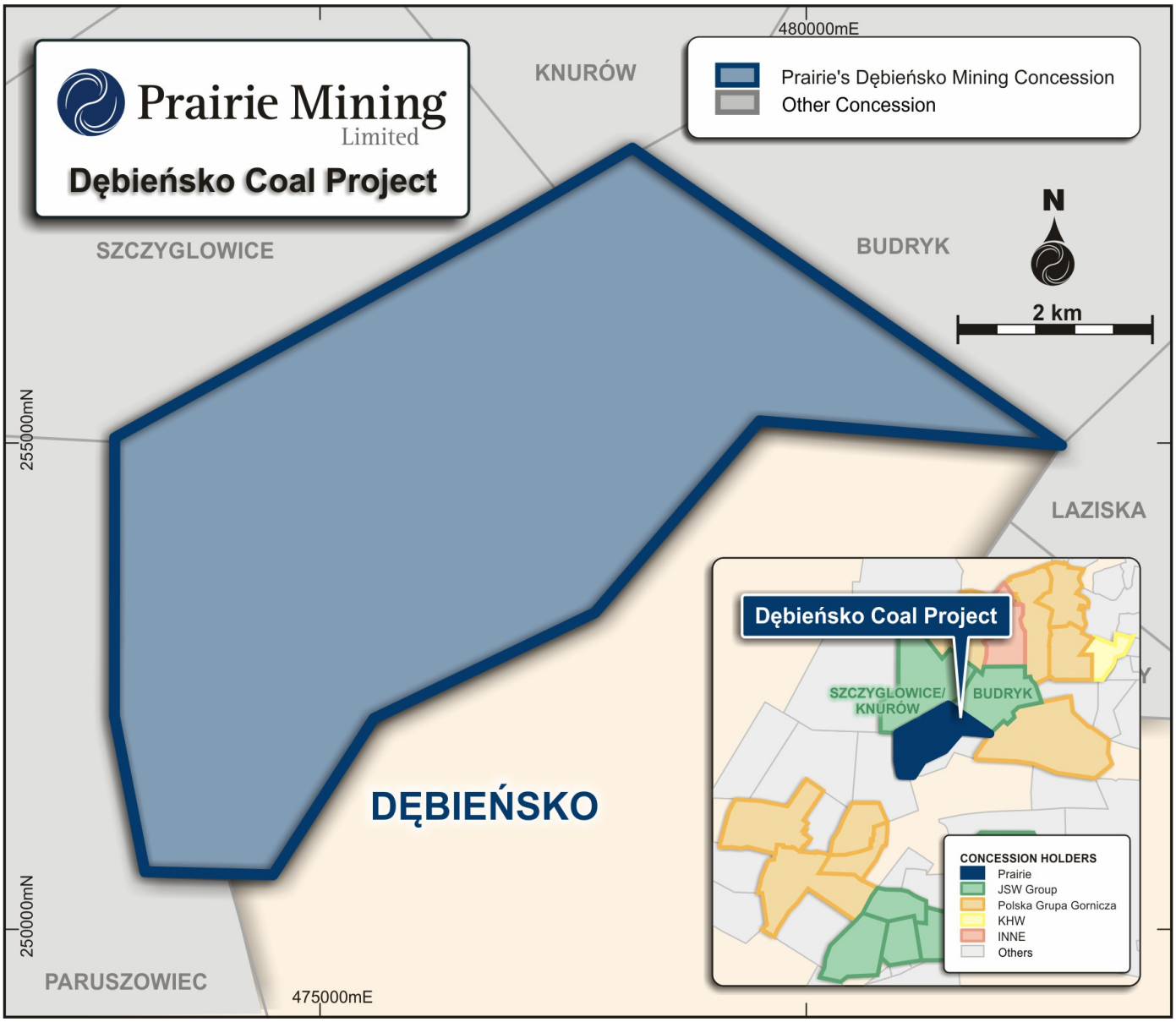


Figure 5: Debiensko Mining Concession Area

The Debiensko mine was originally opened in 1898 and was operated by various Polish mining companies until 2000 when mining operations were terminated due to a major government led restructuring of the coal sector caused by a downturn in global coal prices. In early 2006 New World Resources Plc ("NWR") acquired Debiensko and commenced planning for Debiensko to comply with Polish mining standards, with the aim of accessing and mining hard coking coal seams. In 2008, the Minister of Environment of Poland ("MoE") granted a 50-year mine license for Debiensko.

In October 2016 Prairie, acquired Debiensko with a view that a revised development approach would potentially allow for the early mining of profitable premium hard coking coal seams, whilst minimising upfront capital costs. Prairie has proven expertise in defining commercially robust projects and applying international standards in Poland. The fact that Debiensko is a former operating mine and its proximity to two neighbouring coking coal producers in the same geological setting, reaffirms the significant potential to successfully bring Debiensko back into operation.

PREMIUM QUALITY HARD COKING COAL

Preliminary analysis indicates that a range of premium hard coking coals that will be in high demand from European steelmakers can be produced from Debiensko. This analysis is based on historical data, neigbouring operational coking coal mines and the results of a suite of modern coking tests performed on selected seams from a fully cored borehole drilled by the previous owners in 2015/16. Two premium hard coking coal specifications have been delineated from select seams at Debiensko, namely Medium volatile matter hard coking coal ("**Mid-vol HCC**") and Low volatile matter hard coking coal ("**Low-vol HCC**"). Future study phases will determine the precise Debiensko premium hard coking coal quality specification on a year by year basis depending on final adopted mine plan, mining schedule and extent of coal blending.

Both Debiensko's Mid-vol and Low-vol HCC lie within the range of premium hard coking coals produced globally. Indications are that the Mid-vol HCC at Debiensko is present between 850 m to 1,000 m from surface and the Low-vol HCC is present 1,000 m to 1,300 m below surface i.e. at depths similar to adjacent operating mines owned by JSW - the largest coking coal producer in Europe.

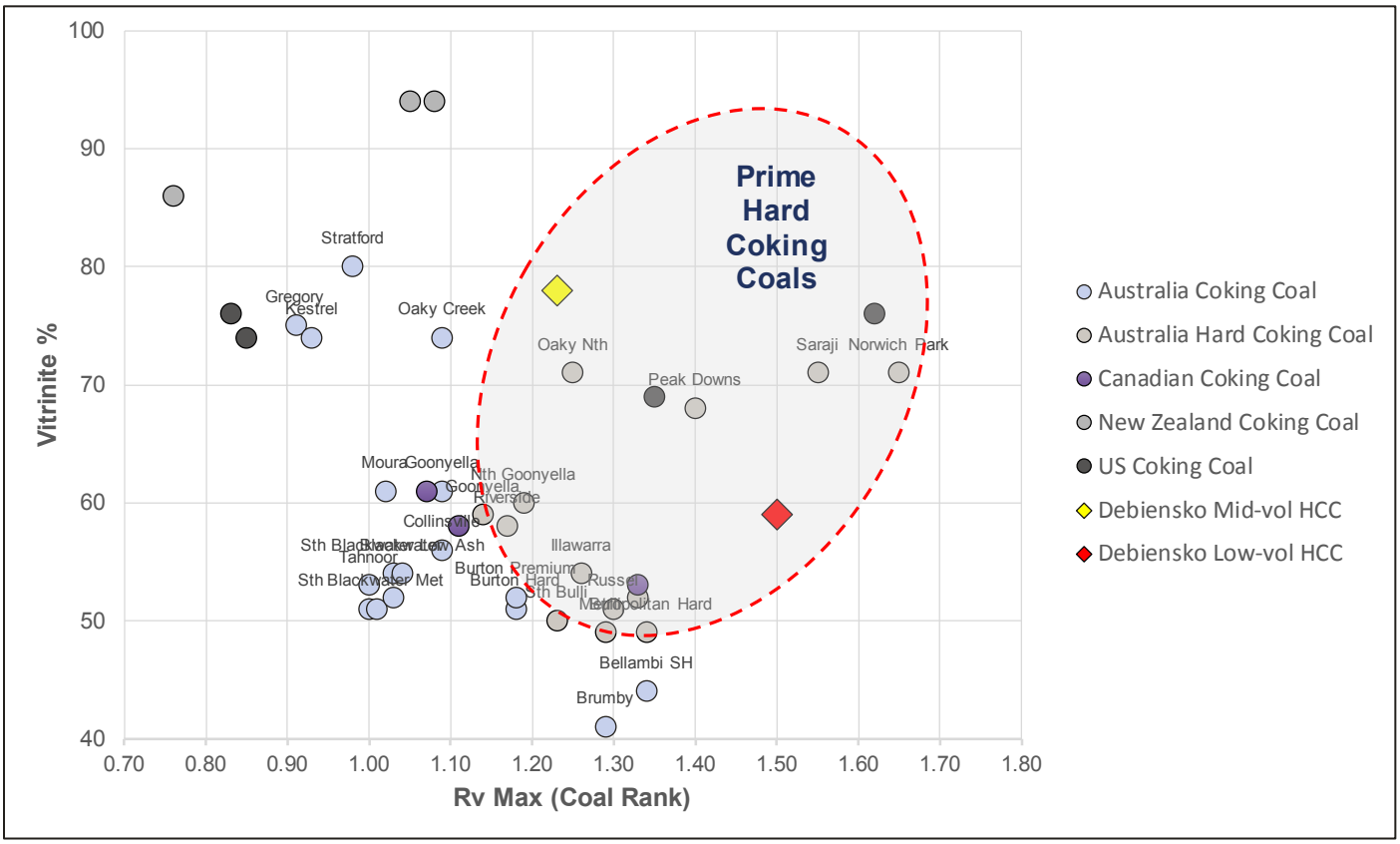


Figure 6: Premium Hard Coking Coals
Source: Industry Reports

Medium Volatile Matter Hard Coking Coal

The quality of Mid-vol HCC from Debienkso compares favourably with the Australian Goonyella hard coking coal brand, and with medium volatile coals produced in Poland today by JSW. This coal features good rheological properties and coke yield, with low sulphur levels. Prairie's assessment is that Mid-vol HCC from the Debiensko project may receive premium pricing in European and international markets.

Table 3: Debiensko Medium Volatile Matter Hard Coking Coal Comparison to International Benchmarks

Quality	Debiensko* (Poland)	Goonyella (Australia)	Oaky Creek (Australia)	Elkview (Canada)	Tuhup (Indonesia)	Pittston (USA)	Borynia-JSW (Poland)	Pniowek-JSW (Poland)
Ash (%)	3.2	8.9	9.5	9.5	7.0	8.0	8.5	8.5
Volatile Matter (%)	25.0	23.8	24.5	23.5	26.5	26.0	24.8	27.0
Sulphur (%)	0.56	0.56	0.60	0.50	0.70	0.85	0.65	0.60
Phosphorous (P) in Coal (%)	0.025	0.025	0.070	0.07	0.02	0.019	0.059	0.050
Free Swelling Index (FSI)	8½	8	8½	7½	9	8	7½	8½
CSR (%)	63	66	67	70	60	-	-	-
Fluidity (ddpm)	1200	1100	5000	150	450	-	up to 2,300	up to 3,000
C daf (%)	86	88.4	86.8	81.2	-	88.0	-	-
Rv Max	1.23	1.17	1.10	1.22	1.18	1.10	1.20	1.10
Vitrinite (%)	78	58	75	55	96	76	-	-

** Indicative quality Debiensko Mid-vol HCC from washed sample from 401/1 seam at floats <1.40kg/m3*

Low Volatile Matter Hard Coking Coal

Debiensko's Low-vol HCC is similar to other internationally traded low volatile matter hard coking coals, including brands such as Peak Downs (BHP Billiton Mitsubishi Alliance – BMA) and Hail Creek (Rio Tinto) produced in Australia. Whilst the Coke Strength after Reaction ("CSR") is anticipated to be slightly lower than these Australian coals, the quality of Debiensko Low-vol HCC is anticipated to be in-line with coal produced at JSW's Jas-Mos mine in Poland, which is used as a stabilizing and leaning component of nearly every coal blend for production of blast furnace coke in the region.

Table 4: Debiensko Low Volatile Matter Hard Coking Coal Comparison to International Benchmarks

Quality	Debiensko* (Poland)	Peak Downs (Australia)	German Creek (Australia)	Hail Creek (Australia)	Blue Creek - No.7 (USA)	Buchanan (USA)	Neryungri (Russia)	Jas-Mos (Poland)
Ash (%)	9.5	10.0	9.5	8.9	9.0	5.3	10.0	7.8
Volatile Matter (%)	20.5	20.5	19.0	20.5	19.9	18.7	19.3	21.4
Sulphur (%)	0.30	0.60	0.54	0.4	0.71	0.73	0.21	0.56
Free Swelling Index	7½	8½	8½	7	8½	8½	8	7½
Fluidity (ddpm)	128	275	400	300	1113	100	18	200
C daf (%)	80	89.1	88.6	88.2	91	-	80.8	-
Rv Max	1.5	1.40	1.45	1.26	1.48	1.63	1.50	1.40
Vitrinite (%)	59	68	73	54	70	76	81	-

**Indicative quality Debiensko Low-vol HCC from unwashed sample from 404/9 seam*

NETBACK PRICING ADVANTAGE & MARKETING STRATEGY

CRU completed a review of the European coking coal market on behalf of Prairie. The CRU study, together with various independent and internal studies regarding coal quality and railway transport indicates that premium hard coking coal produced at Debiensko will attract strong regional demand and will benefit from a significantly lower estimated cost of delivery to Central European customers compared to coking coal imported from the international seaborne market. Accordingly, hard coking coal sales from Debiensko will likely secure a substantial "netback" price advantage.

Netback Pricing Advantage

The CRU study included a comparison of the cost of importing hard coking coal from Australia, USA and Russia delivered into Polish steelworks. CRU used ArcelorMittal's Zdzieszowice coke plant, the largest coke plant in Central Europe, as representative benchmark to estimate delivery costs.

Coal imported for delivery to Zdzieszowice from the international seaborne market is purchased at the prevailing FOB price at the country of origin. Transportation costs incurred to deliver coal to the port of Swinoujscie, Poland include sea freight, port handling, storage and forwarding costs. Subsequently, the coal needs to be transported approximately 600 km by rail to the Zdzieszowice coke plant which incurs further freight charges. The coal requires up to 60 days to reach the coke plant from Australia and approximately 30 days from the USA. It is also handled multiple times, with greater potential for increased degradation and fines generation.

In comparison, Debiensko is only 70 km from the Zdzieszowice coke plant and directly linked by rail. Transportation costs for Debiensko's coal to Zdzieszowice are estimated to be less than US$4.60/t.

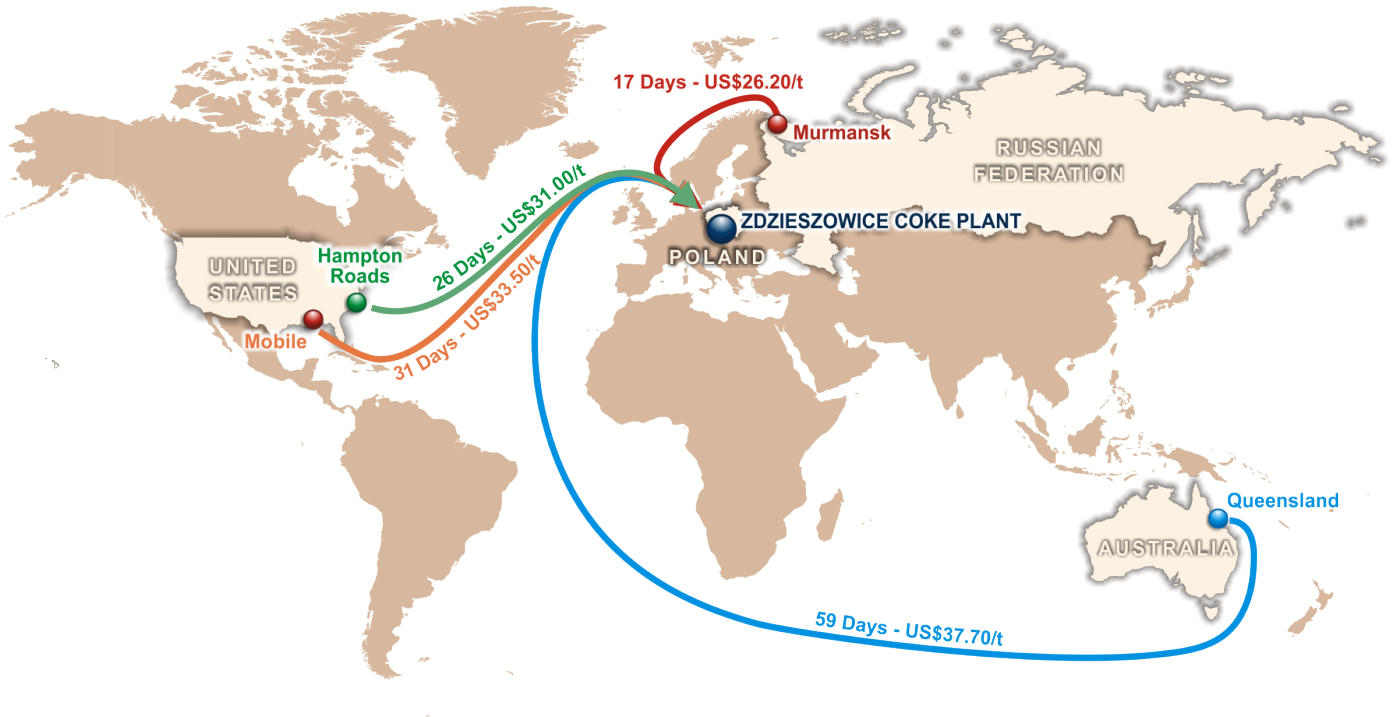


Figure 7: Estimated Time and Costs to Deliver Imported Hard Coking Coal to the Zdzieszowice Coke Plant in Poland

