



ASX RELEASE | 1 JULY 2015

## **PRAIRIE SECURES EXCLUSIVE RIGHT TO BE GRANTED A MINING CONCESSION FOR THE LUBLIN COAL PROJECT**

### **HIGHLIGHTS:**

- ***Prairie has secured the Exclusive Right to be granted a Mining Concession for the world class Lublin Coal Project***
- ***Prairie is now the only entity that can apply for a Mining Concession to develop the next lowest cost, multigenerational coal mine in Europe***
- ***Exclusive Right is valid for three years***
- ***Exclusive Right follows the formal approval by the Polish Government of the Company's updated Geological Documentation for the Project***
- ***Prairie will now commence work on the Mining Concession application which is expected to be submitted to the government during 2016***

Prairie Mining Limited ("Prairie" or "Company") is pleased to announce that it has secured the Exclusive Right to apply for, and consequently be granted, a Mining Concession for the Lublin Coal Project ("LCP" or "Project"). This follows the approval by Poland's Minister of Environment of Prairie's previously submitted Geological Documentation and is in accordance with the terms of the Polish Geological and Mining Law (2011) ("GML").

Prairie's LCP is a large scale premium coal project located directly adjacent to the Bogdanka mine in south eastern Poland, and has the potential to be the lowest cost producer globally for hard coal delivered into Europe.

As a result of its Geological Documentation being approved, Prairie is now the only entity that can lodge a Mining Concession application over the LCP within the next three (3) years. The Company is advancing technical and environmental feasibility programs for the LCP in accordance with standards of international best practice and intends to submit the Mining Concession application for the Project in 2016.

Commenting on securing the Exclusive Right at the Lublin Coal Project, Prairie's CEO Ben Stoikovich said: *"We are delighted with the approval by the Polish Government of our Geological Documentation which represents a major permitting milestone for the Company, triggering the Exclusive Right for Prairie to be granted a Mining Concession for the Lublin Coal Project. We are now the only entity that can be granted a Mining Concession for this multi-generational, low operating cost coal project which will provide Europe with a strategic, local and secure source of supply for the steel and energy industries. We are working to complete the pre-feasibility study for the Project during 2015 and also to complete the necessary components of a Mining Concession application which we expect to submit in 2016."*

### **For further information contact:**

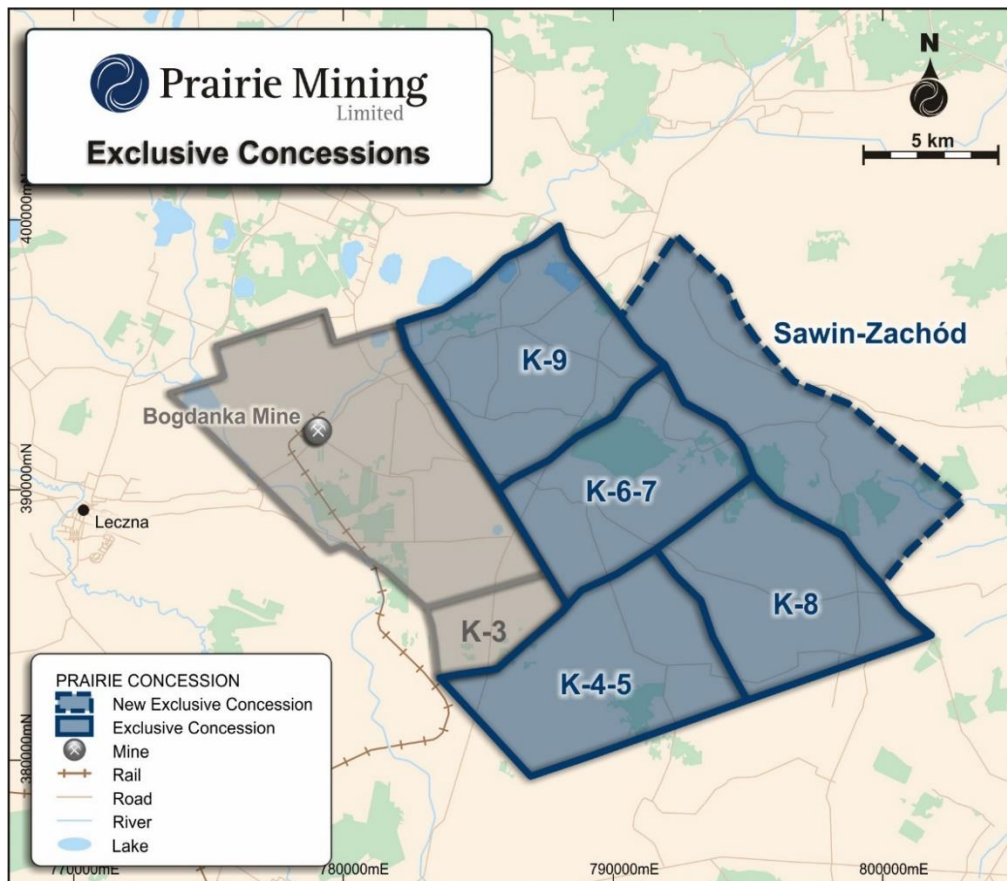
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## Progression from an Exploration to a Mining Concession

