



**NEWS RELEASE | 30 April 2018**

## **MARCH 2018 QUARTERLY REPORT**

Highlights from and subsequent to the quarter end:

### ***Possible Co-Operation between Prairie and JSW***

- During the quarter, Prairie noted press articles regarding possible co-operation between the Company and Jastrzębska Spółka Węglowa SA to progress the development and exploitation of the Company's Polish coking coal assets. Prairie confirmed that meetings were held with JSW where preliminary discussions regarding co-operation took place.
- Prairie and JSW have since entered into a Non-Disclosure Agreement to allow for the exchange of technical and commercial information in order to facilitate substantial and more advanced discussions regarding any potential co-operation or transaction(s) options in respect of Prairie's projects.
- Prairie has made available information in relation to both the Debiensko Mine and Jan Karski Project to allow JSW to conduct assessments of their feasibility and economics.
- The NDA provides for discussions to be conducted for an initial period up to 6 months, which may be extended by mutual agreement of both parties.

### ***Jan Karski Mine***

- As announced on 21 February 2018, Prairie continued to use modern exploration techniques to transform Jan Karski with latest drill results re-affirming the capability of the project to produce high value ultra-low ash semi-soft coking coal, known as Type 34 coal in Poland. Coking coal quality results announced during the quarter are superior to the drill results announced in May 2017, and further confirm that Jan Karski is a globally significant semi-soft coking coal / Type 34 coking coal deposit with the potential to produce a high value ultra-low ash SSCC with an exceptional CSR and a high 75% coking coal product split.
- However, on 3 April 2018, Prairie announced that it had commenced legal proceedings against Poland's Ministry of Environment due to its failure to grant Prairie a Mining Usufruct Agreement over the concessions which form the Jan Karski Mine and in order to protect the Company's security of tenure over the project.
- Pursuant to the initiated legal proceedings, the Company is pleased to announce that:
  - the Polish Civil Court has ruled in Prairie's favour by granting an injunction preventing the MoE from granting any prospecting, exploration or mining concession and concluding usufruct agreements with any other party until full court proceedings are concluded;
  - this decision provides security of tenure over the Jan Karski concessions and effectively safeguards Prairie's rights at the project until full court proceedings have concluded; and

- the Lublin Regional Director for the Environment has issued an official notification indicating that the process to establish an Environmental Consent decision for Jan Karski will be concluded by 30 June 2018, being the final approval required for Prairie to submit a Mining Concession application.

### **Corporate**

- Prairie remains in a financially strong position with cash reserves of A\$13 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 financially well positioned to progress with its planned development activities at Debiensko and Jan Karski.

Ben Stoikovich, Chief Executive Officer commented: *"The latest drilling result continues to demonstrate that Jan Karski is a globally significant semi-soft / Type 34 coking coal project. This presents an outstanding economic development opportunity for the Lublin region, and Chelm province in particular, to become a leading European supplier of coking coal to the steel industry. At Jan Karski we are continuing with the Environmental Consent process, which is the final decision we require in order to apply for a Mining Concession. The injunction recently awarded in Prairie's favor by the civil court in Warsaw against Poland's Ministry of Environment effectively safeguards Prairie's security of tenure at Jan Karski until full court proceedings have taken place. Our discussions with JSW are ongoing and we will continue to update the market in line with the relevant reporting requirements".*

### **For further information, please contact:**

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## **JAN KARSKI MINE**

The Jan Karski Mine ("**Jan Karski**") is a large scale semi-soft coking 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. Jan Karski 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.

Prairie Mining Limited's ("**Prairie**" or "**Company**") use of modern exploration techniques continues to transform Jan Karski with latest drill results re-affirming the capability of the the project to produce high value ultra-low ash semi-soft coking coal, known as Type 34 coal in Poland.

The coking coal quality results are superior to the drill results announced in May 2017, and further confirm that Jan Karski is a globally significant semi-soft coking coal ("**SSCC**") / Type 34 coking coal deposit with the potential to produce a high value ultra-low ash SSCC with a coking coal product split of up to 75%.

Key benefits for the local community and the Lublin and Chelm regions associated with the development, construction and operation of Jan Karski have been recognised as the following:

- 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.