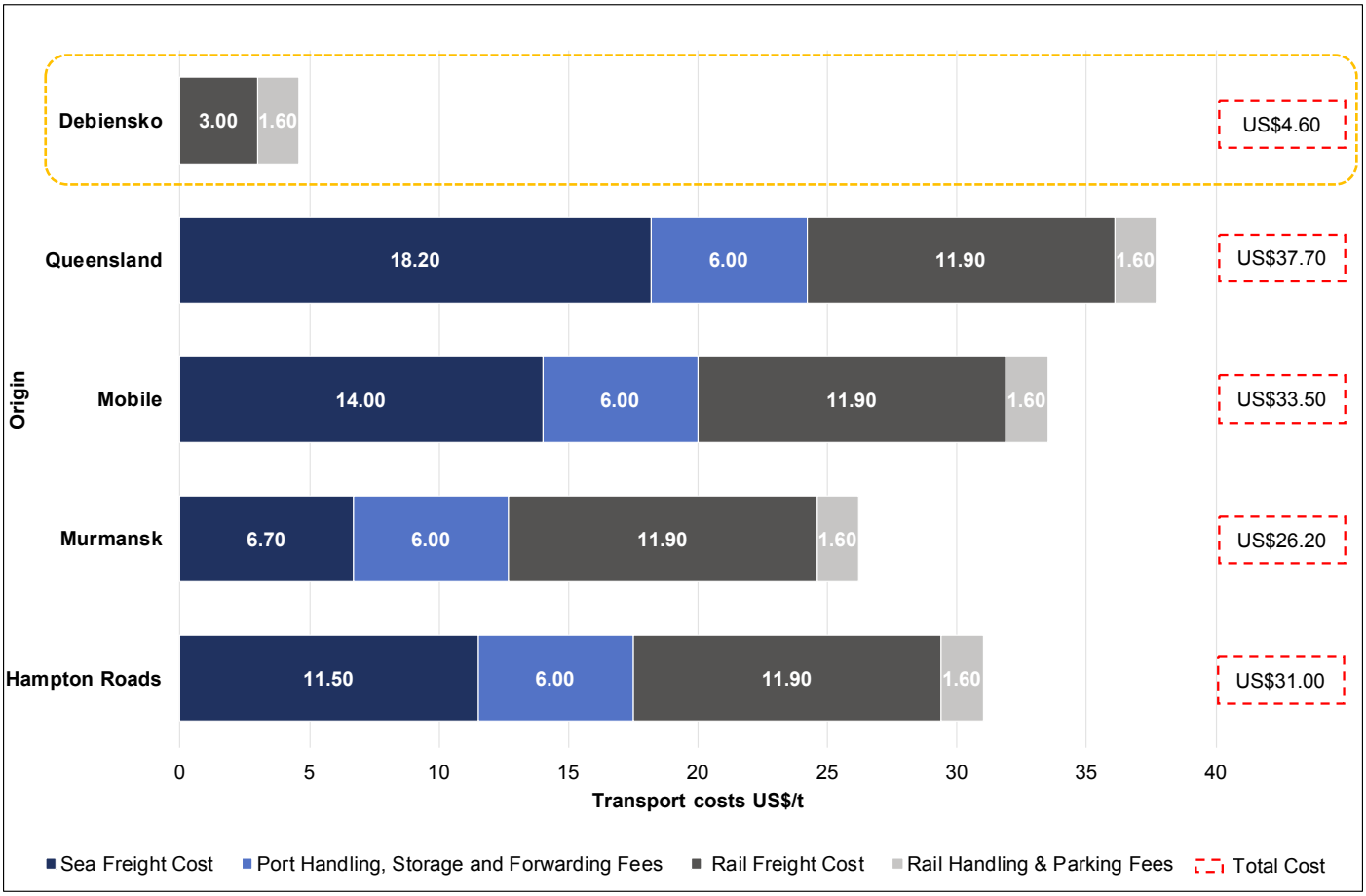


Figure 8: Estimated Cost Breakdown for Delivery of Hard Coking Coal to the Zdzieszowice Coke Plant, Poland

Due to their proximity to Central European coking plants, regional producers such as NWR or JSW have traditionally gained a "netback premium" over FOB Australia or USA benchmark prices, which once adjusted for coal quality differences, equates to approximately 50% of the total transport cost differential. Essentially, an analysis of past practises shows that the coal producer and steel maker "split the difference". Following this approach for Debiensko would result in a potential netback premium of ~US$15/t above prevailing benchmark prices for Debiensko coal when sold to regional end users compared to imported hard coking coal. However, Prairie believes there is significant potential to increase this netback premium during future discussions with offtakers.

Table 5: Total Freight to Zdzieszowice *(Source: CRU)*

Port of Origin	Sea freight distance to Swinoujscie	Estimated Shipping Time	Typical Vessel Type	Typical Vessel Size (dwt)	Estimated Sea Freight Cost to Swinoujscie (US$/t 2017)	Port Handling, Storage and Forwarding Fees (US$/t)	Total Sea Freight Cost (US$/t)	Estimated Rail Freight Cost (US$/t 2017)	Rail Handling & Parking Fees (US$/t)	Total Freight Costs (US$/t 2017)
Debiensko	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**	**3.00**	**1.60**	**4.60**
Hampton Roads	3,958	16 days	Panamax	70,000	11.50	6.00	17.50	11.90	1.60	31.00
Murmansk	1,656	7 days	Panamax	70,000	6.70	6.00	12.70	11.90	1.60	26.20
Mobile	5,173	21 days	Panamax	70,000	14.00	6.00	20.00	11.90	1.60	33.50
Queensland	11.858	49 days	Panamax	70,000	18.20	6.00	24.20	11.90	1.60	37.70

MARKETING STRATEGY

Prairie intends to utilise the existing rail network to transport its premium hard coking coal to regional steel mills and coking plants, where coking coal demand of 15 Mtpa has been identified by CRU. An independent study prepared by Politechnika Śląska (Silesian Technical University) for the Debiensko mine confirms available rail capacity of 4 Mtpa on specific routes to be utilised for delivery to European steelmakers.

Table 6: Select Steel Mills and Coking Plants Connected to Rail Network

Owner	Coking Plant	Country	Coke Making Capacity (Mt)	Coking Coal Requirement (Mt)	Estimated Rail Distance from Debiensko (km)
ArcelorMittal	Ostrava	Czech	1.53	2.14	60
ArcelorMittal	Zdzieszowice	Poland	4.00	5.60	70
ArcelorMittal	Krakow	Poland	0.70	0.98	125
Carbo Koks	Bytom	Poland	0.24	0.34	50
Zarmen Group	Czestochowa	Poland	0.65	0.91	90
US Steel	Kosice	Slovakia	2.05	2.87	400
Voestalpine	Linz	Austria	1.45	2.03	500

Figure 9: Locomotives Passing Debiensko Mine Site

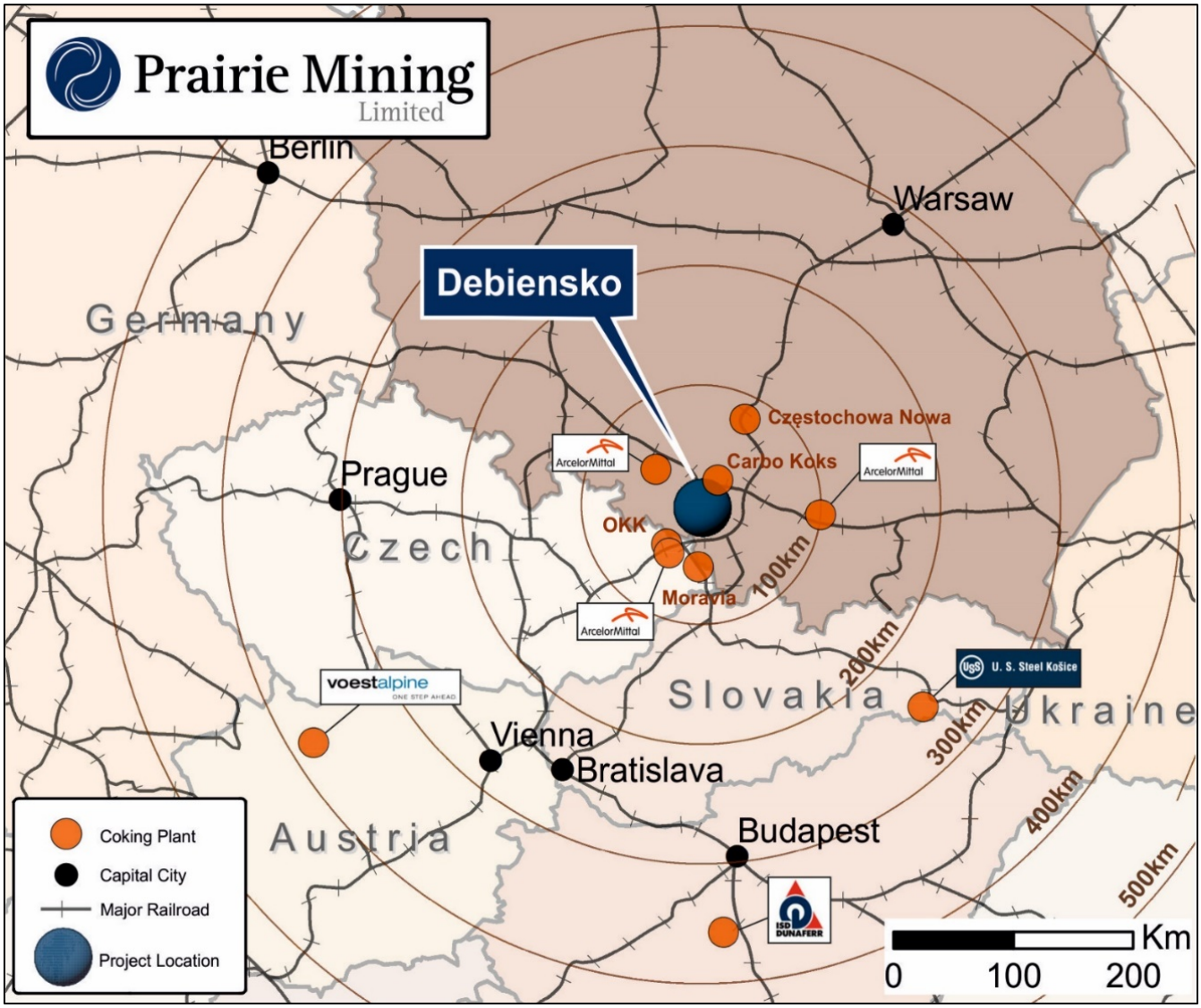


Figure 10: Proximity of coking plants to Debiensko

HIGHLY FAVOURABLE EUROPEAN COKING COAL MARKET FUNDAMENTALS

In 2010 and 2014, the European Commission ("EC") carried out an assessment at the European Union ("EU") level to identify "Critical Raw Materials" based on:

- Economic importance – the proportion of each material associated with industrial mega sectors, such as construction, combined with its gross value added to EU GDP to define the overall economic importance of a material; and
- Supply risk – based on accountability, political stability, regulatory quality etc.

The EC concluded that coking coal is a critical raw material for Europe with its economic importance to the continent only surpassed by tungsten.

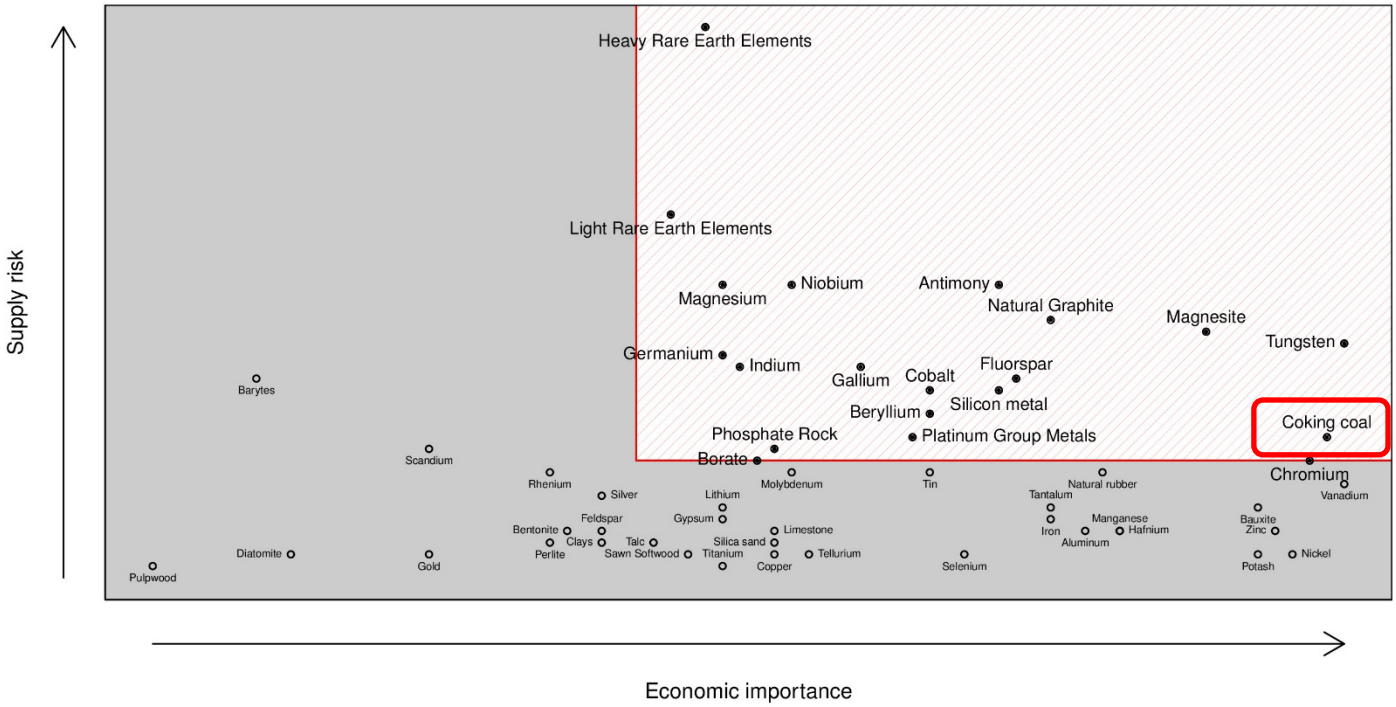


Figure 11: European Commission Raw Material Criticality Assessment
Source: European Commission

In 2016 Europe consumed over 75 Mt of coking coal, of which over 47 Mt was hard coking coal – the type of coal found at Debiensko. Europe relies heavily on imports of coking coal primarily from Australia, North America and Russia. Poland (11.9 Mt), Czech Rep. (3.5 Mt), Germany (0.5 Mt), and Turkey (0.5 Mt) were the only European producers, however their domestic production is in rapid decline. In 2016, over 64 Mt (i.e. 85%) of total European coking coal consumption was imported, including over 40 Mt of hard coking coal and 10 Mt of semi-soft coking coal.

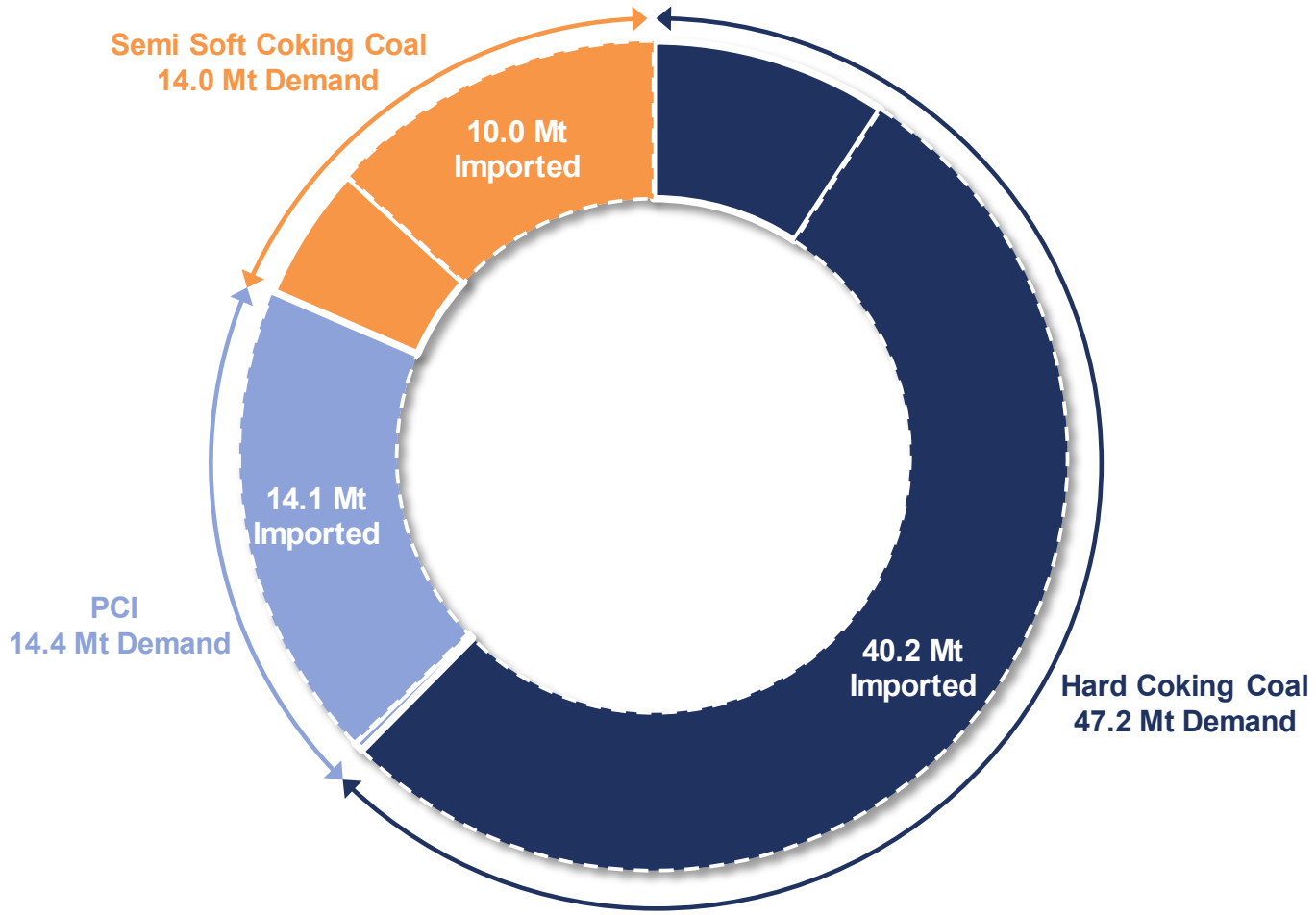


Figure 12: European 2016 Coking Coal Supply / Demand Fundamentals
Source: CRU

Central Europe – which encompasses Poland, the Czech Republic, Slovakia, Hungary, Austria and Germany – accounts for approximately 50% of European coking coal consumption. In 2016, these countries consumed over 25 Mt of hard coking coal of which over 17 Mt was imported.

Regional Market

Debiensko's strategically competitive location means that about half of Central Europe's coking plants and steelmaking capacity is within 250 km of Debiensko and connected by existing road and rail infrastructure.

With a well-established rail network providing ease of transport to end users based in close proximity to Debiensko, Prairie will benefit from a significant pricing "netback" advantage over USA and Australian imported hard coking coal.

