



Geotechnical Review Confirms Low Cost Longwall Mining Potential of the Lublin Coal Project

Highlights:

- **Desktop geotechnical review completed by Golder Associates confirms the potential for low cost longwall mining methods to be deployed at the Lublin Coal Project**
- **Highly favourable geology of the region can support modern international mining practices which are commonplace in Australian and USA coal mining operations**
- **Deployment of international mining practises, including advanced roof bolting technology, has the potential to reduce operating costs and improve safety standards for new mine developments in Poland**
- **Scoping Study will incorporate the results of this review into potential mine design options, and is on track for publication over the coming weeks**

Prairie Downs Metals Limited (“Prairie” or “the Company”) is pleased to announce that technical review completed by Golder Associates (UK) Ltd (“Golder”) has confirmed that the geology of Prairie’s Lublin Coal Project (“LCP” or “Project”) is potentially suitable for the deployment of modern, high productivity international mining methods which could significantly reduce operating costs and achieve high safety standards.

Prairie appointed Golder to complete a desktop review of the geology of the Lublin Coal Basin (“LCB”) to provide an initial evaluation of the suitability of roof bolting as a mine development option for the Project. The review indicated that the geology and mining conditions in the LCB compare favourably to deep mines in the UK, in which Golder technical personnel were previously involved in successfully implementing high productivity longwall mining methods in the late 1980’s and early 1990’s. Golder concluded that the LCP has the potential to support these high productivity mining techniques as are commonly practised in Australian, USA and deep UK coal mines.

Prairie’s CEO Mr Ben Stoikovich said: “The Golder review highlights the favourable geology and its amenability to modern high productivity longwall mining methods which further demonstrates the potential for a lowest quartile cost base at the Project. The results of this review will now be incorporated into proposed mine design alternatives in the Scoping Study, which is intended to showcase the world class potential for a new generation of coal mines in the Lublin Coal Basin with Prairie developing one of the most advanced and prospective regional exploration projects.”

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Geotechnical Review of the LCP

The Golder geotechnical review focused on delineating the potential for the deployment of roof bolting as a means of roof support in the development roadways of the proposed LCP. This system of roof support is standard practise in Australian, USA and deep UK underground coal mines. The advantage of modern mining techniques are lower operating and capital costs, higher productivity rates, lower manning levels within the mine and improved safety.

Preliminary indications are that implementation of modern roof bolting practice in Polish coal mining has the potential to significantly reduce both labour and material costs. Polish researcher, Nierobisz, in a paper published in 2011 estimates that the reduction in material cost alone from switching to modern roof bolting in Poland would be between 24% and 57% percent.

Roof bolting is already practiced in Polish coal mines, typically as a means of secondary roof support to supplement traditional steel arches, and is permitted under existing Polish coal mining regulations. Roof bolting as a primary means of roof support is already practised by Polish copper miner KGHM. Prairie will work with Polish and international geotechnical experts to formulate applicable support design during future study phases for the LCP. Roof bolts and chemical anchors are currently manufactured in Poland by Australian firm Orica, and they are widely available for purchase in-country.

Prairie is on track for the publication of a Scoping Study for the LCP over the coming weeks and, as part of the study, is examining mine design alternatives that include both modern international and traditional Polish mining practises. Further geotechnical work will continue during the pre-feasibility study phase.

About Golder

Golder is an employee owned, global organisation providing consulting, design, and construction services in specialist areas including Geotechnical Engineering. Golder was founded in 1960, and employs more than 8,000 people operating from 180 offices worldwide. Specifically in the UK, Dr Peter Altounyan, a partner at Golder, previously led a government sponsored initiative to introduce modern roof support mining techniques into the UK coal industry in order to improve the competitiveness of its mines during the privatisation of the coal sector in the late 1980's and early 1990's. The campaign was highly successful, and over this period, roadway drivage rates in British coal mines increased fourfold and overall productivity increased on a tonnes per man basis by a factor of over 16 times.

ABOUT THE LUBLIN COAL PROJECT

The Lublin Coal Project is a large scale thermal and semi-soft coking coal project with a current JORC Inferred Resource of 1.6 billion tonnes ("**Resource**") (refer to ASX Announcement 14 February 2013) across four coal exploration concessions in south eastern Poland. The Resource is based on the review and modelling of historic data over the Company's concessions, including the logs from 200 cored boreholes. Recent coal quality test work has demonstrated potential for semi-soft coking coal from the main 391 coal seam which hosts a current inferred resource of 327 million tonnes.

