Prairie Downs
Metals Limited

ASX RELEASE | 28 APRIL 2014

SCOPING STUDY CONFIRMS POTENTIAL FOR WORLD CLASS HIGH MARGIN MET AND THERMAL COAL PROJECT

HIGHLIGHTS:

- ***Positive Scoping Study confirms potential for the Lublin Coal Project to be developed as a large scale, long life mine with attractive fundamentals and the ability to produce both semi-soft coking and premium thermal coal***
- ***Average annual operating cash costs of US$37 per tonne (steady state), which would place the project on the lowest position on the global cost curve for coal delivered into Europe***
- ***EBITDA of up to US$391 million utilising conservative sales pricing assumptions (average US$332 million per annum steady state)***
- ***Up to 6.7 million tonnes per annum of saleable coal over a minimum 22 year mine life with production from the first two target seams (average 6.0 million tonnes per annum steady state)***
- ***In-situ coal quality provides flexibility to produce exceptionally high quality, low ash semi-soft coking and premium thermal coals, with attractive coal specifications expected to lead to premium pricing***
- ***Access to well established regional rail and port infrastructure with underutilised bulk cargo capacity for low transportation costs within Poland, to regional European markets by rail, and to the seaborne export market through underutilised ports in the north of Poland***
- ***Massive 1.6 billion tonne JORC Resource confirms that the Lublin Coal Project is a world scale, multigenerational asset with potential for significant expansion of production beyond the proposed Scoping Study mine plan which incorporates only two of 21 coal seams within the concessions***
- ***Significant positive social and economic benefits for the Lublin region, including the potential to double FDI and create new jobs***
- ***Prairie continues to build an exceptional Polish and international management team with experience in designing and developing world-scale strategic coal projects***
- ***Prairie will continue drilling at the Lublin Coal Project and will commence a Pre-Feasibility Study over the coming weeks with anticipated completion of the study during the first half of 2015***
- ***Strong fundamentals, low operating cost base, existing infrastructure advantage, strategic location and scalability confirms the potential for the Lublin Coal Project to bring online a significant new supply of coal in the heartland of industrial Europe***

Cautionary Statement

In accordance with the ASX listing rules, the Company advises the Scoping Study referred to in this announcement is based on lower-level technical and preliminary economic assessments, and is insufficient to support estimation of Ore Reserves or to provide assurance of an economic development case at this stage, or to provide certainty that the conclusions of the Scoping Study will be realised. The Production Target referred to in this announcement is partly based on Inferred Mineral Resources (being 26%). There is a low level of geological confidence associated with Inferred Mineral Resources and there is no certainty that further exploration work will result in the determination of Indicated Mineral Resources or that the production target or preliminary economic assessment will be realised.

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Prairie Downs Metals Limited ("**Prairie**" or "**Company**") is pleased to announce the results of a Scoping Study ("**Study**") which has been prepared in accordance with the JORC Code (2012 Edition). The Study has been conducted on the Company's Lublin Coal Project ("**LCP**" or "**Project**") located in the low cost and proven Lublin Coal Basin in south eastern Poland.

The Study confirms that the LCP can support production of up to 8.8 million tonnes per annum ("**Mtpa**") Run-of-Mine ("**ROM**") coal yielding up to 6.7 Mtpa of saleable clean coal at steady state production. The LCP's fundamentals from this initial development are extremely encouraging with average annual operating cash costs during steady state production of US$37/tonne of saleable coal Free On Rail at the Mine Gate ("**FOR**") which places the LCP on the lowest position on the global cost curve for thermal coal delivered into Europe. The LCP has the potential to achieve EBITDA of up to US$391 million per annum, with steady state EBITDA of US$332 million per annum.

The LCP is located in the Lublin Province in Poland, which is well serviced by modern and highly efficient infrastructure, offering the potential for low capital intensity mine development. Mining services, construction personnel, contractors and equipment are expected to be supplied and/or built by a combination of Polish firms and international firms.

Figure 1: Location of the Lublin Coal Project

Prairie's Chief Executive Officer, Mr Ben Stoikovich, said "*Results from the Scoping Study show the potential to develop a world scale, multi-generational coal mine with strong cash flows and with operating costs on the lowest position on the global cost curve for coal delivered into Europe. With the Scoping Study complete the Company will now look to begin a Pre-Feasibility Study on the Lublin Coal Project in the coming weeks. We are in the enviable position of having a highly advanced project with very strong fundamentals, located in a proven world class coal basin. The Lublin Coal Project has the potential to become a significant new coal producer within the industrial heartland of Europe and offer a strategic supply of high quality semi-soft coking and premium thermal coal regionally within Poland and to nearby European markets, and for seaborne export. We look forward to the Project providing a tremendous boost in local employment opportunities and benefits for the regional and national economy*".

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Key Scoping Study Parameters

Prairie is pleased to report the results of the Study prepared by independent consultants Wardell Armstrong International ("**WAI**"), with input from other specialist consultants and local experts. The Study utilised an updated Coal Resource Estimate ("**CRE**") for the Company's LCP which comprises a Global CRE of 1,559 million tonnes including an Indicated resource of 157 million tonnes from two coal seams, the 391 and 389 seams. The LCP is located in south eastern Poland in the Lublin Coal Basin, which is proven to be the lowest cost coal basin in Europe. Key results of the Study were as follows:

Table 1: Scoping Study Parameters *(to a maximum accuracy variation +/- 30%)*	
Peak ROM Coal Production	8.8 Mtpa
Average ROM Coal Production Steady State	7.7 Mtpa
Years of Steady State Production in Scoping Study Mine Plan	20 years
Total ROM Coal Produced over first 22 years of Mine Life	157.7 million tonnes
Average CHPP Product Yield at Steady State	77.3%
Peak Clean Coal Production	6.7 Mtpa
Average Clean Coal Production at Steady State	6.0 Mtpa
Total Clean Coal Produced over first 22 years of Mine Life	120.9 million
Start of Construction	2016

High Margin, Significant Cash Flow Generation

The results of the Study demonstrate the potential for exceptionally high operating margins and cash flow generation given the anticipated low operating costs for the LCP, even at conservative coal sale price assumptions.

Table 2: Cash Flow Potential	
Average Annual Cash Operating Costs FOR Steady State	US$36.80 per tonne
Average Annual Total Cash Costs FOR Steady State (incl. royalty)	US$38.05 per tonne
Weighted Average Sales Price Received FOR at Mine Gate (Long Term Real)	US$93.6 per tonne
Peak Annual EBITDA	US$391 million
Average Annual EBITDA Steady State	US$332 million

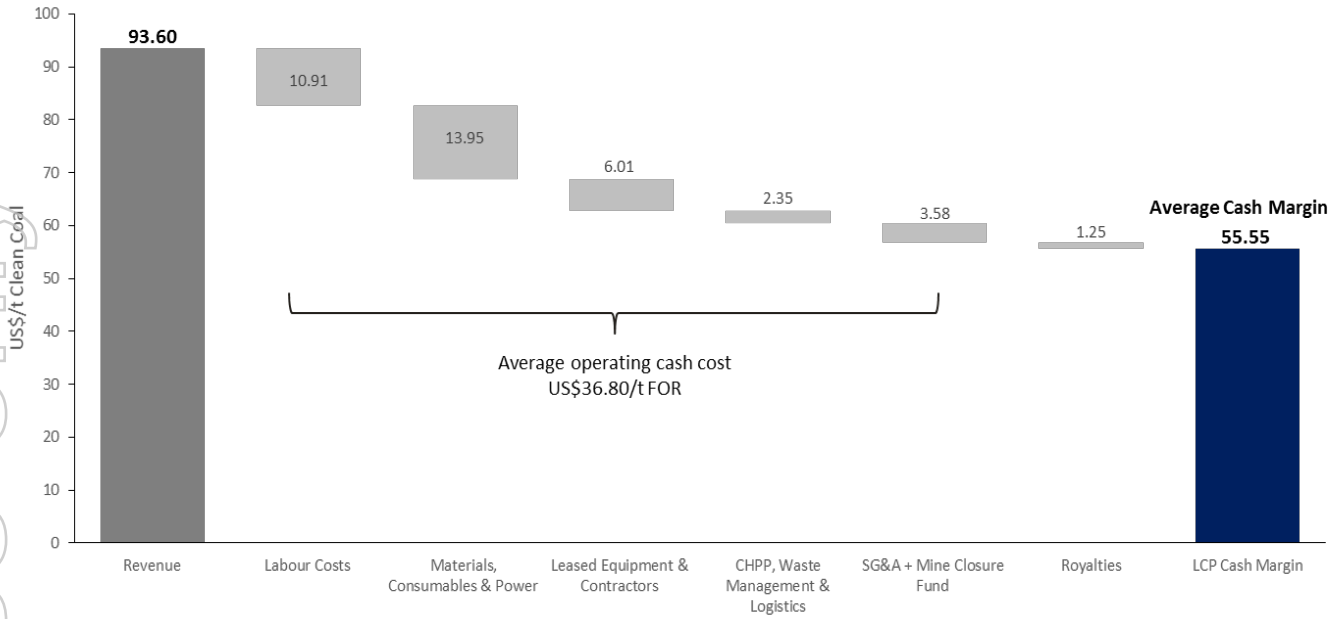


Figure 2: Indicative Cash Margin for the LCP at Long Term Prices

(Revenue based on assumed long term FOR blended average selling price (real terms) for the targeted LCP product mix; US$ per tonne Clean Coal basis)

Lowest Global Cash Operating Costs

The LCP is projected to have an average operating cash cost of US$36.80 per tonne FOR and total cash cost including royalty of US$38.05per tonne FOR. Coal from the LCP is anticipated to be at the bottom of the global cash cost curve for thermal coal delivered into Europe.

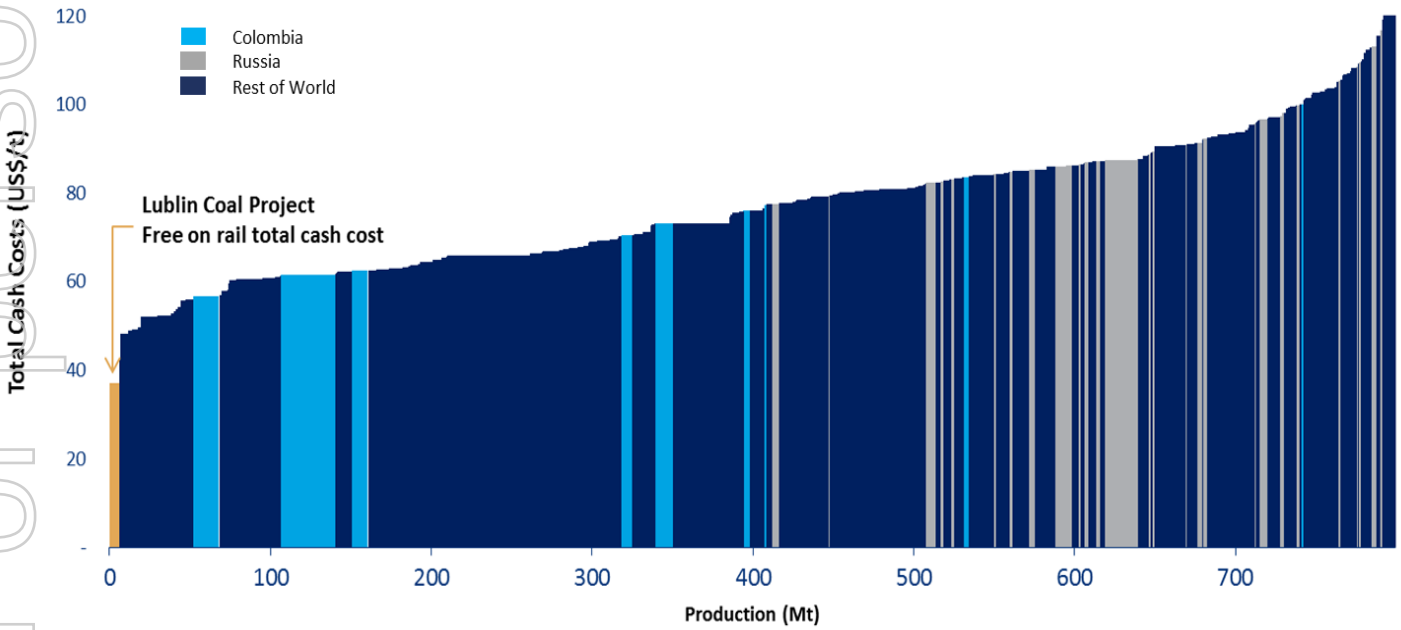


Figure 3: LCP – Potential Position on the Cash Costs Curve (2013 CFR ARA Energy Adjusted)

(Source: Wood Mackenzie – Total Cash Costs plus Freight to ARA, energy adjusted for internationally traded thermal coals delivered into Europe; for the LCP total cash cost is based on unadjusted FOR cost per tonne for targeted premium thermal coal product)

The Study assumes that a substantial portion of the mining equipment fleet will be leased, which is common for underground coal mines in the region. In addition, there is a royalty of approximately PLN 4 per saleable tonne, in-line with the established Polish fiscal regime.

Table 3: Low Operating Costs

Average Annual Operating Costs (Steady State)	US$ per tonne Clean Coal
Labour Costs	10.91
Materials & Consumables	11.01
Power	2.94
Leased Equipment & Contractors	6.01
Sub-total Direct Mining Costs	**30.87**
CHPP, Waste Management & Logistics	2.35
Sub-total Direct Production Costs	**33.22**
SG&A	3.30
Mine Closure Fund	0.28
Average Annual Operating Costs	**36.80**
Royalty	1.25
Average Annual Total Cash Cost	**38.05**

The LCP has the potential to be a very low operating cost project because of the following favourable attributes:

- A large resource base of flat lying, consistent and laterally continuous coal seams with a low incidence of geological structures, which allows for highly productive longwall panels up to 5km long and 300m wide or more;
- Very low risks for potential hazards such as rockbursts and outbursts, and very low in-situ coal seam methane gas contents, as the record from 30 years of coal mining in the region demonstrates;
- Minimal surface constraints given that agricultural activity predominates in the area of the concessions;
- Close proximity to underutilised rail and port transport infrastructure that provides access to coal markets in Poland and wider Europe by rail, and to seaborne export markets;
- Located within a mature coal mining country with access to a highly skilled coal mining workforce; and
- Competitive power, labour and utilities costs.

Premium Product Specification

Given the high in-situ quality of the 391 coal seam the Company is targeting to produce both semi-soft coking coal for the steel-making sector and premium thermal coal for the power sector. By utilising modern wash plant technology as is typically used in Australia or the USA, the Company plans to be able to produce both premium thermal and semi-soft coking coal from the washplant, and will be able to adjust the product split as required by prevailing market conditions. Such flexibility in product mix represents a significant potential competitive advantage for the Project.

The detailed coal quality results from washability testing of the 391 seam from the core drill holes compare favourably with the quality specifications of standard international benchmark semi-soft coking coals which are produced in New South Wales, Australia. The washed 391 coal quality also compares favourably to semi-soft coking coals currently

produced at Jastrzêbska Spółka Węglowa SA's ("**JSW**") Krupinski coal mine in the Upper Silesian Basin in Poland, and with premium, ultra-low ash semi-soft coking coal as exported internationally by New Zealand's Solid Energy.

Table 4: 391 Coal Seam Washed Quality (Float @1.35) & Comparisons (semi-soft coking coal products)

		391 Seam	Rio Tinto (NSW)	Glencore (NSW)	JSW (Poland)	Solid Energy (NZ)
Free Swell Index		**4.0 – 6.0**	5.0	4.0 – 6.0	6.0	3.0 – 5.0
Ash	(% AD)	**2.0 – 2.7**	9.5	9.0	8.0	4.5
Volatile Matter	(% AD)	**33.2 – 36.7**	33.0	36.5	37.0	38.0

In relation to thermal coal specifications, the 391 seam washed coal quality compares exceptionally well to the globally recognised thermal coal ARA benchmark, offering a significant premium both in terms of calorific value (heat content) and ash content. It also compares well to both Russian and Colombian thermal coals, which accounted for over 60% of Europe's thermal coal imports during 2012.