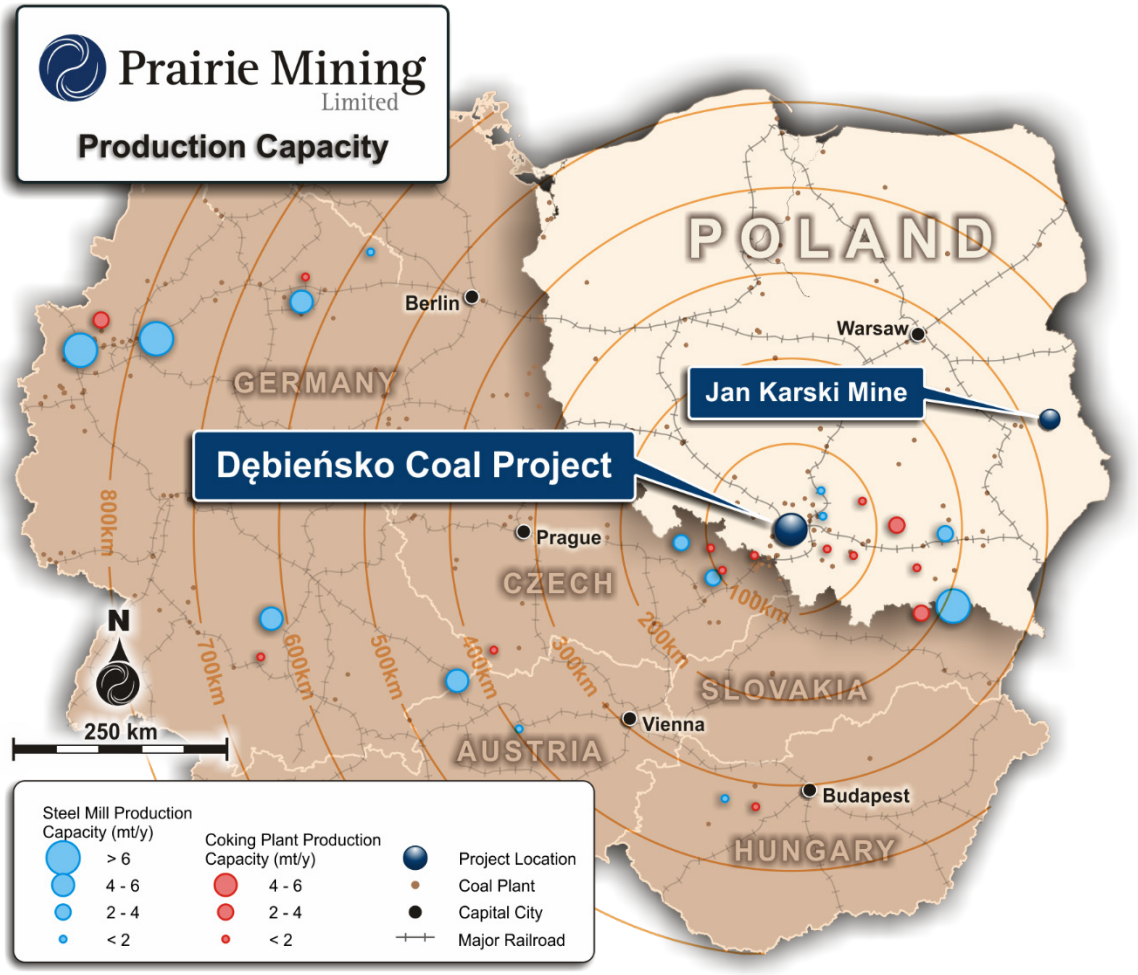


Figure 13: European Steel Mills and Coking Plants

- **Poland** – has the largest coke capacity in Europe with 9 coke plants in operation with total capacity of 10.4 Mtpa. ArcelorMittal Poland produces coke at the 4 Mtpa capacity Zdzieszowice coke plant (the largest in Europe) and Krakow which has a 0.7 Mt capacity. JSW owns the Debiensko, Radlin, Jadwiga and Victoria coking plants and the Przyjaźń merchant coke plant with a total capacity of some 4.8 Mtpa coke.
- **Czech Republic** – the largest coke plant is ArcelorMittal's Ostrava which has a 1.2 Mt capacity.
- **Slovakia** - hosts US Steel's Kosice works which has a coke capacity of 2.05 Mtpa
- **Hungary** – hosts one integrated steelmaker, Dunaferr, situated at Dunaujvavos which requires 1.4 Mtpa coking coal to meet its coke output capacity of ~1.0 Mtpa. The plant is currently supplied by Poland, the Czech Republic and Russia.
- **Austria** - has one major integrated steelmaker, Voestalpine, which operates one coke oven plant located at Linz and has an annual output capacity of 1.45 Mtpa. The plant secures rail-delivered supply from Poland, the Czech Republic and Russia.
- **Germany** - is the largest market for coking coal in Europe with current consumption of coking coal amounting to ~15 Mtpa.

MAIDEN COAL RESOURCE ESTIMATE

The maiden CRE, confirms that the coal seams within Debiensko form an extensive, moderately dipping, and laterally consistent set of coal seams containing high quality hard coking coal.

The CRE has been peer reviewed by Royal HaskoningDHV who has over 135 years' experience, providing expertise in the fields of aviation, buildings, energy, industry, infrastructure, maritime, mining, transport, urban and rural planning and water. Royal HaskoningDHV has worked extensively in deep European coal mining including in the UK, Kazakhstan and Poland.

The CRE which was prepared by a Competent Person and reported in accordance with the JORC Code (2012), comprises 93 Mt in the Indicated Category as part of a total CRE of 301 Mt. The CRE is based on seven of the thickest and most consistent hard coking coal seams within the Debiensko licence area.

Table 7: Debiensko Hard Coking Coal Resource (air dried basis)

Seam	Indicated (Mt)	Inferred (Mt)	Total Coal Resource In-Situ (Mt)
401/1	20	22	**42**
402/1	-	53	**53**
403/1	-	34	**34**
403/2	-	39	**39**
404/1	-	30	**30**
404/9	35	20	**55**
405	38	10	**48**
Total	**93**	**208**	**301**

** Rounding errors may occur*

*** The Indicated and Inferred Resource tonnage calculations are reported with geological uncertainty of ±10% and ±15% respectively*

Debiensko has attractive coal quality parameters, within all seams, with the proven potential to produce high quality hard coking coal. The resource estimate does not present washed coal quality results but instead presents only raw unwashed coal parameters.

Prairie has scrutinised the historical data and incorporated data from the recently drilled Debiensko 12 borehole to produce this estimate and confirm coal quality. Furthermore, the CRE focuses on seven of the thicker, more laterally extensive coals. Further seams of potentially workable thickness occur but are generally not laterally extensive enough to warrant inclusion at this stage. In-situ coal qualities for the target seams are given in Table 8 below.

This CRE, which was first declared in February 2017 (refer to 1 February 2017 announcement *'Maiden 301 Million Tonnes Hard Coking Coal Resource Confirmed at Debiensko')*, underpins the production target. Due to the substantial resource base of 301 Mt of coal across the Debiensko concession, the Study has only considered a mine plan with 26 years of saleable coal production of which 64% is mined from within Indicated Resources. Of the 26 years of saleable coal production in the mine plan (refer below), the first 14 years of production is mined exclusively from Indicated Resources.

Table 8: Coal Quality Parameters at Debiensko*							
Seam	Parameters	Indicated			Inferred		
		Range		Weighted Average	Range		Weighted Average
		From	To		From	To	
401/1	Moisture%	0.33	1.24	0.68	0.45	1.25	0.60
	Ash%	3.15	24.24	9.24	5.89	24.03	7.47
	VM%	24.69	31.51	27.75	20.86	31.92	25.42
	Sulphur%	0.37	1.60	0.74	0.48	1.58	0.63
	GCV	26,478	34,082	31,416	26,543	33,584	32,881
402/1	Moisture%	-	-	-	0.10	1.02	0.62
	Ash%	-	-	-	3.47	29.68	11.49
	VM%	-	-	-	19.36	31.61	25.28
	Sulphur%	-	-	-	0.27	2.18	0.72
	GCV	-	-	-	23,547	33,797	30,538
403/1	Moisture%	-	-	-	0.35	1.02	0.66
	Ash%	-	-	-	3.73	23.74	11.52
	VM%	-	-	-	16.73	32.13	25.83
	Sulphur%	-	-	-	0.29	0.75	0.49
	GCV	-	-	-	27,511	32,627	31,017
403/2	Moisture%	-	-	-	0.35	1.12	0.73
	Ash%	-	-	-	3.25	33.36	11.38
	VM%	-	-	-	23.64	31.28	26.75
	Sulphur%	-	-	-	0.40	1.87	0.67
	GCV	-	-	-	22,328	33,760	30,581
404/1	Moisture%	-	-	-	0.25	1.10	0.65
	Ash%	-	-	-	6.50	27.38	12.89
	VM%	-	-	-	17.81	31.58	25.04
	Sulphur%	-	-	-	0.35	0.81	0.54
	GCV	-	-	-	25,432	33,025	30,012
404/9	Moisture%	0.56	0.76	0.68	0.53	0.86	0.69
	Ash%	9.45	19.54	11.75	9.65	19.89	13.80
	VM%	20.97	32.95	26.80	15.57	31.05	23.20
	Sulphur%	0.20	1.14	0.60	0.20	1.14	0.41
	GCV	29,145	32,516	31,269	29,067	32,748	30,604
405	Moisture%	0.35	1.09	0.65	0.48	0.87	0.65
	Ash%	5.63	17.40	9.61	5.42	12.47	9.17
	VM%	19.40	28.33	23.52	15.33	28.70	22.47
	Sulphur%	0.29	0.48	0.35	0.27	0.93	0.37
	GCV	29,760	34,137	32,198	31,538	34,113	32,427

**All analyses are given on an air dried basis except for volatile matter which is on a dry ash free basis.*

A fully cored borehole was drilled by the previous owners in 2015/2016 and a suite of modern coking tests were performed on select seams. The borehole was fully cored to 30 m below seam 407/4. All core was subject to detailed logging and core photography. Seam thicknesses and depths have been confirmed by a suite of geophysical logs while coal seams were analysed by accredited laboratories in Poland. Preliminary coal quality analysis from this borehole indicates that a range of premium hard coking coals can be produced from Debiensko that will be in high demand from European steelmakers.

MINING METHOD

The four seams targeted for initial exploitation are 401/1, 403/1, 404/9 and 405. These are located at depths ranging from 750 m to 1,250 m. Target seam thicknesses range from 1.2 m to 4 m and the seams dip between 2° and 15°. There are also known major faults that block out the coal resource into relatively large areas. These faults have been extensively mapped during mine operations in the overlying 300 series coal seams. The two primary methods for extraction of coal in an underground mining environment of this nature are room and pillar ("R&P"), also called bord and pillar ("B&P") mining, and longwall ("LW") mining.

Given the substantial history and experience of longwall mining in this locality and internationally, along with the increased productivity and cost-effectiveness of this this mining method, longwall retreat mining has been selected as the primary means of production. Other options may be further examined during the next study stages.

Longwall mining is most efficient in large rectangular blocks of coal with little or no internal geological discontinuities, such as faults, dykes, or major washouts. This method provides a better potential for recovery of the underground resource and can be more productive and cost effective than R&P mining. Longwall mining has long been applied in the Polish and International coal industries, and its costs and effectiveness are well documented.

MINE PLAN

The mine plan presented in this Study includes total predicted production of 102 million raw tonnes and 68 million saleable tonnes over a 26 year period from the 401/1, 403/1 404/9 and 405 coal seams. The Study mine plan takes into account only four (4) of the seven (7) coal seams within the global CRE, which contain substantial resources in the Indicated category. Given the large scale of the resource base for Debiensko, it is envisaged that mining could continue, following the explicit period covered by the Study model. Production could then potentially move to the residual parts of the 401/1, 403/1, 404/9 and 405 seam resources not included in the Study mine plan, as well as other target seams.

At the forecast rate of steady state production of approximately 4 Mtpa of Run of Mine ("ROM") coal, two longwall units would be operating at the same time in different sections of the mine. Clean coal recovery from the raw material production, including dilution, is predicted to average approximately 68% during the Steady State production period. Predicted annual production will average approximately 2.69 Mt of saleable clean coal. Of the clean coal, 95% will be hard coking coal, with the remaining 5% a middlings fraction that will be sold into the thermal coal market.

Due to the substantial resource base of 301 Mt of coal across the Debiensko concession, the Study only considered a mine plan with 26 years of saleable coal production of which 64% is mined from within Indicated Resources identified in the 401/1, 404/9 and 405 coal seams. Seam 403/1 is included in the mine plan, but currently only contains Inferred Resources. Of the 26 years of saleable coal production in the mine plan, the first 14 years of production is mined exclusively from Indicated Resources. In the underground coal mining industry it would be normal for the indicated resources to be expanded during production, by upgrading Inferred Resources. This could greatly increase the coal available to be added to the reserve base. The remaining Inferred Resources within the 401/1, 403/1, 404/9 and 405 seams, should they be converted to Measured or Indicated Resources, would add substantial tonnages to Debiensko. Substantial Inferred Resources of other target seams including the 402/1, 403/2, and 404/1 seams are present across the Debiensko concession.

COAL SEAM ACCESS

Two shafts (designated Shaft I and Shaft VIII) will be used for the mine development and production. Shaft I will be the main production shaft fitted with modern winders and twin 35 tonne skips. Shaft VIII will be a wholly new shaft used for men and materials transport. Shaft I is an existing shaft previously operated to a depth of 460 m and has a diameter of 7.5 m (it was in use by the former operating Debiensko coal mine). It requires rehabilitation and extension down to 944 m to allow for coal winding from the 850 m level. Shaft VIII will be sunk with a diameter of 9 m to a depth of 1,310 m. This shaft will be equipped with three landings at 850 m, 1,050 m and 1,250 m.

Geotechnical, geological and hydrogeological conditions of the planned shaft footprints are well understood to a depth of 1,300 m. This is based upon former mining, boreholes sited close to the shaft positions and information gathered during sinking of previous shafts for the old mine.

The proposed location of the shafts took into account current land use and ownership, as well as infrastructure support for the mine and old mine workings. The existing Shaft I speeds up the project timeline and the time to start underground development to first coal.

Shaft I hoisting is designed to have a capacity of approximately 5 Mt ROM per year. Shaft VIII will be able to transport large loads without dismantling and up to 30 tonnes.

Shaft I would undergo mechanical excavation and shaft restoration from 0 m to 460 m and then be sunk using conventional drill and blasting technology to a depth of 944 m. Shaft VIII will be sunk with standard shaft sinking technology from the surface. Based on the available hydrogeological data, in order to isolate Shaft VIII from surface aquifers, construction of slurry walls down to a depth of 60 m is planned.

A typical concrete lining that meets the strength requirements related to the rock mass and hydrostatic pressure is designed for both shafts. Sections of the shaft may require additional support, such as double-layer lining or steel reinforcement, which has been allowed for in the designs.

Figure 14 and 15 show cross sections of Shaft I and Shaft VIII. Table 9 presents the main parameters of each of the shafts.

Table 9: Main parameters of shafts

Parameter	Shaft I	Shaft VIII
Use of shaft	Production shaft, ventilation upcast	Men and materials shaft, ventilation intake
Diameter of shaft	7.5 m	9.0 m
Final depth of shaft bottom	944 m (including sump)	1,310 m (including sump)
Insets	Ventilation and services duct 820 m Production level 850 m Loading level 889 m Inset cross section 30 m²	Production level 850 m Level 1,050 m Level 1,250 m Inset cross section 30 m²
Headframe	Steel, with a single diagonal support, height: 72 m	Steel, with a single diagonal support, height: 43.5 m
Winding machine	4-rope, Drum Ø 5,000	4-rope, Drum Ø 5,000
Main fans	3 fans – 2 operational and one standby	
Lining	Concrete	Concrete
Skip/cage guiding	Rope	Rigid
Capacity	Twin 35 tonne skips	30 tonne cage

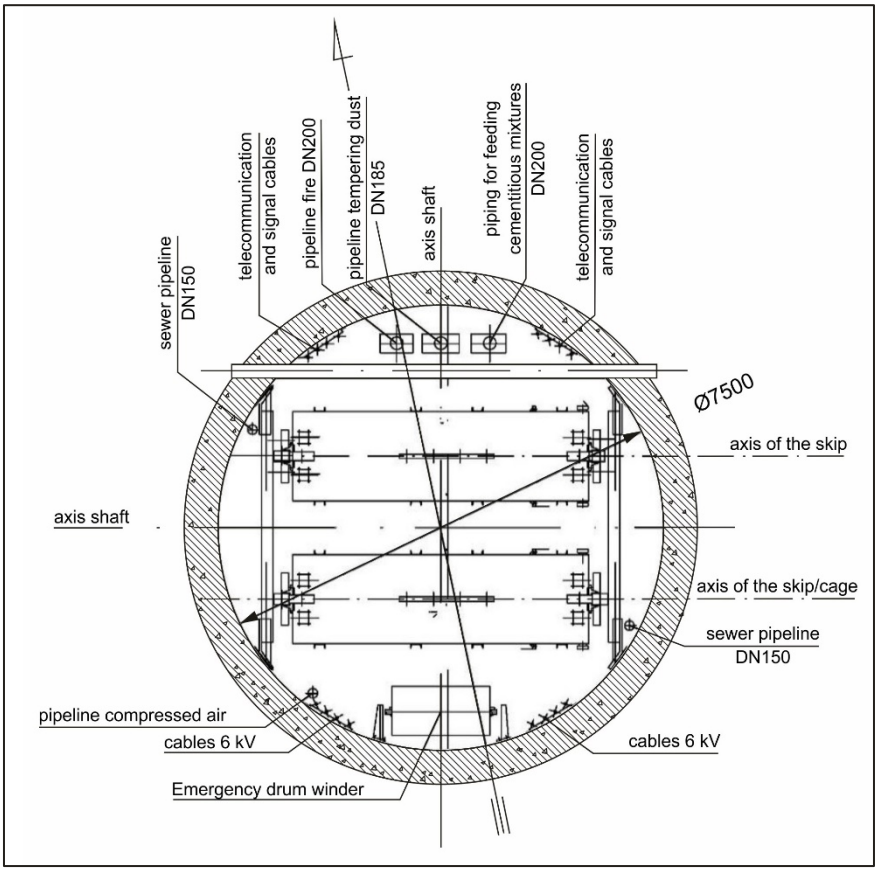


Figure 14: Cross Section of Shaft I with 7.5m diameter

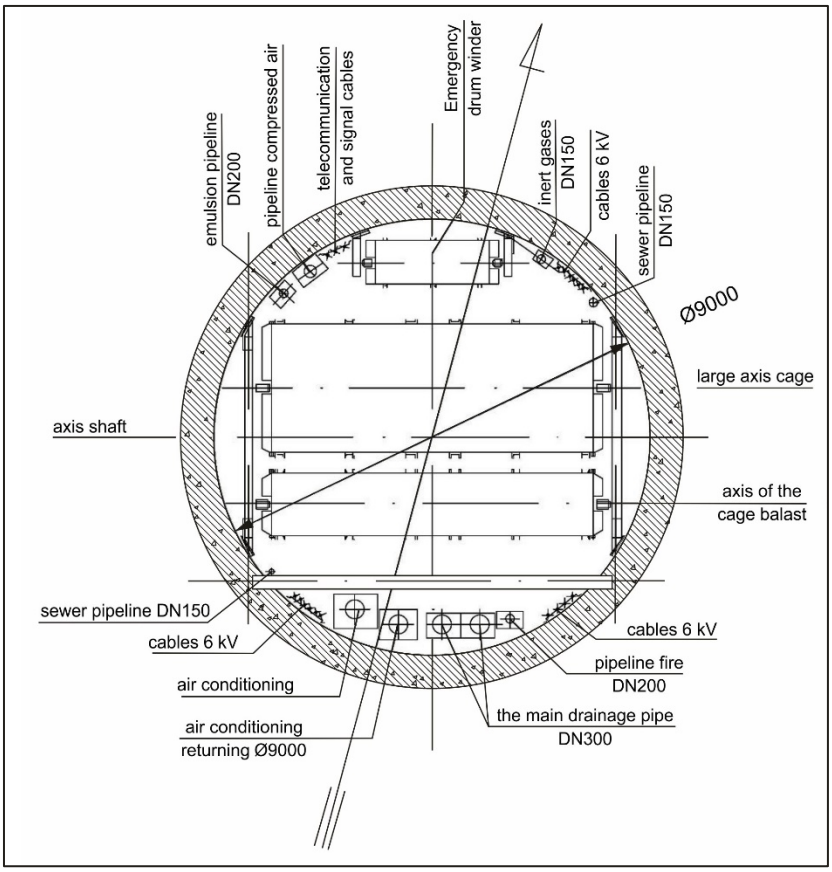


Figure 15: Cross Section of Shaft VIII with 9.0m diameter

UNDERGROUND OPERATIONS

Following establishment of the shaft bottom areas and the underground ventilation circuits, the main lateral roadways and face gate-roads will be driven using road-header type machines utilising arched roadway supports. The accepted practice in Poland is to use 'TH' type yielding supports with ancillary lagging and struts, and where required other supplementary support such as roof-bolts.