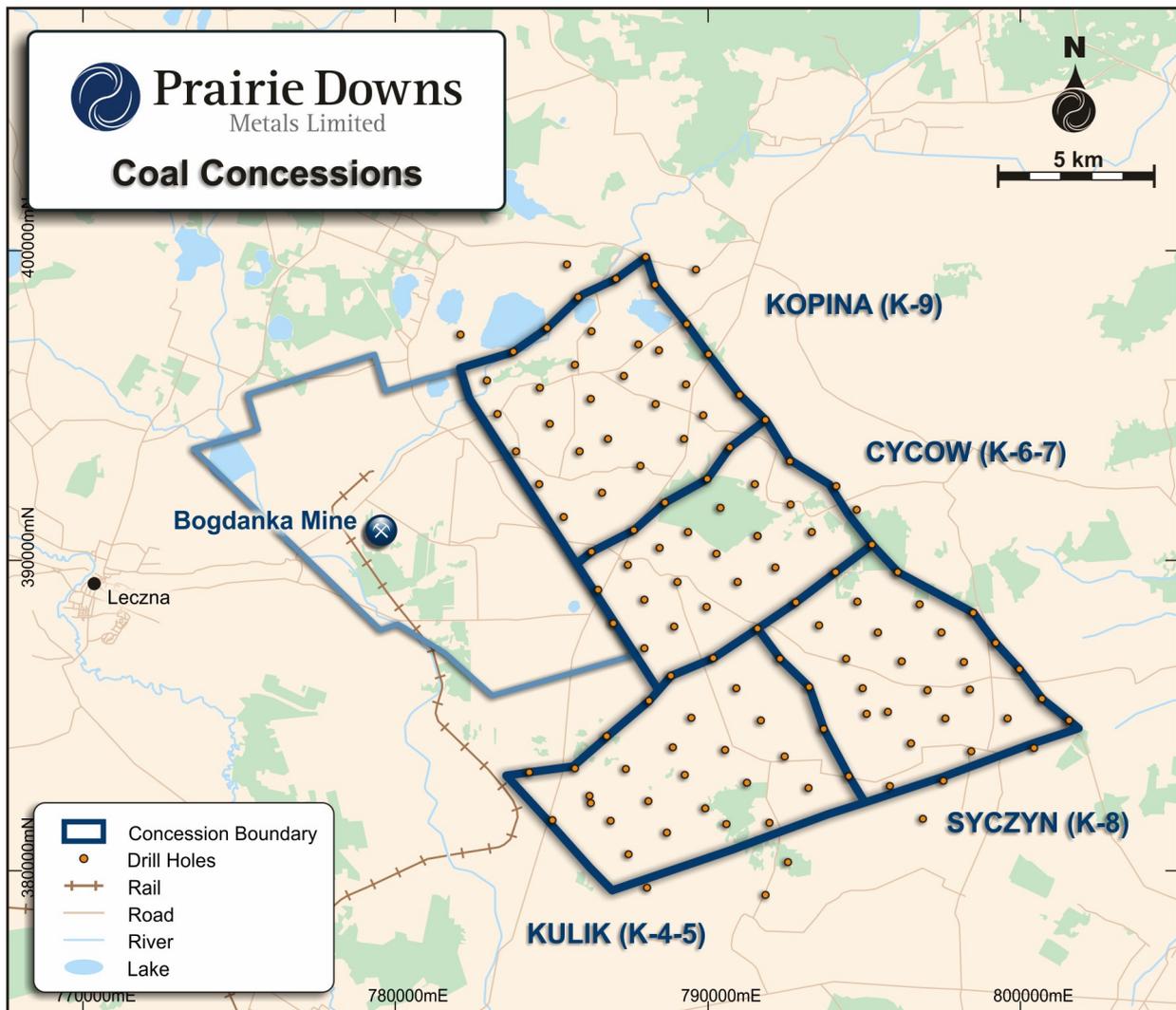


Figure 1: Lublin Coal Project Location Map in Poland

The Lublin Coal Basin is an established coal producing province and has extensive infrastructure, including roads, rail and power. The Project is situated adjacent to the Bogdanka coal mine which has been in commercial production since 1982. Bogdanka has successfully been able to demonstrate that the Lublin Coal Basin has the potential to host a new generation of large scale coal projects and has recently expanded its production levels to over 8 million tonnes per annum (targeting production of 11.5 million tonnes per annum by 2015) of thermal coal. The Lublin basin has ideal geological and mining conditions for high productivity longwall plow operations with world record production rates set by Bogdanka. As a result, the Bogdanka mine is currently the lowest operating cost hard coal mine in Europe. Preliminary analysis by the Prairie team indicates the potential to introduce international best practice in coal mine design and production technology to deliver substantial operational and product quality improvements.



Forward Looking Statements

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

Competent Person Statements

The information in this report that relates to Exploration Results and Mineral Resources was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported. Information in this announcement that relates to Mineral Resources is based on information compiled by Dr Richard Lowman (an employee of independent consultant Wardell Armstrong LLP which owns Wardell Armstrong Limited) who is a Fellow of the Geological Society of London. Dr Lowman has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person under the 2004 Edition of the Australasian Code for reporting of Exploration Results, Mineral Resources and Ore Reserves. Dr Lowman consents to the inclusion of the data in the form and context in which it appears.