



ASX RELEASE | 18 MARCH 2015

COAL EXPLORATION TARGET ESTIMATED FOR CONTIGUOUS COAL CONCESSION AT THE LUBLIN COAL PROJECT

HIGHLIGHTS:

- Coal Exploration Target has been estimated at Prairie's recently awarded Sawin-Zachód Concession, which is contiguous with the Lublin Coal Project
- The Coal Exploration Target was estimated on eight (8) potentially economic coal seams within the Concession area using a seam thickness cut-off of 1.2 metres
- Coal Exploration Target has the potential to increase the future mine life at the Lublin Coal Project
- Prairie will now look to undertake further exploration activities at Sawin-Zachód, including a limited drilling program and will consider the potential to integrate the concession into the development plan for the Lublin Coal Project
- Prairie is completing a Pre-Feasibility Study for the Lublin Coal Project which is on track for publication in mid-2015

Prairie Mining Limited ("Prairie" or "Company") is pleased announce that it has modelled a Coal Exploration Target ("Coal Exploration Target") of 90 - 130 Million tonnes (Mt) of potential high quality coal with in-situ quality estimated to range from 5,030 kcal/kg - 7,330 kcal/kg (net) with ash ranging from 6.5% - 12.7% on an Air Dried basis for its newly awarded coal exploration concession ("Concession") contiguous to the existing Lublin Coal Project ("LCP" or "Project") located in south eastern Poland. The new Concession, known as Sawin-Zachód, covers an area of 54 km² (Prairie's total concession area now covers over 235 km²) of prime ground within the Lublin Coal Basin and has the potential to increase Prairie's current coal resource plus increase the future mine life at the LCP. *The potential quantity and grade of the exploration targets are conceptual in nature and there has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource.*

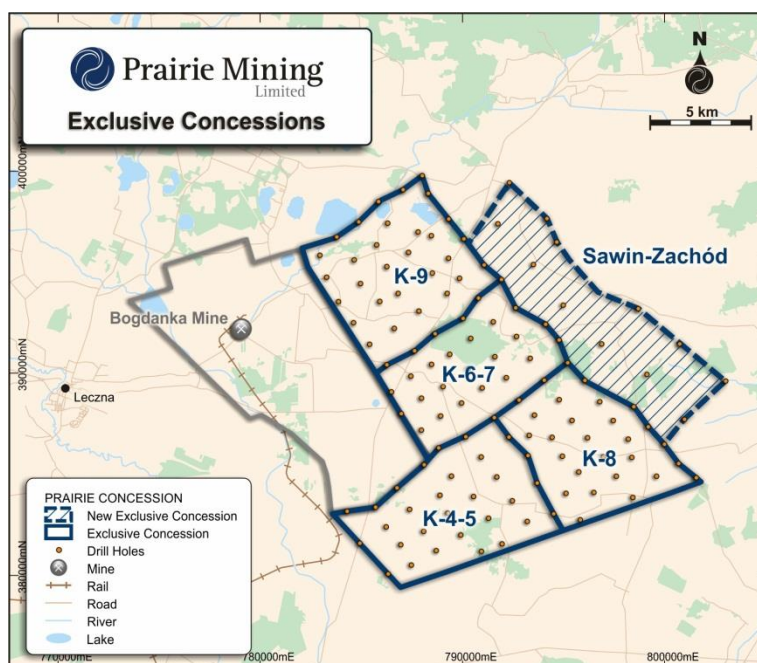


Figure 1: Prairie's Exclusive Concessions

Prairie's CEO Ben Stoikovich said "The Coal Exploration Target at Sawin-Zachód is significant because it confirms the potential for future contiguous resource growth at Prairie's LCP. Particularly pleasing is the fact that the largest component of the Coal Exploration Target is derived from the 389 coal seam which was a target coal seam in the mine plan of Prairie's Scoping Study for the LCP. We will now undertake further exploration activities at Sawin-Zachód including potential drilling and will consider how to integrate the concession into the development plan for the Lublin Coal Project."

Background and Historical Information

In February 2015, Prairie announced that it had been awarded the Sawin-Zachód Concession, contiguous to its LCP in the Lublin Coal Basin. The Company secured a 100% interest in the new Concession, held by Prairie's wholly-owned Polish subsidiary PD Co Sp z o.o.

The Concession area was subject to exploration activities undertaken by the Polish Government and its agencies during the 1970's and 1980's. These activities consisted of regional geological mapping and drilling programmes which demonstrated the region is highly prospective.