Table 5: 391 Coal Seam Washed Quality (Float @1.35) & Comparisons (thermal coal products)

		391 Seam	ARA (API2)	Colombia	Russia
Calorific Value	(GAD, kcal/kg)	**7,526 – 7,830**	6,700	6,830	6,877
Ash	(% AD)	**2.0 – 2.7**	16.0	7.2	11.7
Volatile Matter	(% AD)	**33.2 – 36.7**	24.0 – 37.0	34.4	29.8

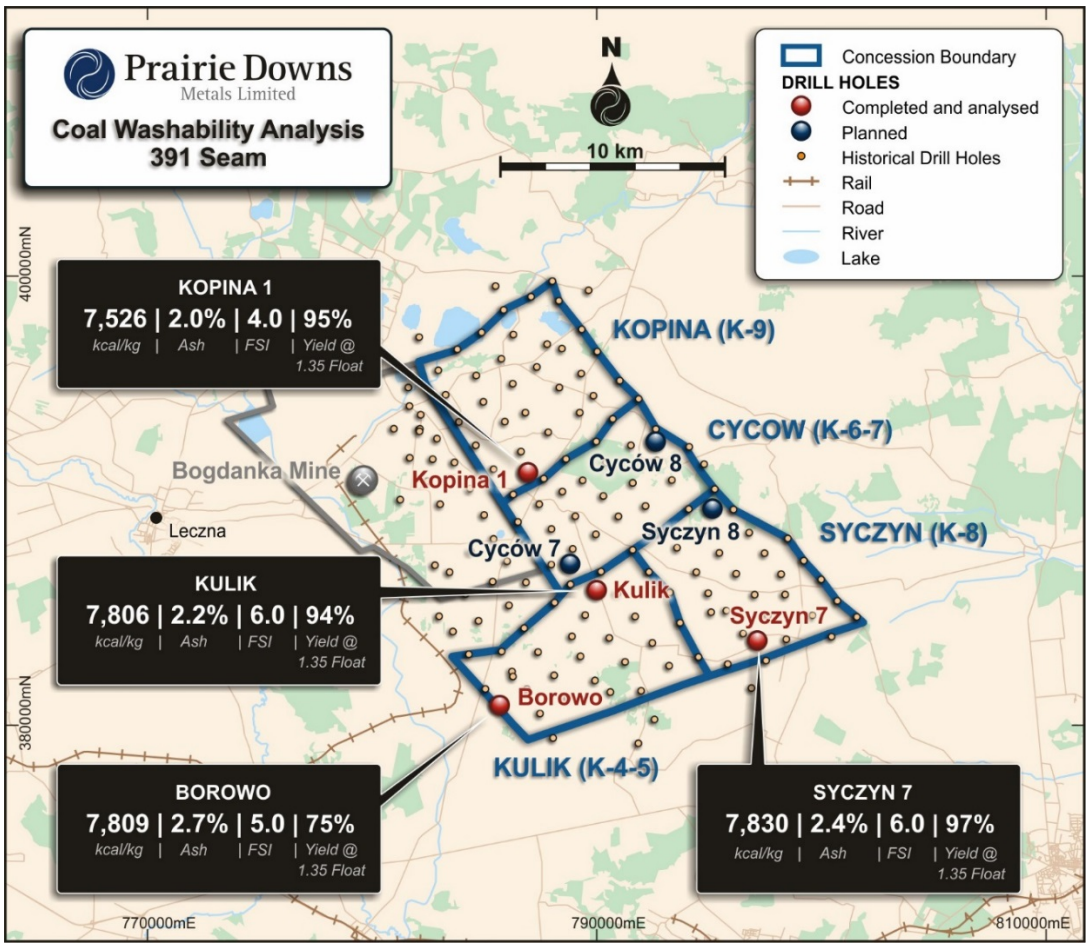


Figure 4: 391 Seam Washed Coal Quality Results

Strategic Access to Export Markets

On 3 April 2014, the Company announced the results of a transport infrastructure study for the LCP which confirmed that regional infrastructure servicing the Project can support bulk commodity movement and do so at competitive rates into traditional Polish and neighbouring coal markets. In addition, the Study demonstrated the potential for coal from the Project to penetrate export markets by rail and by sea at low cost. Given the large scale of the LCP and the availability of nearby well established transport infrastructure, the Project is well positioned to provide a significant new strategic supply of coal from within the heartland of industrial Europe.

Figure 5: Access to Coal Export Markets

Mining Development Plan

The LCP has a well-defined CRE of 1.6 billion tonnes located in an area with a 30 year history of coal mining. The highly productive coal mining operation of Lubelski Węgiel BOGDANKA ("**Bogdanka**"), with similar coal seam and mining conditions, is located immediately adjacent to Prairie's LCP. As a result, the Company can have confidence in many of the mine design elements for the LCP, since they incorporate the knowledge and experience gained from this neighbouring low cost, world-class mining operation.

Mining Method

It is envisaged that mining will be by the longwall retreat caving method using modern, fully mechanised and automated faces. Mine roadway development in the Study mine plan assumes a hybrid approach, utilising steel arched roadways driven by roadheaders for main or lateral headings, and continuous miner driven roof bolted roadways for longwall gateroads.

Mine Plan

The mine plan presented in this Study includes total production of 157.7 million raw tonnes and 120.9 million clean tonnes over a 22-year period predominantly from the 391 coal seam, with minor production from the 389 coal seam. However, since the mine plan took into account only two of the 21 coal seams within the global CRE and does not represent a Life of Mine model, production does not ramp down in the final years of the Study mine plan. Given the large scale of the resource base for the LCP, in all likelihood mining would continue following the explicit period covered by the model as production could move to the residual parts of the 391 seam resources not included in the Study mine plan, as well as other target seams.

At the forecast rate of steady state production of 7.7Mtpa of ROM coal, two longwall units would be operating at the same time in different sections of the mine. It is assumed that both longwall plow and shearer faces can produce at a rate of up to 4Mtpa ROM, depending on panel dimensions and seam thickness, with development units making up the balance of overall ROM production. Clean coal recovery from the raw material production, including dilution, will average approximately 77.3 percent during the Steady State production period. Annual production will average approximately 6.0 million tonnes of saleable clean coal.

Mine Optimisation

Due to the substantial resource base of 1.6 billon tonnes of coal across the LCP concessions, the Study only considered a mine plan with 22 years of production within a limited area of the 391 and 389 coal seams utilising Indicated and Inferred resources. Future studies will analyse the ability to substantially extend the life of mine or to expand production by adding further mine development phases to the current mine development plan, potentially leading to a significant increase in the amount of saleable coal produced annually. As well as the balance of the 391 seam outside of the first 22 years of mine life, substantial resources of other target seams including the 377/1, 379, 382 and the 392 seams are present across the four LCP concessions at mineable thickness.

Coal Seam Access

Given the depths of target economic coal seams, shaft access is considered to be most appropriate. Two shafts are planned, one for bulk coal winding (ventilation downcast shaft) and one for men and materials (ventilation upcast shaft). Numerous sites potentially suitable for locating the shafts have been identified, with more detailed investigations to occur during the Pre-Feasibility Study ("**PFS**") stage to establish an exact location. The main criteria considered in the Study for shaft site selection include:

- Located to give early access to the most productive 391 seam, and to allow ready access to other target seams;
- Located where sterilization of coal due to the shaft protection pillars is minimised;
- Located within an area where there are thin surface superficials (Quaternary). Generally superficials in the region are known to contain water and the thinner they are the less water will impinge on any shaft sinking operation;
- Located in an area where the Albian Sands formation, a known dispersive and water-bearing sandstone formation at approximately 550m depth within the Jurassic sequence, is relatively thin and is therefore relatively easy to manage from an engineering perspective; and
- Located to facilitate spur line or conveyor belt access to the national rail network and coal wash discard emplacement.

The Study envisages two 8m concrete lined shafts that will be blind sunk up to 1,000m depth using modern shaft sinking methods.

The downcast (intake shaft) will be equipped with two winders and four skips for coal winding and have a capacity for up to 10 million tonnes ROM per year. This is a bulk coal winding shaft configuration and rated winding capacity already in use in Polish coal mines.

The upcast (return shaft) will be equipped with two systems, one with two cages for manriding and materials, and a cage with a counterweight system for transporting large pieces of equipment without dismantling

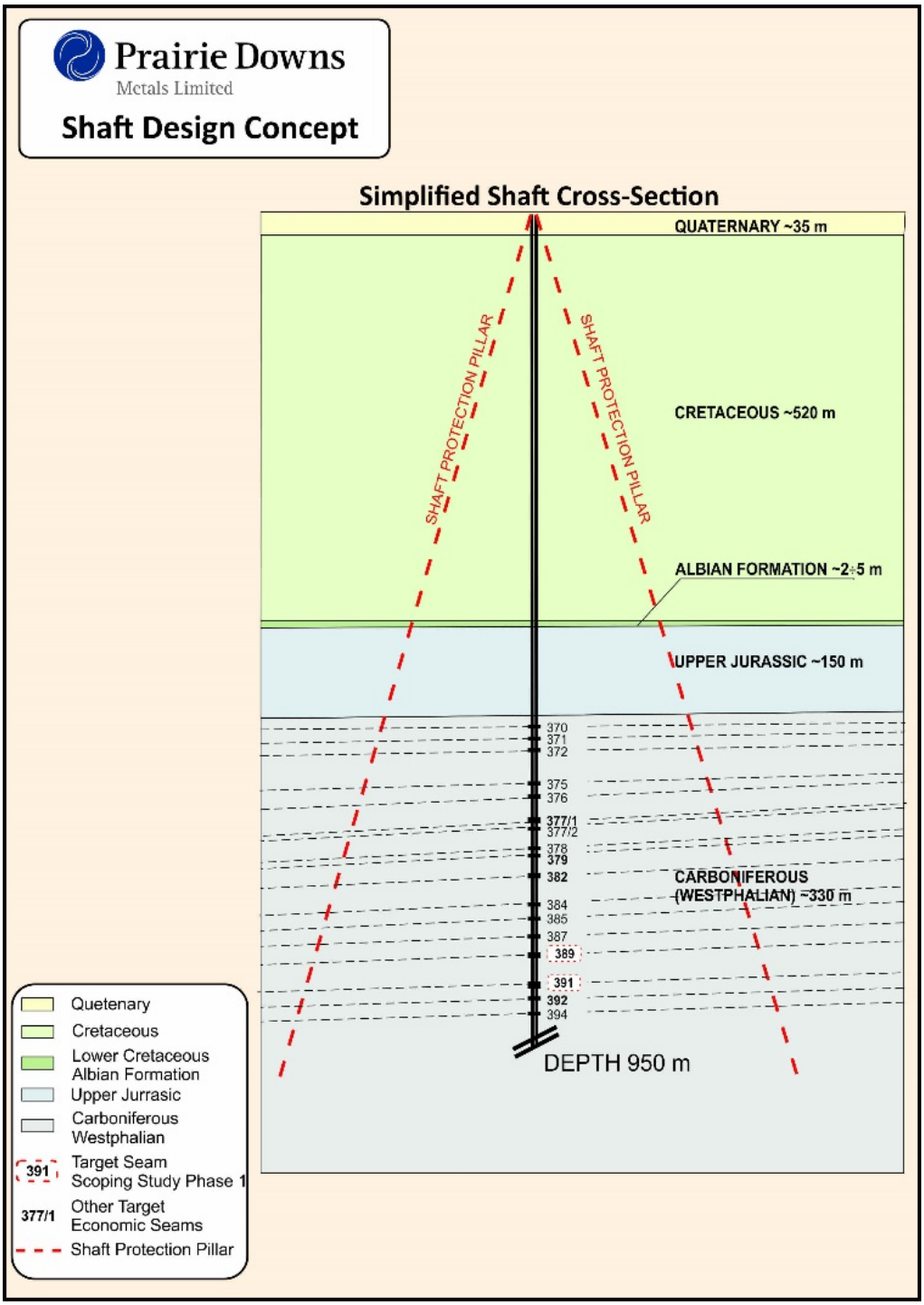


Figure 6: Lublin Coal Project - Schematic Shaft Cross Section

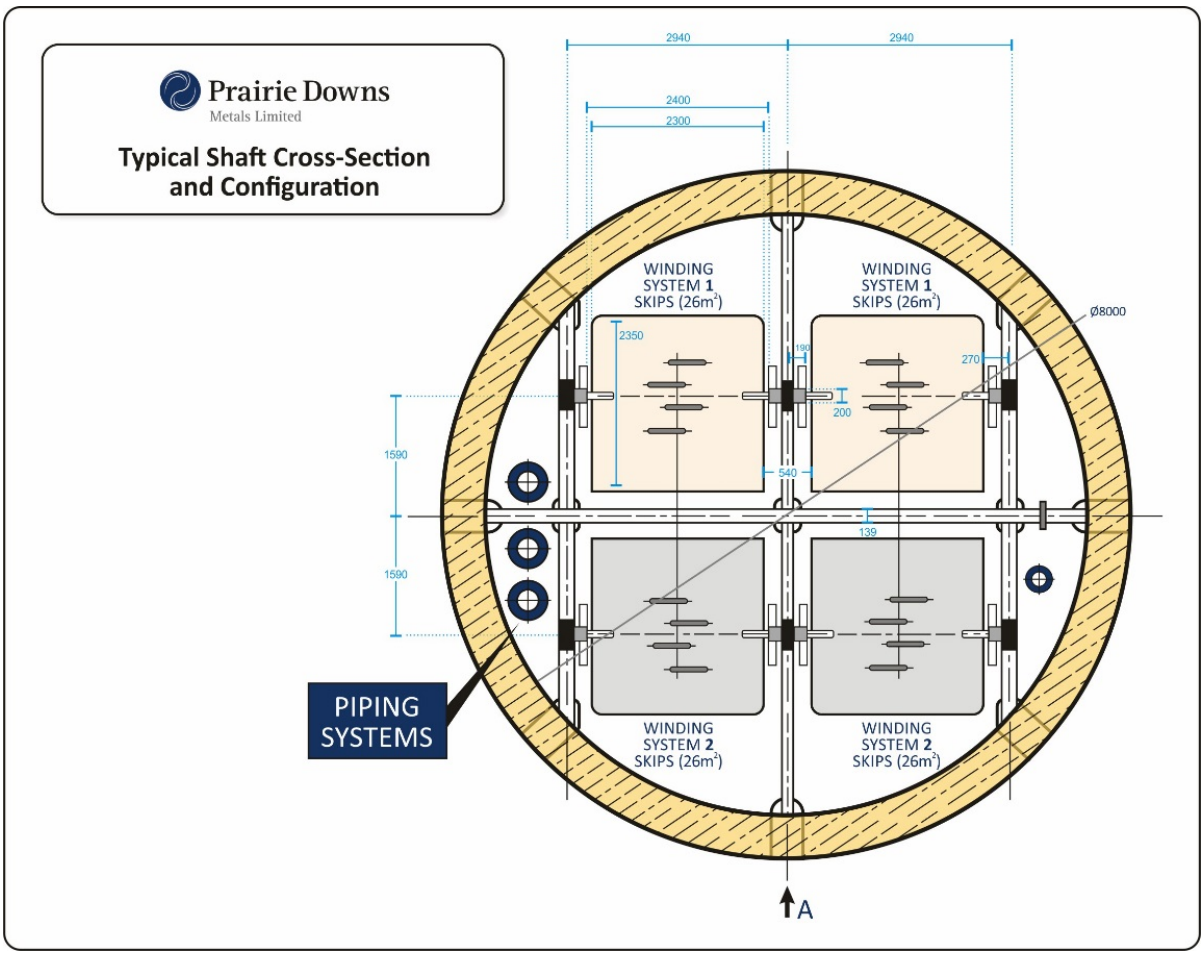


Figure 7: Typical Shaft Cross-Section and Configuration

Underground Operations

Because of its proximity to the Bogdanka mine and the demonstrated absence of major geological complexity, the conditions expected at the LCP should be in line with those encountered at Bogdanka and a similar mix of mining methods over the life of the mine has therefore been assumed. The production methods and panel layouts have been designed to maximise resource recovery and to support high productivity while maintaining a safe work environment.

The intention for the LCP is to develop underground roadways utilising medium duty roadheaders for the lateral roads and either medium duty roadheaders or bolter miners for the face gateroads.

Joy 12CM 30 Continuous Miner

JOY 10SC 32 Shuttle Car

Roadheader – Sandvik AM75

Figure 8: Proposed Underground Development Equipment

The Bogdanka mine produces coal from longwall faces using both plows, in the thinner seam sections, and shearers in the thicker seam sections.

WAI have considered that longwall shearers can operate in areas of the LCP where the coal seam ranges between 1.6m and 3.5m. Where seam thickness is between 1.2m and 2.3m longwall plows can be utilised.

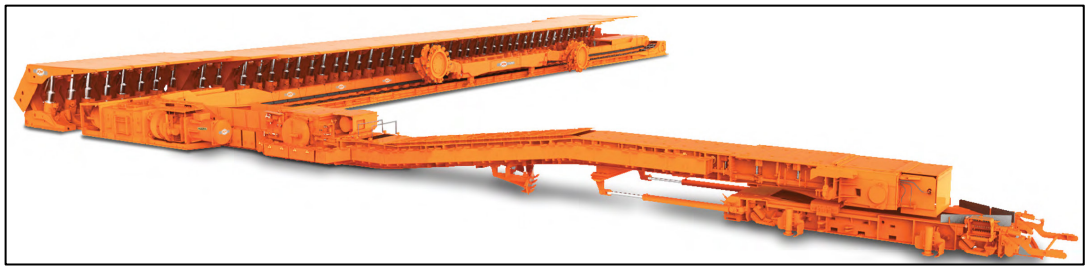
Conventional longwall retreat mining normally comprises the development of single or double roadways on both sides of a 'panel' of coal. Whilst all longwall faces are designed to suit local conditions, face lengths in many parts of the world have been developed in excess of 450m wide with face runs in excess of 3,500m. Based on indications from the Bogdanka mine, WAI have determined that faces of around 300m wide and panels of up to 5000m long would be acceptable at the LCP.

