



Prairie Mining
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Acquisition of Debiensko Hard Coking Coal Project

October 2016

ASX / LSE / WSE: PDZ

TRANSFORMATIONAL ACQUISITION OF STRATEGIC LARGE SCALE DEBIENSKO HARD COKING COAL PROJECT IN SOUTHERN POLAND

- ✓ Fully Permitted, “Mine Ready” Project of Significant Scale
- ✓ Strategically Located in the Steelmaking Heartland of Europe
 - ✓ Large Scale Hard Coking Coal Exploration Target
- ✓ Coal Seam Qualities Indicative of Internationally Traded Benchmark Premium Hard Coking Coal
- ✓ Substantial Management Team Synergies to Expedite Permitting and Development of Lublin Coal Project
- ✓ Highly Attractive Coking Coal Market Fundamentals



DEBIENSKO ADDS HARD COKING COAL TO PRAIRIE'S PRODUCT MIX

Debiensko - Exploration Target Range

Depth					Exploration Target Tonnage Range (Mt)	
All seams to depth approx. 1,100 m*					120 Mt – 150 Mt	
Depth 1,100 – 1,250 m					90 Mt – 110 Mt	
Total					210 Mt – 260 Mt**	
Quality***	Moisture	Ash	Volatile Matter	Sulphur	FSI	
Weighted Average Whole Exploration Target Range (+/-20%)	0.7 – 1.1	6.3 – 9.5	18.1 – 27.1	0.6 – 0.8	5½ – 8	

* Depths are from surface – c250 m above datum

**Figures are reported to the nearest 10 Mt which is deemed appropriate for this level of the estimation

***Figures are reported to one decimal place which is deemed appropriate for this level of estimation

The potential quantity and grade of the exploration targets are conceptual in nature and there has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource

TRANSACTION OVERVIEW

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Transaction Details

- Prairie Mining Limited (“**Prairie**”) acquired all of the issued shares of NWR Karbonia S.A. (“**Karbonia**”), owner of the Debiensko Project and wholly owned subsidiary of New World Resources Plc (“**NWR**”)
- The transaction was implemented by Citibank N.A. (“**Citibank**”) in its capacity as Security Agent and acting in accordance with the instructions of the secured creditor group of NWR (collectively, the “**Ad Hoc Group**”). The Ad Hoc Group also controls the majority voting rights of NWR

Consideration

- **Upfront consideration:**
 - €0.5m (~A\$0.7m) in cash paid upon signing of agreements
- **Deferred consideration:**
 - €1.5m (~A\$2.2m) in cash payable upon certain project specific milestones being achieved

Financing

- Following payment of the upfront consideration, Prairie has a cash balance of over A\$16.0m, which is more than sufficient to cover the working capital requirements for both the Lublin Coal Project and Debiensko over the medium term

Milestones

- Customary approvals from regulators including approval of an amendment of the Debiensko mining concession to extend the start date of commencement of mining operations beyond 2018 and therefore facilitating Prairie’s forward work program
- Work program will be aimed at defining a “bankable” project at Debiensko according to international standards
- Prairie fully expects such approvals in due course and to commence infill drilling and technical studies

COMPELLING TRANSACTION RATIONALE

Transformational acquisition marking Prairie's entry into the Hard Coking Coal sector and creating a multi-project coal development company

Strategic, Large Scale Hard Coking Coal ("HCC") Project

- High quality 100% hard coking coal ("HCC") asset with large scale Coal Exploration Target range of 210-260 Mt
- Coal seam qualities indicative of internationally traded benchmark premium HCC
- Historical mining and local geology support low redevelopment risk
- Revised development approach would allow for the early mining of profitable coal seams, whilst minimising upfront capital costs

Fully Permitted, "Mine Ready" Project

- Fully permitted with a 50-year mining concession, environmental consent and local planning all in place
- Brownfield project with significant historical capital investment characterised by established on-site facilities including rail, road and power infrastructure
- Highly experienced team of Polish mining specialists including engineers, mine managers, mine planners, geologists, surveyors and environmental specialists join Prairie bringing substantial synergies to expedite development of Prairie's Lublin Coal Project