Within the Sawin-Zachód Concession area, a total of 22 cored boreholes were completed at 1,200 to 2,700 m line spacing.

The historical drilling programme identified more than 17 potentially recoverable coal seams within the Sawin-Zachód Concession with the potential to host significant coal resources.

Geological Setting

The Lublin Coalfield covers an area of about 9,100 km². The basin forms a regional peri-cratonic depression within the East-European Platform. The Coal Measures in Lublin coalfield are Upper Carboniferous (Westphalian) in age, and productive seams are reported to be contained in the Lublin Formation which represents alternating non-marine and marine sequence.

The Lublin Coal Basin produces bituminous coals, characterised by low ash and sulphur contents. Some parts of this coal basin also contain coals with coking properties

Within the licence areas coal bearing strata has been encountered in exploration boreholes from approximately 660 m bgl (below ground level) to depths of between 750 and 950 m bgl.

The Carboniferous (Westphalian) Coal Measures strata comprise a sequence of cyclothems consisting of coal seams, shales, mudstones, claystones, seatearths and some sandstone layers. There is a prominent marine band, the "Dunbarella Bed" which occurs below Seam 394 which is an important marker for seam nomenclature.

Jurassic carbonates uncomfortably overlie the Carboniferous (Westphalian) Coal Measures strata and are characterised with basal sandstones and mudrocks which may fill valleys in the Carboniferous strata. The upper parts of the Jurassic are predominantly of chalk, whereas the middle section, which is the thickest, comprises mainly of chalk with flints. The lower most section consist of sand and oolitic, dolomitic limestone.

Cretaceous strata are approximately 465 m to 550 m thick, are predominately limestones and conformably overlie the Jurassic strata. At the base of the Cretaceous lies a thin formation of "soft" sandstone and conglomerate, known as the Albian Sands.

Superficial deposits are reported to comprise mainly sand, with gravel and clays generally between 0 m and 30 m thick. These were deposited by a combination of glacial and peri-glacial processes during the Quaternary.

The Coal Measures within the Sawin-Zachód Concession lie on the northeast flank of the Bogdanka Syncline. Dips are generally low, in the order of 1 in 50 or less. The dip of the coal measures is greater than that of the overlying unconformity at the base of the Jurassic with the result that some seams sub-crop against the unconformity.

A small number of possible faults were interpreted from the historic data and included in the historical Polish deposit geological documentation.

Historic Drilling and Exploration Data

Having been awarded the Sawin-Zachód Concession, Prairie undertook a review of historic exploration information and data which included the following:

- Historic exploration data;
- Geological maps and documentation;
- Borehole logs;
- Selected geophysical logs;
- Lease area and borehole location maps;
- Resource plans for each seam;
- Resource summary tables and resources for each seam; and
- Coal Quality summaries for each seam.

The reviewed data was sourced predominantly from state geological institutes and mainly in the Lublin, Warsaw and Katowice areas. The review of this data indicated that drilling began in the area in 1975 with the latest drilling taking place in 1984. The majority of the drilling in the area took place during the 1970's. A total of 22 boreholes were reviewed.

Exploration Target Modelling

A three dimensional model was created using Minex software with coal seams from 369 to 397, a total of 28 seams, being modelled. The Minex database included collar location, total depth, seam intervals (accepted depth), seam samples and seam quality data. The model of gross seam thickness was then produced. The gross seam thickness and elevation model was created separately to the coal quality grids. The block and grid sizes used in the modelling were set at 100 m, with a range (distance whereby two points are no longer related) of 6,000 m. Inverse Distance Weighting techniques were used.

For the assessment of the Coal Exploration Target, coal within 100 m of the base of the Jurassic Strata was excluded. Coal in seams thinner than 1.2 m was also excluded.

The table below contains estimates of the Coal Exploration Target tonnages for the seams that have been assessed and for which there has been insufficient exploration to consider as resources at the present time. The figures therefore represent the potential which is dependent on further exploration and reviews of the area. Please note all tonnages below have been rounded.

Seam	Average thickness (m)*	Average parting thickness (m)*	Exploration Target Range (Mt)	
			80%	120%
375A	1.53	0.03	8	12
376	1.41	0.02	4	6
377A	1.68	0.10	17	23
380	1.50	0.14	13	18
382	1.45	0.03	4	6
389	1.91	0.11	33	47
394	1.41	0.21	8	12
397	1.31	0.01	4	6
Total			90	130

*Averages are arithmetic and are not weighted

In-situ coal qualities range from 5,030 kcal/kg to 7,330 kcal/kg (net) on an Air Dried basis.