Figure 16 : Polish Domestic Roadheader supplied by FAMUR

The main lateral roadway developments will be undertaken using external contractors, who will provide the personnel and road-heading equipment necessary. Gate road developments will be undertaken by Debiensko personnel, utilizing up to 4 road-header based development systems.

The mining production operations will consist primarily of coal mined from longwall panels with a small proportion from gateroads developed in coal. Two faces are envisaged to be in operation at any one time – one mining in the thicker section coals (High Seam - "HS") and one in the lower section coals (Low Seam - "LS"). At the end of each longwall panel run, each set of longwall equipment will be recovered and transported to the next planned panel.

All the longwalls will be of retreating type, working 'skin to skin' (with no pillars between adjacent panels), and keeping one of the face roadways open by means of concrete pack-wall behind the longwall face. The main gate is then re-used as the tail gate for the next panel to reduce the total drivage necessary to develop each longwall panel.

All longwall panels will utilise ranging drum shearers and powered roof supports. Several manufacturers, including Polish companies, produce the full range of equipment for shearer longwalls, which are successfully operated by coal mines in Poland and world-wide. There are a variety of options for the supply of full longwall equipment packages suitable for the differing mining conditions of the Debiensko seams.

Figure 17: Polish Longwall Shearer & Roof Supports manufactured by FAMUR

Coal transport will be accomplished using the longwall armoured face conveyor which loads into an in-gate stage loader/crusher. The stage loader then sizes and loads ROM coal onto the panel belt, which feeds coal onto belts in the main roadways that transport ROM coal to the shafts. ROM coal will be transported by the mine conveying system to the shaft bottom bunkers for feeding into a skip, before being brought to surface.

An overhead monorail system has been planned to transport personnel and materials from the shaft bottom area throughout the mine to the longwall panels and development sections. These systems require the installation of a roof-mounted rail along the intended transport routes, switching systems, transfer stations, prime-movers and cars for personnel and materials. These systems are commonly employed successfully in coal mines worldwide.

Ventilation and Gas Management

The ventilation circuit is based on Shafts I and VIII, which have diameters of 7.5 m and 9 m respectively. Shaft VIII will be the main down cast / intake shaft. Connection at 850 m to Shaft I will be established at the earliest possible opportunity, thereby establishing the primary ventilation circuit. Shaft I will be the main upcast/ return shaft, served by three main fans on surface; two operating and one on standby.

Based on previous ventilation analyses and simulations, it is estimated that expected fan pressure requirement would be some 3,000 Pa. Table 10 summarises the build-up of the estimated ventilation requirements:

Table 10: Estimated volumetric ventilation requirements

Operational area	Quantity (m^3/s)	Total (m^3/s)	Comment
Longwall face	45	90	2 faces
New or salvage face	25	25	-
In-seam development face	20	80	4 faces
Cross-cut development face	20	60	3 faces
New development face	15	15	Spare location
Non production areas	-	60	Work, pump and electrical areas
Losses	-	45	10 - 15%
Total	-	375	-

The target seams are to be regarded as containing moderate to high methane gas, with a methane content between 6 m^3/t and 13 m^3/t. No Debiensko site-specific coal permeability information is available, but from the surrounding mines it can be regarded as low. The gas content will require pre-mine drainage and post drainage of the goaf areas, which is a technically accepted practice in Polish mines. The low permeability may be an indication of potential outburst risk as the workings increase in depth, however within the Upper Silesian coal basin, outbursts are relatively uncommon. Proven operating procedures have been allowed for within the design to effectively cope with such an eventuality. The designed longwall ventilation system will meet all the Polish safety regulations and operational requirements.

The development headings will be driven on auxiliary ventilation, with fresh air being conveyed to the working places through flexible ventilation ducting.

As the workings go deeper, the virgin rock temperature increases. Ventilation is designed to comply with Polish working temperature standards.

MINE DESIGN

The geotechnical characteristics of the mining horizons were assessed for input into mine design based on neighbouring mines and historical data. No geotechnical investigations or analyses have been undertaken as part of this Study. However the former Debiensko mine operated for over 100 years in the seams overlying the planned mining area and there is data from surrounding mines that worked in the upper target seams (401/1). Borehole data indicates that the majority of mudstone in the immediate roofs has been classified as Class III and IV under the Polish Mineability Index System; this type of roof is easily caved. According to the Protodyakonov Method used in Polish mining studies, target coal seams are classified under “very easily mineable” to “easily mineable” categories.

The mine plan has been designed on the basis of proven technology, incorporating longwall faces 250 m wide in general and with an average panel length of 1,600 m working 'skin-to-skin'. Planned face lengths and widths are well within the constraints of well-established norms. Two longwalls will operate at any one time, working the target seams 401/1, 403/1 404/9 and 405. Given the variability of seam thickness, two approaches have been defined; High Seam longwall ("HS") and Low Seam longwall ("LS"). The LS longwall extracted heights range approximately 1.2 m to 2.5 m for seams 401/1, 403/1 and 404/9. The HS longwall extracted heights range from approximately 2 m to 4 m for seams 404/9 and 405. Planned retreat rate of the faces will be approximately between 6 m and 8 m per day. The first 14 years of potential production from the LS longwalls occurs in Indicated Resources and the first 19 years of production from the HS longwalls occurs in Indicated Resources.

The longwall panels will commence at 800 m depth, with maximum depth to be worked at 1,250 m. In order to minimise the lead time to first production, access would be gained from the 850 m level, as soon as the ventilation circuit has been established between Shaft I and Shaft VIII. To open up the mine and to allow full production, a further two horizons will be constructed, at levels 1,050 m and 1,250 m.

The pit bottom area of Shaft I at the first main horizon (850 m) will be developed to accommodate the coal handling infrastructure and main underground bunkers.

From the pit bottom area, a system of main roadways will be driven; one for transporting men and materials, and the other for conveying ROM. The roadways will also provide the main air intake and the return ventilation airways.

Mining layouts for each of the four target seams have been derived, based on the above parameters and making allowance for the assumed geology, lease boundaries and known infrastructure. These are shown in Figure 18, Figure 19, Figure 20 and Figure 21.