Prime Location to Supply European Steelmakers

- Located in Upper Silesia, Southern Poland - heartland of Central Europe's steel industry
- >50% of Central Europe's coking plants and steel mill production capacity within a 250km radius
- Regional industrial users of coking coal include ArcelorMittal, ThyssenKrupp, Voestalpine and US Steel
- Well-established rail network providing ease of transport to end users based in close proximity to Debiensko. Prairie to benefit from significant pricing "netback" advantage over USA and Australian imported HCC

Attractive Commodity Fundamentals

- European HCC market relies on imports for 80% of coking coal needs: 40 Mtpa out of 50 Mtpa total consumption is imported
- HCC classified as "Critical Raw Material" by European Commission – commodity of 3rd highest economic importance to Europe
- >180% increase year to date in HCC price

DEBIENSKO: STRATEGIC LARGE SCALE HARD COKING COAL PROJECT

Fully permitted, hard coking coal project in the Upper Silesian Coal Basin in south west Poland

Project is bordered by Knurów-Szczygłowice Mine in the north west and Budryk Mine in the north east, both owned and operated by Jastrzębska Spółka Węglowa SA ("JSW"), Europe's leading producer of hard coking coal

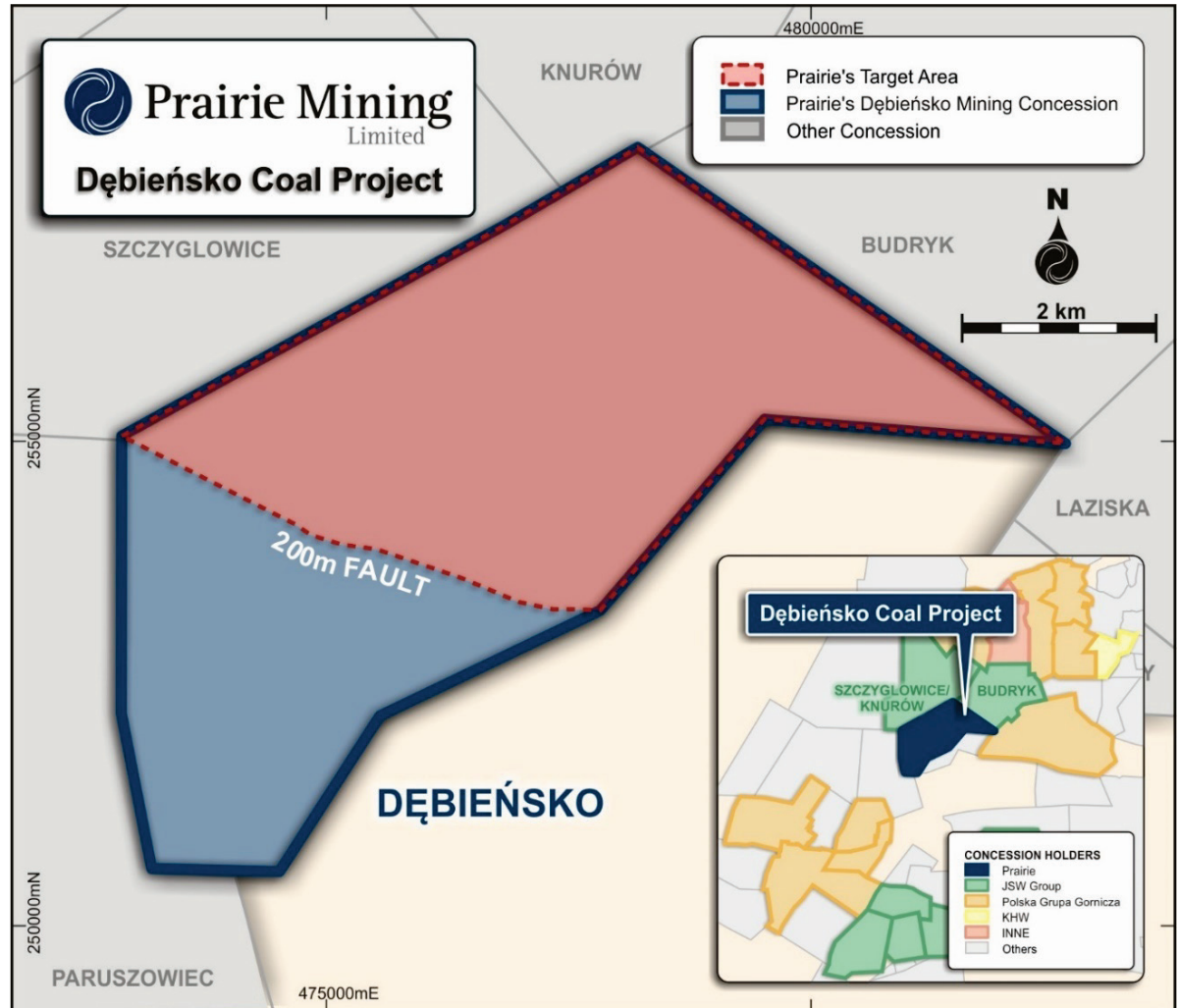
Debiensko mine was originally opened in 1898 and was operated by various Polish mining companies until 2000

