



NEWS RELEASE | 12 April 2019

## MARCH 2019 QUARTERLY REPORT

Highlights during, and subsequent to the quarter end:

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

- Following JSW's due diligence at both Jan Karski and Debiensko, Prairie and JSW signed an extension to a non-disclosure agreement during the quarter in order to discuss a deal structure and commercial terms for any co-operation or transaction and for the adaption of mine plans for both Debiensko and Jan Karski to align with JSW's development concepts to maximise potential synergies using JSW's current infrastructure.
- JSW estimates such synergies could potentially enable production within 18 months from all relevant permits and concession amendments being granted.
- Discussions between Prairie and JSW have been ongoing with JSW reporting that it would like to agree the basic terms of a potential transaction with Prairie by the end of April 2019.
- There can be no certainty as to whether any transaction(s) will be agreed, or the potential form of such transaction(s). The Company will continue to comply with its continuous disclosure obligations and will make announcements to the market as required.

### ***Debiensko Mine***

- In December 2016, following the acquisition of Debiensko, Prairie applied to the Ministry of Environment ("MoE") to amend the 50-year Debiensko mining concession to extend the time stipulated in the mining concession for first production of coal from 2018 to 2025. In January 2019, Prairie received a final "second instance" decision from the MoE that has denied the amendment application which the Company believes is fundamentally flawed, fails to comply with Polish, EU and international law, and demonstrates yet further evidence of the discriminatory treatment faced by Prairie as a foreign investor in Poland.
- The 50-year Debiensko mining concession remains in place and Prairie will strongly defend its position and continue to take all relevant actions to pursue its legal rights regarding the Debiensko concession amendment, which includes an appeal that has been filed with Poland's Administrative Court.

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

- During the quarter, Poland's Supreme Administrative Court finally and fully rejected Bogdanka's administrative complaints against the MoE regarding the refusal of Bogdanka's 2013 application for a mining concession over the K-6-7 deposit at Jan Karski.
- The Supreme Administrative Court has also upheld the 2016 Regional Administrative Court decision that obliged the MoE to approve Prairie's Addendum No.3 for the K-6-7 deposit. Addendum No.3 is a detailed resource estimate for the K-6-7 deposit according to Polish geological reporting standards and is based on the results of Prairie's exploration program at the deposit.
- Subsequent to the quarter end, an Appeal Court in Warsaw overturned the Civil Court's injunction that was previously awarded in Prairie's favour preventing the MoE from granting a mining usufruct or exploration/mining concession to another party except Prairie. Prairie believes that the Appeal Court's decision is fundamentally flawed and will therefore consider all other actions necessary to ensure its rights are preserved.

- The Company's mining usufruct agreement proceedings for Jan Karski in front of the Civil Court remain ongoing and is not impacted by the Appeal Court's decision to lift the injunction.

#### **Corporate**

- Prairie remains in a financially strong position with cash reserves of A\$8.0 million on hand.
- In February 2019, the Company formally notified the Polish Government that there exists an investment dispute between Prairie and the Government that has arisen out of certain measures taken by Poland in breach of the Energy Charter Treaty, the UK-Poland Bilateral Investment Treaty and the Australia-Poland Bilateral Investment Treaty.

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

##### **Prairie Mining Limited**

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## DEBIENSKO MINE

The Debiensko Mine (“**Debiensko**”) is a 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 Ministry of Environment (“**MoE**”) granted a 50-year mining concession for Debiensko.

In October 2016, Prairie Mining Limited (“**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.

### Update on Concession Amendment Application

In December 2016, following the acquisition of Debiensko, Prairie applied to the 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 a final “second instance” decision from the MoE that has denied the Company’s amendment application. Not meeting the production timeframe stipulated in the concession does not automatically 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 and continues to have valid tenure and ownership of land at Debiensko. However, the concession authority now has the right to request the concession holder to remove any infringements related to non-compliance with the conditions of the 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-compliance. Nevertheless, the second instance decision may result in the commencement of proceedings by the MoE to limit or withdraw the Debiensko mining concession.

Prairie will strongly defend its position and continue to take relevant actions to pursue its legal rights regarding the Debiensko concession, which includes an appeal that has been filed with Poland’s Administrative Court.

