



NEWS RELEASE | 31 October 2019

SEPTEMBER 2019 QUARTERLY REPORT

Highlights during, and subsequent to the quarter end,

- Prairie continued to:
 - Assess its options for international arbitration in relation to the investment dispute between Prairie and the Polish Government that has arisen out of certain measures taken by Poland in breach of the Energy Charter Treaty, and the Australia-Poland Bilateral Investment Treaty
 - Work with its lawyers (including international arbitration legal experts) to prepare submissions for the international arbitration claim(s)
 - Assess corporate options for its investments in Poland and will strongly defend its position and continue to take relevant actions to pursue its legal rights regarding both the Debiensko and Jan Karski projects
 - Identify and assess other suitable business opportunities in the resources sector
- As previously advised, Mr Daniel Ozon, CEO of JSW, was dismissed in June 2019, following his appointment in 2017. Mr Włodzimierz Hereźniak has since been appointed as JSW's new CEO
- There has been no material discussion with JSW since Mr Ozon's dismissal. The Company will update the market regarding any potential co-operation with JSW as necessary and in accordance with continuous disclosure obligations
- Prairie has cash reserves of A\$5.3 million on hand placing it in a strong financial position

Enquiries

Prairie Mining Limited

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Debiensko Mine

The Debiensko Mine (“Debiensko”), 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 Jastrzębska Spółka Węglowa SA (“JSW”), Europe’s leading producer of hard coking coal.

The Debiensko mine was historically 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 Polish Ministry of Environment (“MoE”) granted a 50-year mine license for Debiensko.

In October 2016, Prairie Mining Limited (“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.

Debiensko Concession

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. In April 2018, Prairie received a final “second instance” decision from the MoE that has denied the Company’s amendment application. Despite Prairie holding a valid environmental consent decision enabling mine construction, the actions of the Polish government have effectively blocked any pathway to production for Prairie at Debiensko therefore making it impossible for the Company to continue with development at Debiensko.

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

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 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 brought against the MoE by Prairie in 2015.

The Court's ruling has been passed back to the MoE, and the Company is now waiting on the MoE to 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.

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 GML.

Subsequent to Prairie's filing of the civil law claim discussed above, the Polish District 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 April 2019, an Appeal Court in Warsaw overturned the District Court's decision and lifted the injunction. Prairie believes that the Appeal Court's decision is fundamentally flawed. The Appeal Court's decision is further evidence of the unfair and inequitable treatment faced by Prairie as a foreign investor in Poland and these and other measures directed against Prairie by the Polish government, with respect to the Company's permitting process and licenses, have blocked Prairie's pathway to any future production from Jan Karski. The Company is therefore considering all actions necessary to pursue its legal rights regarding Jan Karski.

Corporate

Possible Co-Operation between Prairie and JSW

In February 2019, Prairie and JSW signed an extension to a Non-Disclosure Agreement ("NDA") in order to discuss a deal structure and commercial terms for any co-operation or transaction and for the adaptation of mine plans for both Debiensko and Jan Karski to align with JSW's development concepts and to maximise potential synergies at Debiensko. However, the term of the NDA expired during the quarter.

Further, in June 2019, Mr Daniel Ozon, CEO of JSW, was dismissed following his appointment in 2017. Mr Włodzimierz Hereźniak has since been appointed as the new CEO of JSW. There has been no material discussion with JSW since Mr Ozon's dismissal nor since the expiry of the NDA discussed above. The Company will continue to comply with its continuous disclosure obligations regarding any co-operation with JSW and make announcements as required.

Dispute with the Polish Government

In February 2019, Prairie 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 and Australia-Poland Bilateral Investment Treaty. The Company remains open to resolving the dispute with the Polish government amicably. As of the date of this report, no amicable resolution of the dispute has occurred, since the Polish government has declined to participate in substantive discussions related to the dispute.

Prairie is currently working with its lawyers (including international arbitration legal experts) to prepare submissions and finalise funding arrangements for the international arbitration claim(s).

Prairie can confirm that it is taking all necessary actions to pursue its legal rights regarding its investments in Poland.

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\$5.3 million placing it in a strong financial position.

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 30 September 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) ¹	100	Granted	Exclusive Right to apply for a mining concession
Debiensko, Poland	Debiensko 1 ²	100	Granted	Mining
Debiensko, Poland	Kaczyce 1	100	Granted	Mining & Exploration (includes gas rights)

Notes:

¹ 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.

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. Prairie will continue to take relevant actions to pursue its legal rights regarding Jan Karski.

² 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. The Company will consider any actions necessary to pursue its legal rights regarding Debiensko. 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 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")

30 September 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(853)	(853)
(b) development	-	-
(c) production	-	-
(d) staff costs	(232)	(232)
(e) administration and corporate costs	(301)	(301)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	35	35
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	(21)	(21)
(b) Property rental and gas sales	57	57
1.9 Net cash from / (used in) operating activities	(1,315)	(1,315)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(3)	(3)
(b) tenements (see item 10)	-	-
(c) investments	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 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	-	-
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	(3)	(3)

3. Cash flows from financing activities		
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	-	-
3.5 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	-	-

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	6,620	6,620
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(1,315)	(1,315)
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)	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	5,302	5,302

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	1,302	1,120
5.2	Call deposits	4,000	5,500
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)	5,302	6,620

6.	Payments to directors of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to these parties included in item 1.2	(172)
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.

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

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	(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)
9.7 Total estimated cash outflows	(1,000)

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: *[lodged electronically without signature]*
..... Date: 31 October 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.