Previous owner commenced planning for Debiensko to comply with Polish mining standards, with the aim of accessing and mining hard coking coal seams

In 2008, Poland's Minister of Environment approved NWR's development plan and granted a 50-year mining concession for Debiensko

Following detailed technical due diligence, Prairie is confident that a revised development approach is achievable that would allow for the early mining of profitable coal seams, whilst minimising upfront capital costs

- This is likely to include focusing on a smaller area of Debiensko to target coal seams that are more readily accessible



COAL EXPLORATION TARGET RANGE AND QUALITY

Historical coal quality analysis completed at Debiensko, and based on Polish reporting standards, has demonstrated coal qualities indicative of internationally traded benchmark premium hard coking coals

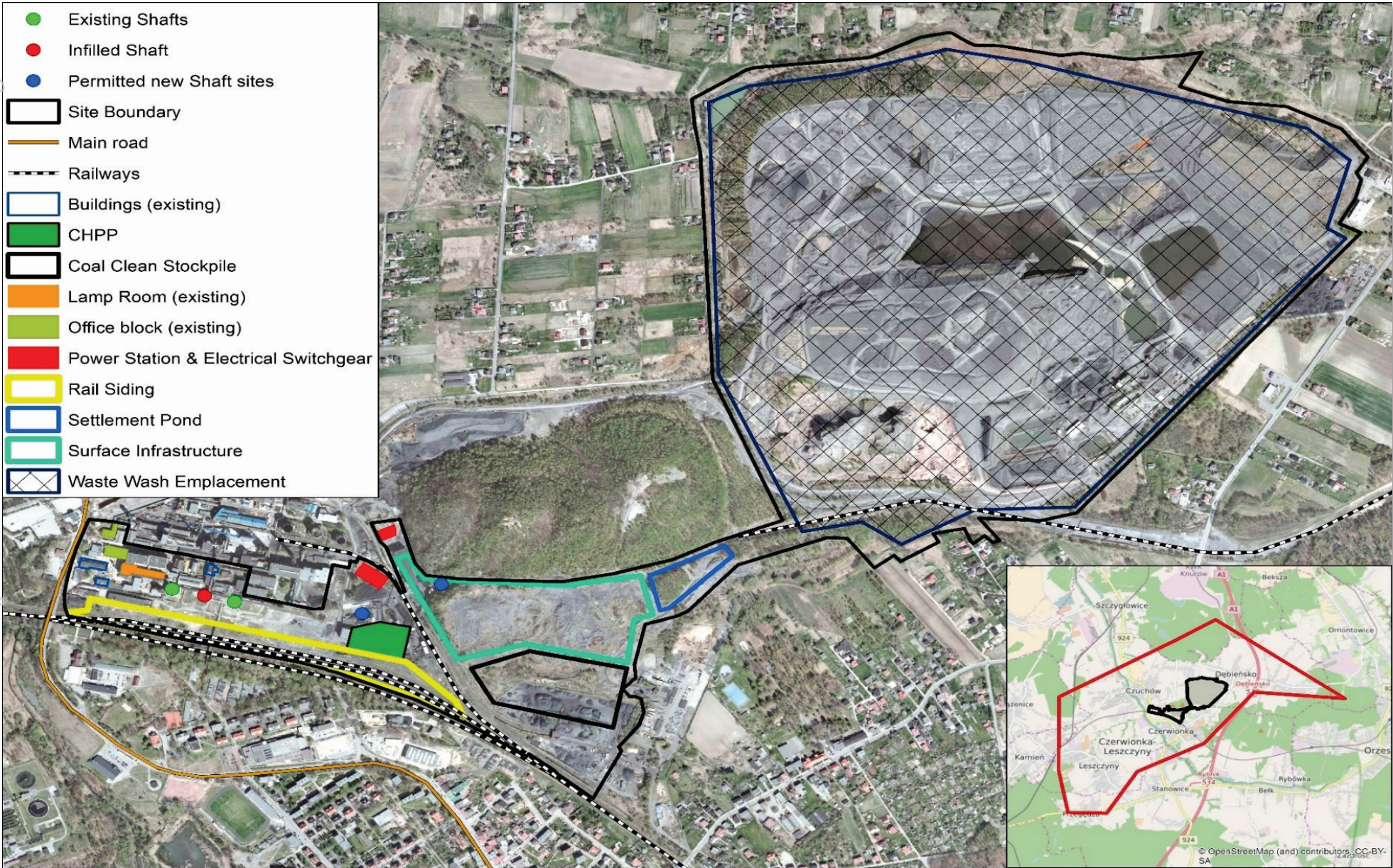
Potential Debiensko Coal Qualities			
Quality*	Exploration Target Range to 1,100 m	Exploration Target Range from 1,100 to 1,250 m	Weighted Average Whole Exploration Target Range (+/- 20%)
Moisture	0.6 – 1.7	0.7 – 1.6	0.7 – 1.1