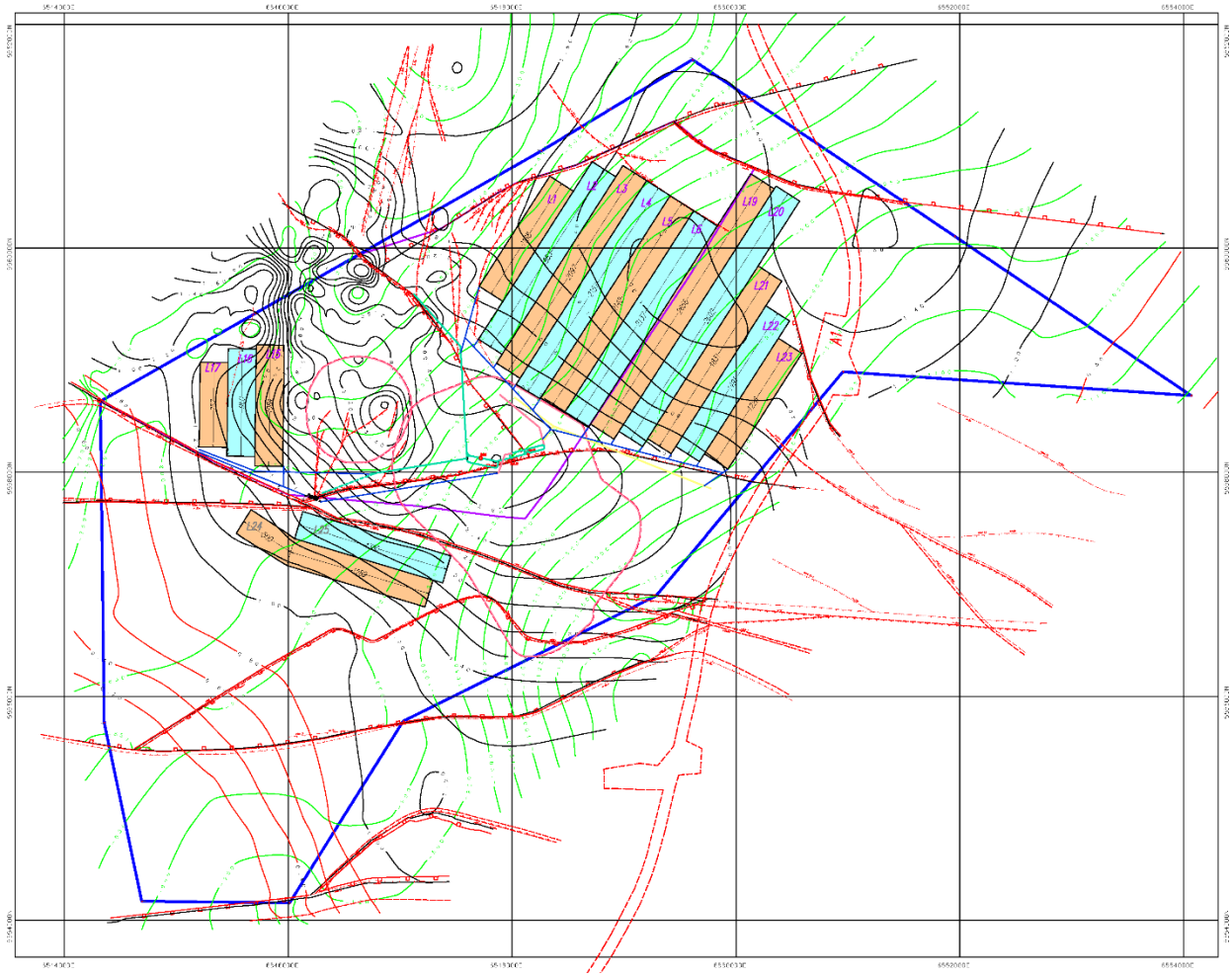


Figure 18: Seam 401/1 Layout

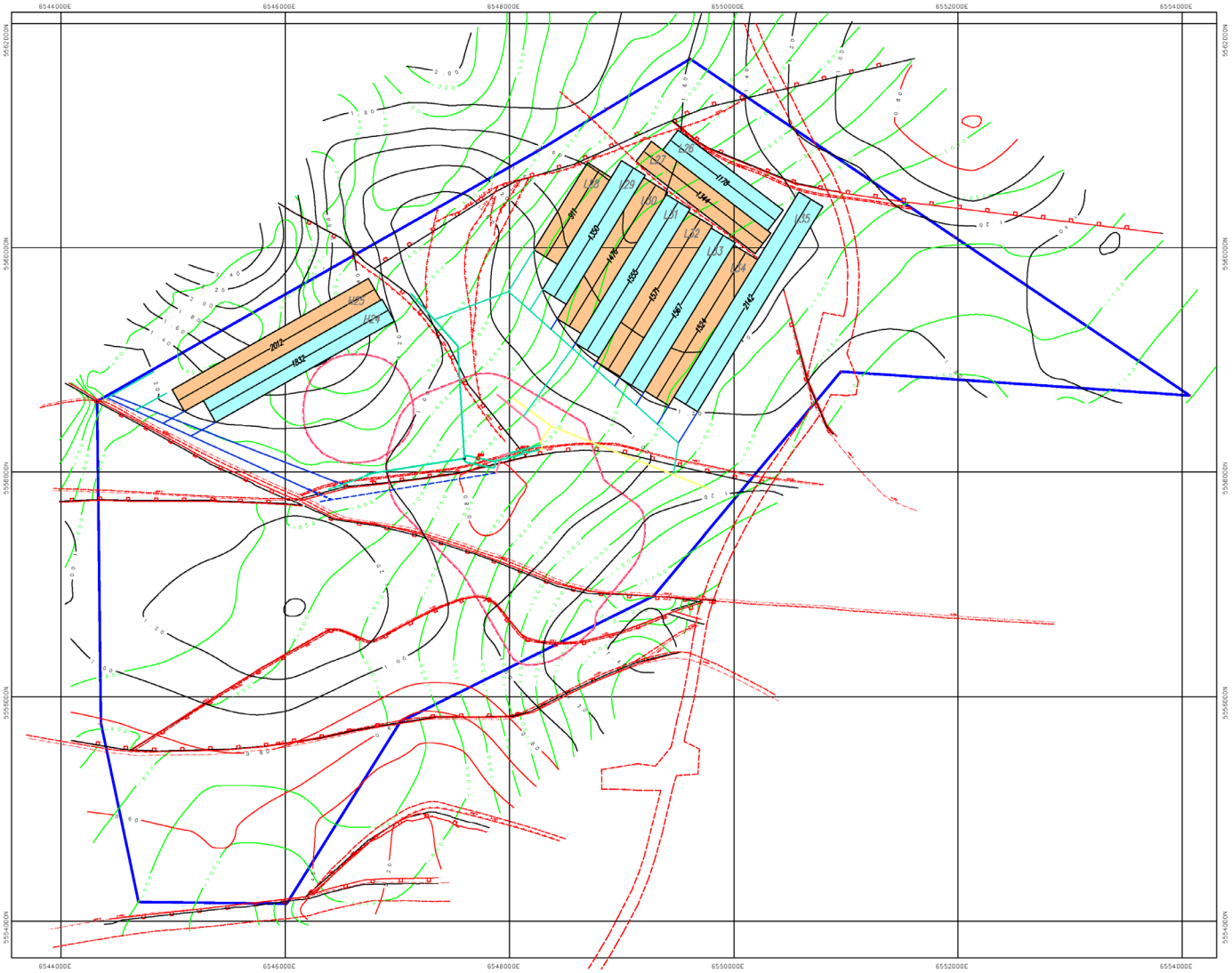


Figure 19: Seam 403/1 Layout

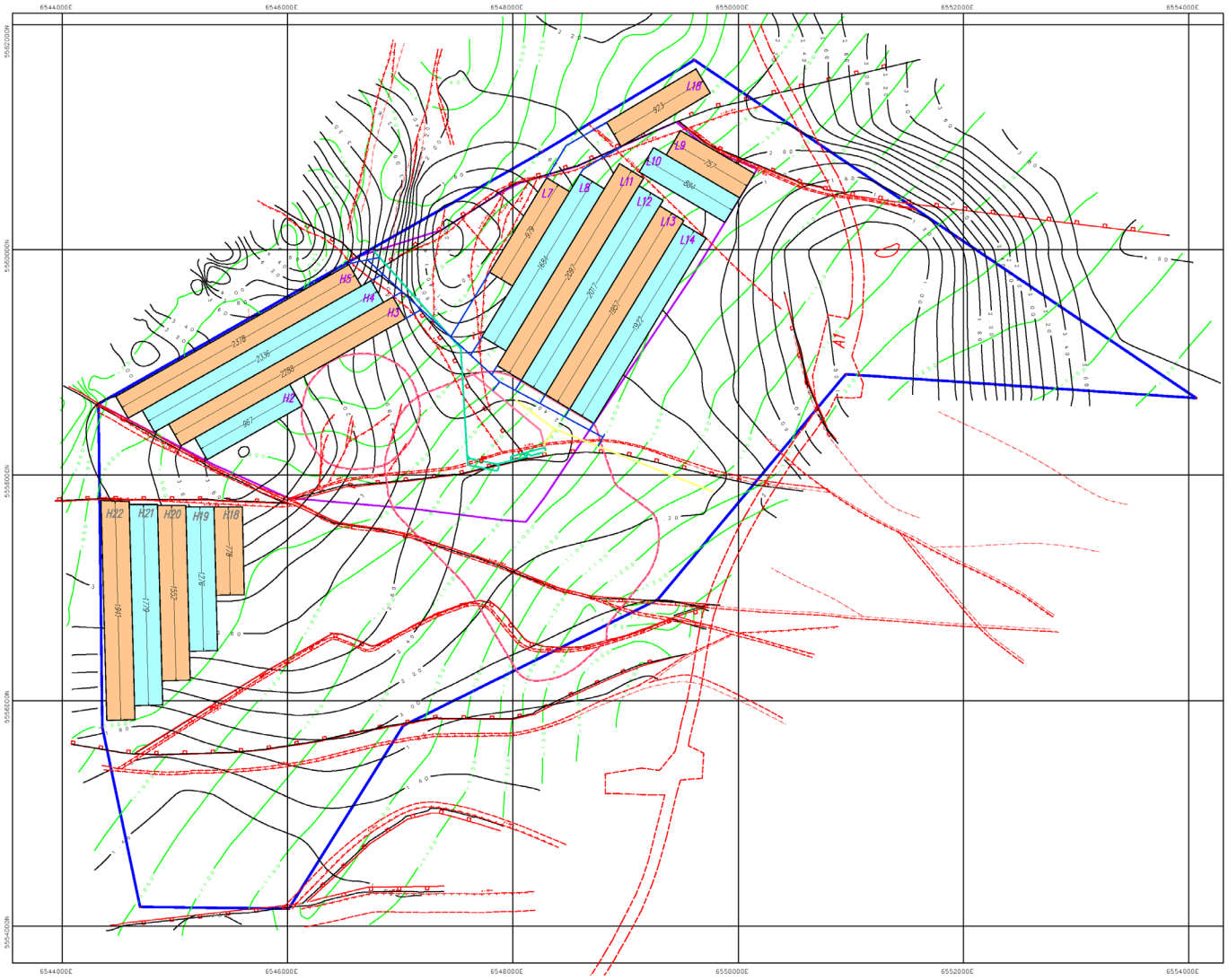


Figure 20: Seam 404/9 Layout

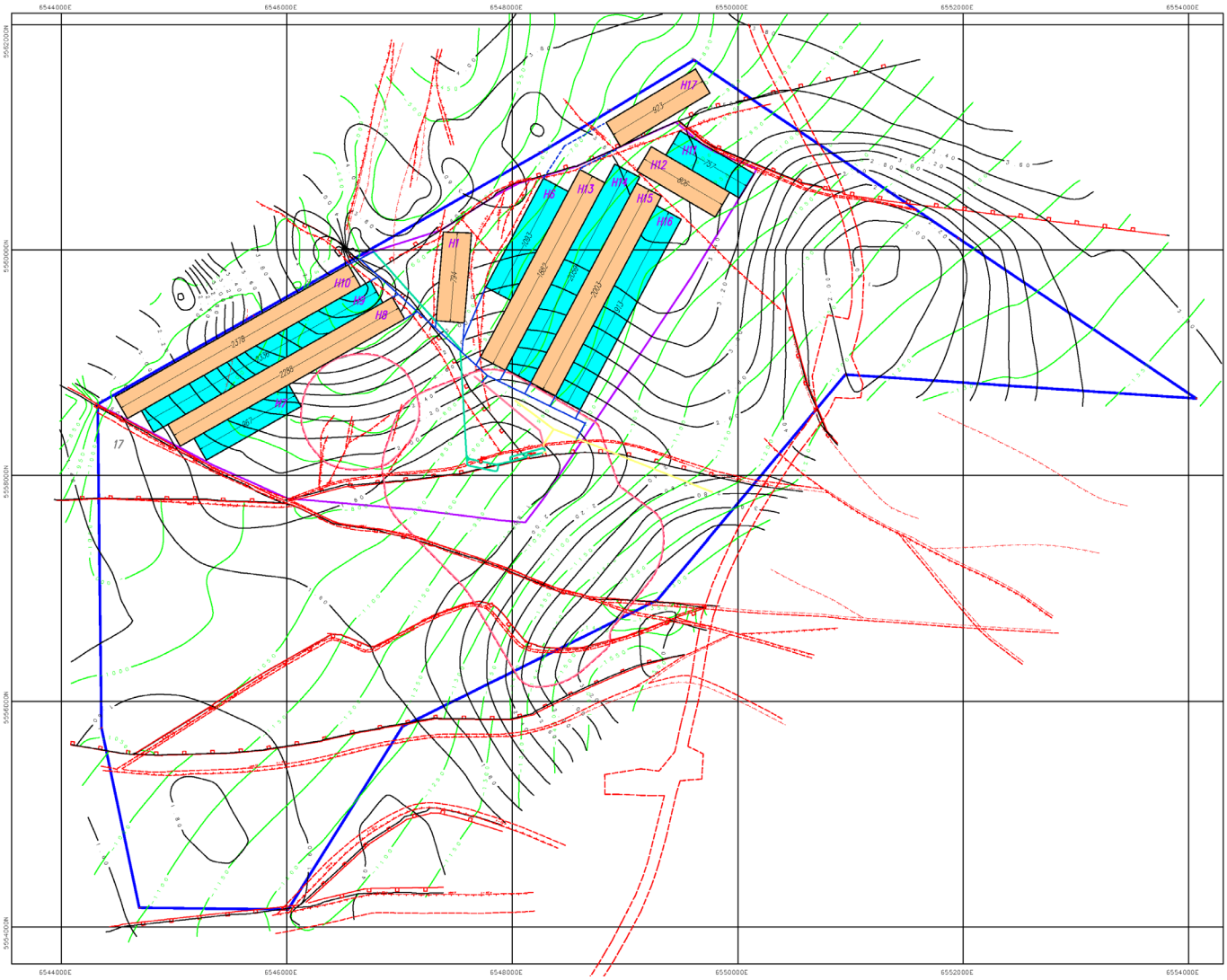


Figure 21: Seam 405 Layout

WORKFORCE AND ORGANISATIONAL STRUCTURE

The future workforce structure for the operational period of Debiensko is designed to meet Polish legislative requirements for coal mine statutory positions whilst also taking into account modern mining practices and systems. Where practicable, it is proposed to use contractors for certain services, such as the development of the main lateral roadways. The mine is organised under a CEO and a Head of Mine Operation. The CEO is responsible for the health and safety oversight and financial aspects of the mine, whilst the Head of Mine Operations or KRZG (Kierownik Ruchu Zakładu Górniczego) is responsible for all other activities. The mine will function with two operating longwalls supported by two longwall gate road development teams per face. The mine will operate 24 hours per day 7 days per week with coal production based on operating 6 days per week in rotating shifts. It is envisaged that Debiensko would utilise up to 1,370 directly employed workers for both the surface and underground operations, which includes an average 18% headcount provision for holidays and absenteeism. It is estimated that an additional 150 contractors would work at Debiensko. Underground production is planned on a 50 week per year, six day per week basis with four operating shifts per day utilising a five brigade system. The brigade system allows coverage for 6 days of operations while still limiting employee working hours to 40 a week in compliance with Polish labour regulations. Typically, 3 (surface) or 4 (underground) shifts are needed to cover a full day of mine operations.

MINE PRODUCTIVITY

Debiensko borders with Knurow-Szczyglowice Mine to the north and west, Budryk Mine to the North-East and the Boleslaw Śmiały Mine to the East. The Budryk Mine, which operates at similar depths to the proposed Debiensko target depths, has demonstrated that it is able to achieve high productivity rates from its underground longwall faces. After their shaft deepening program is completed, Budryk will be producing from seams at a depth of 1,290 m. They have historically achieved annualised ROM production rates from 4.2 Mtpa to 4.6 Mtpa between 2010 and 2015 (GlobalData[1] 2017). Results of the Study indicate that the more modest annualised production rates are potentially achievable for Debiensko given similar geological and mining conditions across the concession.

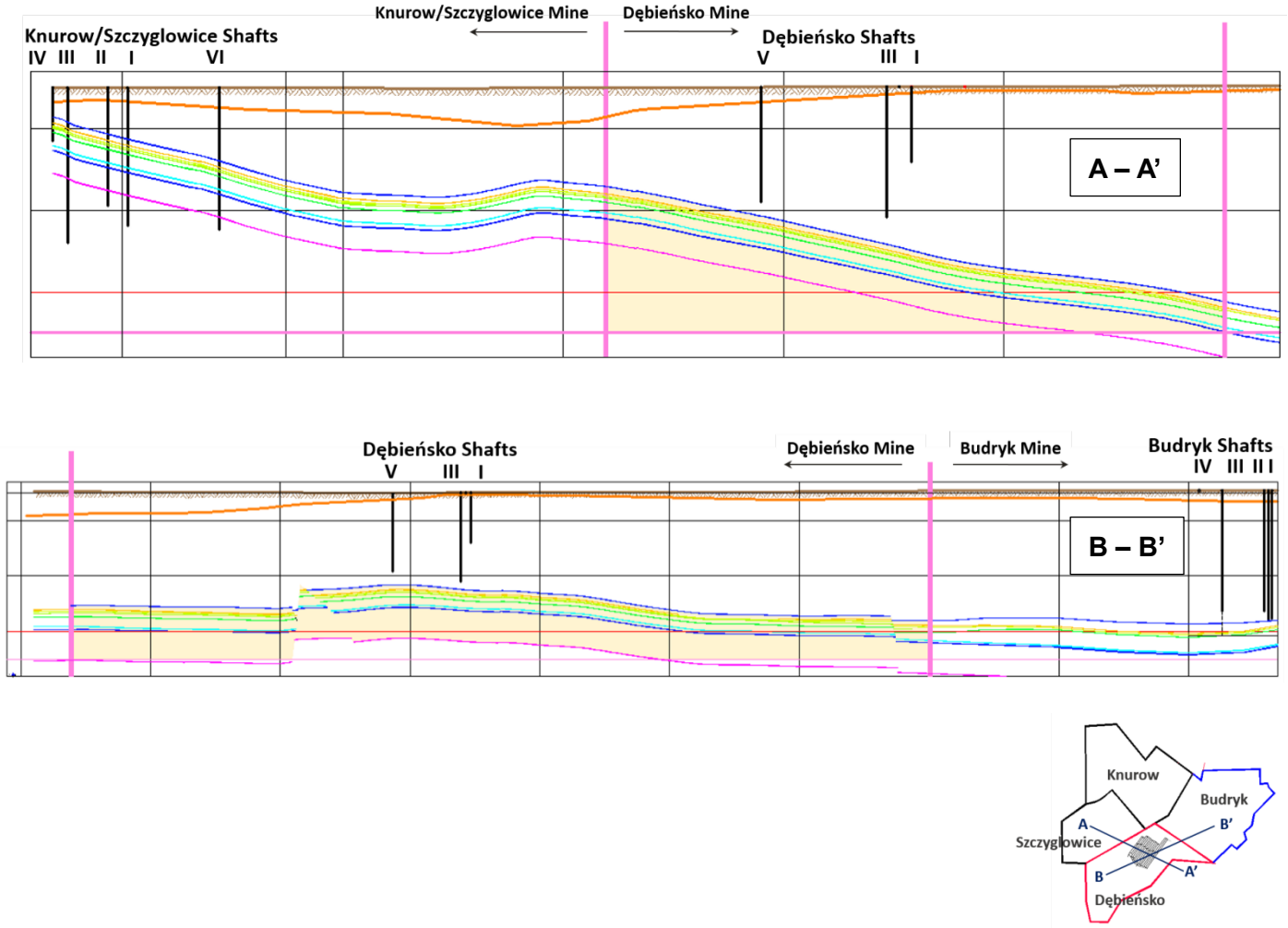


Figure 22: Cross section through Debiensko and the adjacent Knurow-Szczyglowice and Budryk Mines
(Source: Company analysis based on various sources)

Results of the Study also indicate that by incorporating international best practice and modern mine design into Debiensko, substantially better labour productivity may be achieved compared to incumbent coal producers in Poland, which may lead to substantially lower costs of production. Higher productivity is anticipated at Debiensko by minimising the number of shafts and keeping the mine works condensed into a smaller area allowing a reduced workforce, utilizing the very latest mining technology available, contractors for development, and aligning the workforce to be consistent with modern international best practices. Current labour management in Polish coal mines

[1] Global Data Mining Intelligence, 2017

follows historical practises; there is significant opportunity to improve the efficiency of manpower by increasing automation, optimising staffing levels and utilising appropriate shift patterns that minimise down-time, as typical of coal mining operations in Australia and the USA. The current envisaged labour productivity is considered conservative with improvements anticipated in the next stage of the project.

Table 11: International Longwall Coal Mine Labour Productivity

Country	Tonnes/man/year
USA	10,000
Australia	7,000
Jan Karski Project – Prairie Mining (PFS)	~3,750
Debiensko – Scoping Study	~1,920
Bogdanka (compilation of available data 2014 – 2016)	1,826
Budryk Mine (compilation of available data 2014 – 2016)	1,193
Polish Coal Mine Average (compilation of available data 2014 – 2016)	770

(Source: Company analysis based on various sources)

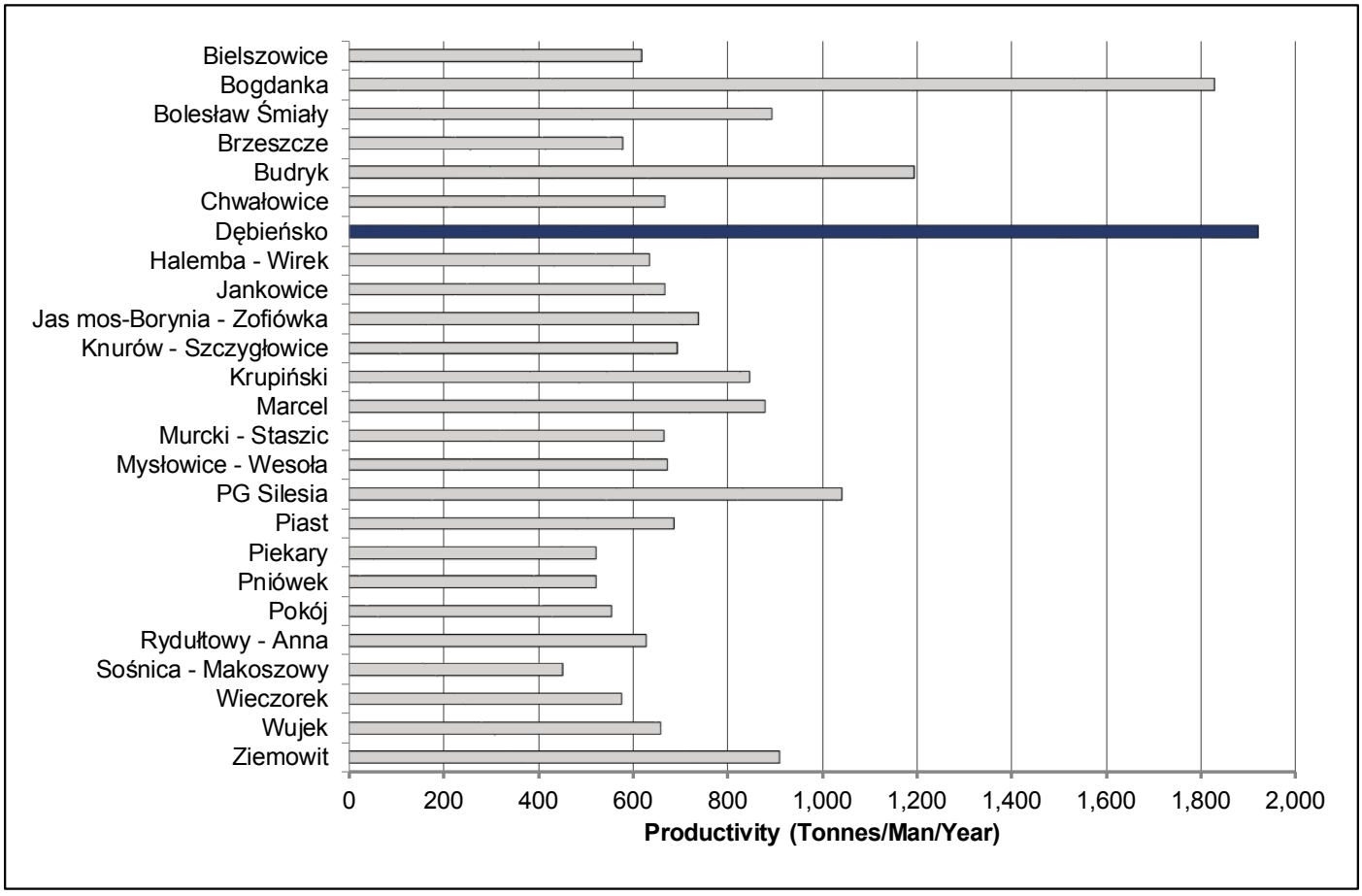


Figure 23: Polish Labour Productivity (average 2014 – 2016) with estimates Debiensko highlighted
(Source - Company analysis based on various sources)

PROJECT CONFIGURATION AND MINE SURFACE INFRASTRUCTURE

Best international design practices will be employed for the Debiensko mine surface infrastructure whilst adhering to applicable Polish regulations. Debiensko benefits from the incorporation of existing mine surface infrastructure from the former Debiensko mine. A number of existing buildings are identified for refurbishment; office building & control room, lamp-house, mine hall, surface rescue service building, water treatment plant building, and mine railway sidings. Key surface infrastructure components to be constructed are; the two shafts and their winding facilities, workshops and stores, water treatment plant and settling ponds, car parking and laydown areas, medical centre, baths, main high voltage sub-station, and ROM stockpiles. The mine site is currently protected by perimeter fence and security personnel. Relic storage buildings, garages and settlement tanks are proposed for demolition. The layout of the combined refurbished-existing and new surface facilities is consistent with a modern, efficient mine layout.

