



NEWS RELEASE | 30 November 2017

## Strong Community Support as Jan Karski Environmental Permitting Advances

- Environmental permitting for Jan Karski advances following successful submission of the Environmental and Social Impact Assessment to the Lublin Regional Environment Directorate for Environmental Consent
- Community Consultation Program initiated in the Cyców municipality within Lublin Province, showing strong community support for development of Jan Karski
- 74% of residents of Lublin Province support the building of a new mine in the region per the results of a recent independent poll
- Overwhelming public support for the development of Jan Karski demonstrated across the region with residents agreeing a new mine would bring significant employment opportunities and economic development to the region
- China Coal Technical and Economic Studies for Jan Karski near completion with Prairie hosting China Coal and the Jinan Mine Design Institute in Poland to finalise capital cost estimates with Polish sub-contractors
- Jan Karski continues to be one of the most advanced new large scale coking coal projects in the Northern Hemisphere, advancing towards development alongside partners China Coal and CD Capital

Prairie Mining Limited (“**Prairie**” or “**Company**”) is pleased to announce the formal submission of the Environmental and Social Impact Assessment (“**ESIA**”) and initiation of the public consultation process for its 100% owned high value ultra-low ash semi-soft coking coal (“**SSCC**”) Jan Karski Mine in the Lublin Province, south east Poland (“**Jan Karski**” or “**Project**”).

Prairie’s Chief Executive Officer Ben Stoikovich commented:

***“With the submission of the ESIA and initiation of the public consultation process, Prairie continues towards applying for a Mining Concession to commence construction of the Jan Karski Mine together with our strategic partner China Coal. We now look forward to submitting our Mining Concession application in the upcoming months.*”**

***A recent independent poll of residents demonstrates strong support from local communities for major investment and job creation in the Lublin region with construction of the Jan Karski Mine. It is extremely positive to see that 74% of the residents of Cyców support the construction of a new coal mine. Jan Karski is one of the most advanced coking coal projects of significant scale in the Northern Hemisphere and its development will provide substantial economic and social benefits for Eastern Poland. During November, we had the pleasure of hosting China Coal and the Jinan Mine Design Institute in Poland to finalise capital cost estimates for the Project and meet with Polish subcontractors. China Coal’s Technical and Economic Studies are now nearly complete and will underpin a Chinese bank debt financing package for the construction of Jan Karski.*”**

## SUBMISSION OF ESIA & INITIATION OF PUBLIC CONSULTATION

An application for issuing the environmental decision together with the ESIA was submitted to the Regional Director for Environmental Protection (“**RDOS**”) in Lublin on 6 October 2017. Taking into account the RDOS’s additional comments the motion and ESIA were supplemented on 22 November 2017. The ESIA documentation meets all the formal requirements and is being reviewed by the RDOS.

Prairie is now waiting for approval of the ESIA in the form of Environmental Consent decision, which is the last component to meet all formal requirements to apply for the Mining Concession for construction of Jan Karski. Independent environmental consultants have confirmed Prairie has met all pre-requisite requirements and can expect an environmental permit in due course.

As part of the environmental permitting process, the first public consultation was held in the Cyców Municipality (“**Cyców**”) within Lublin Province (“**Lublin**”) on 18 November 2017. The public consultation was organised in accordance with international standards, specifically, International Finance Corporation (“**IFC**”) Standards. The meeting was attended by local residents of the Cyców, including the mayor of Cyców, Wiesław Pikula, and current employees of the neighbouring Bogdanka mine. A presentation on Jan Karski’s development plans was given by Mr Miroslaw Taras (Prairie’s Group Executive), Witold Wołoszyn (Prairie’s Environmental and Planning Manager) and specialists from the international environmental consulting group, Multiconsult Polska Sp. z o.o. which had prepared the ESIA. Key advantages for the local community related to employment opportunities and social benefits associated with the development, construction and operation of Jan Karski including:

- creation of 2,000 direct employment positions and 10,000 indirect jobs for the region once operational;
- increasing skills of the workforce and through the implementation of International Standard training programmes;
- stimulating the development of education, health services and communications within the region; and
- building a mine that creates new employment for generations to come and career paths for families to remain in the region.