Ash	5.2 – 15.9	4.8 – 14.9	6.3 – 9.5
Volatile Matter	20.3 – 27.1	26.1 – 17.8	18.1 – 27.1
Sulphur	0.4 – 1.2	0.4 – 1.1	0.6 – 0.8
FSI	6 – 7½	5 – 8	5½ – 8

*Figures are reported to one decimal place which is deemed appropriate for this level of estimation

Coking Coals Comparison including Debiensko Weighted Average Range to 1,250 m							
Quality	Debiensko (Poland) (+/- 20% weighted ave. range)	Goonyella (Australia) Mid Vol	Peace River (Canada) Mid Vol	Peak Downs (Australia) Low Vol	Blue Creek (USA) Low Vol	JSW-Zofiwka (Poland) Type 35	JSW-Jas Mos (Poland) Type 35
Ash	6.3 – 9.5	8.9	8.0	10.0	8.4	8.5	7.8
Volatile Matter	18.1 – 27.1	23.8	27.5	20.5	19.0	22.2	21.4
Sulphur	0.6 – 0.8	0.52	0.70	0.60	0.60	0.55	0.56
FSI	5½ – 8	8	7	8½	7	7	7½

FULLY PERMITTED "MINE READY" PROJECT

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FULLY PERMITTED “MINE READY” PROJECT (CONTINUED)

Significant historical capital investment characterised by established on-site facilities

Aerial View of Debiensko Mine Site



Fully Fitted and Ready Office Buildings



FULLY PERMITTED “MINE READY” PROJECT (CONTINUED)