Prairie's LCP is situated in the Lublin Coal Basin adjacent to the Bogdanka coal mine which has been in commercial production since 1982. In 2012 Prairie was awarded, through its Polish subsidiary PD Co sp. z o.o. ("PD Co"), four exclusive Exploration Concessions namely K-4-5 (Kulik area), K-6-7 (Cyców area), K-8 (Syczyn area) and K-9 (Kopina area) that together comprise the Lublin Coal Project. In December 2014, Prairie was granted an additional coal Exploration Concession, contiguous to the Project, namely Sawin-Zachód ("Sawin"), which has the potential to increase the resource base and scale of the Lublin Coal Project in the future.



**Figure 1: Original Lublin Coal Project Location Plan**

In order to progress from an Exploration Concession to a Mining Concession under the GML, Prairie was required to complete an agreed work program over the concession areas which included the drilling of seven cored boreholes. Prairie, having successfully completed its work program well ahead of schedule, was then required to prepare a Polish standard resource report, known as "Geological Documentation", for submission to the Ministry of Environment ("MoE") for approval. Geological Documentation, once approved, triggers the Exclusive Right for the holder to apply for a Mining Concession for a three year period and also defines the boundaries of the resource within which mining may take place in the future.

Prairie's Geological Documentation was prepared by local Polish consultancy GEO-EKO-WIERT who have considerable expertise in the preparation of Mining Concession applications and regulatory reports in Poland.

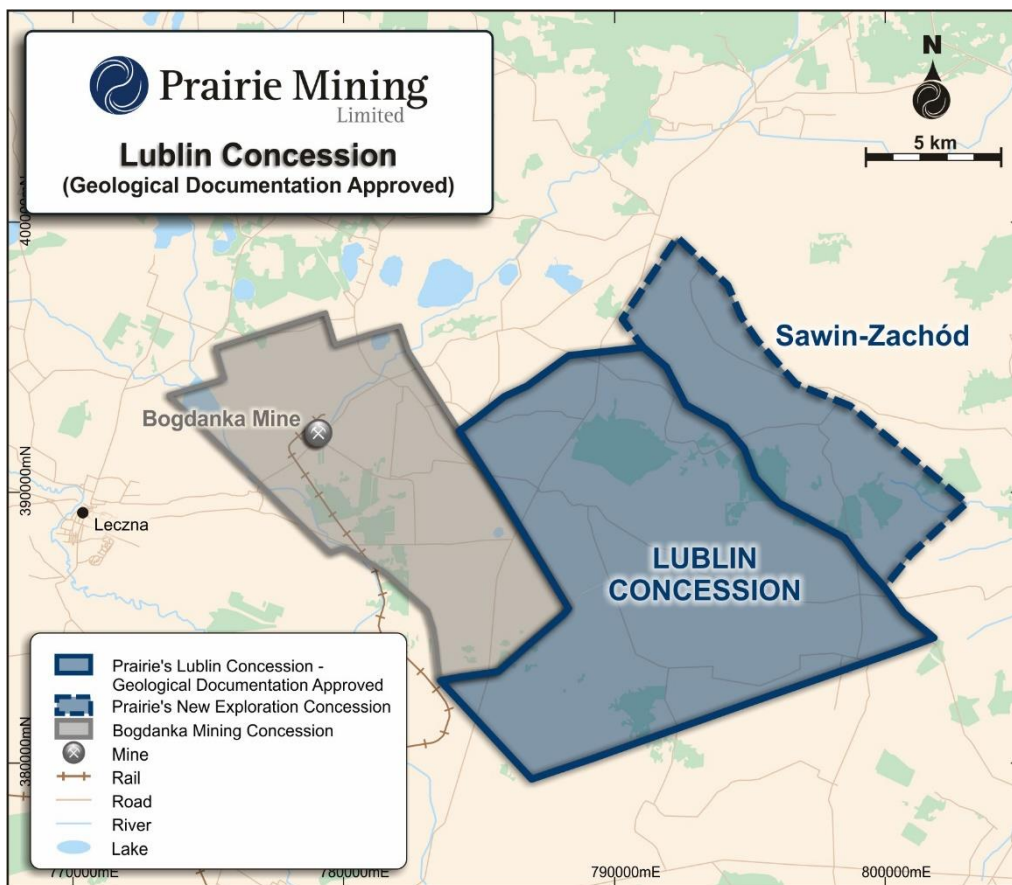
Prairie formally submitted the documentation to the Mineral Resources Committee of Poland's MoE, responsible for the review of new resource documentation. A positive assessment of the Geological Documentation was given by the Committee, which formed the basis for the formal approval by the Minister of Environment.