Figure 1: Cyców Public Consultation

Prairie remains on track to have its full application for a Mining Concession submitted for Jan Karski in the coming months. In Poland, a Mining Concession application comprises the approval of a Deposit Development Plan (“DDP”), a Spatial Development Plan (rezoning of land for mining use), and an ESIA in the form of an Environmental Consent decision. Jan Karski’s DDP and Spatial Development Plan have already been officially approved.

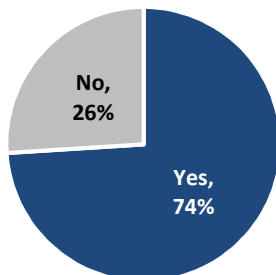
Granting of the Environmental Consent will fulfil all the regulatory prerequisites for the Company to submit a formal Mining Concession application.

**INDEPENDENT POLL DEMONSTRATES STRONG COMMUNITY SUPPORT FOR MINE DEVELOPMENT**

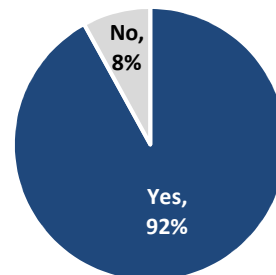
Centrum Badań Marketingowych INDICATOR Sp. z o.o. (“**CBM Indicator**”) – an independent polling company with over 25 years expertise in the Polish market – carried out extensive research on public support for mine development in Lublin. The poll indicated overwhelming support exists amongst residents and there is acute awareness of the importance of coal supply for the Polish economy. Results of the poll indicated 74% of those living in Lublin supported the construction of a new mine in the region.

Key results are summarised below:

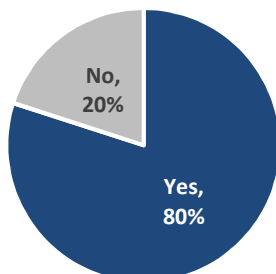
**Do you support the construction of a new mine in Lublin?**



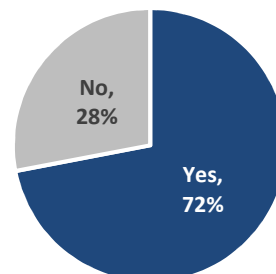
**Do you believe domestic coal mining is essential to Poland's economy?**



**Do you believe a new mine in Lublin will decrease unemployment?**



**Do you believe a new mine in Lublin will result in new infrastructure?**



According to CBM Indicator's poll, support for construction of a new mine in the area is extremely high in Cyców, where 82% of residents are aware of the vital role of coal for the Polish industry and 74% agree to a mine being built in their commune or in a neighbouring commune. Cyców already enjoys a lower unemployment rate and significantly better local infrastructure when compared to other municipalities in Lublin thanks to direct benefits of having Bogdanka operating adjacent to Cyców and consequently, residents of Cyców are familiar with the economic and social benefits mining can bring.

#### **CHINA COAL STUDY FOR THE JAN KARSKI MINE NEARS COMPLETION**

In November 2017, the Company hosted a delegation in Poland including China Coal No.5 Construction Company Ltd ("**China Coal**") and the Chinese Government's officially authorised coal mine design institute Jinan Mine Design Institute, during which capital cost estimates for the construction and operation of Jan Karski were finalised alongside domestic Polish specialists, subcontractors and partners who will provide relevant Polish content.

Following the Chinese delegations visit to Poland, China Coal is set to complete all Technical and Economic Studies ("**Studies**") required and considered "bankable" by Chinese financing institutions. In accordance with the Strategic Co-operation Agreement between Prairie and China Coal, the Studies will form the basis for provision of debt financing for the construction and development of Jan Karski.

Upon completion of the Studies, Prairie and China Coal will advance Chinese bank credit approval to fund construction of the Project and enter into a complete Engineering, Procurement, and Construction ("**EPC**") contract under which China Coal will construct the Jan Karski Mine.

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