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DEBIENSKO CONCESSION AMENDMENT APPLICATION UPDATE

In December 2016, following the acquisition of the Debiensko Hard Coking Coal Mine (“Debiensko”), Prairie Mining Limited (“Prairie” or “Company”) applied to the Ministry of Environment (“MoE”) to amend the 50 year Debiensko mining concession.

The purpose of the concession amendment was to extend the time stipulated in the mining concession for first production of coal from 2018 to 2025. Prairie has now received an initial (non-binding) and appealable, first instance decision from the MoE that has denied the Company’s amendment application.

Prairie continues to have valid tenure and ownership of land at Debiensko. Not meeting the production timeframe stipulated in the concession does not infringe on the validity and expiry date of the Debiensko mining concession, which is June 2058. Prairie also holds a valid environmental consent decision enabling mine construction.

Prairie will appeal the MoE’s decision on the basis that its justification for denial is fundamentally flawed for a number of reasons including failure to take into account the requirements of the law and public interest in Poland, and the relevant facts of the Company and its amendment application.

Prairie will strongly defend its position and continue to take relevant actions to pursue its legal rights regarding the Debiensko concession.

Discussions have continued with Jastrzębska Spółka Węglowa SA (“JSW”) regarding potential transaction(s) options in respect of Prairie’s tier 1 coking coal projects in Poland.

Debiensko Concession Amendment

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. 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 also provided the MoE with additional information requested. Not commencing production by January 2018 does not 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 remove any infringements related to non-conformance with the conditions of a mining concession and determine a reasonable date for removal of the infringements. In accordance with Polish law, the concession authority is required to provide an achievable and reasonable timeframe to remedy any non-compliance taking into account the nature of the non-conformance.

Prairie has now received notification from the MoE in an initial, first instance decision, that the concession amendment request has been denied. Prairie believes that the justification for this denial is flawed and does not take into account the requirements of law and the public interest in Poland, or the facts of the Company and its amendment application, which demonstrates yet further evidence of discriminatory treatment faced by Prairie as a foreign investor in Poland.

The MoE took over 17 months to provide the Company with a decision, whereas under Polish administrative law there is a maximum statutory deadline of two months for the MoE to provide such decision.

Prairie has a right to appeal the first instance decision of the MoE. Prairie's legal team is in the process of preparing this appeal, which will point out the deficiencies of the MoE's first instance decision. If Prairie's appeal is unsuccessful, then this may lead to the commencement of proceedings by the MoE to limit or withdraw the Debiensko concession. Prairie also has the right of further appeal to Poland's administrative courts.

The Company will consider any other actions necessary to ensure its concession rights are preserved, 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.

Prairie has always conducted its business in Poland in accordance with the Polish law and continues to pioneer the application of international standards for development and feasibility work in Poland necessary to ensure the value of its Tier One coking coal projects are maximised for all stakeholders, meet the rigorous requirements for international financing and can ensure the production of high quality coking coal product to regional European steel makers.

Poland is multi-party representative democracy 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. Prairie benefits from strong support of local communities and regional governments, and our activities are in line with Polish national government policy that considers coal at the core of Poland's raw material security, seeks to renew Polish industry and enhance economic development in Eastern Poland, where the Jan Karski Mine is located.

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, including licences for exploration and mining of natural resources. Prairie reserves the right to make future claims against the Polish state under the Promotion and Protection of Investment Agreement.

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ABOUT THE DEBIENSKO MINE

The Debiensko mine is a 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 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 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.