### Updated Concession Area: Lublin Deposit

The LCP is an extensive, large scale coal deposit that spreads across all of the concession areas held by Prairie. Prairie is adopting a modern approach to mine design that seeks to maximise the value of the overall resource base and the Company intends to mine coal from all of the concession areas based on the thickness and quality of the coal within targeted zones.

As part of Prairie’s Geological Documentation, the Company proposed the consolidation of the four original exploration concessions granted to Prairie (K-4-5, K-6-7, K-8 and K-9) into one single concession known as the “Lublin Concession”. The newly defined Lublin Concession comprises the full extent of the targeted resources within the mine plan for the Project. As part of this consolidation, Prairie relinquished a small area to the north of the K-9 concession as the coal within this region has been deemed not of mineable thickness and would not feature in a mineable resource base for the targeted 391 coal seam. In addition, Prairie’s Geological Documentation did not include the recently awarded Sawin Concession which may be added at a later date following further exploration.

The boundary points for the newly defined Lublin Concession are shown in Figure 2, with the four original concessions now consolidated into one approved area:



**Figure 2: Prairie’s Newly Defined “Lublin Concession”**

### Next Steps

With Geological Documentation now approved, Prairie will commence with the preparation of the components of a Mining Concession application for the LCP including a Deposit Development Plan and the completion of its rezoning program and Environmental & Social Impact Assessment.

GEO-EKO-WIERT have also been appointed by Prairie to prepare the Deposit Development Plan for the LCP which will be conducted alongside Prairie’s JORC compliant Pre-Feasibility Study.



Prairie is following a clear and proven pathway towards the grant of a Mining Concession over its Lublin Concession. Poland has been a member of the European Union since 2004 and complies with the EU's European-wide directives. Poland and Australia enjoy strong relations with more than \$650m in annual trade occurring between the two countries. Australia holds the status of "Most Favoured Nation" with Poland and the countries signed a Promotion and Protection of Investment Agreement in 1991 (a Bilateral Investment Treaty), which provides reciprocal protections to residents and entities of both countries.

Prairie expects to be in a position to have completed all pre-requisite items required for submission of the Mining Concession application in 2016.

## **ABOUT THE LUBLIN COAL PROJECT**

The Lublin Coal Project is a large scale premium coal project across two coal concessions in south eastern Poland.

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.

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.

### ***Competent Person Statements***

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 Production Targets and the Scoping Study was extracted from Prairie's ASX announcement 28 April 2014 entitled 'Scoping Study Confirms Potential for World Class High Margin Met and Thermal Coal Project' available to view on the company's website at [www.pdz.com.au](http://www.pdz.com.au)

The information in the original ASX announcement that relates to Production Targets and the Scoping Study is based on information compiled or reviewed by Mr Robin Dean who is a Competent Person and 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'.

Prairie confirms that: a) it is not aware of any new information or data that materially affects the information included in the original ASX announcement; 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 announcement.