A fully mechanised longwall shearer face is envisaged for the thicker seam sections, and a fully automated longwall plow face is envisaged for the thinner sections. The whole seam will be taken in one lift, making conventional longwall the most suitable for working. The basic features of the longwall will comprise a shearer or plow cutting coal onto an armoured flexible conveyor ("**AFC**"). The AFC will load onto a bridge stage loader via an integrated front end and coal will then be sized using a crusher on the stage loader before loading onto the belt conveyor.

The face roof will be supported by shield type hydraulic roof supports suitable to operate at the appropriate seam height. The Study mine plan envisages that two longwall systems will be utilised simultaneously, operating in different parts of the mine.

Conventional Hydraulic Roof Support

Longwall Plow



Complete Longwall System

Conventional Longwall Shearer

Longwall Plow vs Longwall Shearer face

Figure 9: Proposed Underground Longwall Equipment

Should further geotechnical evaluation confirm that roof bolting is appropriate, the method of mining the development roadways will be based on a two road multi-entry system driven by bolter miners. Shuttle cars will be utilised to transport the mined coal from the bolter miner to a feeder breaker connected to the mine belts in order to clear the coal. This system is typically used world-wide to access longwall panels where chain pillars form the head-gate and tail-gate to each individual longwall panel. Use of chain pillars allows for the efficient operation of shuttle cars and movement of the main ventilation system forward, which facilitates the achievement of high development drivage rates.

Alternatively, roadheaders with heavy steel arch roof support could be utilised to drive the development roadways. In this instance the roadheader will load directly onto a belt in order to clear the coal.

WAI have considered both bolted roadways and arched roadways when developing gateroads to form the longwall panels. Face runs applied to all coal seams do not exceed 5km. Due to the extensive length of the face runs, cross cuts will differ for bolted and arched roadways depending on the design of the roadways. The cross cuts will be as follows:

- Every 100m for bolted roadways; and
- Every 1,000m for arched roadways.

A minimum face run of 500m has been assumed within the applied layouts.

The longwall face widths within the mine are planned at 300m, however there is potential to have wider longwall faces of up of up to 450m, depending on the outcome of further geotechnical evaluation during the PFS. For the purpose of the Study mine plan, where 300m faces have not been applicable, 200m wide faces have been assigned providing the face run exceeds 500m.

Pillar widths throughout the mine vary depending on the depth of cover, seam extraction height and the length of the proposed longwall face. The LCP has an advantage over most other new coal developments in that there is a highly productive operating coal mine with similar conditions immediately adjacent to the Project. This active operation has been used as a benchmark for planning the LCP operation.

Advanced Roof Bolting Technology

Prairie appointed Golder Associates (UK) ("**Golder**") to complete a desktop review of the geology of the Lublin Coal Basin to provide an initial evaluation of the suitability of roof bolting as a mine development option for the LCP. The review indicated that the geology and mining conditions in the Lublin Coal Basin compare favourably to deep mines in the UK, in which Golder technical personnel were previously involved in successfully implementing high productivity longwall mining methods in the late 1980's and early 1990's. Golder concluded that the LCP has the potential to support these high productivity mining techniques as are commonly practised in Australian, American and deep UK coal mines.

Preliminary indications are that the implementation of modern roof bolting practice in Polish coal mining has the potential to significantly reduce both labour and material costs compared to traditional Polish coal mining practices. Polish researcher, Nierobisz, in a paper published in 2011 estimated that the reduction in material cost alone from switching to modern roof bolting in Poland would be between 24% and 57% percent.

The Golder geotechnical review focused on delineating the potential for the deployment of roof bolting as a means of roof support in the development roadways of the proposed LCP. This system of roof support is standard practise in most modern underground coal mining operations in Australia, the USA and deep coal mines in the UK. The advantages of modern mining techniques are lower operating and capital costs, higher productivity rates, lower manning levels within the mine and improved safety.

Roof bolting is already practised in Polish coal mines, typically as a means of secondary roof support to supplement traditional steel arches, and is permitted under existing Polish coal mining regulations. Roof bolting as a primary means of roof support is already practised by Polish copper miner KGHM. Prairie will work with Polish and international geotechnical experts to formulate applicable support design during future study phases for the LCP. Roof bolts and chemical anchors are currently manufactured in Poland by Australian firm Orica, and they are widely available for purchase in-country.

Productivity

The Bogdanka mine, which has operated in the Lublin Coal Basin since 1982 and is located adjacent to the LCP, has demonstrated that it is able to achieve exceptionally high productivity rates from its underground longwall faces. The Bogdanka mine produces from coal seams at some 900m depth, and achieves annualised ROM production rates equivalent to over 3Mtpa for shearer faces and ~4Mtpa for plow equipped faces. Results of the Study indicate that similar annualised production rates are achievable for the LCP given similar geological and mining conditions across the concessions.

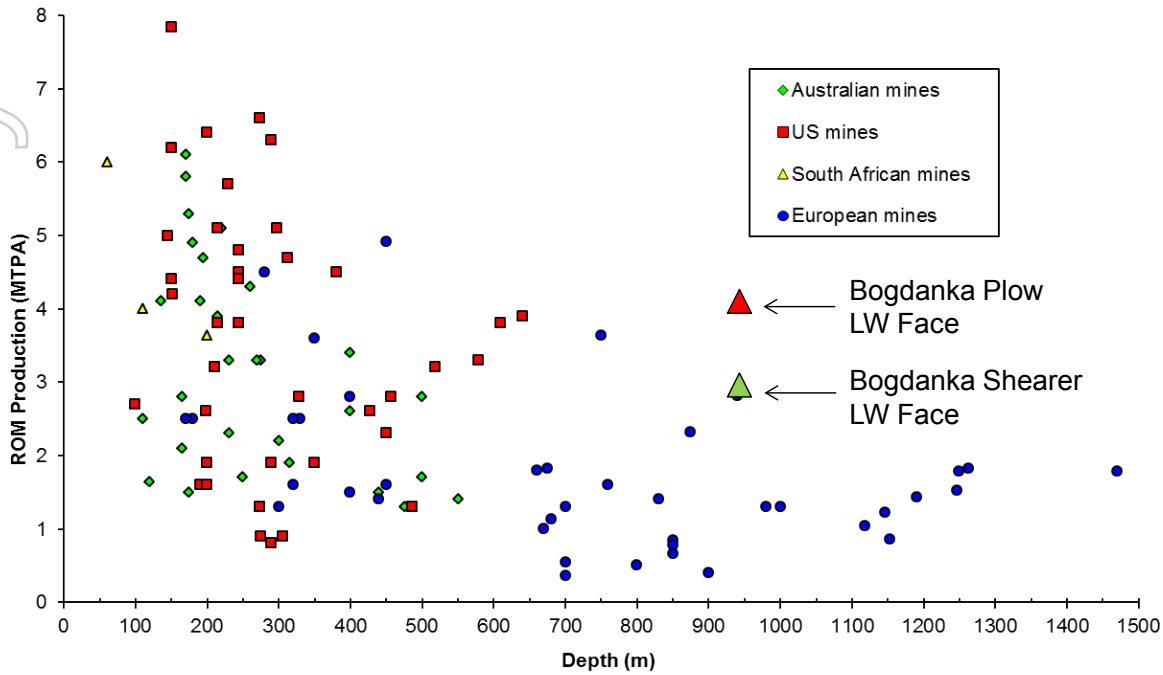


Figure 10: International Longwall Mine Productivity
(Source - Company analysis based on various sources)

Results of the Study also indicate that by incorporating international best practice and modern mine design into the LCP, substantially better labour productivity can be achieved compared to incumbent coal producers in Poland. Modern approaches such as advanced roof bolting technology and orientating longwall panels to reduce the effects of horizontal stress within the strata are anticipated to improve longwall operating performance. Furthermore, current labour management in Polish coal mines follow historical practises and there is significant scope to improve the efficiency of manpower use, for example, through the use of contractors and appropriate shift patterns that minimise down-time, as typical of coal mining operations in Australia and the USA. It is envisaged that the LCP would utilise up to 2,000 workers for both the surface and underground operations, which includes contractors and a 15% headcount provision for holidays and absenteeism. Production is planned on a 50 week per year, six day per week basis with four operating shifts per day.

Table 6: International Longwall Coal Mine Labour Productivity

Country	Tonnes/man/year
USA	10,000
Australia	7,000
Bogdanka	1,300 – 2,000
Upper Silesian Mines (Poland & Czech Republic)	600 - 700

(Source: Wardell Armstrong International)

Mine Site Infrastructure, Coal Handling & Preparation Plant

During the Study several locations were considered for the proposed mine shafts, the coal preparation plant and the refuse disposal facilities. The Study financial model was based on the preferred location and project configuration, however, land access negotiations for the Project are ongoing and accordingly locations have not yet been disclosed. Further work regarding the placement of surface facilities will be completed during the PFS stage and will be informed by the ongoing Environmental and Social Impact Assessment ("**ESIA**").

The LCP will include a modern fully integrated coal preparation plant in order to produce a consistent product that meets the specifications of its customers. The process plant is designed so that it can produce low ash semi-soft coking coal for sale locally or for export, international standard thermal coal for the export market, or high ash power station coal for the regional market. A full design for the coal preparation plant has been prepared as part of the Study including flow sheets. The equipment employed is that which is employed in modern efficient coal process plants around the world.

At full production, the coal preparation plant will process the mine's entire ROM production and requires a notional design capacity of 7.5 million tonnes of ROM coal annually to produce up to 6.7 million tonnes of saleable coal. Prairie plans to operate for 6,000 hours per year, allowing for maintenance and breakdowns. The plant is designed to operate as a 1,250-raw-ton-per-hour facility, employing two streams of 625t/h each. The coal processes planned for the coal preparation plant are as follows:

1. The 30mm to 80mm size fraction will be processed in dense medium separators
2. The 2mm to 30mm fraction will be processed in dense media cyclones
3. The 0.25mm to 2mm fraction will be processed in hydrosizers
4. The minus 0.25mm fraction will be processed by froth flotation

Effluent treatment will be thickener and filter presses. The design allows for magnetite dense media to be recovered and re-used, thereby reducing consumables costs. Stockyards are fitted with stackers and re-claimers. The reclaimed coal will be conveyed to a train loading hopper of 500 tonnes capacity. Trains will be loaded continuously without stopping and the loading facility will be supplied with a standard Polish train control signalling system and a commercial quality weighbridge.

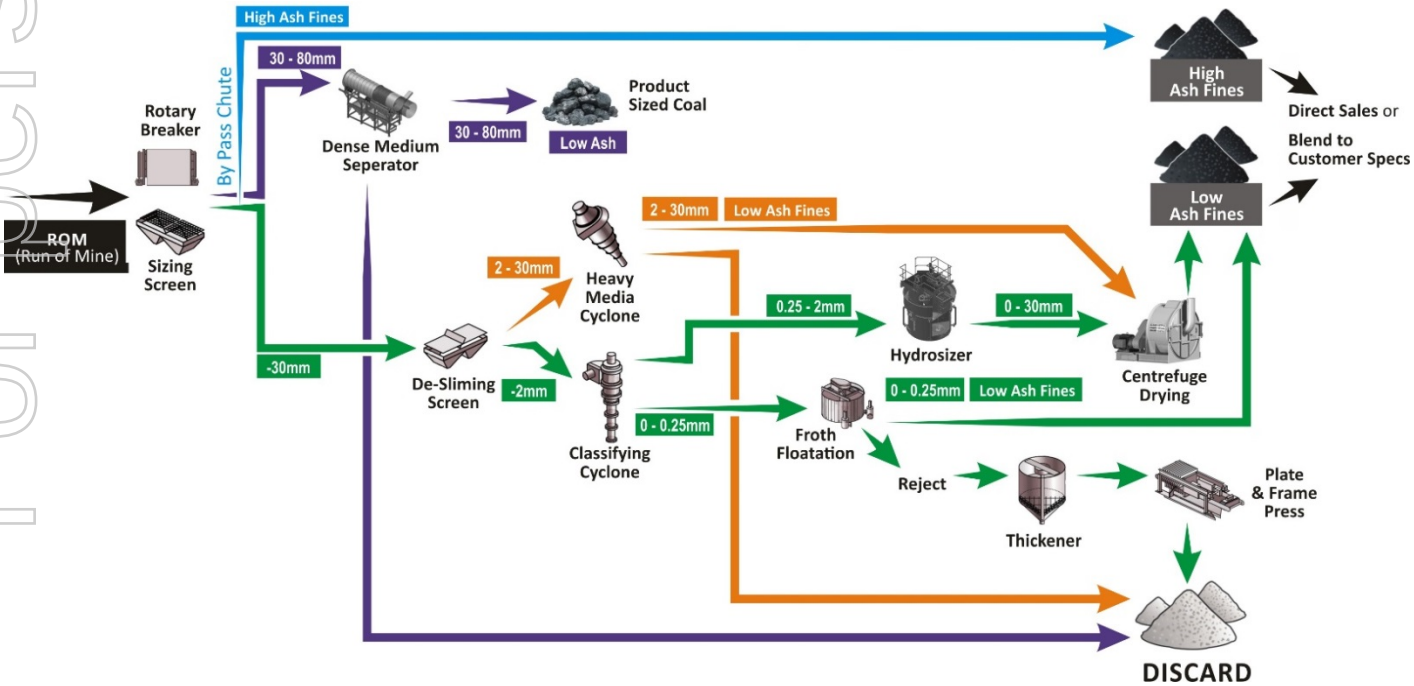


Figure 11: Lublin Proposed Coal Preparation Flowsheet

Utilities

There are at least two 110kV power lines in close proximity to the LCP concessions. The power lines connect to Bogdanka and progress to the northeast through the Kopina (K-9) licence area, and to the south-east parallel to K-6-7 and K-8 concessions. The second line runs south through the Bogdanka area and close to the LCP concession K-4-5. There are numerous other potential high voltage power lines accessible in the area, including to the main East-West electrified railway line to the south of the LCP and numerous power connections to local villages.

The most important roads in the area include the Dorohucza-Cyców-Włodawa road passing through the north-western part of the concessions and Lublin-Cyców-Chełm road in the western part of the area. The Lublin-Chełm road passes to the south of the concessions. There are also a number of local roads connecting individual locations.

The land comprises mostly arable farming, meadows and pastures for summer grazing with limited forestry areas.

The nearest international airport is Lublin Airport, which was constructed with European Union ("**EU**") funding and commissioned in late 2012.

Major rail routes run to the south-east and west of the concessions, as shown in Figures 12 and 13. These include a rail spur serving the neighbouring Bogdanka mine, passing very close to Prairie's Kulik (K-4-5) concession.

Prairie is currently considering various options for rail spur construction to access the national rail network. Specialist Polish rail consultants Zespół Doradców Gospodarczych TOR ("**TOR**") conducted a rail spur analysis as part of the Study that confirmed multiple feasible rail spur options could be developed to link the LCP to the national rail network. TOR also conducted an analysis that highlighted the considerable underutilised capacity on the major trunk railway lines close to the project.