### **Polish Civil Court Grants Injunction in Prairie's Favour against Poland's Ministry of Environment**

On 3 April 2018, Prairie announced that it had commenced legal proceedings against Poland's Ministry of Environment ("MoE") due to its failure to grant Prairie a Mining Usufruct Agreement over the concessions which form the Jan Karski Mine and in order to protect the Company's security of tenure over the project.

Pursuant to the initiated legal proceedings, the Company is pleased to announce that:

- the Polish Civil Court has ruled in Prairie's favour by granting an injunction preventing the MoE from granting prospecting, exploration or mining concessions and concluding usufruct agreements with any other party until full court proceedings are concluded;
- this decision provides security of tenure over the Jan Karski concessions and effectively safeguards Prairie's rights at the Project until full court proceedings have concluded; and
- the Lublin Regional Director for the Environment has issued an official notification indicating that the process to establish an Environmental Consent decision for Jan Karski will be concluded by 30 June 2018, being the final approval required for Prairie to submit a Mining Concession application.

The Regional Civil Court in Warsaw has issued a verdict that forms an injunction preventing the MoE from concluding exploration or mining usufruct agreement(s) regarding the Jan Karski Mine area (including the "Lublin" deposit, as well as the former K-4-5, K-6-7, K-8 and K-9 concession areas) with any party, other than PD Co Sp. z. o.o. (Prairie Mining's wholly owned Polish subsidiary). The Court has also ordered that the MoE does not grant any concessions (for prospecting, exploration and/or mining) to any party other than PD Co Sp. z. o.o. This highly favourable court ruling was issued in response to Prairie's application submitted as part of the legal proceedings commenced by Prairie to protect its tenure at Jan Karski.

As a result of the ruling by the Regional Civil Court in Warsaw, security of tenure over the Jan Karski concessions will be safeguarded until full court proceedings have concluded. It is anticipated that full court proceedings could take 12 months or more to complete.

In the justification to the Court's ruling, the judge stated that: *"Based on the evidence one may at this point state that the plaintiff [Prairie Mining] enjoys the right to request conclusion of the requested mining usufruct agreement for the "Lublin" hard coal area (otherwise known as Jan Karski) resulting from Article 15 of the Geological and Mining Law."*

As discussed above, in April 2018, Prairie commenced legal action against the MoE for breaching the Polish Geological and Mining Law (2011) ("GML") in relation to the award of a Mining Usufruct Agreement to Prairie at Jan Karski.

Prairie has provided the MoE with all documents required by Polish Law to conclude a Mining Usufruct Agreement, including the Geological Documentation approval and an official application for a Mining Usufruct Agreement.

To date the MoE has still not provided Prairie with a Mining Usufruct Agreement for Jan Karski.

Based on professional advice, Prairie considers that the MoE breached the GML and Polish law and is defending its position having commenced legal proceedings against the MoE through the Polish courts to protect its tenure at Jan Karski.

The Company will also consider any other actions necessary to ensure its concession rights are reserved which may result in the Company taking further action against the MoE including invoking the protection afforded to the Company under any relevant bi-lateral or multi-lateral investment treaties or such other actions as the Company may consider appropriate at the relevant time.

Prairie will continue to update the market in relation to this matter as required.

### **Regional Director for the Environment sets a new deadline for issuing an Environmental Consent Decision**

Prairie completed an Environmental and Social Impact Assessment and made submissions to the Lublin Regional Director for the Environment (“**RDOS**”) for an Environmental Consent decision for Jan Karski in October 2017. RDOS has issued a notice indicating that the Environmental Proceedings in order to issue a decision for Environmental Consent will be concluded by 30 June 2018. RDOS also confirmed receipt of all necessary opinions from other government agencies, including the Regional Water Management Board in Lublin.

Subsequent to the commencement of legal proceedings, Prairie’s team has received a request for additional information from RDOS and, together with the appointed environmental consultants, are working to provide this information, which is expected to be completed within the coming weeks.

### **Latest Drill Results Affirm Jan Karski as a Semi-Soft Coking Coal Project**

During the quarter, Prairie announced the results of enhanced coal quality analysis and test work from a recently completed borehole (Kulik 1) at Jan Karski. The coking coal quality results are superior to the drill results announced in May 2017, and further confirm that Jan Karski is a globally significant semi-soft coking coal (“**SSCC**”) / Type 34 coking coal deposit with the potential to produce a high value ultra-low ash SSCC with an exceptional CSR and a high 75% coking coal product split.