## 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 Lubelski Węgiel BOGDANKA S.A.’s (“**Bogdanka**”) Bogdanka coal mine which has been in commercial production since 1982 and is the lowest cost hard coal producer in Europe.

Prairie’s 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 (“**SSCC**”), known as Type 34 coal in Poland whilst confirming Jan Karski as a globally significant 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.

### Positive Rulings in Supreme Administrative Court

Poland’s Supreme Administrative Court has finally and fully rejected Bogdanka’s administrative complaints against Poland’s MoE regarding the refusal of Bogdanka’s 2013 application for a mining concession over the K-6-7 deposit at Jan Karski.

This Supreme Administrative Court decision is final, cannot be appealed and has upheld the 2016 Regional Administrative Court decision that confirms the original 2015 decision, which denied Bogdanka’s mining concession application. It has been concluded that granting a mining concession to Bogdanka would be a serious violation of the provisions of Poland’s Geological and Mining Law (“**GML**”), and would be contrary to the rule of law as embodied in the Polish constitution.

In a second ruling, the Supreme Administrative Court has upheld the 2016 Regional Administrative Court decision that obliged the MoE to approve Prairie’s submitted Addendum No.3 for the K-6-7 deposit. Addendum No.3 is a detailed resource estimate for the K-6-7 deposit according to Polish geological reporting standards and is based on the results of Prairie’s exploration program at the deposit. This complaint was bought against the MoE by Prairie in 2015.

The Court’s ruling will now be passed back to the MoE, and the MoE is meant to promptly reassess the original decision taking into account the court’s verdict.

The Supreme Administrative Court’s rulings re-affirm, beyond doubt, that Bogdanka’s 2013 claims over K-6-7 are without merit and inadmissible. The Board notes that Bogdanka’s claims have been rejected by the Polish courts in multiple rulings.

## **Injunction against Poland's Ministry of Environment has been Over-turned**

In April 2018, Prairie filed a civil law claim against the MoE due to its failure to grant Prairie a mining usufruct agreement over the Jan Karski concessions in order to protect the Company's security of tenure over the project.

The Company had been awarded the Priority Right to apply for a mining concession at Jan Karski in 2015 following its full compliance with Poland's Geological and Mining Law (2011).

Subsequent to Prairie's filing of the civil law claim discussed above, the Polish Civil Court granted Prairie an injunction preventing the MoE from granting prospecting, exploration or mining concessions and concluding usufruct agreements with any other party until full court proceedings were concluded.

In its ruling, the Court stated that: *"Based on the evidence one may at this point state that the plaintiff [Prairie] 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 [2011]."*

An Appeal Court in Warsaw has now overturned the Civil Court's decision and lifted the injunction. Prairie believes that the Appeal Court's decision is fundamentally flawed as it has the effect of retrospectively applying the August 2018 amended version of the Geological and Mining Law and (incorrectly) concludes that Prairie did not have a Priority Right over the entire Lublin deposit.

Prairie's civil law claim against the MoE for failure to grant the Company with a mining usufruct agreement at Jan Karski remains ongoing and is not impacted by the Appeal Court's decision to lift the injunction.

The Appeal Court's decision is further evidence of the unfair and inequitable treatment faced by Prairie as a foreign investor in Poland and the Company will therefore consider all other actions necessary to ensure its rights are preserved.

## **CORPORATE**

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

Discussions continued throughout the quarter and remain ongoing between Prairie and JSW with JSW reporting that it would like to agree the basic terms of a potential transaction with Prairie by the end of April 2019.

JSW has stated that due diligence at Debiensko has indicated the technical feasibility and potential synergies of accessing initial seams at the Debiensko deposit utilising the existing infrastructure at JSW's adjacent Knurów-Szczygłowice mine. Exploiting those synergies would require modifications to project configuration and obtaining relevant approvals, including concession modifications. JSW estimates that access via the Szczygłowice mine potentially enables the production of hard coking coal (Type 35) from Debiensko in up to 18 months from the time that relevant administrative permits and concession amendments are granted.

JSW's due diligence process at Jan Karski has also confirmed that part of the "Lublin" deposit contains semi-soft coking coal (Type 34), which can be potentially utilised by JSW.