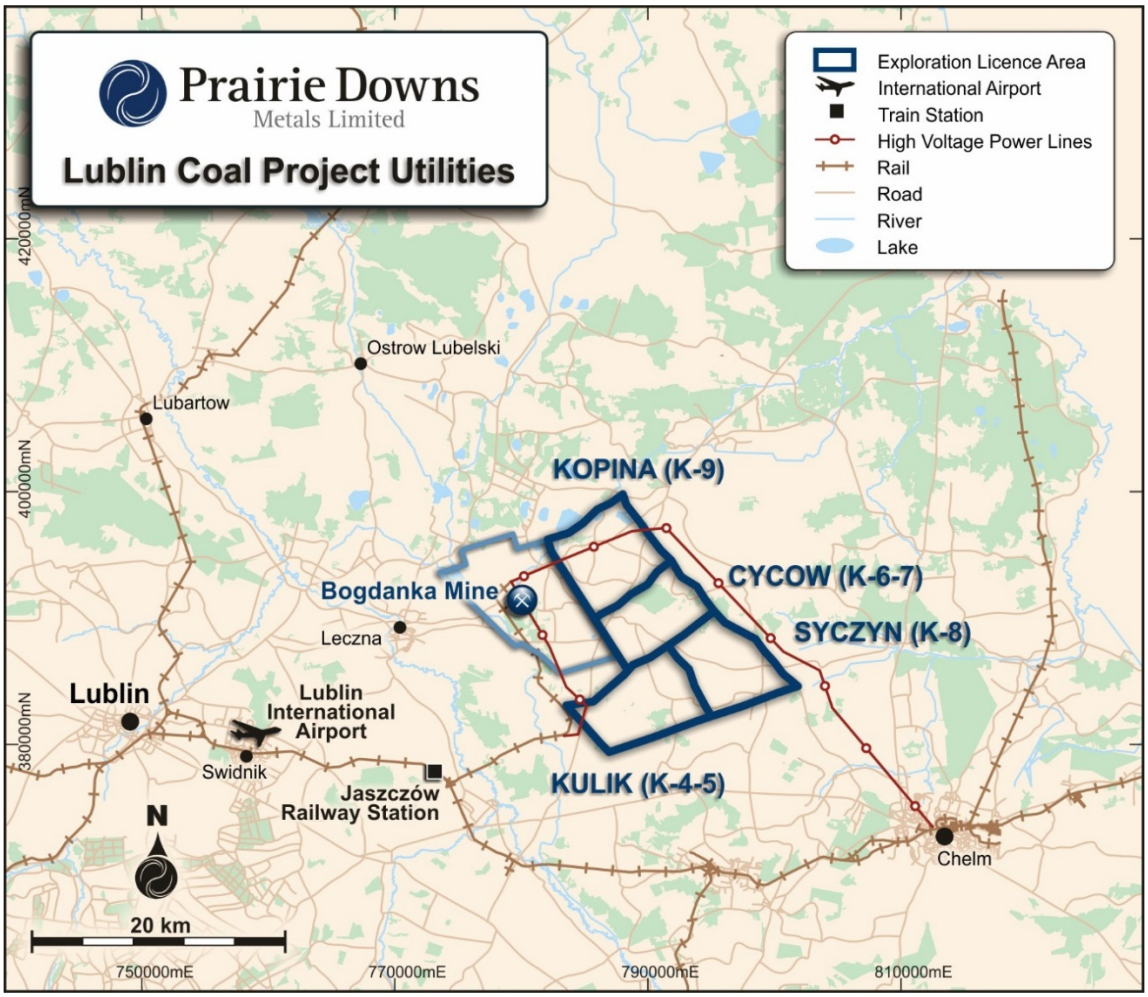


Figure 12: LCP concessions showing proximity to existing utilities and infrastructure

Capital Development Costs

The LCP is located in one of the best serviced and infrastructure advantaged coal regions globally. Capital intensity of the LCP is at the lower end of the global range with the added advantage of having exceptionally low cash costs.

Table 7: Low Capital Costs

Capital Item	US$ million
Shaft Costs (Sinking & Furniture)	227.4
Underground Development Drivages	49.8
Underground Infrastructure & Ancillary Equipment (Belts, Ventilation, Electrics, Power Centers)	73.8
Capitalised Pre-Production Expenses (Labour, Power etc)	84.0
Total Underground Mine Development	**435.0**
CHPP & Waste Management	74.9
Mine Surface Facilities & Infrastructure (Buildings, Roads)	78.2
Total CHPP and Surface Facilities	**153.1**

WAI has also provided for a further US$96.4 million for EPCM, owners' costs, and contingency (5% to 20% contingency applied depending on capital item).

Sustaining capital for the Mine, Mine Site Infrastructure and CHPP has been estimated at US$5.78 per tonne of clean coal over LOM. For the purposes of this Study it is assumed that a third party would build and own an approximately 15km to 20km long rail link connecting the mine shaft sites with the Polish national rail network, and a fee charged to Prairie for access to that link and for the provision of railway siding and freight services. Construction services, construction personnel, contractors and equipment are expected to be supplied and/or built by firms that are presently operating within Poland or the EU. Data used in the calculation of the capital costs for the LCP has been provided by a number of local and international suppliers who have given budget cost estimates, and has also been benchmarked against similar underground mines in the region.

Railway Infrastructure, Capacity and Rates

The LCP is located approximately 15km north of the major No 7 railway line, which is standard gauge (1435mm), double track and electrified and is the shortest route between Warsaw and Kiev. The No 7 line, as with all other Polish rail, is designated multi-user by EU Directive 91/440.

Numerous other major railway lines service the Lublin region and together provide access to coal markets within Poland and wider Europe (refer Figure 13 below). These include:

- The eastern section of Poland's fundamental east-west railway line (E30) which is part of the international "AGC" line and part of the Pan-European transport corridor TINA No. 2: This trunk line is a double track line electrified along its entire length. It is being gradually upgraded to "AGC Parameters", namely 160 km/h for passenger trains and 120 km/h for freight trains with the axle load of 22.5 tonne/axle, usable length of main tracks 750m and platforms lengths of 400m;
- Line No 63: A single-track, non-electrified broad-gauge line that branches off Line No. 7;
- Line LHS 65: Entirely broad-gauge; and
- Line No. 69: A single-track, non-electrified, standard-gauge railway line, terminating at the Ukrainian station Rava Ruska.

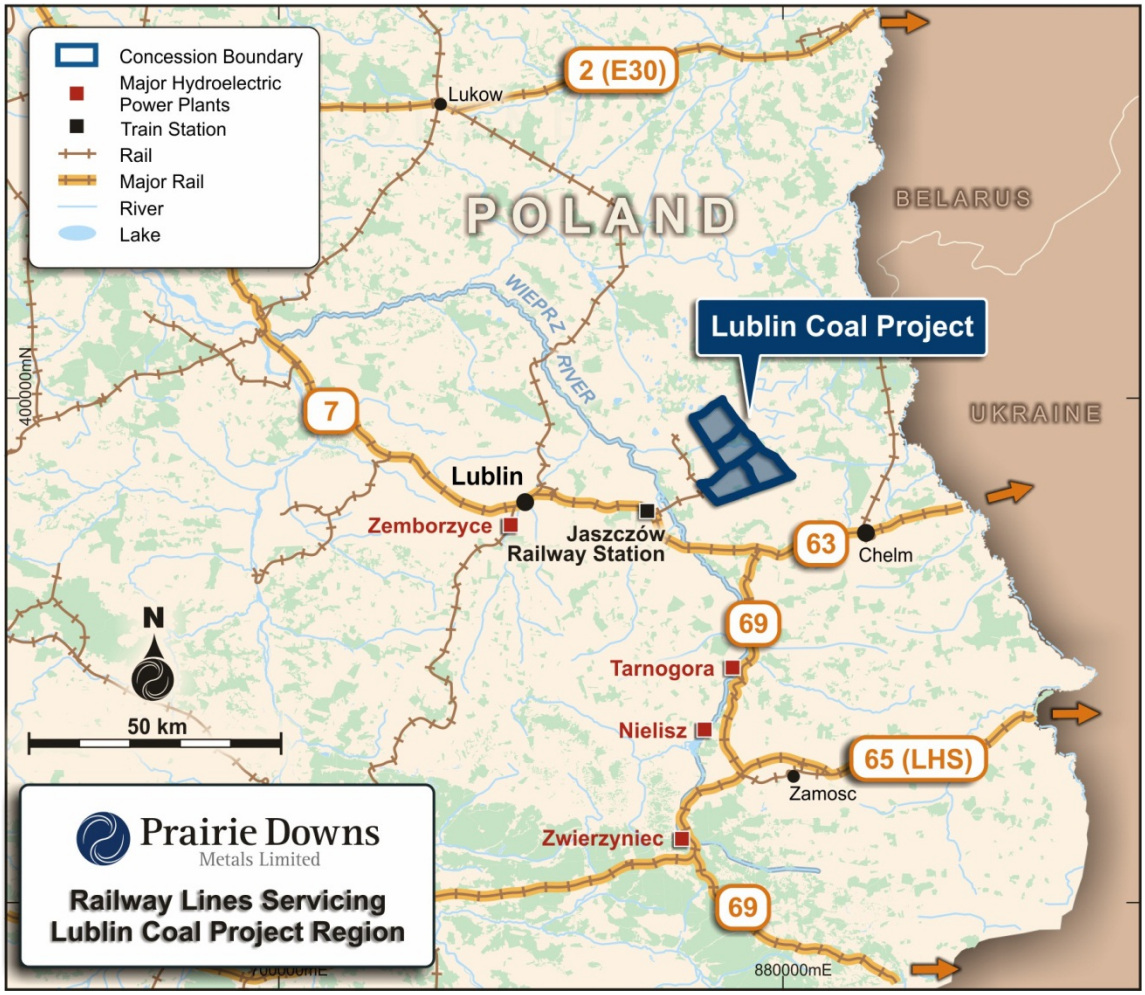


Figure 13: Rail Connections Servicing the LCP

A number of independent rail operators compete for business with the previously state-owned PKP Cargo, whose market share has fallen from 96% in 2003 to around 54% with the introduction of foreign competition into Poland. Independent operators active in the Polish coal rail freight market now include, amongst others, Freightliner (UK) and DB Schenker (Germany), Europe's largest rail freight operator.

Freight charges are determined by competitive open tender between independent rail freight operators, ensuring competitive freight rates. Based on the analysis of recent tender results, rail freight charges within Poland for coal currently range from between PLN67.59 to PLN100.66 per 1,000 tonne-km, generally with higher unit charges incurred for shorter distances. The typical charge for major coal haulage routes from the LCP to the German border or the Port of Gdansk is some USc2.2 per tonne km (based on a PLN:USD rate of 3.2:1). A list of distances from the Lublin station of Jaszczów, adjacent to the LCP, to various potential export points and key border crossings is provided in Table 8 below:

Figure 14: Freightliner PL Coal Wagons

Table 8: Distances from Lublin Station to various export points and border crossings

Country	Border in Poland	Distance by Rail from Jaszczów (Lublin) to Border in km
Poland	Port of Gdansk	520
Germany	Zasieki GR	691
	Kunowice	675
Czech Republic	Zebrzydowice	463
	Głuchołazy	515
Slovakia	Zwardoń	476
	Muszyna	409
Ukraine	Dorohusk	72

Port Infrastructure

There are three ports in the north of Poland with coal terminals designed to export approximately 18.5Mtpa, yet only 3.7Mt was exported in 2012.

Port charges in Poland typically range from USD4.00-6.50 per tonne to load FOB vessel, depending on the specific port and degree of port storage and handling, or transhipment required.

The Study identified the Port of Gdańsk as being closest to the LCP, located some 520km north west via existing railway networks.

Table 9: Handling potential of sea ports for coal imports and exports			
Port	**Name**	**Handling capacity (Mtpa)**	
		Import	**Export**
Gdańsk	Dry Bulk - Export Terminal (Outer Port)	–	8
	Dry Bulk Import Terminal (Outer Port)	6	-
	Gorniczy Basin (Inner Port)	1.0-1.5	
Gdynia	Dutch Quay	approx. 1.5	approx. 1
Szczecin	Coal Terminal	approx. 1	approx. 2
Świnoujście	Miners Quay	approx. 4 - 6	approx. 4 - 6
	Total	**approx. 16**	**approx. 18.5**
Elbląg	*2 barges at the same time*	*0.8*	

Port of Gdańsk

Managed by the Port of Gdańsk Authority S.A., the port is situated in the central part of the southern coast of the Baltic Sea. The most important coal terminals at the Port of Gdańsk are the:

Dry Bulk Terminal operated by the Port Północny Sp. z o.o: a modern mechanized facility that can handle approximately 8 million tonnes of coal per year. The terminal can accommodate ships of up to 280m long with maximum draft of 15m. This is the maximum value for Baltic ports, related to limitations of the Danish straits (being the Baltic gateway to the Atlantic Ocean); and **Górniczy Basin** operated by Port Gdański Eksploatacja S.A. which consists of three quays with a maximum ship length of 225m at the maximum draught of 10.2m.

Figure 15: Gdansk Port – "Dry Bulk Terminal" – export facility stacker/reclaimers

Marketing Strategy and Pricing Assumptions

The Company commissioned an independent market analysis for the LCP and the results have been incorporated into this Study. The average selling price assumed in the Study is US$93.6 per tonne FOR (long term real), based on the product mix and price assumptions indicated in Table 10.

Table 10: Lublin Coal Project Coal Price Assumptions

	Volume (Steady State)	Benchmark Price	FOR Price (Real)
Semi-soft Coking Coal (Railed)	1.5Mtpa	NSW semi-soft FOB	US$103.5
Semi-soft Coking Coal (Seaborne)	1.5Mtpa	NSW semi-soft FOB	US$98.0
Premium Thermal Coal (Railed)	3Mtpa	API2	US$86.4

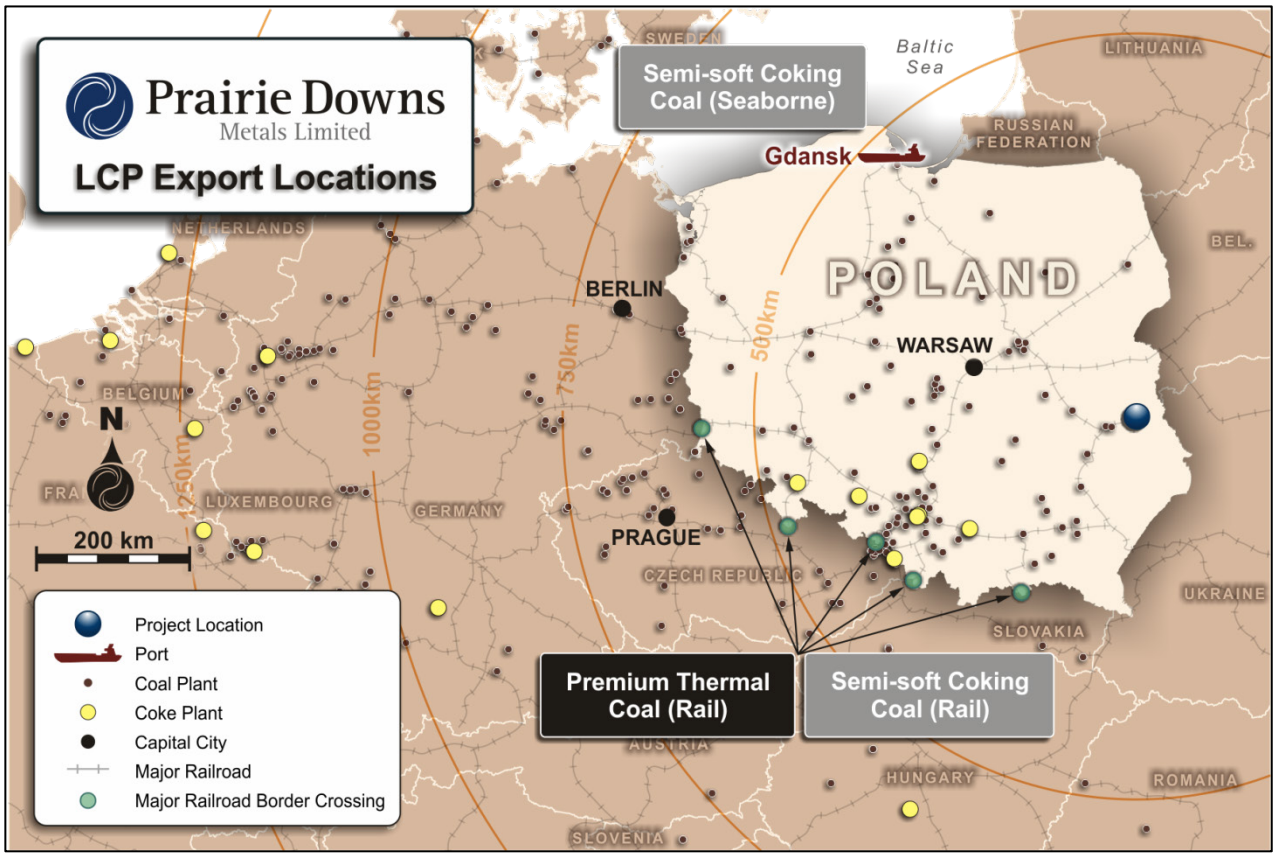


Figure 16: LCP Export Potential

Prairie's base case marketing strategy considered within the Study is to sell 3Mtpa (or 50%) of saleable production as a premium quality thermal coal (6,600kcal/kg NAR) to power plants within Europe that are easily accessible by rail, particularly Germany, Czech Republic and Slovakia. Prairie has assumed a FOR price of US$86.40 per tonne which assumes a premium over the long term API2 analyst consensus forecast price to reflect the higher calorific value of the LCP coal, and a deduction for the rail freight charge between the LCP and national border crossings.

The remaining 3Mtpa of saleable coal is assumed to be sold as a semi-soft coking coal, half of which is sold into Poland and other European countries that are easily accessible by rail (1.5Mtpa) and the balance sold into the global seaborne export market via the port of Gdansk (1.5Mtpa).

For semi soft coking coal sold by rail, the Company has assumed a FOR price of US$103.5 per tonne by adjusting the analyst consensus long term price forecast NSW semi-soft benchmark price downwards to reflect rail freight charges.

Semi-soft coking coal sold into seaborne markets has been assumed to achieve a FOR price of US$98 per tonne which reflects an adjustment to the NSW benchmark price for both rail freight and port handling charges.