Exploration and Development Work Program

In addition to the historical drilling campaigns in the Lublin Basin, Prairie has completed its own seven (7) hole core drilling program at its LCP, which is contiguous with the Sawin-Zachód Concession. Through Prairie's drilling and coal quality testing program, the Company has identified the potential for the region to host significant quantities of metallurgical coal as well as premium thermal coal.

Having estimated a Coal Exploration Target for the Sawin-Zachód Concession, the Company will now look to undertake geological mapping and core drilling.

Under the terms of the Concession with the MoE, Prairie is required to complete one (1) bore hole at a pre-determined location within the Concession area. The activities for this one borehole must commence before 31 December 2015. Prairie can also complete a further seven (7) holes at its sole discretion although this is not required under the work program for the Concession Agreement.

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ABOUT THE LUBLIN COAL PROJECT

The Lublin Coal Project is a large scale premium coal project with a current Coal Resource Estimate of 1.6 billion tonnes (“CRE”) across four coal concessions in south eastern Poland. The CRE is based on the review and modelling of historic data over the Company’s concessions, including the logs from 200 cored boreholes.

In April 2014 Prairie published the results of a Scoping Study for the Lublin Coal Project which confirmed the potential for a world class high margin metallurgical and premium coal operation (refer ASX announcement 28 April 2014). The Scoping Study assumed annual operating costs at US\$37 per tonne which would place the Project on the lowest position on the global cost curve for coal delivered into Europe.

The Project is located close to well established regional rail and port infrastructure with underutilised bulk cargo capacity for low transportation costs within Poland, to regional European markets by rail, and to the seaborne export market through underutilised ports in the north of Poland.