The Kulik 1 borehole was a large diameter borehole enabling sufficient quantities of coal from the 391 seam to be collected to meet the requirements for physical coke testing, specifically confirmation of Coke Strength after Reaction (“**CSR**”) and extended coal washability test work. Coke testing was conducted at Centralne Laboratorium Pomiarowo-Badawcze Sp. z o.o. (“**CLPB**”) laboratories in Poland which is controlled by JSW and is internationally accredited as a commercial coal and coke testing laboratory. Washability and other basic coal quality analyses were conducted in the UK.

CSR analysis is considered vital in testing for a coal’s coking properties and is important to steelmakers as it is an indicator of the performance / strength of the coke produced from the coal. The full range of standard coking tests were also conducted as shown in Table 1 below.

**Table 1: Analysis results from Jan Karski Kulik 1 borehole – 391 seam**

<b>COKING PROPERTIES</b>		
<i>FSI</i>		<b>7.0</b>
<i>Roga Index</i>		<b>82</b>
<i>CSR</i>	%	<b>54.0</b>
<i>CRI</i>	%	36.5
<i>Ash in Coke</i>	%	5.8
<i>Sulphur in Coke</i>	%	0.78
<i>Giesler Plastometer</i>		
Initial Softening	°C	404
Max Fluidity temp	°C	440
Resolidification	°C	463
<b>Max Fluidity</b>	<b>ddpm</b>	<b>268</b>
<i>ASTM Dilatation</i>		
Softening Temperature	°C	380
Max Contraction Temp	°C	420
Max Dilatation Temp	°C	450
Max Dilatation	% D	64
<b>PROXIMATE ANALYSIS</b>		
Inherent moisture	<i>adb%</i>	1.73
<b>Ash</b>	<b><i>adb%</i></b>	<b>3.45</b>
Volatile Matter	<i>adb%</i>	35.5
<b>OTHER COAL PROPERTIES</b>		
Sulphur	<i>ar%</i>	1.00
Rank (Ro)		0.85
Vitrinite	%	84

Washability analysis from the Kulik 1 borehole and previous boreholes drilled by Prairie across Jan Karski has demonstrated that due to the low inherent ash and excellent washability characteristics of the 391 seam, Jan Karski SSCC is unique with ash product levels of 3.45% or less (air dried) and far superior to typical ash levels for major coking coal brands (both hard and soft) traded internationally and produced domestically in Europe. Further, the exceptionally high CSR (54) of the 391 seam from Kulik 1 borehole at Jan Karski is at the very top end of the range for globally traded SSCC.

The ultra-low ash content increases the coal's value-in-use to steel and coke makers, making the product highly saleable in both the domestic European and international markets. One of the key outcomes of utilising ultra-low ash coking coal to produce low ash coke ash is the resulting decreased fuel rate. This has a key environmental benefit for steel makers as it reduces CO<sub>2</sub> emissions per tonne of hot metal produced.

Prairie's analysis predicts increasing global demand for ultra-low ash coking coal for blending with hard coking coal ("**HCC**"), due to a continuing trend of rising average ash levels in globally traded hard coking coals. Premium HCC resources with low ash are becoming increasingly scarce, forcing consumers to make concessions on HCC ash levels. Ultra-low ash coking coals for blending are becoming increasingly sought after by consumers seeking to "blend-down" the ash levels in their coke blends. This is an advantage for European steelmakers where EU regulations focus on reduced CO<sub>2</sub> emissions and compliance with other EU emissions directives. The trend of ever more stringent emissions standards for steelmakers imposed by the EU indicates a positive future for marketability of Jan Karski ultralow ash semi-soft / Type 34 coking coal.

## Increased European Demand for Semi-Soft / Type 34 Coal

Polish demand for hard coal remained strong during 2017, with Poland being forced to import 13.3 million tonnes of hard coal to meet its own needs – an increase of 60% in hard coal imports year on year. This follows a steady trend in Poland over the last few years with domestic production of hard coal declining and increased reliance on imports.