Coal from the 391 and 389 seams at the LCP coal contains particular qualities which make it an attractive fuel source for domestic, other European and seaborne power markets. The higher heating value and lower ash content of the LCP coal, positions it as a premium thermal product. This is especially evident when compared with many of the existing coal operations in the Silesian Basin in Poland or imported coals from Russia which tend to have lower heating values than the international API2 benchmark.

Environmental & Social Impact Assessment

On 7 February 2014, the Company announced that it had commenced an **ESIA** for the LCP. Under Polish legislation, an ESIA must be completed to provide government authorities with sufficient information to award the Environmental Consent Decision, which is a pre-requisite to the granting of a mining licence over a Company's concessions.

The ESIA is an extensive study that includes a wide range of environmental monitoring programs, field surveys, ecosystem sensitivity assessments, socio-economic surveys and a detailed community and stakeholder engagement plan. Prairie's ESIA scope has been defined to meet Polish, European Union and international standards, including compliance with the Equator Principles as required by Equator Principles Financial Institutions, to support the future financing of the LCP.

Prairie's chosen ESIA consultant, WS Atkins, is one of the world's leading engineering and design consultancies with annual turnover in excess of €1.4 billion and more than 17,000 employees. WS Atkins has significant global capabilities in environmental studies in the mining sector and has worked for the European Bank for Reconstruction and Development ("**EBRD**") in support of commercial and project investments and debt funding.

The ESIA has commenced and is intended to run in parallel with the Company's ongoing drilling and mine permitting processes for the LCP.

Economic Benefits Study

Prairie commissioned Deloitte Poland to complete an Economic Benefits Study ("**Deloitte Study**") that outlined the potential benefits that the Project could bring to the Lublin region and to the Polish economy. The Deloitte Study indicated that the Lublin region in the Eastern Border area of Poland has a high level of unemployment of up to 20%, compared to the national average of 14%. In the Eastern Border area GDP per capita is some 32% lower than the national average. The Deloitte Study found that a total of 2,000 direct jobs and 10,000 indirect jobs could be created and that a significant improvement in standard of living would occur within the municipalities in the vicinity of the LCP. The Project would stimulate the development of education, health service, and communications and has the potential to double the amount of foreign direct investment in the province. A number of potential non-economic benefits were also confirmed including positive social impacts of the project on the development of human and intellectual capital, improved health standards and social security and an improvement in the image of the region. Prairie's LCP will be a significant contributor to the development of the region and to the creation of jobs and local infrastructure.

Fiscal Regime & Project Permitting

Poland has a highly favourable fiscal regime for coal mining. Polish concession activities are predominantly regulated by the Ministry of Environment ("**MoE**") under the provisions of the Act of 9 June 2011 Geological and Mining Law. Current legislation provides for the following key terms:

- Corporate tax rate: 19%;
- Royalty on Coal Revenues: up to PLN 4 per tonne; and
- No requirement for Government equity participation.

Prairie's LCP comprises four coal exploration licenses covering 182km². The Licences were granted in July 2012 and are valid for a period of three (3) years with potential to be extended subject to certain conditions and approvals.

On 13 February 2014 Prairie announced that it had commissioned local consultancy, GEO-EKO-WIERT, to prepare the Geological Documentation and Deposit Development Plan for the LCP. These studies form the basis of the Polish mine permitting process, as prescribed under 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 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 ESIA's. GEO-EKO-WIERT has worked with major Polish coal mining companies including JSW, Katowicki Holding Węglowy SA ("**KHW**") and KOPEX SA ("**Kopex**").

GEO-EKO-WIERT commenced preparation of Geological Documentation for Prairie's LCP in early 2014 and the report is expected to be completed and submitted to the MoE before the end of the year. The completion of Geological Documentation is timed to occur alongside the completion of Prairie's minimum work program as set out under its exploration licences including the current seven-hole core drilling program.

Geological Documentation is submitted to the MoE's specialist Committee of Mineral Resources, who review and recommend the Documentation to the Minister of Environment for approval. Once approved, Prairie would have a five (5) year priority right and exclusivity to apply for a Mining License.

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

Polish Hard Coal Mining Industry

Poland is Europe's largest hard coal producer and was once one of the world's leading suppliers. During the late 1970s, it was the second largest coal exporter in the world, after the USA, exporting around 40Mtpa. In the 1980s, Poland became the world's third largest coal producer, with an annual output of over 190 million tonnes. It was not until the political turnaround in the Eastern Bloc countries and the ensuing transition to a market economy system, that Poland began to experience a contraction of hard coal mining during the early 1990s. By 2012 hard coal production in Poland had declined to 79Mtpa, with the industry still directly employing some 113,000 people. Coal continues to play a major role in the Polish economy and accounts for over 90% of Poland's electricity generation capacity.

Commercially workable hard coal reserves are located in the Upper Silesian basin and the Lublin basin in the east of Poland. Mining is fully mechanised, with over 90% of coal produced by longwall systems.

Most of the country's natural resources, including coal, are in public hands and coal mining is still mostly a state-run activity. However, in recent years, the state has made strategic changes to the ownership of key mines in the Polish hard coal industry. In 2009, Bogdanka was privatised and listed on the Warsaw stock exchange. Its debut on the stock exchange was seen as a significant success. In December 2010, the Czech group EPH acquired the "Silesia" hard coal mine from Kompania Węglowa SA ("**KW**"). The newly created company, PG SILESIA, started coal production in 2012. In 2011 JSW, the largest Polish coking coal producer, listed on the Warsaw stock exchange. After having reached an agreement with trade unions, the government gave a "green light" to the initial public offering of a minority share in JSW. JSW is regarded as one of the leading mining companies in Poland with reserves of high quality coking coal and a well-established customer base of steel producers. JSW is also the largest coke producer in the EU, possessing substantial coking facilities with approximately 3-4 million tonnes of annual capacity.

The Polish government has tabled a policy aimed at fully privatising all remaining state-owned coal mining companies in the coming years. Węglokoks SA, the largest Polish coal exporter, is scheduled to be listed on the Warsaw stock

exchange during 2015. Two other coal producing companies remain under state ownership, KW the EU's largest coal mining group with a production capacity of nearly 40 million tonnes of coal, and KHW with a production capacity of 12 million tonnes of thermal coal. The potential for government to list these two entities on the Warsaw stock exchange within a few years will be largely dictated by the economic outlook and prevailing market conditions.

Besides its hard coal mining industry, Poland also has a well-developed and technically advanced mining machinery and equipment industry including longwall mining equipment manufacturers such as Kopex and FAMUR S.A.. International equipment suppliers such as Joy and Caterpillar are also present in Poland and active in the domestic market.

Coal Resources

In 2012, Prairie announced a maiden CRE for the LCP of 1.6 billion tonnes in the Inferred category (refer ASX announcement 14 February 2013). The CRE was defined within 21 coal seams found at depths of between 624m and 1,091m within the Company's four coal concessions, with average coal seam thicknesses of ~1.4m and ranging between 1.0m and 4.5m.

The maiden CRE was prepared in accordance with the JORC Code (2004) with the geological modelling of the resource based on a database of over 200 historical core holes covering the LCP concessions and totalling some 200,000 meters of drilling which was conducted by various Polish governmental agencies between the 1960's and 1980's.

In February 2014 Prairie announced it had concluded an agreement with the Polish MoE giving Prairie access to further documentation from the historical drill hole database (refer ASX Announcement 13 February 2014). The additional documentation included hundreds of volumes of coal quality, geotechnical, hydrogeological, geophysics and seismic test data, analysis and interpretation.

Independent consultants, WAI, together with Prairie's geological team, carried out a detailed review of the additional data obtained from the Polish Government and, together with the results of the first four boreholes of the Company's ongoing drilling program and coal quality testing, delivered an upgrade to the classification of the CRE. The CRE was prepared by WAI and is reported in accordance with the JORC Code (2012). The resource upgrade was limited and only focused on assessing the high quality 391 and 389 coal seams within the proposed mine plan area for the Study. These two seams are believed to contain sufficient high quality coal resources to underpin the first twenty years of the mine plan considered in the Study.

The upgraded CRE is based on statistical computer modelling. Approximately 74% of the planned mineable resource within the 391 and 389 seams of the Study mine plan falls within the Indicated Category. The mine plan used in the Study to underpin the production target ("**Production Target**") of 158 million tonnes of total ROM coal produced over the 22 year mine life (which equates to 121 million tonnes of total clean coal produced over the same period) is based on 117 million tonnes produced from within the area classified as Indicated Coal Resources (74%) and 41 million tonnes produced from within the areas classified as Inferred Coal Resources (26%).

Table 11: Lublin Coal Project Coal Resource Estimate within the Concession Areas – Net Seam Thickness

Coal Seam	Indicated Coal Resource In-Situ (Mt)	Inferred Coal Resource In-Situ (Mt)	Total Coal Resource In-Situ (Mt)
391	137	177	**314**
389	20	84	**104**
Other Seams	-	**1,141**	**1,141**
Total – Project Area	**157**	**1,402**	**1,559**

* CRE has been updated following new drilling and modelling but total resource remains within 1% of the maiden CRE. The tonnage calculations for the Indicated Resource have included allowances for geological uncertainty (5%). The total coal resource for the 391 seam in the upgraded CRE has been reduced from 327mt per the maiden CRE to 314Mt due to the allowance for geological uncertainty applied in the upgraded CRE.

Outside of the mine plan area for the Study, and still within the Company's concession area, the Inferred In-situ Net Coal Resources within 21 seams of coal is estimated at 1,402 million tonnes, based on a 20m stand-off from an overlying Jurassic Aquifer.

Table 12: Indicated Coal Resources within the Target Mining Area for the 391 and 389 coal seams

Coal Seam	Indicated Coal Resource In-Situ (Mt)	
	Gross Coal Thickness	Net Coal Thickness
391	147	137
389	23	20
Total - Gross	**170**	**157**

* Net coal is the total coal seam thickness less non-coal partings. The tonnage calculations for the Indicated resource estimate include allowances for geological uncertainty (5%).

The results reaffirmed that the 391 coal seam within the LCP is a thick, flat, consistent, and laterally continuous coal seam containing high quality coal with potential to produce both semi soft coking and premium thermal coals at, or better than, internationally accepted benchmarks specifications common in the export market.

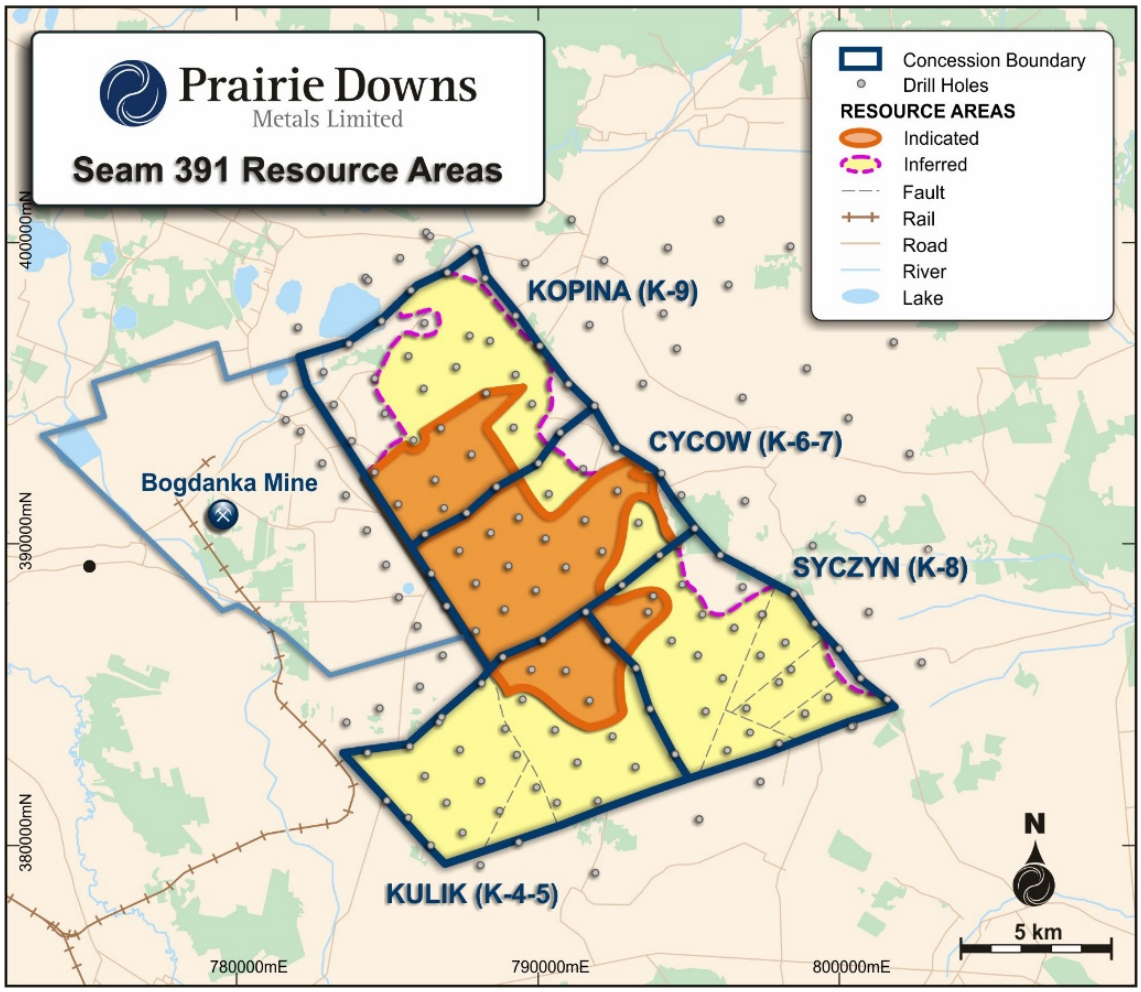


Figure 17: Indicated coal resource within the 391 Seam

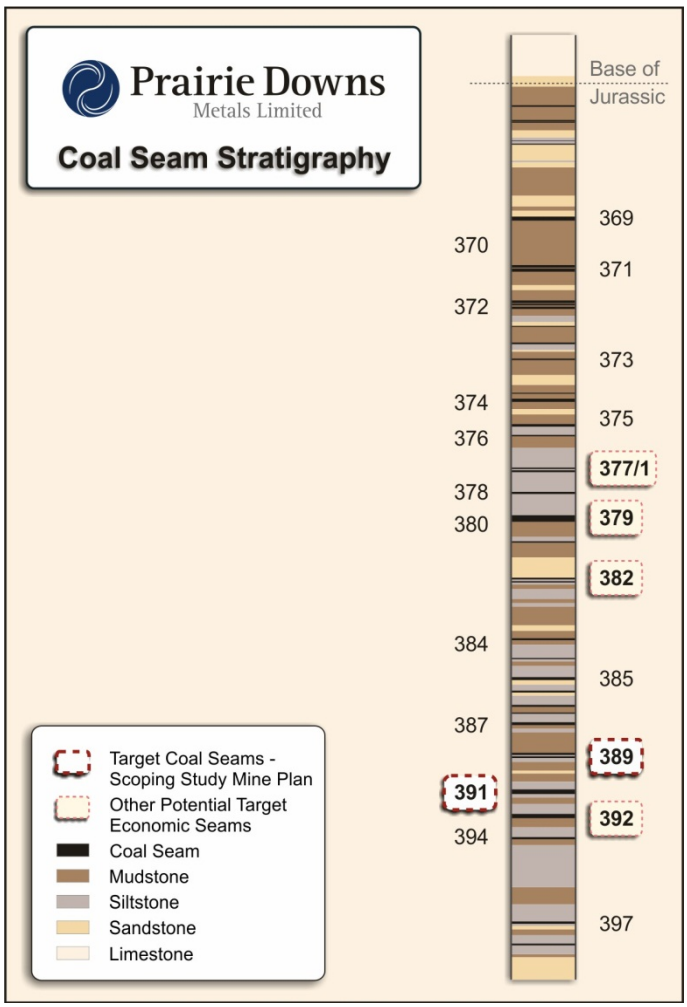


Figure 18: Generalised Vertical Section through the Coal Measures

Coal Quality

The LCP has attractive coal quality parameters, particularly within the 391 seam, with the potential to produce both high quality semi-soft coking coal and premium thermal coals. On 13 March 2014, Prairie announced to the ASX the results from washability testing from cores taken from four core holes across the LCP. Preliminary washability analysis demonstrated exceptionally high yields of up to 97% with clean coal calorific values ranging from 7,526 – 7,830 kcal/kg and very low ash contents of 2.0 – 2.7% on an air dried basis. In addition, the analysis indicates that sulphur levels are reduced to ≤1.0% from washing.