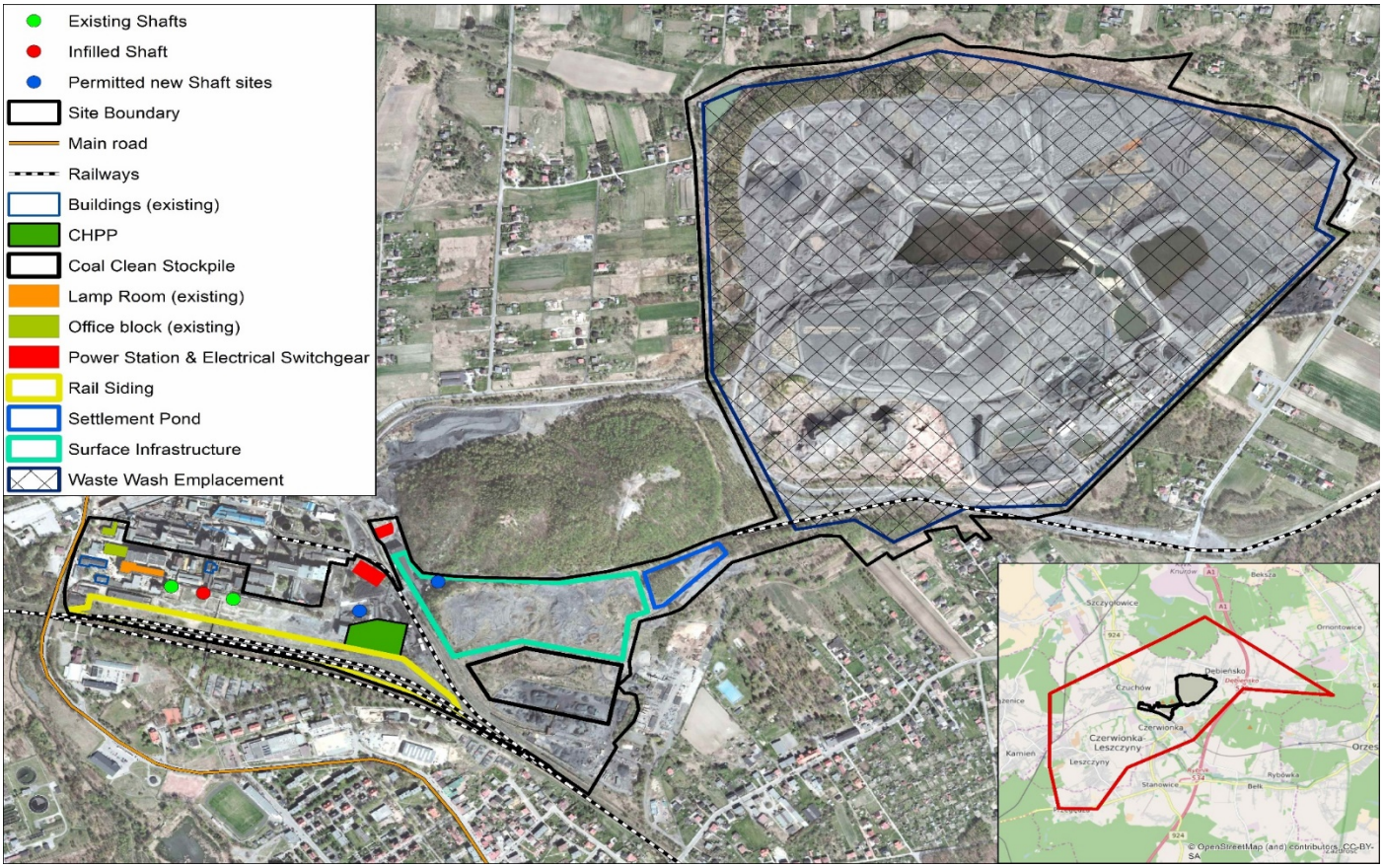


Figure 24: Existing Debiensko Mine Site Facilities

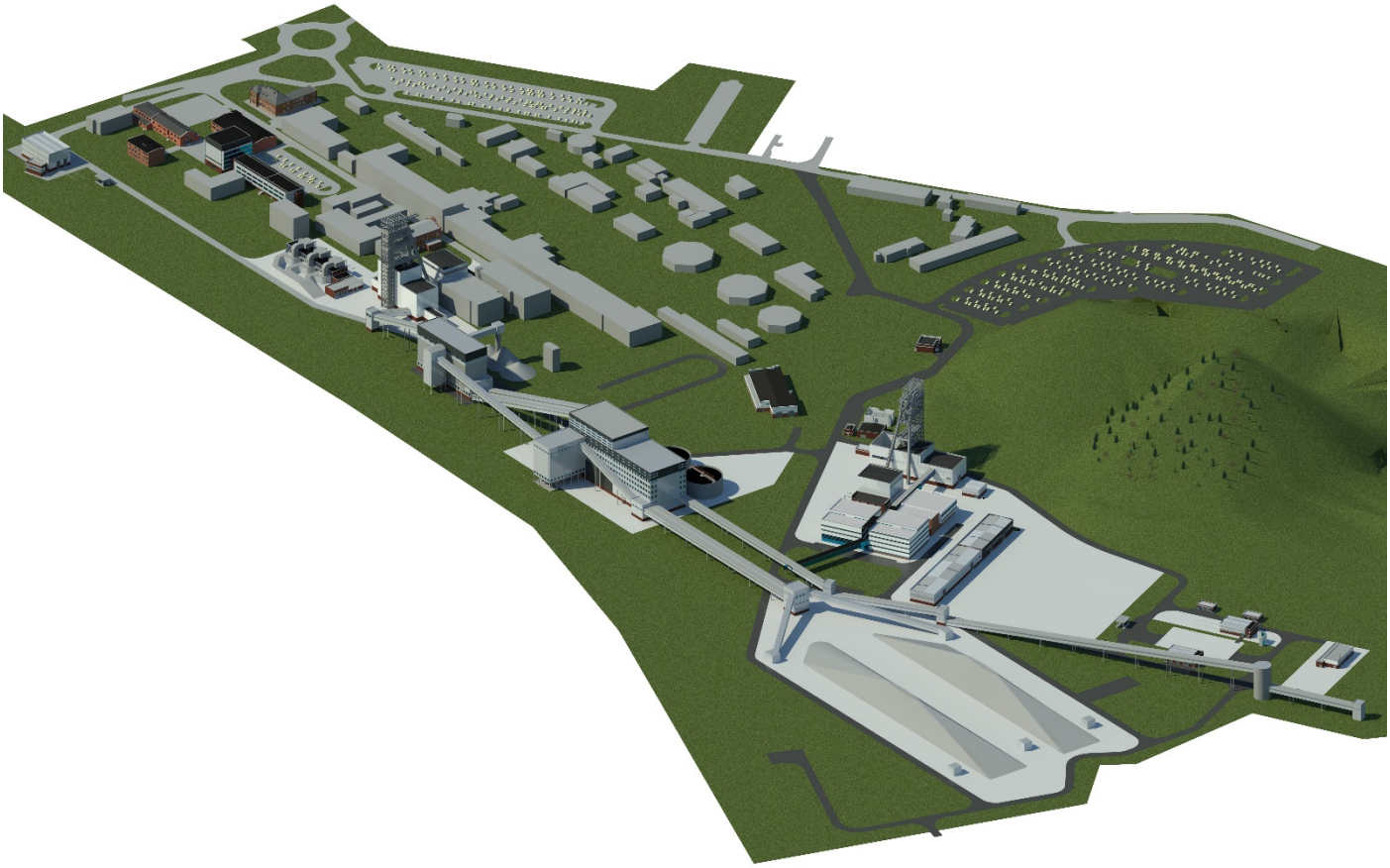


Figure 25: 3D visualisation of the Debiensko Mine Surface Area

ROM TRANSPORT

Shaft I will wind the ROM from the mine to the surface using 35 tonne skips; from the skip discharge the ROM will be fed onto vibrating feeders and conveyed to screens as estimated in the Study. Oversized material will go through 200 mm and 50 mm sizers to reduce to 50 mm top-size. The ROM will then be conveyed to a raw coal stockpile by means of a luffing, slewing and traveling stacker. A bridge reclaimer will remove the coal by slicing through the stockpile, homogenising the feed to the coal processing plant.

Coal products (primarily hard coking coal) will be conveyed from the in-plant clean coal collection conveyor to the clean coal stockpile. The coal will be stacked using a luffing, slewing and travelling stacker. The design allows for the possibility of storing differing coal qualities separately. The coking coal will be reclaimed using a bridge scraper reclaimer. The reclaimer will be able to access any area of the stockpile at any time. This will permit loading of the two types of coking coal independently. The coal will be loaded onto trains through a flask loading system, fed directly from the stockpile at a rate of 1,500 tonne per hour.

Middlings for use as thermal coal will be stored as a conical stockpile. The coal will be reclaimed by underground feeders and conveyed to the common flask loading system.

Combined waste (coarse waste and filtered tailings) will be conveyed to the coal wash emplacement. This material will be dumped from a cantilever conveyor and pushed and compacted in position by dozers.

The potential ROM transport process is shown in the schematic Figure 26.

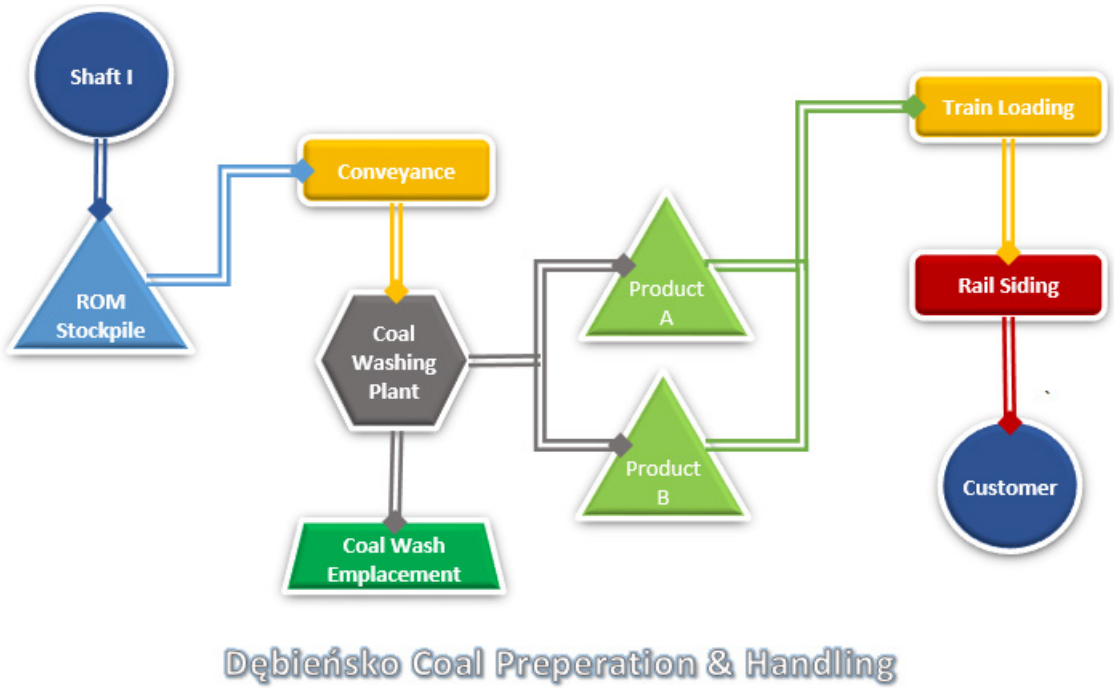


Figure 26: Summary ROM process flow diagram to product delivery.

COAL HANDLING & PREPARATION PLANT

The coal handling & preparation plant ("CHPP") will be located on the proposed mine site and will be capable of delivering two types of coking coal, Low-vol HCC and/or Mid-vol HCC and a small proportion of middlings for thermal power plant use.

Metallurgical smalls will represent 95% of the total output and will produce between 4% to 8% ash, according to individual customer requirements. Based on actual results in neighbouring mines, the total product yield is expected to be approximately 68% LOM.

Middlings may be produced for local power plant consumption at approximately 25% ash and calorific value 5,200 kcal/kg or 21.8 MJ/kg. All products will be low sulphur.

The plant is designed as a 750 tonne per hour facility air dried basis. ROM coal will be reduced to 50 mm top size and stored in an automated open stockpile. Coal of 50 mm x 1 mm will be cleaned in dense medium cyclones to produce coking coal, middlings and waste. Coal of 1 mm x 0.1 mm will cleaned in a hydrosizer to produce coking coal and waste. Coal less than 0.1 mm will be cleaned by froth flotation to produce coking coal and waste. All coking coal products will be stored by coal type and loaded onto trains for dispatch.

Waste from the flotation process will be filtered and combined with the coarse waste from the other processes. The combined waste will be placed in the adjacent coal waste disposal area. The total waste capacity available to Debiensko is 18 million m³ and is adequate for the life of the project.

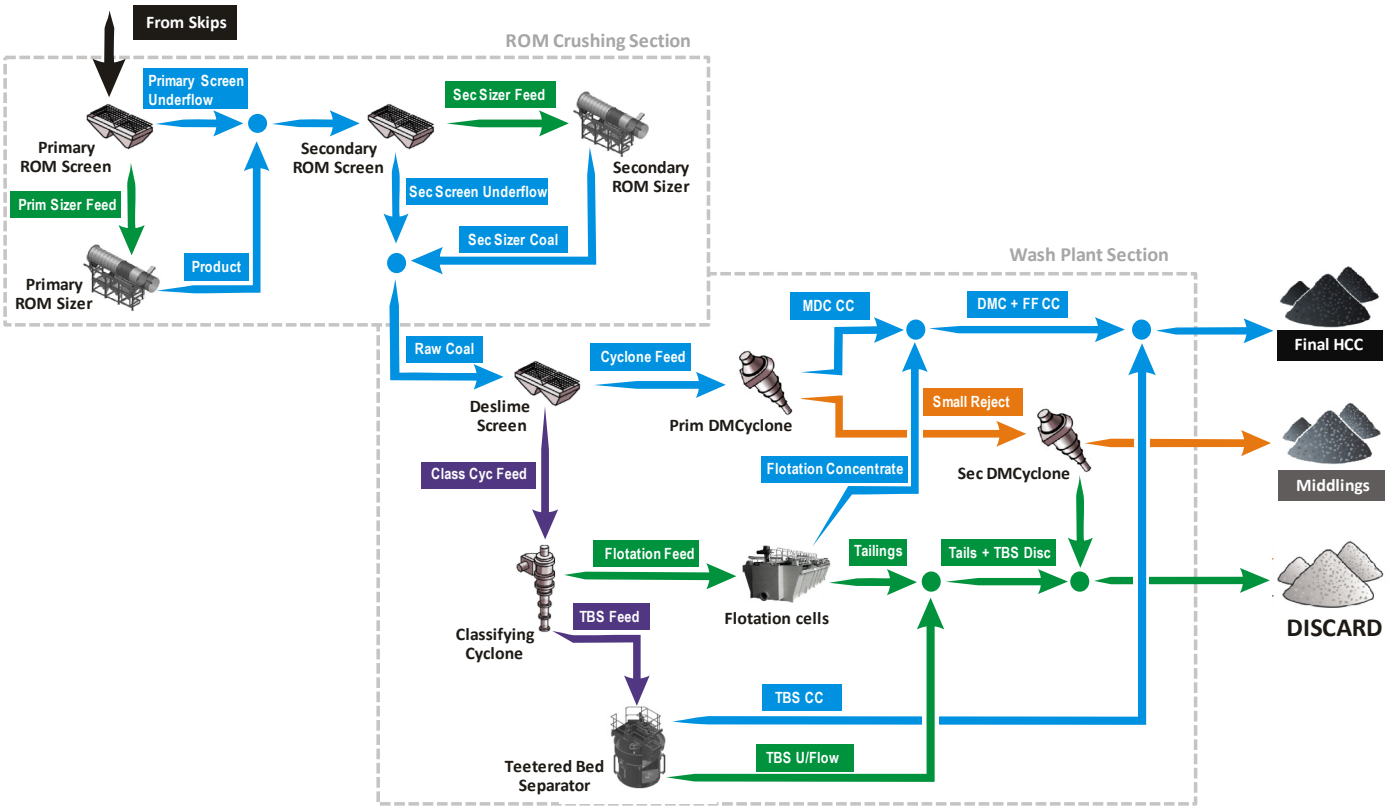


Figure 27: Wash Plant and ROM Crushing Flowsheet

POWER

The Debiensko mine site is currently serviced by an existing high voltage power grid. There is already a 6 kV line with 13 MW capacity connected to site, with two additional 110 kV, 25 MW incoming lines available ready to feed into and connect to the planned new 110 kV / 6 kV substation.

There is an existing power supply and connection agreement in place for Debiensko with Tauron Dystrybucja GZE S.A. (“Tauron”), the local power grid operator. This agreement provides for a maximum of 30 MW of power to be supplied to the mine. This supply is sufficient for full scale mine production at Debiensko for the life of the project and it fulfils all Polish statutory requirements requiring both a primary and back-up power supply.

The proposed protection schemes and energy monitoring systems are adequate and appropriate for this type of environment. It has been designed with safety and continuity of service in mind.

The estimated electricity cost for Debiensko is approximately PLN270 /MWh (USc6.8 /kWh) based on standard tariffs.

Tauron supplies over 49 TWh of electricity to over 5.4 million customers per year which makes it the largest distributor of electricity in Poland. It is also the second largest electricity generator and supplier in Poland and the largest supplier of heat in Upper Silesia.

Figure 28: 110kV Power Line into Debiensko

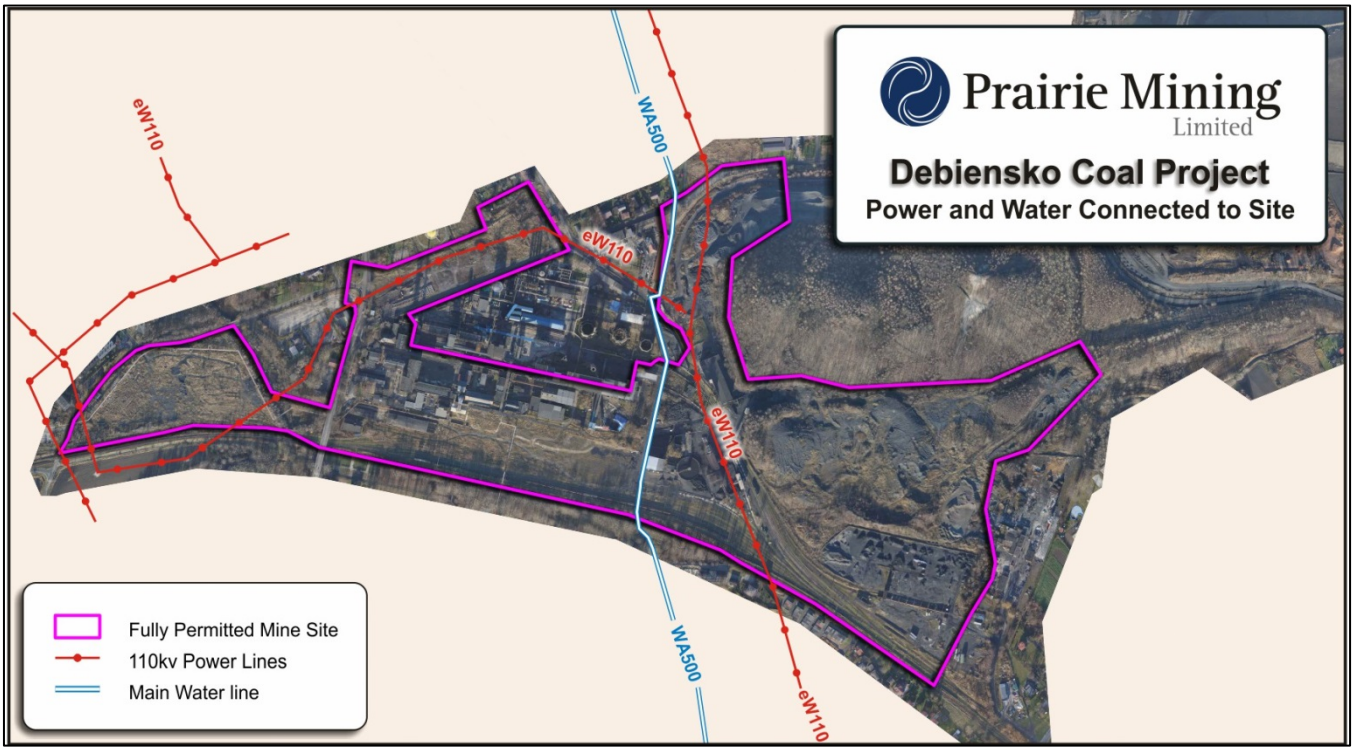


Figure 29: Existing Power and Water Services at Debiensko

POTABLE WATER SUPPLY

Potable water supply is available at Debiensko via an existing 500 mm main water line, with available water supply of 400m³/day officially confirmed by PWiK Czerwionka-Leszczyny, the local water authority. Initial estimates are that the Debiensko mine will require no more than 350 m³/day at steady state production for the life of the project.

MINE WATER

Over 200 years of mining around the project area provides a good understanding of the regional hydrology and hydrogeology. Hydrogeological flow rate monitoring between 1990 and 2009 at the former Debiensko mine shows a reduction with time, alongside lower inflow rates at deeper mining levels. This is also expected at the proposed new mine; no groundwater was reported in the prospecting boreholes drilled over 700 m depth. It is expected that, as the water inflow into the former Debiensko mine will continue to be pumped out by Centralny Zakład Odwadniania Kopalń ("CZOK"), the Central Mine Drainage Department, and due the decreased porosity and permeability of rocks at depths, the Debiensko mine will experience relatively small groundwater inflow. The total inflow into the drainage system of the planned Debiensko mine is estimated to be approximately 1.5 m³/min (90 m³/hour) on average, but allowance has been made for increased water inflow later in the mine life of up to 2.5 m³/min (150 m³/hour).

The Debiensko mine and processing plant will be designed for zero discharge; consequently, Debiensko will have no impact on surface water flows and surface water qualities. Water for use at Debiensko will be received from three potential sources, namely:

- Local municipality supply (PWiK Czerwionka-Leszczyny);
- Recycled process water from the underground mine; and
- Groundwater.

DESALINATION

All mine water pumped from the Debiensko mine will report to the desalination plant. The desalination plant will process the expected high total dissolved solids and salt content in the mine inflow water. The salt remaining from desalination could be sold for use as roadway salt for de-icing during winter.

RAILWAY INFRASTRUCTURE

Prior to 2000, when the former Debiensko mine was still in production, the mine was connected to the main Polish rail network. The majority of the mine rail infrastructure is still in place and based on previous specialist studies, minimal capital expenditure would be required for refurbishment. As a result, Debiensko is well connected with the regional rail network in the east-west direction through the Katowice – Rybnik railway track. This connects to the regional north-south interconnection of the Zabrze – Makoszowy – Rybnik main rail network. The planned CHPP site is also directly connected to the existing rail track and siding network.

No significant new rail infrastructure or major up-gradings will be required, except for some additional sidings which will be added to the network. The existing main rail infrastructure and transport network are adequate to provide full operational capacity and product distribution support for Debiensko.