Existing infrastructure including rail, road and power

Rail Siding next to Debiensko Site



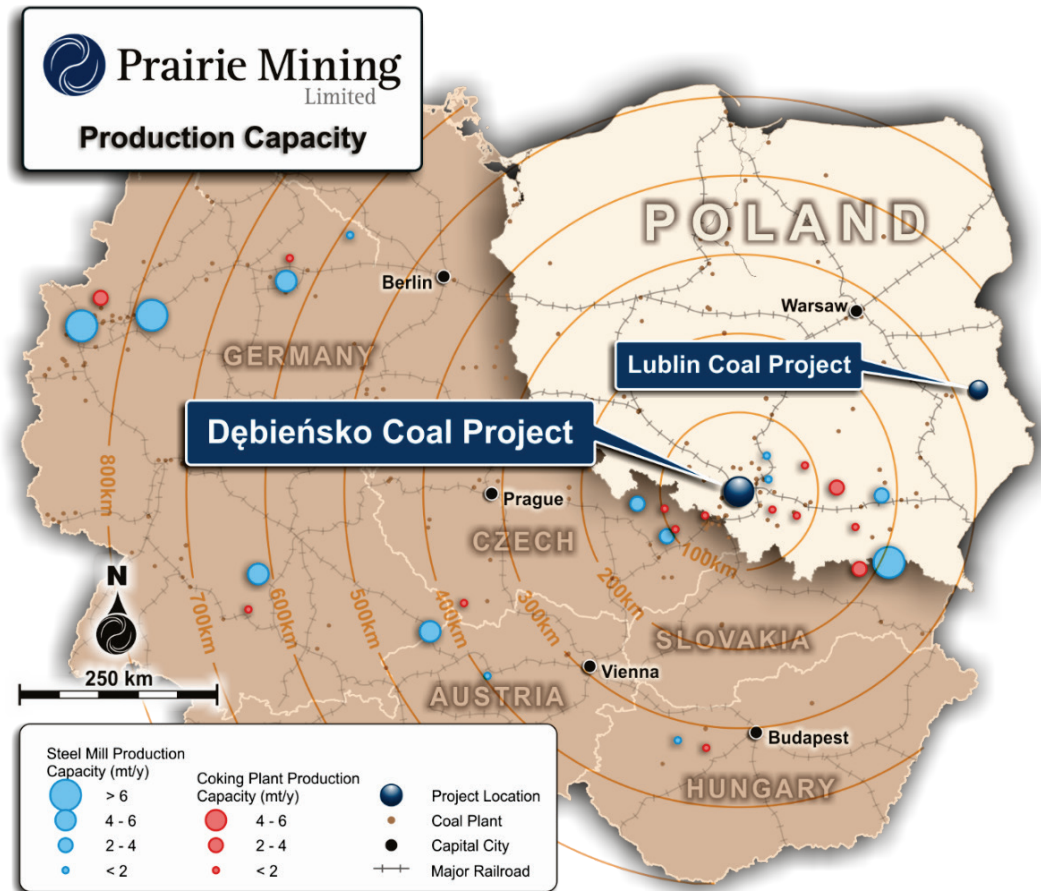
Existing Shafts



PRIME LOCATION TO SUPPLY EUROPEAN STEELMAKERS

- In 2015, Central Europe – which incorporates Poland, Germany, Czech Republic, Slovakia, Hungary and Austria - consumed over 25 Mt of hard coking coal
- Approximately 50% of Central Europe’s coking plant capacity and steelmaking capacity is within 250 km of Debiensko and connected by existing rail and road infrastructure

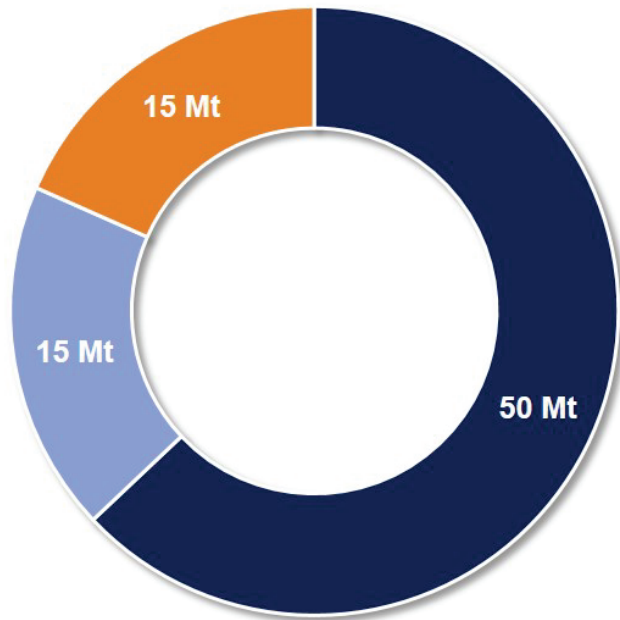
Select Central European Hard Coking Coal Consumers