Table 13: Coal Quality Analysis – 391 Coal Seam

Drill Hole ID	Washed Coal Quality (Air Dried Basis)						
	Calorific Value	FSI[1]	Ash	Volatile Matter	Inherent Moisture	Sulphur	**Yield @ 1.35 Float**
Syczyn 7	7,830 kcal/kg	6.0	2.4%	36.7%	3.3%	0.7%	**97%**
Kopina 1	7,526 kcal/kg	4.0	2.0%	35.6%	2.3%	0.9%	**95%**
Kulik	7,806 kcal/kg	6.0	2.2%	36.4%	2.7%	1.0%	**94%**
Borowo	7,809 kcal/kg	5.0	2.7%	33.2%	2.4%	1.0%	**75%**

1) FSI on Syczyn 7 & Kulik are from the 1.35 Float Fraction, for Kopina 1 & Borowo are from the cumulative <1.5 Float Fraction

The weighted average in-situ coal quality on a gross seam thickness basis (i.e. including non-coal partings) of the Indicated resource declared in Table 12 is summarised below.

Table 14: Summary of Coal Quality (Air Dried) of In-situ Indicated Coal Resources within the 391 and 389 coal seams – Based on Gross Seam Thickness

Parameter	391 Seam	389 Seam
Ash %	9.37	17.61
Calorific Value GAD kcal/kg : (MJ/kg)	7,004 (29.33)	6,104 (25.56)
Sulphur %	1.27	1.25

Study Consultants

The Study was managed by independent consultants WAI and included input from other specialist industry consultants with expertise in underground coal mine development. The consultants analysed various project components for the Study, including (but not limited to) the design of shafts, design of mine, design of processing facilities, and the preparation of transport infrastructure and coal marketing reports.

WAI has expertise in mining engineering, mine reserve evaluation, feasibility studies and due diligence services for mining and resource projects across the globe, including having been appointed by the Polish Government in 2011 to act as the Competent Person for the partial privatisation by way of IPO of Europe's largest coking coal producer, JSW.

Table 15: Lublin Coal Project Scoping Study Consultants

Consultant	Activity
Wardell Armstrong International (UK)	Geology, Mineral Resource Estimation, Mine Planning and Cost Estimation, and Study Management
Golder Associates (UK)	Preliminary Geotechnical and Roof Support Study
Zespół Doradców Gospodarczych TOR (Poland)	Transport Logistics Study
Dargo Associates (UK)	Preliminary Preparation Plant Design and Cost Estimation
Alfred H Knight Laboratories (UK)	Preliminary Coal Washability Analysis
Forecasting & Planning Limited (UK)	Coal Marketing Analysis & Strategy

Next Steps

Prairie will commence a PFS on the LCP over the coming weeks and anticipates completion of the PFS during the first half of 2015. During the PFS phase, the Company will undertake further studies to evaluate the optimum mine development alternatives and project configuration. Further analysis will include mine scheduling, geotechnical, hydrogeological, coal processing, ventilation, project infrastructure, utility, marketing and environmental studies.

Additional drilling will be undertaken to aid in the geotechnical and hydrogeological evaluation for the proposed shafts and in the use of advanced roof bolting technology, as well as to upgrade further resources into the Indicated category.

The Company will continue with the remainder of its Polish permitting processes, including the submission of Geological Documentation to the Polish Ministry of Environment. Prairie will also continue to build its project team focusing on highly skilled coal professionals with expertise in developing large scale and highly efficient modern longwall coal mining operations. The majority of longwall coal mines currently operating in Poland today were designed in the 1970's, with the most recent greenfield mines commissioned in the mid 1980's. Prairie aims to set new benchmarks in the Polish coal industry for developing modern, low cost, high productivity longwall operations incorporating international best practice and proven technology currently in use within the global coal mining industry.

ASX Additional Information

The Production Target contained in this announcement, and the forecast financial information derived from the Production Target contained in this announcement, are based on the material assumptions contained within this announcement which are summarised below:

Table 16: Assumptions	
Maximum Accuracy Variation	+/- 30%
Minimum LOM	22 years
Mining Method	Underground Longwall
Modelled Seam Thickness	1.0 – 3.1m
Production Days per Year	300
Productivity Rate (LW)	Up to 4 Mtpa
Development rate – continuous miner	7.7m/shift
Development rate – road headers	4.5m/shift
Steady State average ROM Coal Production (tonnes)	7.7 Mtpa
Capacity CHPP	1,250 raw tonnes per hour
Utilisation CHPP	85%
Average Steady State Yield CHPP	77.3%
Processing Method	Dense Media Plant
Average Steady State Clean Coal Production (tonnes)	6.0 Mtpa
Average Direct Mining Costs (Steady State)	US$30.87 per tonne clean coal
Average CHPP, Waste Management & Logistics Costs (Steady State)	US$2.35 per tonne clean coal
Average SG&A and Mine Closure Fund Costs (Steady State)	US$3.58 per tonne clean coal
Average Annual Cash Operating Costs (Steady State)	US$36.80 per tonne clean coal
Royalty	PLN4 (US$1.25) per tonne clean coal (saleable)
Average Annual Total Cash Operating Cost	US$38.05 per tonne clean coal
Total Initial Capital Costs to Steady State Production	US$684.5 million
Leased Equipment - Operating Lease	Costs included in Average Direct Mining Costs

Leased Equipment - Interest Rate (Real)	6.0% per annum
Leased Equipment - Term	7 years
Leased Equipment - Original Cost to Steady State	US$127 million
Leased Equipment - Residual Value	20% of Capital Cost
Poland Corporate Tax Rate	19%
Assumed PLN: USD Exchange Rate	3.2:1
Average Selling Price Free on Rail (Long Term Real)	US$93.6 per tonne

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.

The announcement has been prepared in compliance with JORC Code 2012 Edition and ASX Listing Rules

In addition to complying with the above requirements, the Company believes that it also has a reasonable basis for making the forward looking statements in this announcement, including with respect to any production targets, based on the information contained in the announcement and in particular:

a) The proportion of the LCP Scoping Study mine plan that relates to Inferred Coal Resources is only approximately 26%. As disclosed in this announcement, the LCP is located in a well-established coal region, with a nearby profitable operating coal mine which has the highest profit margin for thermal coal in Europe. Furthermore, the nature of the LCP's geology and mineralization is relatively simple, consistent and flat. Based on the advice from the relevant Competent Persons, the Company has a high degree of confidence that the Inferred Coal Resources for the LCP will upgrade to an Indicated Coal Resources classification with further exploration work, which may include further drilling. The current classification as an Inferred Coal Resource is based on a conservative approach, which is expected to be reassessed as the LCP develops.

b) In the unlikely event that the Inferred Coal Resource is not able to be upgraded, the LCP's viability is not affected. If a proportion of the Study mine plan that relates to the Inferred Coal Resource cannot be economically mined, then there are other areas and other coal seams within the LCP concessions that could be profitably mined given that the operation will have the flexibility to develop longwall panels in alternate locations within the deposit.

c) As discussed above, the LCP is located adjacent to one of the most productive underground coal mines in the world, the Bogdanka mine, which has been in continuous operation since 1982. Local population centres with experience in the coal mining and related services industries will provide the majority of human resources required to develop and operate the LCP.

d) A major existing adjacent operating underground mine in the region with the same geological setting and using longwall mining techniques provides benchmarks and inputs for various modifying factors, including mine access, mining methods, capital expenditure and operating costs in relation to the LCP.

e) The LCP is located near existing underutilised infrastructure, in particular regional railway infrastructure some 15-20km from the LCP, which adds to the competitiveness of the LCP and reduces the required capital costs for development.

f) The Study report and CRE were prepared by WAI who are an independent firm and have over 30 years of expertise in mining engineering, mine reserve evaluation, feasibility studies and due diligence services for mining and resource projects across the globe.

g) The Company has access to a high quality database of more than 200 historical cored boreholes covering the LCP concessions and totalling some 200,000 meters of drilling which was conducted by various Polish

governmental agencies between the 1960's and 1980's. The documentation included hundreds of volumes of coal quality, geotechnical, hydrogeological, geophysics and seismic test data, analysis and interpretation. The database, combined with the results of recent drilling by the Company as well as the publicly available information on the neighbouring Bogdanka Mine, provides a high degree of confidence in the understanding and quality of the coal resources.

h) As part of the process for preparing the Study, when required, WAI obtained various inputs into assessing the modifying factors and utilised local experts who have regional experience in the coal sector, and in particular, have relevant experience in Polish coal operations. As a result of this expertise, a number of modifying factors have been considered in greater detail and accuracy level than what would normally be expected for a scoping study. Further details of these consultants are outlined below.

i) The management team of Prairie has a successful track record in the exploration, permitting, development and operation of coal mines both globally and in the Lublin Coal Basin, including having worked for the neighbouring Bogdanka Mine.

j) Given the LCP's fundamentals, including an exceptionally low operating cost, the massive scale of the geological resources, the availability of regional transport infrastructure, and being located in a highly sought after and profitable coal region in the industrial heartland of Europe, there are many financing alternatives available to the Company, including the well-established European mining project finance market, strategic investor equity, royalty financing, streaming, strategic partnerships / joint ventures, public equity financing, asset financing, equipment leasing, offtake financing or a combination thereof. The use of equipment leasing is common in European coal mining, and such facilities are provided by numerous local and international manufacturers. Given the long history of financing coal projects in the region, the Company is confident of the future funding capabilities of the LCP. Furthermore, Prairie has retained senior executives with significant experience in financing large-scale mining developments globally, including debt funding. Accordingly, the Environmental and Social Impact Assessment for the LCP is being conducted to conform to the Equator Principles as required by Equator Principles Financial Institutions who include most international commercial lenders, to support the future financing of the LCP. The Study report has been prepared in accordance with the requirements of a scoping study under the JORC Code 2012 Edition, as the likely funding parties for the LCP and / or the Company are expected to be at least in part, based in Europe and Australia.

k) Sale prices and the marketing potential of the LCP's coal are based on an independent coal quality analysis and various marketing studies (see below for further details). These independent analyses and studies confirmed that the coal from the LCP is a highly attractive product for both the domestic market in Poland and European export markets that can be reached by rail and by sea. The marketing study also confirmed that the LCP's coal has higher heating value, lower sulphur and better coking properties than the other mines in the region and is therefore expected to be positioned to sell higher quality products to a wider market audience. Independent analysis from the current core drilling program has also confirmed that the coal quality from the 391 seam over the LCP has potential to be sold into the semi-soft coking coal market.

l) The coal marketing study and the provision of coal sales forecasts was undertaken by Forecasting and Planning Ltd, a company with specialist European coal handling, processing and marketing experience including direct experience in Poland and in the Lublin Coal Basin. The company has broad complementary experience in strategic planning, coal beneficiation, coal trading, negotiation, contract administration, market research and business development.

m) Coal preparation plant preliminary design and cost estimation was undertaken by Dargo Associates. Dargo Associates have been responsible for the design, construction supervision and optimisation of numerous coal handling and preparation plants globally, and particularly in Eastern Europe.

n) Deloitte Poland completed an Economic Benefits Study for the Project that confirmed a number of positive impacts, both in the regional and the national level, which would result from the development of the Project. Direct positive impacts included an increase in employment, regional salary levels, taxes, infrastructure, technological developments, and human resources developments. A number of potential non-economic benefits were also confirmed including positive social impacts of the project on the development of human and intellectual capital, improved health standards and social security and an improvement in the image of the region.

Competent Person Statements

The information in this announcement that relates to Exploration Results and Coal Resources is based on information compiled or reviewed by Dr Richard Lowman, a Competent Person who is a Fellow of the Geological Society of London. Dr Lowman is employed by independent consultants Wardell Armstrong LLP which owns Wardell Armstrong Limited. 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 as defined in the 2012 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.

The information in this announcement that relates to Production Targets and the Scoping Study is based on information compiled or reviewed by Mr Robin Dean who is a Competent Person and is a member of the Institute of Materials, Minerals and Mining (UK). Mr Dean is employed by independent consultants Wardell Armstrong LLP which owns Wardell Armstrong Limited. Mr Dean has sufficient experience that is relevant to the type of mining operation under consideration and to the activity being undertaken 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'. Mr Dean consents to the inclusion in the report of the matters based on their information in the form and context in which it appears.

Cautionary Statements

Certain information (other than statements of historical fact) set forth in this press release contains "forward looking statements", and "forward looking information" under applicable securities laws. The results of the Study represent forward looking information, including in particular statements regarding projected production, capital and operating costs, metal recoveries, mine life and production rates. Some of the forward looking statements may be identified by words such as "expects", "anticipates", "believes", "projects", "plans", and similar expressions. In making the forward looking statements in this news release, the Company has applied several material assumptions, including but not limited to the price of coal. These statements are not guarantees of future performance and undue reliance should not be placed on them. Such forward looking statements necessarily involve known and unknown risks and uncertainties, which may cause Paringa's actual performance and financial results in future periods to differ materially from any projections of future performance or results expressed or implied by such forward looking statements. These risks and uncertainties include, but are not limited to: liabilities inherent in mine development and production; geological, mining and processing technical problems; Paringa's inability to obtain required mine licenses, mine permits and regulatory approvals required in connection with mining and mineral processing operations; competition for, among other things, capital, acquisitions of reserves, undeveloped lands and skilled personnel; incorrect assessments of the value of acquisitions; changes in commodity prices and exchange rates; currency and interest rate fluctuations; various events which could disrupt operations and/or the transportation of mineral products, including labour stoppages and severe weather conditions; the demand for and availability of transportation services; the ability to secure adequate financing and management's ability to anticipate and manage the foregoing factors and risks. There can be no assurance that forward looking statements will prove to be correct.

Summary of Resource Estimate and Reporting Criteria

This ASX announcement has been prepared in compliance with the JORC Code 2012 Edition and the ASX Listing Rules. The Company has included in Appendix 1, the Table 1 Checklist of Assessment and Reporting Criteria for the Lublin Coal Project as prescribed by the JORC Code 2012 Edition and the ASX Listing Rules.

The following is a summary of the pertinent information used in the CRE with full details provided in the Table 1 included as Appendix 1.

Geology and Geological Interpretation

The mineralisation comprises a stratified Upper Carboniferous coal deposit comprising some 21 seams of coal, which include a number of economic target seams, in particular the 389 and 391 seams.

Drilling and Sampling Techniques

Some 120 historic boreholes drilled within the licence areas comprised approximately 90,000m of core drilling, which was subject to down-hole geophysical logging, geotechnical testing and coal quality analysis. The drilling was conducted by various Polish government agencies between the 1960's and 1980's. All coal seams from historic boreholes >0.40m were subject to coal quality analysis.

The recent drilling in 2013 of four (4) specialist deep exploration boreholes to validate and supplement the results of the historic boreholes, totalled 3720m of drilling and comprised a combination of rotary openhole and continuous core drilling, with potential zones of unstable ground cased off during drilling. Rock cutting samples were obtained at 2m intervals during the openhole drilling (Quaternary, Cretaceous and Jurassic strata) above the Coal Measures – where geotechnical core drilling was undertaken. The core drilling method deployed was wire line rotary drilling using single tube core barrels, with the core wrapped in plastic to maintain its condition. All the boreholes were subject to detailed down-hole geophysical logging to confirm the depths and thicknesses of the coal seams, together with geotechnical and hydrogeological parameters. All coal seams > 0.60m were sampled for coal quality testing and roof and floor strata of the target economic seams), was sampled for geotechnical laboratory testing.

Classification Criteria

The CRE has been classified and is reported as Indicated and Inferred based on guidelines specified in the 2012 JORC Code.

Sample Analysis Method

Coal seams > 0.40m thick were sampled and tested from the historic boreholes, however dirt beds >0.05 were not tested. The sampled coal was subject to detailed coal quality testing in accordance with Polish Standards.

The recent 2013 cored boreholes were subject to detailed coal quality testing undertaken by accredited laboratories in Poland and the UK. The testing included standard proximate analysis and detailed tests, including float and sink analysis.

In regard to the 2013 drilling, immediately the coal seam cores are extracted from the core barrel a spot coal sample was taken for gas testing, secured in an air tight container. The core was then stored within core boxes in plastic sleaving or sheeting prior to logging and sampling to mitigate moisture loss. Coal samples of less than 95% core recovery for a particular sample (of coal or inter-seam strata) would not generally be considered as being representative and will not be accepted as part the JORC assessment.

Resource Estimation Methodology

In 2012, Prairie announced a maiden CRE for the LCP of 1.6 Billion tonnes in the Inferred category (refer ASX announcement 14 February 2013). The Resource was defined within 21 coal seams found at depths of 624m and 1,091m within the Company's four coal licenses, with average coal seam thicknesses of ~1.4m and ranging between 1.0m and 4.5m.

The Maiden CRE was prepared in accordance with the JORC Code (2004) with the geological modelling of the resource based on a database of 200 historical core holes covering the LCP concessions and totaling some 200,000 meters of drilling which was conducted by various Polish governmental agencies between the 1960's and 1980's.

