



NEWS RELEASE | 30 April 2021

## MARCH 2021 QUARTERLY REPORT

Prairie Mining Limited (**Prairie** or the **Company**) is pleased to present its Quarterly Report for the period ending 31 March 2021.

### HIGHLIGHTS

- International arbitration claims (**Claim**) against the Republic of Poland under both the Energy Charter Treaty (**ECT**) and the Australia-Poland Bilateral Investment Treaty (**BIT**) (together the **Treaties**) continue.
  - Prairie alleges that the Republic of Poland has breached its obligations under the Treaties through its actions to block the development of the Company's Jan Karski and Debiensko mines in Poland.
  - The Republic of Poland's actions have deprived Prairie of the entire value of its investments in Poland.
  - The Claim for damages may include but is not limited to the value of Prairie's historical expenditure in developing both the Jan Karski and Debiensko mines, lost profits and damages, which is linked to the net present value of both mines, and accrued interest related to any damages.
- The Company's Claim against the Republic of Poland will be prosecuted through an established and enforceable legal framework with both parties agreeing to apply the United Nations Commission on International Trade Law Rules (**UNCITRAL**) to the proceedings.
- The Company is well funded to pursue the Claim with the US\$12.3 million Litigation Funding Agreement (**LFA**) in place which is currently being drawn down to cover legal, tribunal and external expert costs and defined operating expenses associated with the Claim.
- During the quarter, the BIT claim Tribunal was constituted and the Claim was registered with the Permanent Court of Arbitration in the Hague.
- Prairie continues its efforts to identify and assess other suitable new business opportunities, focused on the resources sector. The Company will make announcements to the market as appropriate.

### Enquiries

#### Prairie Mining Limited

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## DISPUTE WITH POLISH GOVERNMENT

The Company's Claim against the Republic of Poland is being prosecuted through an established and enforceable legal framework, with Prairie and Poland agreeing to apply the UNCITRAL rules to the proceedings.

During the quarter, the BIT claim Tribunal was constituted and the Claim was registered with the Permanent Court of Arbitration in the Hague.

Prairie's claim for compensation may include, but will not be limited to:

- The value of Prairie's historic expenditure in developing both the Jan Karski and Debiensko mines;
- Lost profits and damages that the Company has suffered as a result of Poland's acts and omissions which have resulted in the expropriation of both the Jan Karski of Debiensko mines, which is linked to the considerable Net Present Value of both mines at the time of Poland's international treaty breaches; and
- Accrued interest related to any damages award and all costs associated with pursuing the Claims to Arbitration.

The Company is not able to make any further comment in relation to the potential quantum of any claim for compensation at this point. Please refer to ASX announcements dated 26 April 2018, 28 May 2018, 18 January 2019, 13 February 2019, 4 April 2019 and 31 December 2019 for further details regarding the Company's dispute with the Republic of Poland.

In July 2020, the Company announced it had executed a litigation funding agreement (**LFA**) for US\$12.3 million with LCM. The facility is currently being drawn down to cover legal, tribunal and external expert costs and defined operating expenses associated with the Claim.

In September 2020, Prairie announced that it had formally commenced with the Claim by serving the Notices of Arbitration against the Republic of Poland.

Prairie's dispute alleges that the Republic of Poland has breached its obligations under the applicable Treaties through its actions to block the development of the Company's Jan Karski and Debiensko mines in Poland which effectively deprives Prairie of the entire value of its investments in Poland.

In February 2019, Prairie formally notified the Polish Government that there exists an investment dispute between Prairie and the Polish Government. Prairie's notification called for prompt negotiations with the Government to amicably resolve the dispute and indicated Prairie's right to submit the dispute to international arbitration in the event of the dispute not being resolved amicably. The Company remains open to resolving the dispute with the Polish Government amicably. However, as of the date of this report, no amicable resolution of the dispute has occurred, since the Polish Government has declined to participate in discussions related to the dispute and accordingly the Company has formerly submitted its Claim as discussed above.

Prairie's investment dispute with the Republic of Poland is not unique, with international media widely reporting that the political environment and investment climate in Poland has deteriorated since the change in Government in 2015. As a result, there are a significant number of International Arbitration claims being brought against Poland in the natural resources and energy sectors with damages claims ranging from US\$120 million to over US\$1.3 billion and includes Bluegas NRG Holding (Gas), Lumina Copper (Copper) and InvEnergy (wind farms).

## CORPORATE

### *Business Development*

A number of opportunities have been reviewed during the quarter, and the Company will continue in its efforts to identify and acquire suitable new business opportunities. The Company is currently focusing on new opportunities in the resources sector.

However, no agreements have been reached or licences granted, and the Company is not able to assess the likelihood or timing of a successful acquisition or grant of any opportunities.

### ***Balance Sheet***

At 31 March 2021, the Company is in a strong financial position to pursue the Claim and continue with business development activities with the US\$12.3 million LFA and cash reserves of A\$5.3 million.

### ***Resignation of Alternate Director***

During the quarter, Mr Todd Hannigan resigned as Alternate Director to Mr Tom Todd to pursue other business and investment opportunities. Mr Tom Todd will continue to serve as a Non-Executive Director of the Company.