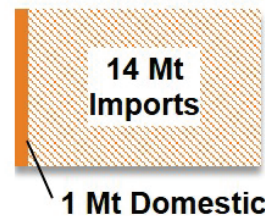
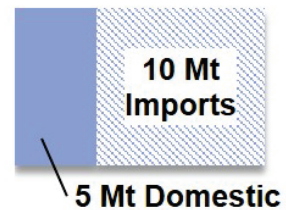
ATTRACTIVE COMMODITY FUNDAMENTALS

- In 2015, Europe consumed a total of 80 Mt of coking coal, of which 50 Mt was hard coking coal
- Europe relies heavily on imports of coking coal primarily from the USA, Australia and Russia. Poland and Czech Republic are the only European producers, with domestic production in rapid decline
- In 2015, 64 Mt (i.e. 80%) of total European coking coal consumption was imported, including 40 Mt of hard coking coal and 10 Mt of semi-soft coking coal

European Coking Coal Consumption 2015



European Coking Coal Supply 2015 (Domestic vs. Imports)



● Hard Coking Coal ● Semi Soft Coking Coal ● PCI

Review all Historic Data and Studies

JORC Resource Update

Focused Infill Drill Program

Complete Feasibility Studies

Debiensko Mine Re-Start

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TRANSFORMATIONAL ACQUISITION

Transformational Acquisition for Prairie Mining

Strategic, Large Scale Hard Coking Coal Project



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EXPLORATION TARGET ADDITIONAL INFORMATION

Sources of Information

Seam thicknesses and depths are derived from the historical borehole cards (strip logs), overlying and adjacent mine workings and the New World Resources Karbonia (NWRK) database. Information on seam quality is taken from the official Polish Government approved “Geological Documentation”, which was approved by the State in 2009. There are 9 deep boreholes within the concession. In addition data from 15 boreholes and mine workings in the surrounding area have been used in the model. Coordinates are in Poland 2000, zone 6 system.

Site Visits

The site was visited by the Competent Person and other members of the Prairie Team on 6 September 2016.

Topography, Elevation, Vegetation and Climate

The Upper Silesian Coal Basin is located in the south-western part of Poland and towards the border with the Czech Republic. The concessions are located in a relatively flat-lying area at elevations of between 230 – 320 mASL (metres above sea level). The Bierawka River flows northwards through the area eventually joining the Odra River. The dominant land use comprises of arable land and partly forested areas with mature and immature trees making up some 80% of the area. The remaining area is largely rural housing with small villages and industrial/post industrial (mining) development. The climate in Poland is influenced by both European maritime and Eastern Europe continental air masses. The region in the south west of Poland can be categorised as having a cool continental climate. The warmest months are from May to September, with temperatures ranging 10°C to 25°C. The coldest months are usually from November to March with temperatures in the range 7°C to -7°C.

History of Exploration

The Upper Silesian Coal Basin has a long history of exploration and exploitation with work starting in the 18th Century culminating with the drilling of nine deep boreholes between 1982 and 1989. Within the Debiensko Licence area the upper coals in the Upper 300 Series have been extensively worked providing good structural control.

Historical Tonnage Estimates

The area was assessed in the Geological Documentation carried out in 2009 under the official Polish system for seams 401 to 410 to a depth of 1,400 m. More recently in 2014 and 2015, the previous owner also delineated resource and reserve estimates for the Debiensko deposit based on the historical Polish Government approved Geological Documentation. However, Prairie has opted to estimate tonnages for a smaller area of the Debiensko Project that has the potential to be more readily accessible for early mining.

