



NEWS RELEASE | 29 MARCH 2016

## WARSAW ADMINISTRATIVE COURT RULING CONFIRMS THE LEGAL RIGHTS OF PRAIRIE REGARDING THE LUBLIN COAL PROJECT

### HIGHLIGHTS:

- ***A Warsaw Administrative court has rejected Lubelski Węgiel BOGDANKA S.A.'s administrative complaints against Poland's Ministry of Environment ("MoE") regarding the Lublin Coal Project***
- ***The court ruling has upheld the previous decisions of the MoE, the Polish government regulatory body responsible for exploration and mining concessions, who have twice denied Bogdanka's applications for a mining concession to be granted over Prairie's K-6-7 concession***
- ***The ruling confirms Prairie's security of tenure and exclusive right to take the K-6-7 concession, as part of the Lublin Coal Project, through to mining production***

Prairie Mining Limited ("**Prairie**" or "**Company**") is pleased to advise that in two rulings of the Administrative Court in Warsaw, the Court has emphasized that Prairie is the only entity that has conducted exploration of the deposit by way of drilling boreholes and the preparation and approval of Geological Documentation (refer to ASX Announcement on 1 July 2015). By rejecting Lubelski Węgiel BOGDANKA S.A.'s ("**Bogdanka**") previously advised complaints against the MoE, the Court has confirmed Prairie's legal position as the only entity with the exclusive right to conclude a mining usufruct agreement and to apply for a mining concession at the Lublin Coal Project.

The court ruling stated that the complaint against the decision of the MoE that denied Bogdanka's mining concession application is not legitimate and therefore not justifiable. In the verdict, the judges emphasized that granting a mining concession to Bogdanka would be a serious violation of the provisions of Poland's Geological and Mining Law, and would be contrary to the rule of law as embodied in the Polish constitution.

In its other ruling, the Regional Administrative Court dismissed Bogdanka's previously advised administrative complaint against the decision of the MoE that denied Bogdanka's application to be a party of interest to the proceedings of the approval of Prairie's Geological Documentation for the Lublin Coal Deposit. Most importantly, the Court also stated that Bogdanka has no legal basis to obtain the granting of a mining concession or a priority right to be granted a mining concession.

The Regional Administrative Court's rejection of Bogdanka's complaints re-affirms, beyond doubt, that Bogdanka's claims over Prairie's concessions are without merit. The Board is aware that Mr Zbigniew Stopa, the outgoing CEO of Bogdanka (Mr Stopa's dismissal will be effective as of 31 March 2016 per Bogdanka's announcement dated 24 March 2016), has stated an intention to file further legal appeals. Prairie notes that Bogdanka's claims have been consistently and vigorously rejected by the Polish government in multiple decisions and court rulings, and therefore any further pursuit of these claims would be merely ill-conceived.

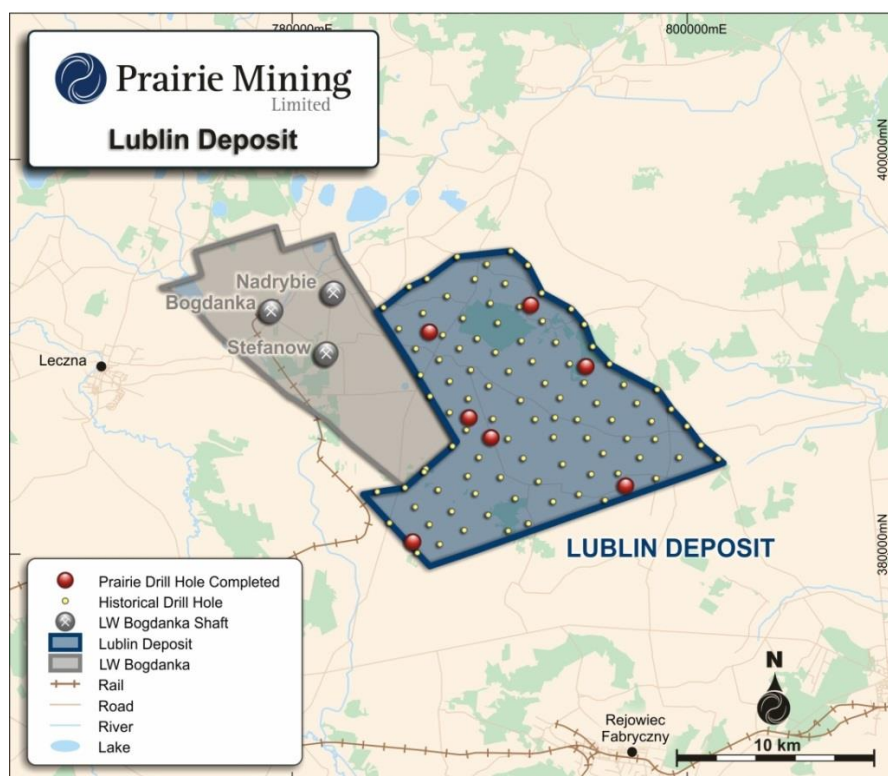
Poland is a modern, stable democracy that is open to foreign investment and has been a member of the European Union since 2004. Prairie Mining has been listed on the Warsaw stock exchange since September 2015 and enjoys a strong and increasing Polish shareholder base. The Prairie team responsible for the development of the Lublin Coal Project consists of Polish experts, who account for some 80% of the total team members, supported by international experts. Prairie is pioneering the application of international standards for development and feasibility work in Poland, which is necessary to ensure that the deposits value is maximised for all stakeholders, meets the rigorous requirements for international financing and can ensure that high quality coal suitable for export markets is produced from the Lublin Coal Project.

Furthermore, Poland enjoys strong relations with Australia which includes more than \$650m in annual trade between the two countries. Australia also 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 for investments made by residents and entities of both countries.

Commenting on the rejection of Bogdanka’s claims by the Regional Administrative Court, Prairie’s CEO Ben Stoikovich said:

*“We are pleased that the Administrative Court has rejected Bogdanka’s administrative complaints against the MoE, who have now denied numerous times Bogdanka’s ill-conceived applications for a mining concession over the central part of our Lublin Coal Project. This court ruling confirms, beyond doubt, Prairie’s exclusive right to progress towards a mining concession over this strategically important, world class coal deposit. We note with interest that recently Mr Stopa has publicly recognised the key importance of the coal quality parameters of Prairie’s 391 seam, and considers that more efficiency could be achieved by blending our 391 seam with coal from Bogdanka’s existing operations, and is intensively pursuing a coal marketing strategy targeting exports of coal to foreign markets. This confirms Prairie’s view that in the prevailing market the high quality 391 seam is key to establishing sustainable and commercially viable coal mining operations from the Lublin Coal Basin targeting European markets.*”

*Prairie is proud to be operating in Poland, which is an excellent jurisdiction for coal mining investment. I am excited by the opportunity to develop a genuinely world-class, lowest cost hard coal mine that will provide security of supply to Europe for decades to come. We are creating new jobs and investing heavily in our development program and as a result enjoy strong support for our Project from local communities and regional authorities.”*



**Figure 1: Location of Prairie’s Lublin Deposit and Exploration Drill Holes**

## LUBLIN COAL PROJECT

The Lublin Coal Project is a large scale premium coal project located in the Lublin Coal Basin in south east Poland. The Lublin Coal Basin is an established coal producing province which is well serviced by modern and highly efficient infrastructure, offering the potential for low capital intensity mine development. The Lublin Coal Project is situated adjacent to the Bogdanka coal mine which has been in commercial production since 1982 and is the lowest cost hard coal producer in Europe.

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