Concurrently, declining production of Czech and Polish semi-soft / Type 34 coking coal has resulted in steel makers becoming more aware of the importance of security of supply of the raw material. Over the last 12 months, lack of delivery of semi-soft / Type 34 coking coal has forced some Central European steel makers to introduce urgent measures including changes in the coking charge mix and increased imports, thus generating additional costs and disturbing normal production.

Comparison of Jan Karski's latest coking coal quality results to other mines in Poland and the Czech Republic that have historically produced SSCC or Type 34 coking coal show the great potential that Jan Karski has to meet European market demand for Type 34 semi-soft coking coal as production from other Czech and Polish mines continues to diminish over the coming years.

## 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 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.

## Preparation for the Next Phase of Project Studies

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.

Prairie's team have also designed an infill drilling program that when undertaken will upgrade more of the resource base at Debiensko to the Measured and Indicated resource categories and support JORC compliant reserve estimation.

## **CORPORATE**

### **Possible Co-Operation between Prairie and JSW**

Prairie and JSW have entered into a Non-Disclosure Agreement (“**NDA**”) with respect to potential co-operation regarding Prairie's two Polish coal projects. The purpose of the NDA is to allow for the exchange of technical and commercial information in order to facilitate substantial and more advanced discussions regarding any potential transaction(s) options in respect of Prairie's projects.

Prairie will make available information in relation to the hard coking coal project under the Debiensko concession, to allow JSW to conduct an assessment of its feasibility and economics, taking into consideration factors including, but not limited to: its stage of development, conditions of the mining concession, environmental permits, and the mining usufruct contract. JSW will also assess other various risks and opportunities, including JSW's existing infrastructure at the neighbouring Knurów-Szczygłowice mine.

Prairie will also make available to JSW information in relation to the Jan Karski project in the Lublin Coal Basin, to allow JSW to conduct an assessment of the project's feasibility and economics regarding coking coal, taking into consideration factors including, but not limited to: its phase of development, the physical and chemical parameters of the coal (in particular its coking parameters), the timeframe and conditions with regards to obligations to obtain a mining concession, as well as other various risks and opportunities.

It is emphasised that discussions are at a preliminary stage and that even if they move onto discussions of specific transactions terms, any potential transaction(s), should they occur, may be subject to a number of conditions including, but not limited to, obtaining positive evaluations and expert opinions, necessary corporate approvals, consents and approvals related to funding, consents from Poland's Office of Competition and Consumer Protection (UOKiK) if required, and any other requirements that may relate to the strategy, objectives and regulatory regimes applicable to either Prairie Mining or JSW.

There can be no certainty as to whether any transaction(s) will be agreed, or the potential form of such transaction(s).

The NDA provides for discussions to be conducted for an initial period up to 6 months, which may be extended by mutual agreement of both parties. The companies will continue to comply with their respective disclosure obligations to the relevant markets, as required.

## **Financial Position**

Prairie has cash reserves of A\$13 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.

## **Competent Person Statements**

The information in this announcement that relates to Exploration Results was extracted from Prairie's announcement dated 21 February 2018 entitled "Drill Results Affirm Jan Karski's Status as a Globally Significant Semi-Soft (Type 34) Coking Coal Project". The information in the original announcement is based on, and fairly represents 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 part 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'. Prairie confirms that: a) it is not aware of any new information or data that materially affects the information included in the original announcements; b) all material assumptions and technical parameters included in the original 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 presentation have not been materially modified from the original announcements.



## APPENDIX 1 - EXPLORATION TENEMENT INFORMATION

As at 31 March 2018, 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
Debiensko, Poland	Debiensko 1**	100	Granted	Mining
Debiensko, Poland	Kaczyce 1	100	Granted	Mining & Exploration (includes gas rights)

\* In July 2015, Prairie 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 by Poland's MoE. The approved Geological Documentation covers areas of all four 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. As a result of the Exclusive Right, Prairie was the only entity with a legal right to lodge a Mining Concession application over Jan Karski for the period up and until 2 April 2018. Under the Polish GML, a Mining Concession application comprises the submission of a Deposit Development Plan ("DDP"), approval of a spatial development plan (rezoning of land for mining use) and an Environmental Consent decision. Prairie has previously announced that the DDP and spatial development plans for Jan Karski have already been approved.