In February 2014 Prairie announced it had concluded an agreement with the Polish Ministry of Environment giving Prairie access to further documentation from the historical drill hole database (refer ASX Announcement 13 February 2014). The additional documentation included hundreds of volumes of coal quality, geotechnical, hydrogeological, geophysics and seismic test data, analysis and interpretation.

Independent consultants, WAI, together with Prairie's geological team carried out a detailed review of the additional data obtained from the Government and, together with the results of the Company's ongoing drilling program and coal quality testing, delivered an upgrade to the classification of the CRE.

The updated CRE forms the basis of the mine planning for the LCP and is integrated into the Study, also conducted by WAI.

Cut-off Grade

WAI's audit of the historic boreholes for the upgrade of the 391/389 resources to Indicated status, confirms a high level of confidence regarding coal seam thicknesses relating to these seams across the target mining area for the Study mine plan, based on geophysical logs and core drilling results. The recent deep exploration boreholes have excellent core recoveries of the target seams (389/391) the thicknesses of the seams confirmed by geophysical logs. Regarding coal quality, only boreholes with >90% core recovery have been accepted to be utilised for the assessment of coal quality. A minimum coal seam thickness of 1.00m was applied to all coal seams for the purpose of estimating the coal resources and mineable coal in regard to the Study.

Mining and Metallurgical Methods and Parameters

The proposed mining method for the target mining area for the Study mine plan is longwall retreat. There are currently two roof support options under consideration for developing the mine, namely "roof bolting", where development roadways will be constructed utilising roof bolts to support the roadways and "arched roadway", where the development roadways will be constructed using steel arches to support the roadways. A hybrid mine development model utilising both methods has been adopted for the Study mine plan.

JORC Code, 2012 Edition – Table 1 - Lublin Coal Project - Scoping Study (Historic Drilling and Initial 2013 Drilling by Prairie)
Section 1 Sampling Techniques and Data
(Criteria in this section apply to all succeeding sections.)

Criteria	JORC Code explanation	Commentary
Sampling techniques	• *Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.* • *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.* • *Aspects of the determination of mineralisation that are Material to the Public Report. In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.*	**<u>HISTORIC BOREHOLES</u>** "Concession K-4-5" • 21 boreholes drilled in the area in total with a total drilling length of 21,614.90m. These boreholes were drilled through the years of 1965 to 1975. • Assessment of mineral quality and type was based on results of laboratory tests of coal samples taken from drill cores. • 517 coal quality analysis results were obtained within the area. • All seams equal to and greater than 0.40m thickness were analysed. • Dirt bands of equal to or greater than 0.05m thickness were not analysed. • Average core yield for the area was 70%. • All chemical analyses of coal from the boreholes were performed by the Analytical Tests Department of Katowice Geological Enterprise. "Concession K-6-7" • 23 boreholes drilled in the area in total with a total drilling length of 21,959.80m. These boreholes were drilled through the years of 1968 to 1975. • Assessment of mineral quality and type was based on results of laboratory tests of coal samples taken from drill cores. • 558 coal quality analysis results were obtained within the area. • All seams equal to and greater than 0.40m thickness were analysed. • Dirt bands of equal to or greater than 0.05m thickness were not analysed. • Average core yield for the area was 80%. • All chemical analyses of coal from the boreholes were performed by the Analytical Tests Department of Katowice Geological Enterprise. "Concession K-8" • 23 boreholes drilled in the area with a total drilling length of 20,903.10m. These boreholes were drilled through the years of 1968 to 1978. • Assessment of mineral quality and type was based on results of laboratory tests of coal samples taken from drill cores. • 287 coal quality analysis results were obtained within the area. • All seams equal to and greater than 0.40m thickness were analysed. • Dirt bands of equal to or greater than 0.05m thickness were not analysed. • Average core yield for the area was 67.5%. • All chemical analyses of coal from the boreholes were performed by the Analytical Tests Department of Katowice Geological Enterprise.

Criteria	JORC Code explanation	Commentary
		"Concession K-9" • 28 boreholes drilled in the area with a total drilling length of 26,971.30m. These boreholes were drilled through the years of 1965 to 1981. • Assessment of mineral quality and type was based on results of laboratory tests of coal samples taken from drill cores. • 662 coal quality analysis results were obtained within the area. • All seams equal to and greater than 0.40m thickness were analysed. • Dirt bands of equal to or greater than 0.05m thickness were not analysed. • Average core yield for the area was 70%. • All chemical analyses of coal from the boreholes were performed by the Analytical Tests Department of Katowice Geological Enterprise. • From all concessions: collected samples were cleaned of any mud contamination and placed in individual plastic bags. The bags were labeled on the outside with both the borehole and sample number and sealed with plastic tape to prevent excessive moisture loss. The sample bags were placed together in a collection bag for the borehole before being placed in containers and sent to a laboratory for analysis. **PRAIRIE EXPLORATION BOREHOLES** • Open hole rock cutting samples were obtained at 2m intervals during the drilling of the open hole sections of the boreholes (Quaternary, Cretaceous and Jurassic strata above the Coal Measures). • Continuous rotary drilling rock coring was undertaken through the Coal Measures strata comprising the target seams of coal. In addition rock coring was undertaken at the base of the overlying Jurassic strata and within a limited section of the Cretaceous (investigates an aquifer). • The coal seams and Coal Measures strata were subject to quality control to confirm that sufficient coal has been recovered to provide a representative sample of each seam considered for mineral extraction. The quality control includes detailed core logging, measurements of core recovery to confirm an acceptable level of recovery (>90%) and the use of geophysical logs to confirm the thickness of coal seams and associated partings of dirt. • The coal cores are maintained in plastic sleaving/sheeting prior the sampling, and the samples are placed in plastic bags to mitigate moisture loss. The cores are also stored at temperatures of < 18 degrees centigrade within an air conditioned metal container to mitigate moisture loss. • A unique system of sample numbering has been employed for each coal sample, which includes recording the weight of each sample on site, which is cross-checked by the receiving laboratory to confirm that there has been no mix up between site and the laboratory in regard to the sample references and location within a particular coal seam. • Coal seams are sampled by sampling a complete seam as one sample, or sub-samples (ply) of coal or partings (eg mudstone) of a single coal seam. In all cases the complete circumference of the core is sampled. Only samples of >90% core recovery are taken as representative for whole seam or individual ply samples. The thickness control to determine the acceptable % of recovered is determined by reference to geophysical logs (see below). • Samples of roof and floor strata (eg mudstone, claystone, sandstone) were obtained for geotechnical testing.
Drilling techniques	• *Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type,*	**HISTORIC BOREHOLES** • Total of 95 boreholes drilled over the areas K4-5, K6-7, K-8 and K-9, with a total of 71,999m drilled. The boreholes comprised a combination of open-hole and core drilling, continuous coring being undertaken within the Coal Measures

Criteria	JORC Code explanation	Commentary
	whether core is oriented and if so, by what method, etc).	strata. • K-4-5 contained a total of 21 boreholes drilled through the years of 1965-1975 with a total of 21,615m drilled. • K-6-7 contained a total of 23 boreholes drilled through the years of 1968-1976 with a total of 21,960m drilled. • K-8 contained a total of 23 boreholes drilled through the years of 1968-1978 with a total of 20,903m drilled. • K-9 contained a total of 28 boreholes drilled through the years of 1965-1981 with a total of 26,971m drilled. • The boreholes were drilled by a combination of rotary open hole and coring methods. • K-4-5 – In 15 boreholes overburden strata was drilled by open-hole methods only, with segmental coring of the base of Cretaceous and Jurassic layers. BHs Lublin 47, Lublin 49, Lublin 55 and Lublin 57 the overburden strata was fully cored. In boreholes Lublin 51 and Lublin 59 full coring of the Cretaceous strata to a depth of 150m and then segmental coring was performed (one 5m long drilling section every 50m of drilling). Full coring started approximately 20m above the roof of the Jurassic stratum. Rotary open-hole and core drilling (use of diamond drill bits) methods were used. • K-6-7 – In 15 boreholes overburden strata was drilled by open-hole methods only, with segmental coring of the base of Cretaceous and Jurassic strata. Segmental coring of the overburden by drilling 6m long sections every 30m was performed in BHs Lublin 71, Lublin 76, Lublin 84, Lublin 86 and Lublin 89, while in BHs Lublin 68, Lublin 72 and Lublin 79, the overburden was cored to a depth of 150m and then 6m long sections were drilled every 30m. In these boreholes continuous coring started approximately 20m above the roof of the Jurassic strata. Rotary drilling with continuous coring using diamond bits was performed in the Carboniferous strata. • K-8 – In 16 boreholes overburden strata was drilled by open-hole drilling methods with segmental coring of the Cretaceous and Jurassic layers. Continuous coring of the Cretaceous strata to a depth of 150m as well as Jurassic and Carboniferous strata was performed for the following boreholes: Lublin 90, Lublin 94, Lublin 95, Lublin 102, Lublin 106, Lublin 108 and Lublin 112. Segmental coring (6m long drilling section every 30m) was performed for the Cretaceous interval between 150m and 20m above the roof of the Albian Strata. Carboniferous strata were drilled using diamond core drilling methods. • K-9 – In 24 boreholes overburden strata was drilled by open-hole drilling methods with segmental coring of the Cretaceous and Jurassic strata. In BHs Lublin 114 and Lublin 123, coring was applied to a depth of approximately 150m, in BH Lublin 134 to a depth of 153m and in BH 138 to a depth of 210.30m, with full coring of the Jurassic and Carboniferous strata. Segmental coring of the Cretaceous strata was carried out from the depths of 150m, 153m and 210.30m to 20m above the roof of the Albian strata was conducted. Carboniferous strata were drilled using diamond core drilling methods. • Across the areas drilling was carried out by Drilling companies from Katowice and Kielce, using OP-1200 and ZIF-1200 drilling rigs. • Core diameters of 74mm, 93mm, 112mm and 132mm were used during drilling within the concession areas. **PRAIRIE EXPLORATION BOREHOLES** • A total of 4 boreholes have been drilled within the concession areas to date, Kopina 1, Borowo, Kulik and syczyn 7. Two of these boreholes, Kopina 1 and Kulik are located within the target mining area for the Scoping Study mine plan. • The drilling was undertaken by a combination of rotary open hole and core drilling. Sections of potentially unstable ground were cased off during the drilling of these deep exploration boreholes. The Coal Measures strata were recovered as a continuously cored sequence of strata, the core diameter being 85mm. The core drilling method deployed was wire line rotary drilling using single tube 6m length core barrels. On completion the boreholes were sealed with cement.
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.* • *Measures taken to maximise sample recovery and ensure representative nature of the samples.*	**HISTORIC BOREHOLES** • The collection of core samples followed the standard procedures determined by the coal industry in Poland. • During the drilling of the boreholes, samples were collected from drill core using methods that are standard for the coal

Criteria	JORC Code explanation	Commentary
	• *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.*	industry in Poland. • Core recovery was determined by measuring the lengths of recovered core and weighing very broken and fragmented core (a formula was used to convert the core weight to core lengths), to provide an overall core recovery length and %, as an expression of the thickness of coal seams, based on drilling depths. The recovered core was also compared to the coal interval thickness and depths determined from the suite of geophysical logs. • It is unclear if measurements of core recovery were recorded based on individual core runs, with details of "solid core" and "RQD". • Poor recovery in some boreholes was considered to be related to inappropriate drilling tools and very bad technical conditions of the boreholes. • Coal seams with no core recovery yield, but that were interpreted by geophysical logging, were nonetheless re-sampled using a W-1 hydro mechanical sidewall sampler. This method of re-sampling may be questionable and therefore in some cases the results were not found to be reliable. • It is unclear as to whether any other measures were taken to maximise sample recovery due to the historic nature of the drilling data. **PRAIRIE EXPLORATION BOREHOLES** • Chip samples of open hole strata were taken over each 2m of drilled strata. Lithological descriptions were made of the chip samples. • Continuous cores were obtained over the Coal Measures strata. Core recovery was calculated for each core run based on the length of the core run and the core measured from the core barrel. The calculation of the recovery of coal seams was determined by the careful measurement of the recovered core, determination of the thickness of the seams by reference to geophysical logs (primarily the density logs) and the calculation of the percentage of recovery on the basis of this information. Core recovery is also reported on a drill run basis, with records of "solid core" and "RQD". • Coal samples of less than 90% core recovery for a particular sample (of coal or inter-seam strata) would not generally be considered as being representative and will not be accepted as part the JORC assessment. Core recoveries exceeded this figure for the target coal seams
Logging	• *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.* • *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.* • *The total length and percentage of the relevant intersections logged.*	**HISTORIC BOREHOLES** • The collection of core samples followed the standard procedures determined by the coal industry in Poland. • During the drilling of the 95 cored holes, samples were collected from drill core using methods that are standard for the coal industry in Poland. • Detailed geological logs have been produced for the boreholes, which include geological and geotechnical descriptions, and core recovery relating to the coal seams. The logs are presented as graphic and detailed written logs. The logs also show three options relating to the depths and thicknesses of the coal seams (based on drilling depths, based on geophysical logs, and a combination of the drilling depths and geophysical logs). **PRAIRIE EXPLORATION BOREHOLES** • Detailed geological logs of the Coal Measures strata are produced based on the drilling depths. The thickness and depths of coal seams have been confirmed by reference to geophysical logs. • Samples were obtained for geotechnical and coal quality testing. • All chip samples were geologically logged. • All cores are photographed.

Criteria	JORC Code explanation	Commentary
Sub-sampling techniques and sample preparation	• *If core, whether cut or sawn and whether quarter, half or all core taken.* • *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.* • *For all sample types, the nature, quality and appropriateness of the sample preparation technique.* • *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.* • *Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.* • *Whether sample sizes are appropriate to the grain size of the material being sampled.*	**HISTORIC BOREHOLES** • Due to the historic nature of the available data sub-sampling techniques are not known in detail. In regard to the target seams 391/389 in many boreholes – all the sub-samples of coal are tested as a single sample in regard to coal quality (excluding dirt partings >0.05m). • In terms of sample preparation, collected samples were cleaned of any mud contamination and placed in individual plastic bags. The bags were labeled on the outside with both the borehole and sample number and sealed with plastic tape to prevent excessive moisture loss. The sample bags were placed together in a collection bag for the borehole before being placed in containers and sent to a laboratory for analysis. • Quality control procedures for maximising sample representivity are unknown due to the historic nature of the data. **PRAIRIE EXPLORATION BOREHOLES** • Immediately the coal seam cores are extracted from the core barrel a spot coal sample is taken for gas testing, secured in an air tight container. • The core is stored within core boxes in plastic sleaving or sheeting prior to logging and sampling to mitigate moisture loss. • All sub-samples of coal seams (coal, mudstone, carbonaceous mudstone etc) are obtained as outlined above under "Drill Sample Recovery"
Quality of assay data and laboratory tests	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.* • *For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.* • *Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.*	**HISTORIC BOREHOLES** • Due to lack of information and due to the historic nature of the sampling WAI cannot confirm if the laboratories used for chemical analyses during drilling comply with international standards and best practice procedure of today. • WAI has been provided with copies of historical geophysical logs relating to some I6 boreholes across the target mining area for the Scoping Study mine plan relating to the 391/389 seams. These include natural gamma, density (gamma gamma) and resistivity logs. WAI has undertaken an independent assessment of the depths and seam thicknesses of these logs and confirmed the geophysical log seam thickness presented on the graphic logs relating to the 391/389. This has provided, in general, a high level of confidence in the seam thickness figures presented on the graphic logs relating to the 391 and 389 coal seams. • Due to the historical nature of the drilling and sampling, no information is available on whether QA/QC procedures were employed during sampling and testing. **PRAIRIE EXPLORATION BOREHOLES** • Coal quality testing has been undertaken to meet Polish and International standards. This includes analysis on all coal seams >0.60m thick and additional detailed analysis on target primary seams (generally >1.0m thick). This includes float and sink and detailed analysis (e.g. ultimate analysis, ash analysis, coking properties). • Geophysical logs are used to verify the thickness of coal samples • A basic suite of analysis has been undertaken by accredited Polish Labs. This includes proximate analysis, Sulphur, CV and ultimate analysis. The major part of each sample has been sent to an accredited international laboratory in the UK for float and sink analysis and additional analysis (e.g. ash analysis, ultimate analysis, ash fusion, coking properties).
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.* • *The use of twinned holes.* • *Documentation of primary data, data entry procedures,*	**HISTORIC BOREHOLES** • Geological supervision over all drilling works was performed by employees of the Geological Survey Company from Kielce (Branch in Lublin).

