



Prairie Downs

Metals Limited | ASX: PDZ
ABN 23 008 677 852



ASX RELEASE

13 February 2014

PRAIRIE COMMENCES PERMITTING FOR LUBLIN COAL PROJECT

Highlights:

- **Polish consultancy GEO-EKO-WIERT appointed to prepare the first phase of Polish mine development permitting documentation for the Lublin Coal Project**
- **Agreement signed with Polish Ministry of Environment providing access to further detailed historical exploration data which will be utilised in the commencement of the mine permitting process**
- **Company intends for its permitting processes to progress in parallel with the completion of mining and technical studies for the Project**
- **Prairie is continuing to advance its Scoping Study for the Lublin Coal project which is on track for publication during H1 2014**

Prairie Downs Metals Limited ("Prairie" or "the Company") is pleased to announce that it has signed an agreement with the Polish Ministry of Environment ("MoE") to obtain full rights to use a completed set of detailed historical exploration data for the Lublin Coal Project (the "Project"), which also gives Prairie the legal title to use this data as part of the mine permitting process. The data comprises additional analysis from boreholes completed at the Project area by the Polish government between the 1960's and 1980's, including full geotechnical, down-hole geophysics, hydrogeological, seismic and coal quality analysis. Concluding of the agreement with the MoE is a pre-requisite to the commencement of the mine permitting process under Polish mining law.

Prairie's CEO Mr Ben Stoikovich said: "We are extremely fortunate in that our Lublin Coal Project is underpinned by an incredibly rich source of historical geological information comprising data and supporting analysis from 200 cored boreholes for more than 200,000 meters of drilling, which covers the whole project area. Signing of the agreement with the MoE enables us to commence the mine permitting process, which we will now progress and will incorporate into results from our ongoing project technical and economic studies. Our Polish consultants, GEO-EKO-WIERT, have an impressive track record in documenting and permitting mining projects in Poland. The new data we have access to, when combined with the results of Prairie's current drilling program and coal quality testing, also allows us to upgrade the existing geological database and current Mineral Resource Estimate for the Project".

For further information contact:

Ben Stoikovich
Chief Executive Officer
+44 207 478 3900

Anastasios Arima
Executive Director
+61 8 9322 6322

Hugo Schuman
Business Development
+44 207 478 3900



Commencement of Initial Permitting Process

Prairie has commissioned local consultancy GEO-EKO-WIERT to prepare the Geological Documentation and Deposit Development Plan for the Lublin Coal Project. These studies form the basis of the Polish mine permitting process, as prescribed under the Polish mining law.

Geological Documentation is a resource estimate prepared according to the standards prescribed in the Polish resource reporting code. The Deposit Development Plan is a Polish standard mine technical-economic study as prescribed in the Polish mining regulations.

GEO-EKO-WIERT has considerable expertise in the preparation of mining concession applications and regulatory reports in Poland including Geological Documentation, Deposit Development Plans, Hydro-geological documentation and Environmental Impact Assessments. GEO-EKO-WIERT has worked with major Polish coal mining companies including Jastrzębska Spółka Węglowa S.A (“**JSW**”), Katowicki Holding Węglowy S.A. (“**KHW**”) and KOPEX SA (“**Kopex**”).

GEO-EKO-WIERT commenced preparation of Geological Documentation for Prairie’s Project in January 2014 and the report is expected to be completed and submitted to the MoE within 12 months. The completion of Geological Documentation is timed to occur alongside completion of Prairie’s minimum work program as set out under its exploration concessions at the Project including the current seven-hole core drilling program.

GEO-EKO-WIERT have also been commissioned to prepare the Deposit Development Plan for the Project, which will be completed following approval of the Geological Documentation by the MoE and which would form the basis of the mining license application for the Project

Prairie’s Environmental and Social Impact Assessment for the Project has also commenced (refer ASX announcement 7 February 2014) and will progress in parallel with technical studies and permitting for the Project.

Resource Upgrade

In 2013 the Company announced a maiden Mineral Resource Estimate (“**Resource**”) for the Project of 1.6 Billion tonnes in the Inferred category (refer ASX announcement 14 February 2013). The Resource was defined within 20 coal seams found between 624 metres and 1,091 metres within the Company’s four coal licenses, with average coal seam thicknesses of ~1.4m and ranging between 1.0m and 4.6 metres.

The Resource was based on the guidelines of the JORC Code (2004) with the geological modelling of the Resource based on a database of 200 historical core holes covering the Project concessions and totalling some 200,000 metres of drilling which was conducted by various Polish governmental agencies between the 1960’s and 1980’s.

The Company has now concluded an agreement with the Polish MoE giving Prairie access to further documentation from the historical drill hole database. The additional documentation includes hundreds of volumes of coal quality, geotechnical, hydrogeological, geophysics and seismic test data, analysis and interpretation.