However, as of the date of this quarterly, Prairie has not yet received the required Environmental Consent decision, which remains pending. Prairie completed an Environmental and Social Impact Assessment and made submissions to RDOS for an Environmental Consent decision in October 2017. Prairie has not been able to apply for a Mining Concession for Jan Karski due to the delay in the issuance of an Environmental Consent decision. However, the Environmental Consent proceedings continue to progress and a decision for Environmental Consent will be concluded by 30 June 2018.

The approval of Prairie's Geological Documentation in 2015 also conferred upon Prairie the legal right to apply for a Mining Usufruct Agreement over Jan Karski for an additional 12-month period beyond April 2018, which precludes any other parties being granted any licence over all or part of the Jan Karski concessions. Under Polish law, the MoE is strictly obligated, within three months of Prairie making an application for a Mining Usufruct Agreement, to grant the agreement. It should be noted that the MoE confirmed Prairie's priority right in two written statements (i.e. in a final administrative decision dated 11 February 2016 and in a formal letter dated 13 April 2016). Prairie applied to the MoE for a Mining Usufruct Agreement over Jan Karski in late December 2017. As of the date of this quarterly the MoE has not made available to Prairie a Mining Usufruct Agreement for Jan Karski, therefore breaching the three-month obligatory period for the agreement to be concluded. Legal advice provided to Prairie concludes that failure of the MoE to grant Prairie the Mining Usufruct Agreement is a breach of Polish law. Accordingly, the Company commenced legal proceedings against the MoE through the Polish courts in order to protect the Company's security of tenure over the Jan Karski concessions. Since the MoE has not provided a decision within three months regarding Prairie's Mining Usufruct application, the Polish civil court has the power to enforce conclusion of a Usufruct Agreement in place of the MoE. In the event that a Mining Usufruct Agreement is not made available to the Company on acceptable terms or the Company does not enter into a Mining Usufruct Agreement for any other reason, other parties may be able to apply for exploration or mining rights for all or part of the Jan Karski concession area. However, given that the Civil Court has approved Prairie's motion for an injunction against the MoE, as described above, the MoE is now prevented from entering into a Usufruct agreement or concession with any other party besides Prairie until the full court proceedings are concluded.

\*\*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 2058. 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 March 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(1,921)	(4,875)
(b) development	-	-
(c) production	-	-
(d) staff costs	(489)	(1,572)
(e) administration and corporate costs	(276)	(716)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	94	297
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	(147)	(672)
(b) Property rental and gas sales	151	399
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(2,588)</b>	<b>(7,140)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	(22)	(84)
(b) tenements (see item 10)	-	-
(c) investments	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
(d) other non-current assets	-	-
<b>2.2</b> Proceeds from the disposal of:		
(a) property, plant and equipment	-	497
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-
<b>2.3</b> Cash flows from loans to other entities	-	-
<b>2.4</b> Dividends received (see note 3)	-	-
<b>2.5</b> Other (provide details if material)	-	-
<b>2.6</b> <b>Net cash from / (used in) investing activities</b>	<b>(22)</b>	<b>413</b>

<b>3.</b> <b>Cash flows from financing activities</b>		
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	(3)	(182)
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)	-	-
<b>3.10</b> <b>Net cash from / (used in) financing activities</b>	<b>(3)</b>	<b>2,445</b>

<b>4.</b> <b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1 Cash and cash equivalents at beginning of period	15,140	16,809
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(2,588)	(7,140)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(22)	413
4.4 Net cash from / (used in) financing activities (item 3.10 above)	(3)	2,445

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
4.5	Effect of movement in exchange rates on cash held	2	2
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>12,529</b>	<b>12,529</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	2,029	3,640
5.2	Call deposits	10,500	11,500
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>12,529</b>	<b>15,140</b>

**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**

(158)

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**

-

-

Not applicable

## Mining exploration entity and oil and gas exploration entity quarterly report

<b>8. Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
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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<b>9. Estimated cash outflows for next quarter</b>	<b>\$A'000</b>
9.1 Exploration and evaluation	(1,000)
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)
<b>9.7 Total estimated cash outflows</b>	<b>(1,900)</b>

<b>10. Changes in tenements (items 2.1(b) and 2.2(b) above)</b>	<b>Tenement reference and location</b>	<b>Nature of interest</b>	<b>Interest at beginning of quarter</b>	<b>Interest at end of quarter</b>
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	Sawin, Poland	Direct	100	-
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: 30 April 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.