### **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.*

*This announcement has been authorised for release by the Company's Chief Executive Officer, Mr Ben Stoikovich.*

## APPENDIX 1: TENEMENT INFORMATION

As at 31 March 2021, 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, K6-7, K-8 and K-9) <sup>1</sup>	100	In dispute <sup>1</sup>	Exclusive Right to apply for a mining concession
Debiensko, Poland	Debiensko 1	100	Granted <sup>1</sup>	Mining
Debiensko, Poland	Kaczyce 1	100	Granted	Mining & Exploration (includes gas rights)

**Notes:**

<sup>1</sup> Prairie was commenced international arbitration claims against the Republic of Poland under both ECT and the BIT. Prairie alleges that the Republic of Poland has breached its obligations under the Treaties through its actions to block the development of the Company's Jan Karski and Debiensko mines in Poland.

The Company's Claim against the Republic of Poland will be prosecuted through an established and enforceable legal framework with both Prairie and Poland agreeing to apply the UNCITRAL rules to the proceedings.

The Company is well funded to pursue the Claim with the US\$12.3 million LFA in place which is currently being drawn down to cover legal, tribunal and external expert costs and defined operating expenses associated with the Claim.

## APPENDIX 2: RELATED PARTY PAYMENTS

During the quarter ended 31 March 2021, the Company made payments of \$167,028 to related parties and their associates. These payments relate to existing remuneration arrangements (director fees, consulting fees and superannuation of \$127,028) and the provision of a serviced office and company secretarial and administration services (\$40,000).

## APPENDIX 3: EXPLORATION AND MINING EXPENDITURE

During the quarter ended 31 March 2021, the Company made the following payments in relation to exploration activities:

Activity	\$000
Legal and permitting related expenditure	172
Consultants – technical and Debiensko statutory operations personnel	105
Other	54
<b>Total as reported in the Appendix 5B</b>	<b>331</b>

There were no mining or production activities and expenses incurred during the quarter ended 31 March 2021.

## Appendix 5B

### Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

Prairie Mining Limited

ABN

23 008 677 852

Quarter ended ("current quarter")

31 March 2021

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	(331)*	(942)*
(b) development	-	-
(c) production	-	-
(d) staff costs	(133)	(412)
(e) administration and corporate costs	(201)	(770)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	7	17
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)		
(a) Business Development	(14)	(66)
(b) Property rental and gas sales	84	231
(c) Arbitration related expenses	(287)	(713)
(d) Receipt of arbitration funding	241	494
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(634)</b>	<b>(2,161)</b>

\*relates to legal and permitting expenditure and payments made to consultants (Debiensko technical statutory operations personnel).

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) Entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	-	-
(d) exploration & evaluation	-	-

## Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
	(e) investments	-	-
	(f) other non-current assets	-	-
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	172	1,047
	(d) investments	-	-
	(e) 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)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>172</b>	<b>1,047</b>
<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	4,020
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(8)	(116)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	(57)
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>(8)</b>	<b>3,847</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	5,762	2,562
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(634)	(2,161)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	172	1,047

## Mining exploration entity or oil and gas exploration entity quarterly cash flow report

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(8)	3,847
4.5	Effect of movement in exchange rates on cash held	(3)	(6)
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>5,289</b>	<b>5,289</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	5,289	5,762
5.2	Call deposits	-	-
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>5,289</b>	<b>5,762</b>

<b>6.</b>	<b>Payments to related parties of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1	Aggregate amount of payments to related parties and their associates included in item 1	(167)
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

## Mining exploration entity or oil and gas exploration entity quarterly cash flow report

<b>7. Financing facilities</b>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	16,000*	2,832
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
<b>7.4 Total financing facilities</b>	<b>16,000*</b>	<b>2,832</b>
<b>7.5 Unused financing facilities available at quarter end</b>		<b>13,168</b>
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
<p>On 30 June 2020, the Company executed a Litigation Funding Agreement (<b>LFA</b>) for US\$12.3 million (*now worth A\$16 million with the appreciation of the A\$ compared to the \$US) with LCM Funding UK Limited a subsidiary of Litigation Capital Management Limited (<b>LCM</b>), to pursue damages claims 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 (<b>BIT</b>). LCM will provide up to US\$12.3million (~A\$16 million), denominated in US\$, in limited recourse financing which is repayable to LCM in the event of a successful Claim or settlement of the Dispute that results in the recovery of any monies. If there is no settlement or award, then LCM is not entitled to any repayment of the financing facility. In return for providing the financing facility, LCM shall be entitled to receive repayment of any funds drawn plus an amount equal to between two and five times the total of any funds drawn from the funding facility during the first five years, depending on the time frame over which funds have remained drawn, and then a 30% interest rate after the fifth year until receipt of damages payments.</p>		

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (item 1.9)	(634)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	-
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(634)
8.4 Cash and cash equivalents at quarter end (item 4.6)	5,289
8.5 Unused finance facilities available at quarter end (item 7.5)	13,168
8.6 Total available funding (item 8.4 + item 8.5)	18,457
<b>8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)</b>	<b>&gt;10</b>
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: Not applicable	



## Mining exploration entity or oil and gas exploration entity quarterly cash flow report

8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: Not applicable

8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: Not applicable

*Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.*

## 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.

Date: 30 April 2021

Authorised by: Company Secretary  
(Name of body or officer authorising release – see note 4)

### Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow 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 cash flow 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.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.