Consultants, Wardell Armstrong International (“**WAI**”), together with Prairie’s geological team will carry out a detailed review of the additional data obtained from the MoE and together with the results of the Company’s ongoing drilling program and coal quality testing, is expected to result in an upgrade to the classification of the current Resource.

The updated Resource will form the basis of future mine planning for the Project and will be integrated into the ongoing Scoping Study, also being completed by WAI.

Commercial Terms of Historical Exploration Data Agreement

Terms of the agreement include the following:

- Payment to the MoE of PLN1,911,709 (~A\$690,500) for the right to use the historical exploration data. This amount constitutes 10% of the overall fee;
- Upon the grant of a mining license at the Project by the MoE, the balance is payable in 12 equal quarterly instalments commencing 30 days subsequent to the grant of the mining license;
- Indexation, calculated using the annual average consumer goods index in Poland (for the period from the year of signing the agreement to the year preceding the fee due date), will be applied to the quarterly instalments;
- The term of the agreement is 30 months which can be automatically extended in the event that a mining license is granted at the Project; and
- Use of the historical exploration data can be extended for an additional year by paying an additional 10% of the overall fee. This amount will be credited towards the overall fee.

ABOUT THE LUBLIN COAL PROJECT

The Lublin Coal Project is a large scale thermal and semi-soft coking coal project with a current JORC inferred Resource of 1.6 billion tonnes across four coal exploration concessions in south eastern Poland. The Resource is based on the review and modelling of historic data over the Company's concessions, including the logs from 200 cored boreholes. Recent coal quality test work has demonstrated potential for semi-soft coking coal from the main 391 coal seam which hosts a current inferred resource of 327 million tonnes.

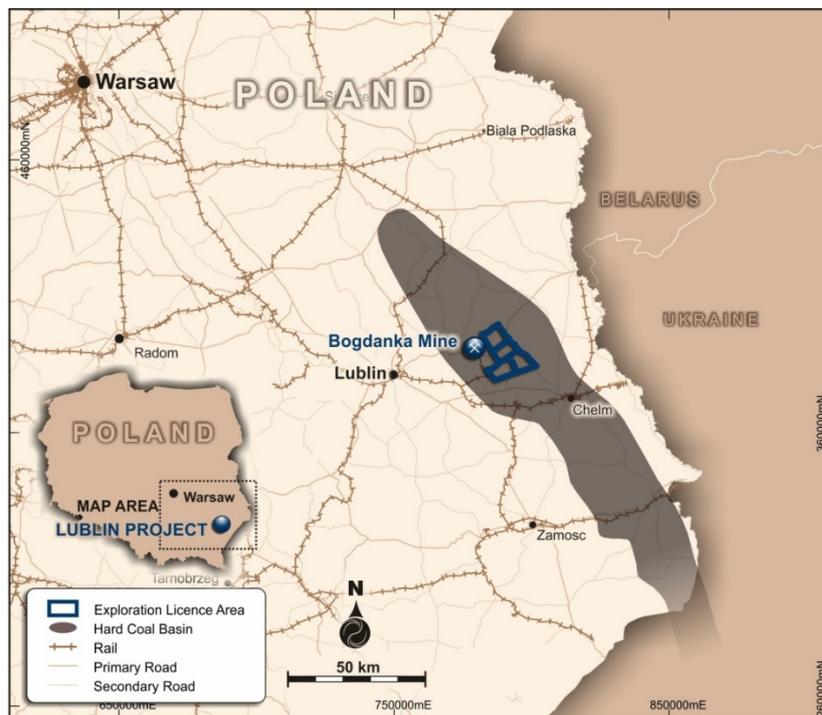


Figure 2: Lublin Coal Project Location Map in Poland

The Lublin Coal Basin is an established coal producing province and has extensive infrastructure, including roads, rail and power. The Project is situated adjacent to the Bogdanka coal mine which has been in commercial production since 1982.



Lubelski Węgiel BOGDANKA S.A (“**Bogdanka**”) has successfully been able to demonstrate that the Lublin Coal Basin has the potential to host a new generation of large scale coal projects and has recently expanded its production levels to over 8 million tonnes per annum (targeting production of 11.5 million tonnes per annum by 2015) of thermal coal. The Lublin basin has ideal geological and mining conditions for high productivity longwall plow operations with world record production rates set by Bogdanka. As a result, the Boganka mine is currently the lowest operating cost hard coal mine in Europe. Preliminary analysis by the Prairie team indicates the potential to introduce international best practice in coal mine design and production technology to deliver substantial operational and product quality improvements.

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 report that relates to Exploration Results and Mineral Resources was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported. Information in this announcement that relates to Mineral Resources is based on information compiled by Dr Richard Lowman (an employee of independent consultant Wardell Armstrong LLP which owns Wardell Armstrong Limited) who is a Fellow of the Geological Society of London. Dr Lowman has sufficient experience which 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 under the 2004 Edition of the Australasian Code for reporting of Exploration Results, Mineral Resources and Ore Reserves. Dr Lowman consents to the inclusion of the data in the form and context in which it appears.