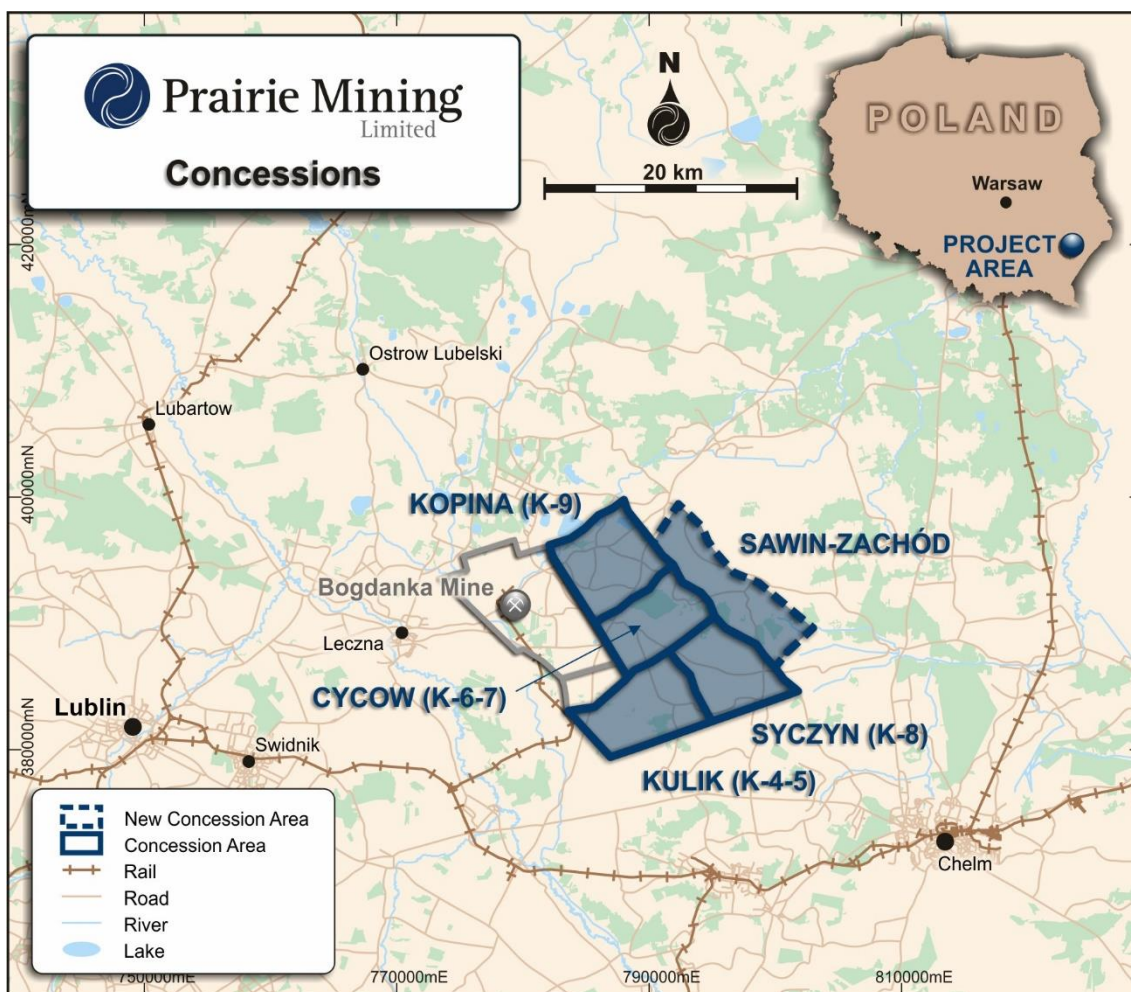


Figure 2: Lublin Coal Project Concessions

The Project is situated adjacent to the Bogdanka coal mine which has been in commercial production since 1982. Bogdanka has successfully demonstrated that the Lublin Coal Basin has the potential to host a new generation of large scale coal projects. The Lublin basin has ideal geological and mining conditions for high productivity longwall plow operations. As a result of these favourable conditions Bogdanka has previously achieved world record production rates and is currently the lowest operating cost hard coal mine in Europe. In FY2014 Bogdanka progressed its announced expansion program to increase nameplate production capacity to between 10.5 - 11.5 Mt per annum (depending on geological conditions). Bogdanka produced 9.2 Mt of saleable coal in 2014 and is targeting production of 9.3 to 9.5 Mt in 2015 with a focus on operational efficiency and cost reduction.

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.

The Company advises that the information relating to 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 information in this announcement that relates to Exploration Results, Coal Resources, Production Targets and the Scoping Study was extracted from Prairie's ASX announcements dated 23 September 2014 entitled 'Annual Report to shareholders', 28 April 2014 entitled 'Scoping Study Confirms Potential for World Class High Margin Met and Thermal Coal Project' and 13 March 2014 entitled 'Initial Washability Results Display Exceptionally High Yields' available to view on the company's website at www.pdz.com.au

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; b) all material assumptions and technical parameters underpinning the Coal Resource, Production Target, and related forecast financial information derived from the Production Target included in the original ASX announcements continue to apply and have not materially changed; and c) the form and context in which the relevant Competent Persons' findings are presented in this announcement have not been materially modified from the original ASX announcements.

Competent Person Statements

The information in this announcement that relates to Exploration Targets is based on information compiled or reviewed by Mr Jonathan O'Dell, a Competent Person who is a Member of The Australasian Institute of Mining and Metallurgy. Mr O'Dell is a full time 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'. Mr O'Dell consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in the original ASX announcements that related to Exploration Results and Coal Resources is based on information compiled or reviewed by Dr Richard Lowman, a Competent Person who is a Fellow of the Geological Society of London. Dr Lowman is employed by independent consultants Wardell Armstrong LLP which owns Wardell Armstrong Limited. Dr Lowman has sufficient experience 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'.

The information in the original ASX announcements that relates to Production Targets and the Scoping Study is based on information compiled or reviewed by Mr Robin Dean, a Competent Person who is a Member of the Institute of Materials, Minerals and Mining (UK). Mr Dean is employed by independent consultants Wardell Armstrong LLP which owns Wardell Armstrong Limited. Mr Dean has sufficient experience that is relevant to the type of mining operation 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'.

Lublin Coal Project - Coal Resource Estimate (based on net coal seam thickness)			
Coal Seam	Indicated (Mt)	Inferred (Mt)	Total (Mt)
391	137	177	314
389	20	84	104
Other Seams	-	1,141	1,141
Total – Project Area	157	1,402	1,559

Lublin Coal Project Coal Quality Statistics (Air Dried) of In-situ Indicated Coal Resources (based on gross coal seam thickness)		
Parameter	391 Seam	389 Seam
Ash %	9.37	17.61
Calorific Value GAD kcal/kg:(MJ/kg)	7,004 (29.33)	6,104 (25.56)
Sulphur %	1.27	1.25