EXPLORATION TARGET ADDITIONAL INFORMATION

Geological Setting and Coal Seams

The Debiensko Licence area is situated in The Upper Silesian Coal Basin which contains a thick, up to 8,500 m, sequence of Upper Carboniferous sediments. These have been subject to folding and faulting during the Variscan Orogeny. The upper surface of the Carboniferous sediments now forms an angular unconformity overlain by strata with ages varying from Permian to Quaternary. Igneous intrusions occur in some parts of the Basin but are not known in the area of Debiensko. The sediments of the 400 Series are mudstone/claystone/siltstone dominated with occasional fine to medium grained sandstones from a few to several 10s of metres in thickness. Seam roofs and floors are generally mudstone/claystone. There are over 30 seams within the series varying from a few centimetres to several metres in thickness. This Estimation has focussed on 16 of the thicker and more laterally consistent seams.

Structural Geology

The structure of the Coal Measures within the Debiensko licence is generally well known from overworking. The seams dip south east at 2 to 15 degrees.

Assessment of Coal Seams

Geological modelling

GEOVIA MINEX™ modelling software was used to undertake modelling as it is particularly adept at modelling stratiform deposits such as coal. The model was based on the NWRK database which contains all necessary borehole data (collar location, seam depth and thickness, coal quality data). Prairie has conducted spot checks on the data base to ensure data veracity. 3D modelling procedure was conducted in following stages: 1. Raw data loading and validation; 2. Interpolation of borehole data; 3. Seam structure and coal quality modelling; 4. Fault modelling (3D faulting with various throws); 5. Final model validation; 6. Target estimation. For basic modelling fault location and throw was adopted from latest deposit documentation. The basic Minex model provides information relating to coal extent, quality and quantity and allows a Resource to be reliably estimated.

Constraints/Cut Offs

For the estimation of the Exploration Target the following constraints have been used:

- a minimum clean coal seam thickness of 1 m
- depth cut off at c 1,250 m
- exclusion pillar under Czerwlonka-Leszczyny
- coal to the south of the Belski Fault (200 m downthrow south) has been excluded
- seams designated Polish Type 36 (meta coking coal) have been excluded.

Future Exploration

Prairie Mining has programmed to drill up to five additional boreholes (including a shaft centreline borehole) to improve confidence in seam continuity and confirm quality. Prairie Mining will also conduct a full review and verification of the data and seam correlations.

COMPLIANCE STATEMENTS

Cautionary Statements and Important Information

This presentation has been prepared as a summary only, and does not contain all information about Prairie's assets and liabilities, financial position and performance, profits and losses, prospects, and the rights and liabilities attaching to Prairie's securities. The securities issued by Prairie are considered speculative and there is no guarantee that they will make a return on the capital invested, that dividends will be paid on the shares or that there will be an increase in the value of the shares in the future. Prairie does not purport to give financial or investment advice. No account has been taken of the objectives, financial situation or needs of any recipient of this report. Recipients of this report should carefully consider whether the securities issued by Prairie are an appropriate investment for them in light of their personal circumstances, including their financial and taxation position.

Forward Looking Statements

Some of the statements contained in this report are forward looking statements. Forward looking statements include but are not limited to, statements concerning estimates of coal tonnages, expected costs, statements relating to the continued advancement of Prairie's projects and other statements which are not historical facts. When used in this report, and on other published information of Prairie, the words such as "aim", "could", "estimate", "expect", "intend", "may", "potential", "should" and similar expressions are forward-looking statements. Although Prairie believes that its expectations reflected in the forward-looking statements are reasonable, such statements involve risk and uncertainties and no assurance can be given that actual results will be consistent with these forward-looking statements. Various factors could cause actual results to differ from these forward looking statements include the potential that Prairie's projects may experience technical, geological, metallurgical and mechanical problems, changes in product prices and other risks not anticipated by Prairie.

Competent Persons Statements

The information in this presentation that relates to Exploration Targets is based on, and fairly represents information compiled or reviewed by Mr Jonathan O'Dell, a Competent Person who is a Member of The Australasian Institute of Mining and Metallurgy. Mr O'Dell is a full time consultant of the Company. Mr O'Dell has sufficient experience that 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'. Mr O'Dell consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

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