



NEWS RELEASE | 31 January 2018

DECEMBER 2017 QUARTERLY REPORT

HIGHLIGHTS FROM AND SUBSEQUENT TO THE QUARTER END:

Debiensko Mine (Premium Hard Coking Coal)

- During the quarter Poland's newly appointed Prime Minister, Mr Mateusz Morawiecki, officially presented the Ministry of Development's "Program for Silesia" in December 2017 which included a strategy for the re-start of a major coking coal mine in the Upper Silesian region, where Prairie's Debiensko project is located, and highlighted the positive social and economic impacts that mine development would have on the region
- Mine site redevelopment planning continued to advance with completion of initial demolition works, pre-qualification of study contractors, and preparation for an infill drill program to increase JORC Measured and Indicated Resources
- Prairie continued discussions with steel makers and coke producers throughout the quarter for future coking coal sales and offtake

Jan Karski Mine (Semi-Soft Coking Coal)

- Environmental permitting for Jan Karski advanced following successful submission of the Environmental and Social Impact Assessment to the Lublin Regional Environment Directorate for Environmental Consent
- Preparation of the Mining Concession application is underway and anticipated to be lodged during the first quarter of 2018
- Prairie initiated public consultations in local municipalities for the development of the Jan Karski Mine, demonstrating that a new mine would bring significant employment opportunities and economic development
- China Coal's technical studies for the construction of the Jan Karski Mine have significantly advanced and Prairie is currently reviewing study documents provided by China Coal. The studies will be revised to incorporate the latest coal quality results from drilling at Jan Karski as well as any conditions stipulated in the Environmental Consent and the Mining Concession to be granted for Jan Karski
- During the quarter, Prairie hosted a delegation in Poland including China Coal and Jinan Mine Design Institute during which offers for project works involving Polish subcontractors were finalised

Robust Coking Coal Fundamentals

- Hard coking coal prices continued to trade at price levels above US\$225/t FOB Australia
- Market analysts forecast underinvestment in new coking coal mine development has potential to result in sustained high coking coal prices
- European Commission continues to designate coking coal as a Critical Raw Material in its 2017 review
- The Polish Government strongly supports development of new, modernised coal mines, as announced in the "Program for Silesia" produced by Poland's Ministry for Development

Corporate

- Prairie remains in a financially strong position with cash reserves of A\$15.1 million
- With CD Capital's right to invest a further A\$68 million as a cornerstone investor, plus with the Strategic Co-operation Agreement between Prairie and China Coal for financing and construction of Jan Karski, Prairie is well positioned to progress with its planned development activities at Debiensko and Jan Karski

Ben Stoikovich, Chief Executive Officer commented ***“Following the submission of the ESIA and initiation of public consultations, Prairie continues towards applying for a Mining Concession to commence construction of the Jan Karski Mine together with our strategic partner China Coal. China Coal’s Technical and Economic Studies have progressed positively, and our team is in the process of preparing a full Mining Concession application for Jan Karski. At Debiensko, we continue to plan our mine site redevelopment program in a positive market environment with increased coking coal demand from Europe’s steel producers coupled with reducing European supply. We welcome the news that the Polish government have officially included the re-start of a coking coal mine in the “Program for Silesia”, the region where our Debiensko project is located.”***

For further information, please contact:

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DEBIENSKO MINE

The Debiensko Mine (“**Debiensko**”) is a fully permitted, hard coking coal project located in the Upper Silesian Coal Basin in the south west of the Republic of Poland. It is approximately 40 km from the city of Katowice and 40 km from the Czech Republic.

Debiensko is bordered by the Knurów-Szczygłowice Mine in the north west and the Budryk Mine in the north east, both owned and operated by Jastrzębska Spółka Węglowa SA (“**JSW**”), Europe’s leading producer of hard coking coal.

The Debiensko mine was originally opened in 1898 and was operated by various Polish mining companies until 2000 when mining operations were terminated due to a major government led restructuring of the coal sector caused by a downturn in global coal prices. In early 2006 New World Resources Plc (“**NWR**”) acquired Debiensko and commenced planning for Debiensko to comply with Polish mining standards, with the aim of accessing and mining hard coking coal seams. In 2008, the Minister of Environment of Poland (“**MoE**”) granted a 50-year mine license for Debiensko.

In October 2016, Prairie (“**Prairie**” or “**Company**”) acquired Debiensko with a view that a revised development approach would potentially allow for the early mining of profitable premium hard coking coal seams, whilst minimising upfront capital costs. Prairie has proven expertise in defining commercially robust projects and applying international standards in Poland. The fact that Debiensko is a former operating mine and its proximity to two neighbouring coking coal producers in the same geological setting, reaffirms the significant potential to successfully bring Debiensko back into operation.