During the quarter, Prairie and JSW signed an extension to an Non-Disclosure Agreement (“NDA”), with the term of the NDA now ending on 28 September 2019, in order to discuss a deal structure and commercial terms for any co-operation or transaction and for the adaption of mine plans for both Debiensko and Jan Karski to align with JSW’s development concepts and to maximise potential synergies at Debiensko.

There can be no certainty as to whether any transaction(s) or co-operation will be agreed, or the potential form of such transaction(s) or co-operation. It is emphasised that any potential transaction(s), should they occur, may be subject to a number of conditions including, but not limited to, obtaining 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 the respective issuers.

### **Dispute with the Polish Government**

Prairie has formally notified the Polish government that there exists an investment dispute between Prairie and the Polish government.

Prairie’s notification calls for prompt negotiations with the government to amicably resolve the dispute, and indicates Prairie’s right to submit the dispute to international arbitration in the event the dispute is not resolved amicably. The dispute arises out of certain measures taken by Poland in breach of the Energy Charter Treaty, the UK-Poland Bilateral Investment Treaty and Australia-Poland Bilateral Investment Treaty.

The Company advises that it is not in a position to comment on the potential size of the claim that may be made against the Polish government should the dispute not be resolved amicably. Prairie will update the market when it is in a position to do so.

Prairie can confirm that it is taking all necessary actions to preserve its rights and protect its investments in Poland. The Company remains hopeful that the dispute with the Polish government can be resolved amicably. The Company will consider any other actions necessary to ensure its rights are preserved.

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

### **Financial Position and Balance Sheet**

Prairie has cash reserves of A\$8.0 million and CD Capital’s right to invest a further A\$68 million as a cornerstone investor.

### **Issue of Performance Rights and remuneration of Chief Executive Officer**

The Company will issue 1,325,000 Performance Rights (expiring 30 September 2020) to key employees and consultants of the Company pursuant to the Company’s Performance Rights Plan as an incentive for them to achieve the business strategies and prospects of the Company as stated below.

The Board has also resolved to update the remuneration package of Mr Ben Stoikovich, Director and Chief Executive Officer of the Company, and Selwyn Capital Limited (a Company Mr Stoikovich is a director and shareholder of) to provide an incentive for Mr Stoikovich and Selwyn Capital Limited to achieve the long-term business strategies and prospects of the Company which includes a potential co-operation transaction between Prairie and JSW.

This updated remuneration includes, subject to shareholder approval, the award of 500,000 Performance Rights to Selwyn Capital Limited which vest subsequent to securing a new strategic investor (expiring 30 September 2020).

Subject to shareholder approval, the Company will also amend the change of control clause in the Selwyn Capital Limited consulting contract to be consistent with the Company's shareholder approved Performance Rights Plan and to appropriately incentivise Mr Stoikovich and Selwyn Capital Limited to achieve the long-term business strategies and prospects of the Company. The amendment will mean that the change of control clause is triggered when any person acquires a relevant interest in 50.1% or more shares in the Company by any other means.

### **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 2019, 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*
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. The K-4-5, K-8 and K-9 Exploration Concessions expired in November 2018 but these were separate to and had no bearing on the Company's access to land and the Exclusive Right (tenure) to apply for a mining concession at Jan Karski, however as noted below, this position is the subject of Prairie's Mining Usufruct Agreement proceedings in front of the Civil Court. 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 report, 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 the Company has provided to RDOS supplementary information to the originally submitted Environmental & Social Impact Assessment, as requested by RDOS.

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 report 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. 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, which remain ongoing, 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 Agreement 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. In April 2018, the Civil Court approved Prairie's motion for an injunction against the MoE, which prevented them from entering into a usufruct agreement or a concession with any other party besides Prairie. A decision by an Appeal Court in Warsaw has now overturned the injunction in place against the MoE. Prairie believes that the Appeal Court's decision is fundamentally flawed and will therefore consider all other actions necessary to ensure its rights are preserved. The Company's Mining Usufruct Agreement proceedings in front of the Civil Court for Jan Karski remain ongoing and is not impacted by the Appeal Court's decision to lift the injunction.