Criteria	JORC Code explanation	Commentary
	data verification, data storage (physical and electronic) protocols. • *Discuss any adjustment to assay data.*	• The Geological Survey Company also performed detailed core logging and sampling for macro flora and macro fauna examination. • There is no evidence for the use of twinned boreholes. • WAI are unaware of any adjustments made to the coal quality data. **PRAIRIE EXPLORATION BOREHOLES** • The thickness records of all coal samples recorded in Poland by site geologists was checked and verified by WAI by means of interpretation of geophysical logs and reference to the sampling and core description records. • Sampling and coal quality test result records are held in electronic format in Poland and the UK.
Location of data points	• *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.* • *Specification of the grid system used.* • *Quality and adequacy of topographic control.*	**HISTORIC BOREHOLES** • Original data was believed to have been based on a mixture of local grid data and Poland CS92 grid system however collar positions have been converted to Poland CS2000 grid system. It is understood that Prairie Downs has verified the location of 112 of the 116 historic boreholes within the concession area. **PRAIRIE EXPLORATION BOREHOLES** • Boreholes are set out by survey in accordance with the Polish 2000/8 grid. Following drilling of each borehole, a down-hole geophysical logging survey is undertaken to confirm the depth location of all coal seams and provide the inclination and azimuth of the boreholes throughout their length.
Data spacing and distribution	• *Data spacing for reporting of Exploration Results.* • *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.* • *Whether sample compositing has been applied.*	**HISTORIC BORHOLES** • The spacing of boreholes is shown on the attached drawings (eg of the order of 1 to 1.5 km for indicated resources), which is considered sufficient to support the presented resource classifications due to the relative simple geological structure and lack of geological faulting. A similar borehole spacing is present across the inferred resource areas, but the poorer core recovery within these areas is currently the primary factor in the resource class difference relating to coal quality. **PRAIRIE EXPLORATION BOREHOLES** • The new boreholes are widely spaced, and have been drilled to both verify the historic boreholes data set and according to the works program agreed with Poland's Ministry of Environment under the exploration concessions. • Sample compositing has been applied to produce a sample of a complete seam, or sub-sections of a seam, whereby individual ply samples of coal/dirt are combined based on the thickness and density of each sample.
Orientation of data in relation to geological structure	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.* • *If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.*	**HISTORIC BOREHOLES** • It is understood that all boreholes were drilled vertically with no pre-determined orientation or drilling angle. Precise details regarding verticality are unknown, however for the purpose of computer modeling, all the boreholes have been assumed to be vertical. **PRAIRIE EXPLORATION BOREHOLES** • The geological structures are relatively simple, whereby sampling is not affected by geological structure.

Criteria	JORC Code explanation	Commentary
Sample security	• *The measures taken to ensure sample security.*	**HISTORIC BOREHOLES** • No sample security information exists in the documentation available to review sample security measures which may have taken place during drilling. **PRAIRIE EXPLORATION BOREHOLES** • A unique numbering system has been deployed for each coal sample, which are recorded on the sample bags and on the sample sheet sent to the laboratory. Each coal sample is weighed on site and on receipt by the laboratory. These weights are cross checked to confirm samples have not been mixed up.
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• WAI has undertaken some spot checks to confirm that the sampling on site has been undertaken in accordance with the prescribed methods set out in the Exploration Manual.

Section 2 Reporting of Exploration Results
(Criteria listed in the preceding section also apply to this section)

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	• *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.* • *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.*	• Prairie has been granted the following 4 exploration concessions: Cycow (K-6-7)(No. 23/2012/p, updated 2013), Syczyn (K-8)(No.21/2012/p), Kulik (K-4-5)(No.20/2012/p) and Kopina (K-9)(No.22/2012p).
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• A total of 205 historic exploration boreholes were drilled in the general area of which 117 boreholes were drilled within the concession areas between 1965 and 1983. An assessment of this information has been provided as Supplement No. 1 to the Geological documentation of the Lublin Coalfield, including resource maps submitted by "POLGEO" a Geological Enterprise to the State Geological Institute in 2000/2001.
Geology	• *Deposit type, geological setting and style of mineralisation.*	• The mineralisation comprises a stratified Upper Carboniferous coal deposit comprising some 21 seams of coal, which include a number of primary target seams, in particular the 389 and 391 seams, which form the target mining area in the Scoping Study mine plan.
Drill hole Information	• *A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:* ○ *easting and northing of the drill hole collar* ○ *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar* ○ *dip and azimuth of the hole* ○ *down hole length and interception depth* ○ *hole length.* • *If the exclusion of this information is justified on the*	• A summary of the borehole information has previously been provided on the Borehole Summary sheets (refer to ASX announcement 13 March 2014) in respect to the Prairie exploration drilling. A listing of the co-ordinates and levels for the historic boreholes is also appended to the JORC Table 1 report. Refer to Figure 4 in the Scoping Study press release for borehole locations. • Details of the historic boreholes are provided above under sampling techniques (total metres drilled, average core recoveries etc). • A data base of the borehole logs (primarily graphic logs, supported by written logs, borehole summaries and geophysical logs for a proportion of the boreholes are held by WAI. WAI also holds a data base of summary information, including borehole depth, sealing data, and tests undertaken (coal quality, geotechnical, hydrogeological).

Criteria	JORC Code explanation	Commentary
	basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.	
Data aggregation methods	• *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.* • *Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.* • *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	• No data aggregation methods were used in the preparation of this announcement. • The coal quality has been determined for each seam as indicated above.
Relationship between mineralisation widths and intercept lengths	• *These relationships are particularly important in the reporting of Exploration Results.* • *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.* • *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').*	• The mineral deposit has been intersected by near vertical boreholes, which have been surveyed to determine the inclination and azimuth of each borehole in regard to the recent drilling. The thickness of the coal seams has been calculated from cored boreholes and from down-hole geophysical logs in regard to historic boreholes and the recent drilling.
Diagrams	• *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	• The borehole locations are shown in the Figure 4 and 18 of the announcement.
Balanced reporting	• *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	• All relevant exploration data is available.
Other substantive exploration data	• *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	• Summary details of coal quality and seam thickness are presented in the JORC report, in regard to each of the 21 coal seams.
Further work	• *The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).* • *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	• Continuation of the first phase drilling program. • Commencement of the PFS.

Section 3 Estimation and Reporting of Mineral Resources (This section is not considered applicable at this stage)
(Criteria listed in section 1, and where relevant in section 2, also apply to this section)

Criteria	JORC Code explanation	Commentary
Database integrity	• *Measures taken to ensure that data has not been corrupted by, for example, transcription or keying errors, between its initial collection and its use for Mineral Resource estimation purposes.* • *Data validation procedures used.*	• A database of the historic borehole data was developed as excel spread sheets based on information provided by Prairie Downs, primarily from coal resource plans (derived coal quality information) and graphic logs of the boreholes (including seam depth and thickness data from core drilling, geophysical logs and a combined thickness based on Polish geologists interpretation of the geophysical logs). An in-country audit of this information has recently been undertaken relating to the 391/389 target seams. This has confirmed the accuracy of the data base used in respect of the target seams (see Audit and Review below). This cross-checked information from the historic boreholes has been used for computer modeling of the coal resources for the target mining area for the Scoping Study mine plan. • The data used from the recent 2013 boreholes has been checked by reference to geophysical logs to confirm the depth and thicknesses of coal seams in the provided data base from Prairie Downs, which has been used in the geological coal resource model.
Site Visits	• *Comment on any site visits undertaken by the Competent Person and the outcome of those visits.* • *If no site visits have been undertaken indicate why this is the case.*	• Site visits were made by WAI in 2013 to the Kopina 1 and Borowo boreholes to validate the current drilling campaign. Various recommendations were made which have been addressed as part of the on-going exploration programme.
Geological interpretation	• *Confidence in (or conversely, the uncertainty of) the geological interpretation of the mineral deposit.* • *Nature of the data used and of any assumptions made.* • *The effect, if any, of alternative interpretations on Mineral Resource estimation.* • *The use of geology in guiding and controlling Mineral Resource estimation.* • *The factors affecting continuity both of grade and geology.*	• The coal resources have been classified as Indicated and Inferred resources in accordance with the JORC 2012 code. • Allowances have been made for geological uncertainty, 10% for inferred and 5% for indicate resources. • WAI has a high level of confidence in regard to the seam thicknesses used in geological modeling in regard to the target mining area for the Scoping Study mine plan (391/389 seams), following a review of geophysical logs provided in 2014.
Dimensions	• *The extent and variability of the Mineral Resource expressed as length (along strike or otherwise), plan width, and depth below surface to the upper and lower limits of the Mineral Resource.*	• The JORC Report includes drawings which show the gross seam thickness and seam elevation variation across the target mining area for the Scoping Study mine plan in respect of the 391 and 389 target seams for the Indicated and Inferred resource areas. In addition, coal quality variation is shown for the Indicated resource areas only (391 and 389 seams), in respects of ash, sulphur and gross calorific value.
Estimation and modeling techniques	• *The nature and appropriateness of the estimation technique(s) applied and key assumptions, including treatment of extreme grade values, domaining, interpolation parameters and maximum distance of extrapolation from data points. If a computer assisted estimation method was chosen include a description of computer software and parameters used.* • *The availability of check estimates, previous estimates and/or mine production records and whether the Mineral Resource estimate takes appropriate account of such data.* • *The assumptions made regarding recovery of by-products.* • *Estimation of deleterious elements or other non-grade*	• Within the target mining area for the Scoping Study mine plan variability is low, and there is no recorded major faults, thus this area has been deemed to remain one domain, as such only one modeling technique and one set of resource distances were determined. Based on variography across the site (please note no small scale variability was able to be checked, due to the lack of closely spaced boreholes) both coal quality and coal thickness showed limited variability, with a range in the 391 seam of 4600m. Using an extrapolation distance roughly equivalent to 2/3 of the range (i.e. 3000m) inverse distance weighted modeling techniques using Vulcan software were utilised for both the thickness and the coal quality parameters. The inverse distance technique also used the surface stacking technique present in Vulcan which allows the key seam, or seam with greatest data points to be modeled prior to the other seams, therefore allowing other seams with maybe more limited data points to a seam trend to check against. • The coal thickness and elevation model was created separately to the coal quality grids, with the two being superimposed together at HARP model stage (Vulcan block model), to allow the production of both tonnages and the relevant coal quality grades. • Gross Seam quality of those areas where parting/dirt bands were present were weighted by thickness and density prior to being entered into the modeling software, with a base parting quality being assigned to all partings. These assigned

Criteria	JORC Code explanation	Commentary
	variables of economic significance (eg sulphur for acid mine drainage characterisation). • *In the case of block model interpolation, the block size in relation to the average sample spacing and the search employed.* • *Any assumptions behind modelling of selective mining units.* • *Any assumptions about correlation between variables.* • *Description of how the geological interpretation was used to control the resource estimates.* • *Discussion of basis for using or not using grade cutting or capping.* • *The process of validation, the checking process used, the comparison of model data to drill hole data, and use of reconciliation data if available.*	values were based on reviewing the data available on the partings density, calorific values, ash content etc with a numeric average being taken. • The block and grid sizes used in modeling were set at 25m. • The database prior to modeling was assessed statistically to determine the variability of the data, using a cut-off of 3 standard deviations from the mean – no boreholes within the database were deemed necessary to cut. • Spot checks against various variables in the database against the model were undertaken including seam elevations, thickness and quality parameters. In built validation procedures in Vulcan were ran to ensure no duplicates, overlaps or extreme values were included in the modeling.
Moisture	• *Whether the tonnages are estimated on a dry basis or with natural moisture, and the method of determination of the moisture content.*	• The coal quality and tonnages were calculated on an Air Dried Basis.
Cut-off parameters	• *The basis of the adopted cut-off grade(s) or quality parameters applied.*	• WAI's audit of the historic boreholes for the upgrade of the 391/389 resources to Indicated status, confirms a high level of confidence regarding coal seam thicknesses relating to these seams across the target mining area for the Scoping Study mine plan, based on geophysical logs and core drilling results. The recent deep exploration boreholes have excellent core recoveries of the target seams (389/391), the thicknesses of the seams confirmed by geophysical logs. Regarding coal quality, only boreholes with >90% core recovery have been accepted to be utilised for the assessment of coal quality. A minimum coal seam thickness of 1.00m was applied to all coal seams for the purpose of estimating the coal resources and mineable coal in regard to the Scoping Study.
Mining factors or assumptions	• *Assumptions made regarding possible mining methods, minimum mining dimensions and internal (or, if applicable, external) mining dilution. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential mining methods, but the assumptions made regarding mining methods and parameters when estimating Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the mining assumptions made.*	• The geological structure lends itself to long wall retreat mining utilising plows or shearers depending on seam thickness. In general above seam thickness of 1.6m shearers are used and below 1.6m plows are to be used. • Two methods are being considered, one utilizing rock bolts for primary support and one steel arches. Further work is needed to determine exact support parameters but there is evidence from adjacent workings that both methods are acceptable. • Panel dimension used are 300m long by up to 5km run. • Pillars are left to protect the main lateral roads and in the case of the rock bolted option to provide safe support between face gate roads. Pillar sizes are calculated at approximately 10th depth using the Wilson formula. • For the arched option 'skin to skin' working has been incorporated which is the normal working method in Poland. This will entail the use of face cross cuts to enable ventilation to be properly directed during the development. • Dilution has been calculated as the proportion of the arched roadways above seam height and an additional 60mm for extraneous dirt whist working the faces. • Standoff from the Jurassic has been assumed to be 45m in line with legislation.
Metallurgical factors or assumptions	• *The basis for assumptions or predictions regarding metallurgical amenability. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential metallurgical methods, but the assumptions regarding metallurgical treatment processes and parameters*	• Not applicable.

Criteria	JORC Code explanation	Commentary
	made when reporting Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the metallurgical assumptions made.	
Environmental factors or assumptions	• *Assumptions made regarding possible waste and process residue disposal options. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider the potential environmental impacts of the mining and processing operation. While at this stage the determination of potential environmental impacts, particularly for a greenfields project, may not always be well advanced, the status of early consideration of these potential environmental impacts should be reported. Where these aspects have not been considered this should be reported with an explanation of the environmental assumptions made.*	• All Run of Mine coal (ROM) will be processed in the CHPP and the waste, inert dirt, of approximately 1.5 Mt per annum will be deposited in a suitable emplacement area. This will require an environmental permit.Transport of coal will be protected from causing environmental issues such as dust. • Potential areas of natural conservation have been identified and the mining plan designed to minimise impact in these areas. • Surface infrastructure has also been scoped to avoid any potentially sensitive areas.
Bulk density	• *Whether assumed or determined. If assumed, the basis for the assumptions. If determined, the method used, whether wet or dry, the frequency of the measurements, the nature, size and representativeness of the samples.* • *The bulk density for bulk material must have been measured by methods that adequately account for void spaces (vugs, porosity, etc), moisture and differences between rock and alteration zones within the deposit.* • *Discuss assumptions for bulk density estimates used in the evaluation process of the different materials.*	• The calculation of coal resources has utilised air dried density figures, provided by the laboratory test results.
Classification	• *The basis for the classification of the Mineral Resources into varying confidence categories.* • *Whether appropriate account has been taken of all relevant factors (ie relative confidence in tonnage/grade estimations, reliability of input data, confidence in continuity of geology and metal values, quality, quantity and distribution of the data).* • *Whether the result appropriately reflects the Competent Person's view of the deposit.*	• The Coal Resource Estimate has been classified and is reported as Indicated and Inferred coal resources based on the guidelines specified in the 2012 JORC code.
Audits or reviews	• *The results of any audits or reviews of Mineral Resource estimates.*	• In country data checks were performed against some 25% of the data base of historic boreholes used for the resource assessment. The original borehole files, including; graphic borehole logs, written geological logs, coal quality laboratory sheets, geophysical logs, (in some boreholes only); along with the resource plans created by POLGEO in 2000 were subject to an audit. The coal quality data was primarily taken from the resource plans. • The audit confirmed that in all cases the information presented on the coal resource plans is an accurate representation of the actual laboratory test results. • Checks of seam thickness and seam floor depths were made, comparing the geophysical logs, graphic borehole logs against the original written logs, resource plans, and the WAI produced database. Checks of the coal quality parameters were made comparing the resource plans' quality values to those from the original laboratory sheets. • TChecks on the' inputs to the geological model were performed within the Vulcan verification tool, to ensure no

Criteria	JORC Code explanation	Commentary
		overlapping, duplicates or extreme/outlying values.
Discussion of relative accuracy/ confidence	• *Where appropriate a statement of the relative accuracy and confidence level in the Mineral Resource estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the resource within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors that could affect the relative accuracy and confidence of the estimate.* • *The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used.* • *These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.*	• No Conditional Simulation of kriging error variance determination was undertaken to quantify the confidence level in resources or quality parameters. However, resource tonnages for the areas have been checked against previously completed Polish Government resource reports undertaken in the 1980's and 2000, with the new resources found to be within an accepted range of these. The current resource calculations, for example, were checked against the Polish Government reports for K-6-7 concession areas and found to be within 3% of the Polish Government's figures. • Coal Quality parameters from the modelling process have also been checked for accuracy against standard arithmetic averages and weighted averages for the boreholes, in respect of the Indicated and Inferred coal resources relating to the target mining area for the Scoping Study mine plan, confirming that the computer modeled figures based on statistical analysis are appropriate.