



NEWS RELEASE | 30 April 2020

MARCH 2020 QUARTERLY REPORT

Summary during, and subsequent to the quarter end,

- Prairie continued to:
 - Assess its options 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 finalise arrangements for commencing international arbitration claim(s) against Poland
 - Strongly defend its position and 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
- During the quarter, Prairie received a favorable judgement from the Polish Administrative Court that found the Ministry of Environment had violated provisions of law in refusing to grant Prairie the Debiensko concession amendment
- The court judgement formally revokes the Ministry of Environment's April 2018 decision denying the Debiensko concession amendment, and requires the body to reconsider Prairie's amendment application
- There have been no material discussions between the Company and JSW with respect to potential co-operation regarding Prairie's Polish coal projects during and subsequent to the March 2020 quarter

Enquiries

Prairie Mining Limited

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

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. Prairie appealed this MoE decision to Poland’s Administrative Court, who have now ruled in Prairie’s favour confirming that the MoE’s denial of Prairie’s concession amendment application violated provisions of Polish law, and that the MoE’s decision was defective. The Court indicated that the MoE had not established legal grounds justifying rejection of Prairie’s amendment application. The court verdict formally revokes the MoE’s April 2018 decision denying the concession amendment, and requires the MoE to reassess the concession amendment application in light of the various defects in the MoE’s original decisions as indicated by the Court. The MoE has now appealed this decision to Poland’s Supreme Administrative Court. Despite Prairie holding a valid environmental consent decision enabling mine construction, the actions of the Polish Government have 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 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.

K6-7 Concession Awarded to Bogdanka

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 (which included the K6-7 deposit) 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 ("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. On 31 December 2019, Lubelski Węgiel BOGDANKA S.A ("Bogdanka") announced that the MoE had granted Bogdanka a mining concession over the disputed K6-7 deposit which has been confirmed following receipt of official communication from the MoE. This Polish government decision represents an expropriation of the Jan Karski project from Prairie.

The MoE's decision to grant a mining concession over the K6-7 deposit to Bogdanka 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 entirely blocked Prairie's pathway to any future production from Jan Karski. As a result of this latest action by the Polish government, the Company has taken the decision to discontinue the ongoing environmental permitting procedure for the Jan Karski mine which has been formally communicated to the RDOS in Lublin, the regional government body responsible for the Environmental Consent decision for the Jan Karski mine. The Company continues to take all actions necessary to pursue its legal rights regarding Jan Karski.

Corporate

Possible Co-Operation between Prairie and JSW

There have been no material discussions between the Company and JSW with respect to potential co-operation regarding Prairie's Polish coal projects during and subsequent to the quarter end. The Non-Disclosure Agreement ("NDA") between the Company and JSW expired at the end of September quarter 2019. The Company will continue to comply with its continuous disclosure obligations regarding any potential 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 discussions related to the dispute.

The decision by the Polish Government to grant Bogdanka a mining concession over the K6-7 deposits provides the Company with further evidence of the unfair and inequitable treatment it has faced as a foreign investor in Poland.

Accordingly, Prairie is currently working with its lawyers (including international arbitration legal experts) to finalise arrangements for commencement of international arbitration claim(s) against Poland.

Prairie continues to take 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.

COVID-19 Update

The Company continues to actively evaluate the situation for all risks to employees and general operational safety and will make any required adjustments as the situation evolves, or as required by governments. Following the introduction of COVID-19 pandemic working/travel restrictions, the Company's activities in Poland have been limited, however relevant meetings have been able to take place, via electronic 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.