\*\* 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, following the acquisition of Debiensko, Prairie applied to the 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 a final "second instance" decision from the MoE that has denied the Company's amendment application. However, Prairie also holds a valid environmental consent decision enabling mine construction and continues to have valid tenure and ownership of land at Debiensko. Not meeting the production timeframe stipulated in the concession does not automatically infringe on the validity and expiry date of the Debiensko mining concession, which is June 2058. However, the concession authority now has the right to request the concession holder to remove any infringements related to non-compliance with the conditions of the 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-compliance. Nevertheless, the second instance decision may result in the commencement of proceedings by the MoE to limit or withdraw the Debiensko mining concession. Prairie will strongly defend its position and continue to take relevant actions to pursue its legal rights regarding the Debiensko concession. In this regard Karbonia, Prairie's wholly owned Polish subsidiary has also filed an appeal to Poland's administrative courts following advice that the MoE's decision is fundamentally flawed, fails to comply with Polish, EU and international law, and demonstrates yet further evidence of the discriminatory treatment faced by Prairie as a foreign investor in Poland. The Company will consider any other actions necessary to ensure its concession rights are preserved. For this and other reasons, Prairie has formally notified the Polish government that there exists an investment dispute between Prairie and the Polish Government. The dispute arises out of certain measures taken by Poland in breach of the Energy Charter Treaty, the UK-Poland Bilateral Investment Treaty and the Australia-Poland Bilateral Investment Treaty. Prairie's notification calls for prompt negotiations with the government to amicably resolve the dispute, and indicates Prairie's right to submit the dispute and lodge a claim to international arbitration in the event the dispute is not resolved amicably.

## 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 2019

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	(567)	(2,020)
(b) development	-	-
(c) production	-	-
(d) staff costs	(261)	(896)
(e) administration and corporate costs	(202)	(701)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	52	174
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	(42)	(134)
(b) Property rental and gas sales	152	331
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(868)</b>	<b>(3,246)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(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	-	-
2.2 Proceeds from the disposal of:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	3	3
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
<b>2.6 Net cash from / (used in) investing activities</b>	<b>3</b>	<b>3</b>

<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of shares	-	-
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	(3)	(70)
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 Net cash from / (used in) financing activities</b>	<b>(3)</b>	<b>(70)</b>

<b>4. Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1 Cash and cash equivalents at beginning of period	8,572	11,016
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(868)	(3,246)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	3	3
4.4 Net cash from / (used in) financing activities (item 3.10 above)	(3)	(70)

<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	-	1
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>7,704</b>	<b>7,704</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	1,704	1,572
5.2	Call deposits	6,000	7,000
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>7,704</b>	<b>8,572</b>

<b>6.</b>	<b>Payments to directors of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1	Aggregate amount of payments to these parties included in item 1.2	(185)
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	Nil
6.3	Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

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

<b>7.</b>	<b>Payments to related entities of the entity and their associates</b>	<b>Current quarter \$A'000</b>
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	

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	(500)
9.2 Development	-
9.3 Production	-
9.4 Staff costs	(250)
9.5 Administration and corporate costs	(200)
9.6 Other (provide details if material) (a) Business development costs	(50)
<b>9.7 Total estimated cash outflows</b>	<b>(1,000)</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	<u>Jan Karski</u> See notes below			
10.2 Interests in mining tenements and petroleum tenements acquired or increased	-	-	-	-

**Notes:**

\* 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. (The K-4-5, K-8 and K-9 Exploration Concession expired in November 2018 but this was separate to and had no bearing on the access to land and the Exclusive Right (tenure) to apply for a mining concession at 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 report, 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.

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However, the Environmental Consent proceedings continue to progress and the Company has provided to RDOS supplementary information to the originally submitted Environmental & Social Impact Assessment, as requested by RDOS.

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 report 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. 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, which remain ongoing, 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 Agreement 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. In April 2018, the Civil Court approved Prairie's motion for an injunction against the MoE, which prevented them from entering into a usufruct agreement or a concession with any other party besides Prairie. A decision by an Appeal Court in Warsaw has now overturned the injunction in place against the MoE. Prairie believes that the Appeal Court's decision is fundamentally flawed and will therefore consider all other actions necessary to ensure its rights are preserved. The Company's Mining Usufruct Agreement proceedings for Jan Karski remain ongoing and is not impacted by the Appeal Court's decision to lift the injunction.

### 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: *[lodged electronically without signature]* Date: 12 April 2019  
 .....  
 (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.