Re-start of a Coking Coal mine included in “Program for Silesia” and new political appointments in Poland

Prairie notes that on 11 December 2017, the Polish government appointed a new Prime Minister, Mr Mateusz Morawiecki, who immediately prior to his current role, was Deputy Prime Minister and Minister of Finance in Poland. Prairie also notes that on the 9 January 2018, a new Minister of Environment, Mr Henryk Kowalczyk, was appointed as part of a cabinet reshuffle under the new Prime Minister. In Poland, responsibility for exploration and mining concessions is the responsibility of the Ministry of Environment.

Following his appointment, Prime Minister Mateusz Morawiecki, presented the Polish Ministry of Development’s “*Program for Silesia*” (“**Program**”) – a strategic document which anticipated the re-construction of a coking coal mine in the region of Upper Silesia, where Debiensko is located. The Program details the creation of 1,500 direct jobs in the region and indicates the social and economic benefits of re-construction of a coking coal mine, and to potentially be funded by foreign and Polish capital.

Preparation for the Next Phase of Project Studies

Following completion of a 28 shallow geo-technical drill program in the previous quarter, Prairie continued to analyse the drill hole data which will be used for engineering design of foundations of structures associated with the shafts, coal handling and preparation plant (“**CHPP**”) and other surface facilities. These holes are essential in order to assess the soil conditions, properly design structural foundations and thus provide more accurate pricing in the tenders as required for a feasibility study.

Pre-qualification of contractors for the major components of the next phase of Debiensko studies also continued throughout the quarter including contractors for the:

- In-fill drilling program (to update measured and indicated resources);
- CHPP;
- Shafts and bulk coal winder;
- Desalination plant; and
- Surface facilities.

Demolition works continued throughout the quarter specifically targeting old structures including walkways and old administrative buildings. To date, Prairie has completed demolition works on a number of old surface structures of the former Debiensko mine including the bathhouse, switchgear building and locomotive garage.

Sale of Non-Core Land

Through the acquisition of Debiensko in 2016, Prairie obtained land tenements within the village of Kaczyce which were considered non-core to the construction, restart and operations of the Debiensko Mine. During the quarter, the Company agreed the sale of the non-core land for consideration of PLN1.4 million (~A\$500,000). Prairie has received the consideration and ownership of the land is expected to be transferred by the end of the next quarter.

JAN KARSKI MINE

Submission of ESIA & Initiation of Public Consultation

An application for issuing the environmental decision together with the Environmental and Social Impact Assessment (“**ESIA**”) was submitted to the Regional Director for Environmental Protection (“**RDOS**”) in Lublin in October 2017. Taking into account the RDOS’s additional comments the motion and ESIA were supplemented in late November 2017. The Environmental Consent process has now officially been initiated by RDOS.

Prairie is now waiting for approval of the ESIA in the form of an Environmental Consent decision, which is the last component to meet all formal requirements to apply for the Mining Concession for construction for the Jan Karski Mine (“**Jan Karski**”).

As part of the environmental permitting process, Prairie initiated public consultations in three municipalities, including Wierzbica, Siedliszcze and Cyców. Presentations on Jan Karski’s development plans were 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 who 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.

China Coal Progress and Financing Discussions

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 locally provided content for construction of Jan Karski was finalised alongside domestic Polish specialists, subcontractors and partners who will provide relevant Polish content.

China Coal’s technical studies for the construction and funding of the Jan Karski Mine have significantly advanced and Prairie is currently reviewing study documents (“**Studies**”) received from China Coal subsequent to the quarter end. In accordance with the Strategic Co-operation Agreement between Prairie and China Coal, the Studies will form the basis for provision of debt financing out of China for the construction and development of Jan Karski. The Studies are being undertaken in accordance with Chinese official mine design and banking standards for coal mine projects, and to comply with domestic Polish engineering standards and standards for mechanical and electrical equipment. The terms of the Environmental Consent and Mining Concession for Jan Karski will be incorporated into the final engineering design, as well as results from the latest coal quality and hydrogeological drilling works being conducted by the Company.

Prairie and China Coal continue to advance discussions with Chinese banks to provide debt facilities to fund construction of the Project and enter into a complete Engineering, Procurement, and Construction (“EPC”) contract under which China Coal would construct the Jan Karski Mine.

CORPORATE

Financial Position

Prairie has cash reserves of A\$15.1 million. With CD Capital’s right to invest a further A\$68 million as a cornerstone investor, plus with the Strategic Co-operation Agreement Prairie has with China Coal for financing and construction of Jan Karski, Prairie is in a strong financial position to progress with its planned development activities at Debiensko and Jan Karski.

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.