APPENDIX 1 - EXPLORATION TENEMENT INFORMATION

As at 31 March 2020, 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) 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, K6-7, 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 and the award of a mining concession of K6-7 to Bogdanka. 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 should have precluded any other parties being granted any licence/concession 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 still 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 since overturned the injunction in place against the MoE. Prairie believes that the Appeal Court's decision is fundamentally flawed. Prairie has now received official notification from the Polish government that the K6-7 deposit, which forms an integral part of Prairie's Jan Karski project, has been granted to Bogdanka. Despite multiple applications by Prairie to the MoE to be admitted as a party of interest to Bogdanka's K6-7 mining concession proceedings, the MoE has denied Prairie the status of party of interest which effectively prevents Prairie from appealing the award of the K6-7 mining concession to Bogdanka. These events provide 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 entirely blocked Prairie's pathway to any future production from Jan Karski. 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 as discussed above. 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. Prairie will continue to take relevant actions to pursue its legal rights regarding Jan Karski. Prairie is currently working with its lawyers (including international arbitration legal experts) to prepare submissions and finalise funding arrangements for international arbitration claim(s) against Poland

- 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. In 2018 Prairie received a final "second instance" decision from the MoE that denied the Company's amendment application. Prairie appealed this MoE decision to Poland's Administrative Court and in November 2019 the Administrative court ruled in Prairie's favour confirming that Prairie's concession amendment application fulfilled all formal requirements under Polish law and that the MoE was obliged to grant Prairie the requested concession amendment. The court verdict indicated that the MoE had not established legal grounds justifying rejection of Prairie's amendment application. The MoE has now appealed this decision to Poland's Supreme Administrative Court. Nevertheless, Prairie also holds a valid environmental consent decision 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. Nevertheless, 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. 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 2: RELATED PARTY PAYMENTS

During the quarter ended 31 March 2020, the Company made payments of \$ 189,432 to related parties and their associates. These payments relate to existing remuneration arrangements (director fees, consulting fees and superannuation of \$129,432) and the provision of a serviced office and company secretarial and administration services (\$60,000).

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 2020

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation (if expensed)	(552)	(1,991)
(b) development	-	-
(c) production	-	-
(d) staff costs	(241)	(727)
(e) administration and corporate costs	(255)	(794)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	15	72
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 costs	(5)	(53)
(b) Property rental and gas sales	107	259
1.9 Net cash from / (used in) operating activities	(931)	(3,234)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	-	(3)
(d) exploration & evaluation (if capitalised)	-	-
(e) investments	-	-
(f) other non-current assets	-	-

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
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(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)	-	-
2.6	Net cash from / (used in) investing activities	-	(3)
3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
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	-	-
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	4,314	6,620
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(931)	(3,234)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	(3)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-

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
4.5	Effect of movement in exchange rates on cash held	1	1
4.6	Cash and cash equivalents at end of period	3,384	3,384

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	1,634	1,314
5.2	Call deposits	2,000	3,000
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)	3,384	4,314

6. Payments to related parties of the entity and their associates

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

**Current quarter
\$A'000**

(189)

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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

7. Financing facilities

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.

- 7.1 Loan facilities
- 7.2 Credit standby arrangements
- 7.3 Other (please specify)
- 7.4 **Total financing facilities**

	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
	-	-
	-	-
	-	-
	-	-

7.5 Unused financing facilities available at quarter end

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- 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.

Not applicable

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

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (Item 1.9)	(930)
8.2	Capitalised exploration & evaluation (Item 2.1(d))	-
8.3	Total relevant outgoings (Item 8.1 + Item 8.2)	(930)
8.4	Cash and cash equivalents at quarter end (Item 4.6)	3,384
8.5	Unused finance facilities available at quarter end (Item 7.5)	-
8.6	Total available funding (Item 8.4 + Item 8.5)	3,384
8.7	Estimated quarters of funding available (Item 8.6 divided by Item 8.3)	4

8.8 If Item 8.7 is less than 2 quarters, please provide answers to the following questions:

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

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

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

Compliance statement

- This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- This statement gives a true and fair view of the matters disclosed.

Date: 30 April 2020

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

Notes

- 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.
- 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.
- 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.
- 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".
- 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.