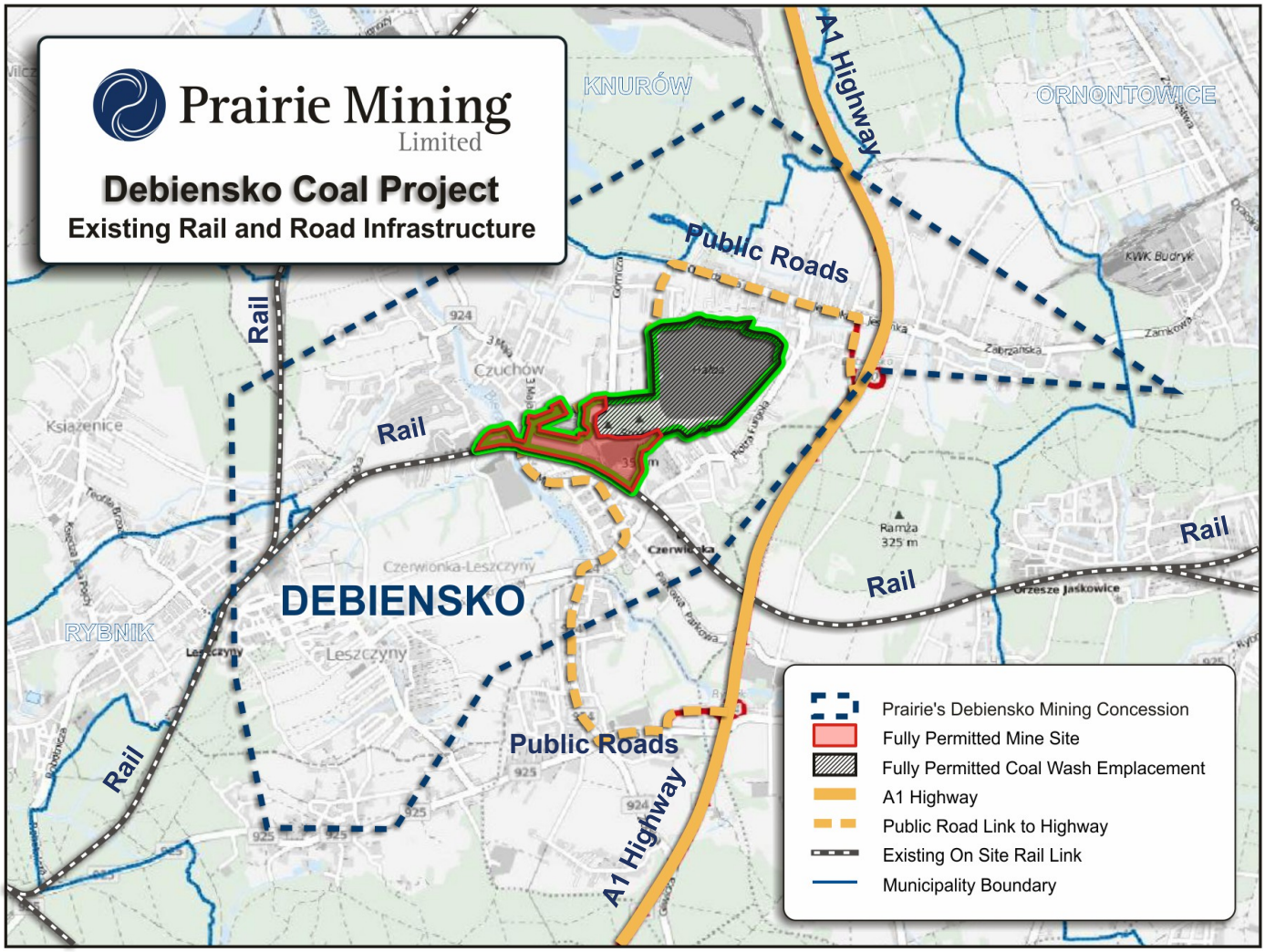


Figure 30: Existing Road and Rail Infrastructure at Debiensko

ROADS

The Debiensko mine site is connected by public roads to the major road network and importantly, directly connected to Poland's north-south motorway, Highway A1, which runs from the port of Gdansk on the Baltic Sea through the Upper Silesian Industry Area to the Polish-Czech border where it is connected with the Czech motorway, D1. There are existing asphalt minor roads which surround and connect the Debiensko mine site to the major road network. Access to Debiensko will be from Road 924, bordering the site on the northern and western boundaries. This existing road network provides immediate access for commencement of development activity at the mine, delivery of equipment and access for the workforce.

Figure 31: A1 Highway Exit to Debiensko Mine Site

Figure 32: Public Roads Surrounding Debiensko

AIRPORT

The Debiensko mine is serviced by two nearby international airport, Katowice and Krakow. Katowice International Airport (KTW) is an international airport, located in Pyrzowice, 30 km north of city of Katowice, Poland. The airport has the fourth biggest passenger flow in Poland and is approximately 60 km by road from the Debiensko mine site.

Krakow International Airport (KRK) is an international airport located near Krakow, in the village of Balice, 11 km west of the Krakow city centre, in southern Poland. It is approximately 100 km by road from the Debiensko mine site.

CAPITAL DEVELOPMENT COSTS

Debiensko is located in one of the best serviced and infrastructure advantaged coal regions globally. Capital intensity of Debiensko is estimated to be low for a project of this scale with the added advantage of having low cash costs.

Table 12: Direct Capital Cost Estimations to First Production (to a maximum accuracy variation ± 30%)

Capital Item	US$ million
Shaft Costs (Sinking, Furniture, Pit Bottom and Bunkers)	208.5
CHPP & Waste Management	34.5
Mine Surface Facilities & Infrastructure (Buildings, Roads, Railway, Bulk Power and Materials Handling)	68.0
Underground Infrastructure (Belts, Ventilation, Electrics)	62.0
Capitalised Pre-Production Expenses (Labour, Power, Contractors etc.)	51.5

Provision has been made for a further US$79.5 million for EPCM, owners' costs, and contingency (generally 15% contingency applied, though varied depending on the capital item and basis of estimate).

Data used in the calculation of the capital costs for Debiensko has been provided by a number of local and international suppliers who have given budget cost estimates, and has also been benchmarked against similar underground mines in the region.

RAILWAY NETWORK

Prairie intends to utilise the existing rail network to transport its premium hard coking coal to regional steel mills and coking plants. An independent study prepared by Politechnika Śląska (Silesian Technical University) for the Debiensko mine confirms available rail capacity of 4 Mtpa on specific routes to be utilised for delivery to European steelmakers. The vast railway network in Poland extends over some 20,000 km of operated railway lines and includes more than 3,000 railway stations and 2,700 sidings and loading points. Over 95% of rail track in Poland is 1,435 mm ("standard-gauge") which is the most common gauge used in Europe including in potential target markets such as Germany, the Czech Republic and Austria. Poland is the second largest rail freight market in the EU after Germany, and it is also highly competitive as a result of 2003 legislation that allowed foreign competitors to enter the market.

Available capacity within the Polish railway system has been increasing rapidly since the 1980s as a result of road transportation taking market share away from the railways. Independent operators active in the Polish coal rail freight market now include Freightliner (UK) and DB Schenker (Germany), Europe's largest rail freight operator.

Freight charges are determined by competitive open tender between independent rail freight operators, ensuring competitive freight rates. Based on the analysis of rail freight charges for coal over the last few years in Poland, and specifically in the Upper Silesian region, charges are ~USc2.0-2.5 / km for distance >100 km and ~USc5.0-6.0 for < 100 km, with actual prices being route and carrier specific.

ENVIRONMENTAL & SOCIAL IMPACT ASSESSMENT

The development of the Debiensko mine involves underground mining works and the construction of new surface supporting facilities developed on an existing industrial mine site. Extensive and various studies covering land use, waste management, noise, habitat, water and air pollution have been conducted since 2007 and were incorporated into a Polish compliant Environment Impact Assesment ("EIA"). The approval of this EIA resulted in the award of mining concession in 2008. A new and revised Environmental Consent was granted in July 2015, modifying some aspects of the previous consent facilitating a more flexible and efficient mine plan. Accordingly, Debiensko is a fully permitted "development-ready" project with an initial mining license issued for 50 years.

The new proposed mine facility is to be developed on an area previously utilised for over 100 years for mining. Debiensko has benefited from baseline data for the region which represent actual mining conditions. The location contains old buildings and equipment associated with the closed mine. Refurbishment of the current infrastructure is planned where practical, alongside construction of new buildings to minimise the impacts of the development. As a result, the development will not encroach on greenfield land or result in further visual intrusion. The new mine will also make use of existing road and rail services that connect with this industrial area where the former Debiensko mine used to operate.

Social impact studies previously undertaken assessed the project as positive due to employment prospects and economic benefits to the community. Debiensko will be the key economic driver of the municipality for decades and will be the heart of a community that fully accepts and is supportive of the planned mine.

ECONOMIC BENEFITS STUDY

The Debiensko mine is located in the the urban-rural municipality of Czerwionka-Leszczyny, part of the Silesian Voivodship, Rybnik district. The municipality is inhabited by 40,647 citizens, who represent approximately 54% of the Rybnik district population. The area of the Commune is 114.6 km² and population density is 367 people / km². The seat of the municipality is the town of Czerwionka-Leszczyny. The former Debiensko mine had operated from 1898 to the year 2000 when it was closed by the Polish government following the last major round of mine restructuring in Poland. There remains considerable potential resources of hard coking coal at the Debiensko mine. Up until the year 2000 the Debiensko mine was largest local employer.

Following mine closure, 2,400 local jobs were lost, which was reflected in an increase in the unemployment rate in the municipality. As a consequence, the depopulation of the municipality has occured. In the period 1999-2001 the number of inhabitants in the municipality fell by approximately 400 people. Moreover, since 2000 the balance of migration in the municipality recorded negative values. A significant increase in the number of families using various forms of social aid funded by the municipality was observed. Furthermore, municipality budget revenues decreased significantly.

Prairie intends to follow internationally accepted standards of corporate social responsibility in redeveloping and operating the Debiensko mine. For example Prairie runs a support program for the local school located in Czerwionka-Leszczyny.

Redevelopment of the Debiensko mine has the potential to:

- Positively impact the Czerwionka-Leszczyny Municipality budget, with enhanced revenues stemming from public payments related to mine operational activities will lead to a decrease in unemployment. After restarting the mine, there will be up to 1,500 new workplaces for the local citizens. Priority in terms of employment will belong to young people from the area of Czerwionka-Leszczyny.
- The employees' income will translate into increased demand for services provided by local entities, which in turn increases their revenues and creates additional indirect employment. As a result of realizing the investment, it should be expected that the consumer market in the Municipality of Czerwionka-Leszczyny will improve and stabilize.

- Additional expected economic benefits include; development and improvement of local infrastructure, reduction of social costs associated with unemployment and an increase local real-estate values

FISCAL REGIME & PROJECT PERMITTING

Poland has a highly favourable fiscal regime for coal mining. Polish concession activities are predominantly regulated by Poland's MoE under the provisions of the Act of 9 June 2011 Geological and Mining Law. Current legislation provides for the following key terms:

- Corporate tax rate: 19%;
- Royalty on Coal Revenues: assessed at up to PLN2.8 (US$0.70) per tonne for Debiensko;
- An annual contribution to a mine decommissioning fund equivalent to 3% of the annual depreciation and amortisation value of the fixed assets of the mining plant;
- No requirement for Government equity participation.
- The Debiensko mine is a fully permitted and under Polish mining law is considered a fully fledged mining operation.

The Debiensko mine was originally opened in 1898 and was operated by various Polish mining companies until 2000 when mining operations were terminated due to a major government lead restructuring of the coal sector caused by a downturn in global coal prices. In early 2006 NWR acquired Debiensko and commenced planning for Debiensko to comply with Polish mining standards, with the aim of accessing and mining hard coking coal seams. In 2007, the MoE of Poland approved the Group's development plan and in 2008 granted NWR a 50 year mine license for Debiensko. All environmental consents are in place, with the EIA conducted and approved according to Polish domestic standards.

With existing site facilities and necessary infrastructure including power, water, rail and road in addition to the mining concession, environmental consent and local planning all being in place, Debiensko is considered by Prairie to be "development-ready". Since, under Polish Law, Debiensko is designated as a fully fledged mining operation, Prairie retains the employment of key statutory officials required under Polish mining law, including a dedicated mine manager and chief engineer, amongst other statutory positions.

Prairie recently applied to the MoE for an amendment of the Debiensko mining concession to extend the start date of commencement of mining operations from beyond 2018 to 2025, and therefore facilitating Prairie's forward work program aimed at defining a "bankable" project at Debiensko according to international standards. Prairie expects such approval in due course and to commence infill drilling and the next stage of technical/ economic studies.

NEXT STEPS

The Study is a preliminary project phase completed to a level of acuracy of ± 30%. The ultimate goal is to complete a Definitive Feasibility Study ("DFS") to a level of accuracy of ± 10 to 15%, which by international standards should be of sufficient detail for project development financers to base an investment decision (a so called "Bankable Feasibility Study").

Prairie will commence an infill drilling program of up to six (6) boreholes during 2017. This will enable further delineation of measured and indicated resources to support the next stage of project studies, as well as provide comprehensive coking coal quality analysis for more detailed marketing studies to support offtake negotiations. Prior to commencing the next stage of technical/ economic studies, the Company will conduct additional optimisation and trade off studies to determine optimum mine development alternatives and project configuration. Further analysis will include mine access, mine scheduling, workforce optimisation, project infrastructure and dewatering.

Prairie will also continue to build the Debiensko project team focusing on highly skilled coal professionals with expertise in developing large scale and highly efficient modern longwall coal mining operations. The majority of longwall coal mines currently operating in Poland today were designed in the 1970's, with the most recent greenfield mines commissioned in the mid 1980's. Prairie aims to set new benchmarks in the Polish coal industry for developing modern, low cost, high productivity longwall operations incorporating international best practice and proven technology currently in use within the global coal mining industry.

NET PRESENT VALUE

The (ungeared) pre-tax Net Present Value ("NPV") is US$1.503 billion at an 8% discount rate (real), and the (ungeared) IRR is 27.2%. Debiensko is expected to exhibit levels of profitability that would contribute value to Prairie shareholders.

Table 13: Debiensko Net Present Value

	NPV (8% real, ungeared)	IRR
Pre-Tax	US$1.503 billion	27.2%
Post-Tax*	US$1.158 billion	24.0%

**Current Polish corporate tax rate of 19% has been assumed*

SENSITIVITY ANALYSIS

Sensitivity of the (ungeared) pre and post tax NPV to changes in the key drivers of the Debiensko model are presented in Table 14 and Table 15 respectively.

Table 14: Debiensko Pre-Tax NPV Sensitivity Analysis

	Pre-Tax (ungeared) NPV at 8% discount rate (US$ billion)				
	-20%	-10%	Base Case	+10%	+20%
Coal Prices	0.89	1.19	1.50	1.81	2.12
Opex	1.70	1.60	1.50	1.40	1.30
Capex	1.59	1.55	1.50	1.46	1.41

Table 15: Debiensko Post-Tax NPV Sensitivity Analysis

	Post-Tax (ungeared) NPV at 8% discount rate (US$ billion)				
	-20%	-10%	Base Case	+10%	+20%
Coal Prices	0.66	0.91	1.16	1.41	1.66
Opex	1.32	1.24	1.16	1.08	1.00
Capex	1.25	1.20	1.16	1.11	1.07

STUDY CONSULTANTS

The Study is being managed by independent consultants Royal HaskoningDHV with further contributions from a range of industry consultants with specialist expertise in underground coal mine development. The Study Team has substantial practical, financial and management experience working in the international and Polish mining industries and markets, and comprises key participants as follows:

Table 16: Debiensko Hard Coking Coal Project Scoping Study Consultants

Consultant	Activity
Royal HaskoningDHV	Geology, Geotechnical and Hydrogeology Analysis, Mine Planning, Production & Development, Ventilation & Gas Management, Underground Operations, Financial Modelling & Cost Estimation, and Environmental & Social Appraisal
Dargo Associates	CHPP Design and Cost Estimation
Ryszard Ucieszynski (Associate)	Shaft Design and Cost Estimation
Delta Built Environment Consultants	Transport, Communication & Amenities, Mine Surface Infrastructure Design and Cost Estimation
CRU International	Market Price Forecasts and Logistics Cost Estimation
Deloitte Poland	Economic Benefits Study

The Study also considers information utilized in previous feasibility studies and assessments, technical works completed by NWR Karbonia, and official Polish geological documentation, as well as input from the Prairie team and associates.

Royal HaskoningDHV is an independent, international engineering and project management consultancy. The company has over 135 years' experience, providing expertise in the fields of aviation, buildings, energy, industry, infrastructure, maritime, mining, transport, urban and rural planning and water. As a multidisciplinary firm Royal HaskoningDHV employs approximately 7,000 staff in 100 offices over 35 countries and has a turnover in excess of €700 million.

The global mining team has core offices in London, Johannesburg, and Jakarta, and has an established reputation providing quality advisory services to the mining industry; from feasibility studies and mine optimisation to due diligence.

MODIFYING FACTORS SUMMARY

The Modifying Factors included in the JORC Code have been assessed as part of the Study, including mining, processing, infrastructure, economic, marketing, legal, environmental, social and government factors. The Company has received advice from appropriate experts when assessing each Modifying Factor.

A summary assessment of each relevant Modifying Factor is provided below. The Company has taken relevant advice in relation to the relevant Modifying Factors.

Mining and Processing *– refer to sections entitled 'Mining Method', 'Mine Plan', 'Coal Seam Access', 'Underground Operations', 'Mine Design' and ''Coal Handling and Processing Plant' in the Announcement.*

The Company has engaged Royal HaskoningDHV, an independent consultant with expertise in deep coal mining in Poland, the UK and Kazakhstan, to complete and manage the Study which includes identification of the mining method and processing assumptions for Debiensko.

As disclosed in this Announcement, the Study anticipated that access to the coal seams will be via two shafts. One existing shaft (No I) will be reopened and deepened and the other will be a new shaft (No VIII) sunk to a terminal working horizon of 1,250 m (depth 1,310 m). The shafts would be 7.5 m and 9 m diameter respectively. Coal would be wound in the No I shaft and men and materials wound in the No VIII shaft. The shafts would be connected at the 850 m horizon where the main pit bottom infrastructure would be sited. Coal would be wound from this production level. Insets would also be constructed at 1,050 m and 1,250 m levels in the No VIII shaft to provide ventilation and access to seams as the mine is developed. These represent normal operating depths for the mines in the Upper Silesian region of Poland, and mines currently operating adjacent to Debiensko today.

The Study plans to mine coal from the 401/1, 403/1, 404/9 and 405 seams during a planned 26 years production life. A number of other seams would be available for extraction that would extend the life of the mine well beyond this period.

Main development roadways would initially be driven in rock to access the coal seams. From which two gate road developments would be driven in-seam for each longwall face. All roadways would be supported on steel arches. The faces would employ modern, conventional longwall technology and proven equipment as used successfully worldwide and within Poland. The two longwall faces would target a production of 2.6 Mtpa of hard coking coal, in addition, a small middlings fraction would also be produced, that will be sold into the power generation sector.

Underground access and development to first production would be some 4.5 years with full production being achieved at year 5 from start of shaft sinking.

As discussed above, Debiensko's mining and processing method was developed by Royal HaskoningDHV who are experts in deep coal mining in Europe and Poland, and who are well experienced from having worked on similar projects. Debiensko borders with Knurow-Szczyglowice Mine to the north and west, Budryk Mine to the North-East and the Boleslaw Śmiały Mine to the East. The Budryk Mine has demonstrated that it is able to achieve high productivity rates from its underground longwall faces. They have historically achieved annualised ROM production rates from 4.2 Mtpa to 4.6 Mtpa between 2010 and 2015 (GlobalData[2] 2017).

Estimated results of the Study indicate that the more conservative annualised production rates are readily achievable for Debiensko given similar geological and mining conditions across the concession. The Production Target referred to in this announcement is based on 64% Indicated Resources and 36% Inferred Resources for the mine life covered under the Study. In accordance with the 26 year mine plan incorporated into the Study, the first 14 years of production will come exclusively from Indicated Resources.