APPENDIX 1 - EXPLORATION TENEMENT INFORMATION

As at 31 December 2017, the Company has an interest in the following tenements:

Location	Tenement	Percentage Interest	Status	Tenement Type
Jan Karski, Poland	Jan Karski Mine Plan Area (K-4-5, K-6-7, K-8 and K-9)*	100	Granted	Exclusive Right to apply for a mining concession
Jan Karski, Poland	Kulik (K-4-5)	100	Granted	Exploration
Jan Karski, Poland	Syczyn (K-8)	100	Granted	Exploration
Jan Karski, Poland	Kopina (K-9)	100	Granted	Exploration
Jan Karski, Poland	Sawin-Zachód	100	Granted	Exploration
Debiensko, Poland	Debiensko 1**	100	Granted	Mining
Debiensko, Poland	Kaczyce 1	100	Granted	Mining & Exploration (includes gas rights)

* On 1 July 2015, the Company announced that it had secured the Exclusive Right to apply for a mining concession for Jan Karski. As a result of its geological documentation for the Jan Karski deposit being approved, Prairie is currently the only entity that can lodge a Mining Concession application over Jan Karski within a three (3) year period up and until April 2018. In addition, Prairie has the right to apply for and be granted a mining usufruct agreement for an additional 12 month period that precludes any other parties being granted a licence over all or part of the Jan Karski concessions. Prairie applied for a mining usufruct agreement in December 2017.

The approved geological documentation covers an area comprising of all four of the original exploration concessions granted to Prairie (K-4-5, K-6-7, K-8 and K-9) and includes the full extent of the targeted resources within the mine plan for Jan Karski. In this regard, no beneficial title interest has been surrendered by the Company when the K-6-7 exploration concession expired during the quarter. The Company intends to submit a mining concession application, over the mine plan area at Jan Karski (which includes K-6-7) within the next 12 months. Under Polish mining law, and owing to the Exclusive Right the Company has secured, Prairie is currently the only entity that may apply for and be granted a mining concession with respect to the K-6-7 area (the Exclusive Right also applies to the K-4-5, K-8 and K-9 areas of Jan Karski). There is no requirement for the Company to hold an exploration concession in order exercise the Exclusive Right and apply for a mining concession.

**Under the terms of the Debiensko Mining Concession issued in 2008 by the MoE (which is valid for 50 years from grant date), commencement of production was to occur by 1 January 2018. Not commencing production by January 2018 does not immediately infringe on the validity and expiry date of the current Mining Concession, which is June 2048. However, the concession authority has the right to request the concession holder to reasonably remove any infringements related to non-conformance with the conditions of a Mining Concession and determine a reasonable date for removal of the infringements (under Polish law, the concession authority is required to provide a reasonable timeframe to remedy any non-compliance taking into account the nature of the non-conformance). Failure to remedy the infringements within any reasonable time frame prescribed by the concession authority may lead to commencement of proceedings to limit or withdraw of a concession. In December 2016, the Company submitted an application to the MoE to amend the Debiensko Mining Concession to alter the date for commencement of production from 2018 to 2025, and has provided the MoE with additional information requested. A decision from the MoE is currently pending following a change in the Polish Prime Minister in December 2017 and the appointment of a new Minister of Environment in January 2018.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

PRAIRIE MINING LIMITED

ABN

23 008 677 852

Quarter ended ("current quarter")

31 December 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(1,339)	(2,954)
(b) development	-	-
(c) production	-	-
(d) staff costs	(478)	(1,083)
(e) administration and corporate costs	(200)	(440)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	83	203
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (provide details if material)		
(a) Business development costs	(208)	(526)
(b) Property rental and gas sales	107	248
1.9 Net cash from / (used in) operating activities	(2,035)	(4,552)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(40)	(62)
(b) tenements (see item 10)	-	-
(c) investments	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
(d) other non-current assets	-	-
2.2 Proceeds from the disposal of:		
(a) property, plant and equipment	272	497
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
2.6 Net cash from / (used in) investing activities	232	435

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	-	-
3.2 Proceeds from issue of convertible notes	-	2,627
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	-	(179)
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	-	-
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
3.10 Net cash from / (used in) financing activities	-	2,448

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	16,943	16,809
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(2,035)	(4,552)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	232	435
4.4 Net cash from / (used in) financing activities (item 3.10 above)	-	2,448

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	15,140	15,140

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	3,640	5,443
5.2	Call deposits	11,500	11,500
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	15,140	16,943

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

**Current quarter
\$A'000**

(169)

Nil

Payments include executive remuneration (including bonuses), director fees, superannuation and provision of a fully serviced office.

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

**Current quarter
\$A'000**

-

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Not applicable

Mining exploration entity and oil and gas exploration entity quarterly report

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

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9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	(1,500)
9.2 Development	-
9.3 Production	-
9.4 Staff costs	(500)
9.5 Administration and corporate costs	(200)
9.6 Other (provide details if material) (a) Business development costs	(200)
9.7 Total estimated cash outflows	(2,400)

10. Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	-	-	-	-
10.2 Interests in mining tenements and petroleum tenements acquired or increased	-	-	-	-

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here: Date: 31 January 2018
[lodged electronically without signature]
(~~Director~~/Company secretary)

Print name: Dylan Browne

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.