Infrastructure *– refer to section entitled 'Mine Surface Infrastructure' and 'Coal Seam Access' in the Announcement.*

As Debiensko was an operating mine until 2000 when mining operations were terminated due to a major government lead restructuring of the coal sector, Debiensko already has existing site facilities and necessary infrastructure including power, water, rail and road. Debiensko was also previously connected to the main Polish rail network and a currently inactive railway siding is still in place and in sound condition. Poland is served by ~23,420 km of railway tracks using standard international gauge, and provides rail connections to major regional end users of coking coal and for export. Further, asphalt roads surround and connect the Debiensko site to the major road network.

With a well-established rail network providing ease of transport to end users based in close proximity to Debiensko, Prairie is likely to benefit from a significant pricing "netback" advantage over USA and Australian imported hard coking coal.

[2] Global Data Mining Intelligence, 2017

Transport cost estimates were provided by CRU. CRU are independent coal market and freight specialists who have expertise in mining and metals. They provide independent and proprietary advice to the world's leading mining companies, governments and banks on all techno-economic and commercial aspects of the industry, ranging from mine to market. Further data was provided on rail freight capacity and costs were provided by independent Polish experts. The Marketing Study conducted by CRU was announced to the ASX by Prairie on 8 March 2017 entitled, '*Marketing Study Confirms Large Price and Cost Advantages for Debiensko's Premium Hard Coking Coal*'.

Marketing *– refer to sections entitled 'Netback Pricing Advantage & Marketing Strategy' and 'Marketing Strategy' in the Announcement.*

As discussed in the section above, independent market forecasts and assessments were provided by experts CRU. The assessment of local and regional markets indicates that various markets in the EU and particularly the regional area surrounding Debiensko including wider Poland, Czech Republic, Slovakia, Hungary, Austria and Germany would absorb the planned production output of the Project.

Debiensko's strategically competitive location means that about half of Central Europe's coking plants and steelmaking capacity is within 250 km of Debiensko and connected by existing road and rail infrastructure.

Prairie intends to utilise the existing rail network to transport its premium hard coking coal to regional steel mills and coking plants, where coking coal demand of 15 Mtpa has been identified by CRU. A further independent study prepared by Politechnika Śląska (Silesian Technical University) for the Debiensko mine confirms available rail capacity of 4 Mtpa on specific routes to be utilised for delivery to European steelmakers.

Furthermore, the European industry relies on imports for approximately 85% of its coking coal needs, and with the price rise of more than 150% for hard coking coal experienced 2016, security of supply is a growing concern.

In 2010 and 2014, the EC carried out a criticality assessment at EU level to identify "Critical Raw Materials" based on:

- Economic importance – the proportion of each material associated with industrial megasectors such as construction, combined with its gross value added to EU GDP to define the overall economic importance of a material; and
- Supply risk – based on accountability, political stability, regulatory quality etc.

The EC concluded that coking coal is a critical raw material for Europe with its economic importance to the continent only surpassed by tungsten and vanadium.

In 2016 Europe consumed over 75 Mt of coking coal, of which over 47 Mt was hard coking coal. Europe relies heavily on imports of coking coal primarily from Australia, North America and Russia. Poland (11.9Mt), Czech Rep. (3.5Mt), Germany (0.5 Mt), and Turkey (0.5 Mt) were the only European producers, however their domestic production is in rapid decline. In 2016, over 64 Mt (i.e. 85%) of total European coking coal consumption was imported, including over 40 Mt of hard coking coal and 10 Mt of semi-soft coking coal.

CRU has also:

- Provided the long term benchmark hard coking coal price assumed for the Study is USD142/t FOB Australia (in US$ 2017 Real terms) with an additional USD15/t "netback" due to lower delivery cost of Debiensko product to regional customers; and
- Confirmed that there is a reasonable expectation that the Company will be able to execute off-take agreements with customers in the future.

Prairie has also had initial discussions with local and international coal and steel industry participants, who have indicated substantive interest in a new and stable supplier of coking coal from within Europe, given the level of coking coal currently imported to the EU and the potential cost savings discussed above for end users of locally sourced product.

Economic *– also refer to sections entitled 'Costs Summary', 'Net Present Value' and 'Sensitivity Analysis' in the Announcement.*

A detailed financial model and discounted cash flow ("DCF") analysis has been prepared in order to demonstrate the economic viability of Debiensko. The financial model and DCF were modelled with conservative inputs to provide management with a baseline valuation of Debiensko. Sensitivity analysis was performed on all key assumptions used. Key inputs and assumptions are outlined in Table 17 to allow analysts and investors to calculate project valuations based on their own revenue assumptions.

The Production Target referred to in the Study is based on 64% Indicated Resources and 36% Inferred Resources for the mine life covered under the study. Furthermore, under the mine plan schedule the first 14 years of production will be based exclusively on Indicated Resources, with Indicated resources only being exhausted by year 19 of a 26 year mine life. As a result Debiensko's economic viability is not dependent on Inferred Resources.

The Company engaged the services of a specialist equity capital markets and advisory firm, Tamesis Partners ("Tamesis") who are specialists in the mining sector and based in London. Tamesis is well regarded as a specialist capital markets service provider with over 30 years' experience in mining finance who has raised project development funding (including, equity and hybrid instruments and strategic capital/partners) for companies across a range of commodities in the mining sector. Prior to founding Tamesis the partners played a central role in the expansion of GMP Securities Europe LLP ("GMP"); together working on more than 65 mining transactions led by GMP over a five year period, including over 50 equity financings totalling over US$2.0 billion, five debt financings totalling over US$1.2 billion and more than ten M&A advisory and strategic investment transactions totalling over US$500 million. Following the assessment of a number of key criteria, Tamesis has confirmed in writing that provided a DFS arrives at a result not materially worse than the Study, the Company should be able to raise sufficient funding to develop Debiensko.

The Company also engaged the services of a London based, funding and debt advisory mining boutique consultancy which specialises in the resources sector, Terrafranca Advisory Limited ("Terrafranca"). The consultancy is well regarded as a specialist capital markets and mining debt finance consultancy who has been involved in recent transactions for project development funding (including debt, equity, royalty financing and hybrid instruments) for companies in the resources sector across a range of commodities. Following a comprehensive finance sounding exercise to a number of European banks and funds, feedback received was that Debiensko, largely due to its potential for low operating cost, forms a viable debt financing case. It is envisaged that multi-tranche senior project financing can be appropriately structured and executed, and there should be sufficient market appetite for such a transaction, especially given inclusion of coking coal in the EU list of Critical Raw Materials as discussed above in the Marketing section. Terrafranca has and continues to be highly involved in the international debt and royalty financing for major development projects around the world.

The assessment of various funding alternatives available to the Company was also made based on precedent transactions that have occurred in the mining industry, including an assessment of alternatives available to companies that operate in industrial and specialty minerals sector. The assessment indicates that financing for mining companies often involves a broader mix of funding sources rather than just traditional debt and equity, and the potential funding alternatives available to the Company including, but not limited to are: funding from regional development banks; royalty financing; mezzanine finance; prepaid off-take agreements; equity; joint venture participates; strategic partners/investors at project or company; senior secured debt/project finance; secondary secured debt; and equipment leasing. It is important to note that no funding arrangements have yet been put in place, as these discussions will usually commence upon completion of further feasibility studies with results not worse than this Study. The composition of the funding arrangements ultimately put in place may also vary, so it is not possible at this stage to provide any further information about the composition of potential funding arrangement. However the Company has commenced initial discussion with a number of European financing institutions regarding the financing of Debiensko but as at the date of this release, no agreements have been concluded.

Since the acquisition of Debiensko only five months ago in October 2016, the Company has completed its maiden CRE plus it has received results from a fully cored borehole which confirmed that Debiensko hosts a range of premium quality hard coking coal. Over this short period, the Company's fully diluted[3] market capitalisation has increased to over A$106m. As discussed below, Debiensko is in a favourable position of being fully permitted with a 50 year mining licence and having been a previously operational mine, benefits from significant historical capital investment in on-site facilities, existing rail-siding near to site and existing shaft infrastructure. Going forward, the Company intends to complete a number of future development activities at Debiensko including but not limited to a focused in-fill drill program to increase JORC Measured and Indicated Resources and to deliver a re-engineered mine plan to produce a feasibility study to international standards with a focus on near term production. As advised by Tamesis, the completion of these future key project development activities at Debiensko is likely to increase the Company's share price and market capitalisation as they represent key development and de-risking events. This share price appreciation and the resulting increase in market capitalisation reduces the dilution from further equity financings and allows larger funding scenarios, improving the potential ability of the Company to finance Debiensko into production in the future.

In September 2015, the Company completed an investment agreement with CD Capital to raise up to $83 million with CD Capital committing to being a key strategic funding partner of the Company. As part of the investment agreement, CD Capital secured a priority right to invest A$55 million in the future funding required by the Company which provides a solid platform for the Company to progress with project financing and development of Debiensko. CD Capital currently manages three private equity investment funds with assets under management of US$600 million and has also provided the Company with a letter of financial support to advance Debiensko in their capacity as a cornerstone investor.

Prairie has a high quality Board and management team comprising highly respected resource executives with extensive finance, commercial and capital markets experience. The Company's Chairman has previously raised more than A$600m from capital markets for a number of exploration and development companies while Messrs Tom Todd (non-executive director) and Todd Hannigan (alternate director) raised A$855 million debt and A$1.1 billion equity to acquire and fund the Maules Creek coal project in Australia through to production.

The Company's CEO, Mr Ben Stoikovich and Corporate Development Officer, Mr Sapan Ghai were both formerly investment bankers at a leading investment bank who raised substantial development capital for mining projects around the world. Mr Stoikovich has extensive experience in debt and off-take financing and mergers and acquisitions while Mr Ghai's expertise lies in equity financing and mergers and acquisitions.

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[3] The Company's fully diluted market capitalisation at the time of this release equals 227 million shares (which includes all outstanding shares and unlisted options on issue, as well as the conversion of the CD Capital Convertible Notes and exercise of the CD Capital Options - refer to announcement released on 20 July 2015 for further details) multiplied by the closing share price of A$0.47 on 14 March 2017. Prior to announcing the acquisition of Debiensko on 10 October 2016, the Company's share price closed at $0.22.

Sitting on the board of Prairie's Polish subsidiaries is Mr Miroslaw Taras who has worked in mining for more than 30 years, commencing as an underground coal mine operator and rising to the rank of Chairman of the Management Board of LWB Bogdanka where he successfully oversaw the privatisation of Bogdanka by way of an Initial Public Offering on the WSE, including a US$160m fundraise to develop two new shafts.

Environmental *– refer to section entitled 'Environmental & Social Impact Assessment' in the Announcement.*

In 2007, the Polish MoE approved the Debiensko's development plan and in 2008 granted Debiensko with a 50-year mine license. The mine licence also incorporates an approved Environmental Consent Decision made in 2008 which is necessary to commence mining at Debiensko. An amendment to the existing Environmental Consent was granted in July 2015; as a result, the Debiensko Mine is already fully permitted to comply with applicable environmental requirements and "development-ready".

The scope of the environmental studies conducted at Debiensko were designed to meet Polish environment standards meaning the Environmental Consent is compliant with the Equator principals as required of Equator Principles Financial Institutions to support the future financing of Debiensko.

Social, Legal and Governmental *– refer to sections entitled 'Permitting and Fiscal Regime' and 'Environmental & Social Impact Assessment' in the Announcement.*

As discussed above, Debiensko is fully permitted with the Polish MoE having already granted Debiensko with a 50 year mine licence and approved Environmental Consent Decision making it development and mine ready. Debiensko also has established on-site facilities including rail, road and power infrastructure when significant historical capital investment was made by the previous owners.

As a result, the Company has received all the necessary mining, environmental and government approvals required to commence development and mining operations at Debiensko.

There is strong local community and political support for the project in an area that has suffered from high unemployment from previous mine closures in the surrounding areas. Debiensko will be the key economic driver of the municipality for decades and will be the heart of a community that fully accepts and is supportive of the planned mine.

The Company has recently applied to the MoE for an amendment of the Debiensko mining concession to extend the start date of commencement of mining operations from beyond 2018 to 2025. Based on advice received to date, the Company expects that the amendment of the mining concession will be granted.

Material Assumptions

The Production Target contained in this announcement, and the forecast financial information derived from the Production Target contained in this announcement, are based on the material assumptions contained within this announcement which are summarised below:

Table 17: Material Assumption Estimations	
Maximum Accuracy Variation	±30%
Minimum LOM	26 years
Mining Method	Underground Longwall
Average Seam Thickness	401/1 = 1.5 m 403/1 = 1.48 m 404/9 = 2.6 m 405 = 3.16 m
Average Mining Height	401/1 = 1.8 m 403/1 = 1.8 m 404/9 = 3.0 m 405 = 3.7 m
Production Days per Year	300
Longwall Production rate Productivity	Up to 4.2 Mtpa (2 x longwalls in operation)
Longwall Retreat Rate	6 - 8 m/day
Development Rate – Coal	12 m/day
Development Rate – Rock	5 m/day
Steady State Average ROM Coal Production	4 Mtpa
Capacity CHPP	750 raw tonnes per hour
Utilisation CHPP	90%
Average Effective Project Yield	Life of Mine – 67.8%, Steady State – 67.9%
Processing Method	Dense Media Plant
Average Steady State Saleable Coal Production (tonnes)	2.69 Mtpa (2.56 Mtpa Hard Coking Coal, 0.135 Mtpa Middlings)
Average Direct Mining Costs (Steady State)	US$37.09 per tonne saleable coal
Average CHPP, Waste Management & Logistics Costs (Steady State)	US$4.64 per tonne saleable coal
Average SG&A and Mine Closure Fund Costs (Steady State)	US$4.44 per tonne saleable coal
Royalty	US$0.70 (PLN2.8) per tonne saleable coal
Average Total Cash Operating Cost (Steady State)	US$46.86 per tonne saleable coal
Initial Capital Costs to First Production	US$424.7million
Contingency (approximately 15%), EPCM and owners costs (to First Production)	US$79.4million
Average Sustaining Capital Cost (Steady State)	US$$6.96 per tonne saleable coal
Leased Equipment - Operating Lease	Costs included in Average Direct Mining Costs
Leased Equipment - Interest Rate (Real)	7.0% per annum
Leased Equipment - Term	8 years
Leased Equipment - Residual Value	20% of Capital Cost
Poland Corporate Tax Rate	19%

Table 17: Material Assumption Estimations			
Assumed PLN: USD Exchange Rate (LoM)		4.0:1.0	
Discount Rate		8% (real, unlevered)	
	Average Volume (Steady State)	**Long Term FOB Benchmark Price (Real)**	**Long Term FOR Received Price – with Netback (Real)**
Hard- Coking Coal	2.56 Mtpa	US$142/t	US$157/t
Middlings (Thermal)	135 ktpa	---	US$45/t

Mine rehabilitation and closure costs have been included in the cost estimates for this study.

CORPORATE

As part of an incentive to key employees and consultants of the Company, Prairie will grant the following incentive options in order to attract and retain their services and to provide an incentive linked to the performance of the Company:

- 200,000 incentive options exercisable at A$0.50 each on or before 31 March 2020, vesting after 6 months of service or a change in control of control in the Company occurring;
- 400,000 incentive options exercisable at A$0.60 each on or before 31 March 2020, vesting after 12 months of service or a change in control of control in the Company occurring; and
- 700,000 incentive options exercisable at A$0.80 each on or before 31 March 2020, vesting after 18 months of service or a change in control of control in the Company occurring.

Further Important Information for this Announcement

This Study has been prepared and reported in accordance with the requirements of the JORC Code (2012) and relevant ASX Listing Rules.

The Study has been prepared to an accuracy level of ±30%. The primary purpose of the Study is to establish whether or not to proceed to the next stage of feasibility studies. The Study results should not be considered a profit forecast or production forecast. As defined by the JORC Code, a “Scoping Study is an order of magnitude technical and economic study of the potential viability of Mineral Resources. It includes appropriate assessments of realistic assumed Modifying Factors together with any other relevant operational factors that are necessary to demonstrate at the time of reporting that progress to a Pre-Feasibility Study can be justified.”

The Modifying Factors included in the JORC Code have been assessed as part of the Study, including mining, processing, infrastructure, economic, marketing, legal, environmental, social and government factors. The Company has received advice from appropriate experts when assessing each Modifying Factor.

Following an assessment of the results of the Study, the Company has formed the view that the next stage of feasibility studies is justified for Debiensko. Feasibility Studies will provide the Company with far more comprehensive assessment of a range of options for the technical and economic viability of Debiensko which by international standards should be sufficient detail for project development financers to base an investment decision.

The Company has concluded it has a reasonable basis for providing any of the forward looking statements included in this announcement and believes that it has a reasonable basis to expect that the Company will be able to fund its stated objective of completing feasibility studies for Debiensko. All material assumptions on which the forecast financial information is based are set out in this announcement.

This release contains 'forward-looking information' that is based on the Company's expectations, estimates and projections as of the date on which the statements were made. This forward-looking information includes, among other things, statements with respect to pre-feasibility and definitive feasibility studies, the Company's business strategy, plans, development, objectives, performance, outlook, growth, cash flow, projections, targets and expectations, mineral reserves and resources, results of exploration and related expenses. Generally, this forward-looking information can be identified by the use of forward-looking terminology such as 'outlook', 'anticipate', 'project', 'target', 'potential', 'likely', 'believe', 'estimate', 'expect', 'intend', 'may', 'would', 'could', 'should', 'scheduled', 'will', 'plan', 'forecast', 'evolve' and similar expressions. Persons reading this news release are cautioned that such statements are only predictions, and that the Company's actual future results or performance may be materially different. Forward-looking information is subject to known and unknown risks, uncertainties and other factors that may cause the Company's actual results, level of activity, performance or achievements to be materially different from those expressed or implied by such forward-looking information. Forward-looking information is developed based on assumptions about such risks, uncertainties and other factors set out herein.

Competent Person Statements

The information in this announcement that relates to Mining, Coal Preparation, Infrastructure, Production Targets and Cost Estimation is based on, and fairly represents, information compiled or reviewed by Mr Maarten Velzeboer, a Competent Person, Member of the Institute of Materials, Minerals and Mining (MIMMM). Mr Velzeboer has worked in deep coal mines in New South Wales and Queensland in Australia and the Karaganda Coalfield in Kazakhstan. Mr Velzeboer has been engaged in a senior capacity in the design and development of proposed mines in Queensland, Australia, Botswana and Venezuela. Mr Velzeboer is employed by independent consultants Royal HaskoningDHV. Mr Velzeboer has sufficient experience that is relevant to the style of mineralisation 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'. Mr Velzeboer consents to the inclusion in the report of the matters based on their information in the form and context in which it appears.

The information in this announcement that relates to Exploration Results and Coal Resources was extracted from Prairie's ASX announcement dated 1 February 2017 entitled 'Maiden 301 Million Tonnes Hard Coking Coal Resource Confirmed At Debiensko' which is available to view on the company's website at www.pdz.com.au. The information in this announcement that relates to Exploration Results and Coal Resources is based on, and fairly represents information compiled or reviewed by Mr Jonathan O'Dell, a Competent Person who is a Member of The Australasian Institute of Mining and Metallurgy who is a consultant of the Company. Mr O'Dell has sufficient experience that 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'.

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 this announcement has not been materially modified from the original ASX announcement.