Prairie Mining Limited

NEWS RELEASE | 22 February 2017

STUDY CONFIRMS SIGNIFICANT COST AND TIMING BENEFITS OF EXISTING INFRASTRUCTURE AT DEBIENSKO

HIGHLIGHTS:

- ***Infrastructure Study confirms existing high quality and site connected rail, road, power and water infrastructure at Debiensko is available for immediate use***
- ***The abundance of high quality infrastructure already in place at Debiensko to support an accelerated development timeline with very low capital intensity***
- ***Rail – existing rail siding with on-site link to national rail network provides direct delivery route for Debiensko's hard coking coal product to Europe's steel industry***
- ***Roads – public roads connecting the Debiensko mine site to the national highway are suitable for heavy vehicles and allow immediate access for commencement of development activity***
- ***Power – grid connection already at site with executed supply agreement for 30MW to support full scale mine production with an estimated tariff of only USc6.8/kWh (PLN270/MWh)***
- ***Water – mains supply already at site with the local water utility confirming available water supply for full scale operations at Debiensko***
- ***Rail, road, power and water infrastructure requires only minor refurbishment and upgrades to support full scale mine production at Debiensko, with a total estimated cost of only ~US$10m***
- ***Results of the Debiensko Infrastructure Study will be incorporated into the current Scoping Study, which is due to be published in the coming weeks***

Prairie Mining Limited ("**Prairie**" or "**Company**") continues to progress the Scoping Study at its 100% owned Debiensko Hard Coking Coal Project ("**Debiensko**" or "**Project**") in Poland. Work to date confirms that project infrastructure was substantially advanced by the previous owner, demonstrating potential for an accelerated mine development schedule and very low capital intensity.

Based on the results of the Infrastructure Study, it is estimated that it will cost ~US$10m to bring key servicing infrastructure up to full operational capacity for the Debiensko mine redevelopment.

Commenting on the extensive infrastructure already available at Debiensko, Prairie's Chief Executive Officer Ben Stoikovich stated: ***"Our Infrastructure Study has confirmed that Debiensko has significant existing high quality and site connected rail, power, road and water infrastructure which can be brought into full operating capacity to service the mine life at minimal cost. This existing and fully permitted critical infrastructure means that we will have substantial savings in capital expenditure costs and avoid lengthy permitting processes and access negotiations typically associated with many other coal development projects. Having only recently acquired the Project, we are rapidly advancing its feasibility and development, with the Scoping Study due to be published in the coming weeks. There are very few emerging premium hard coking coal projects globally with such established infrastructure as Debiensko and in such close proximity to Europe's 'blue chip' steelmakers."***

The Scoping Study is being conducted in accordance with international best practise in all study areas and remains on track to be completed during in the coming weeks.

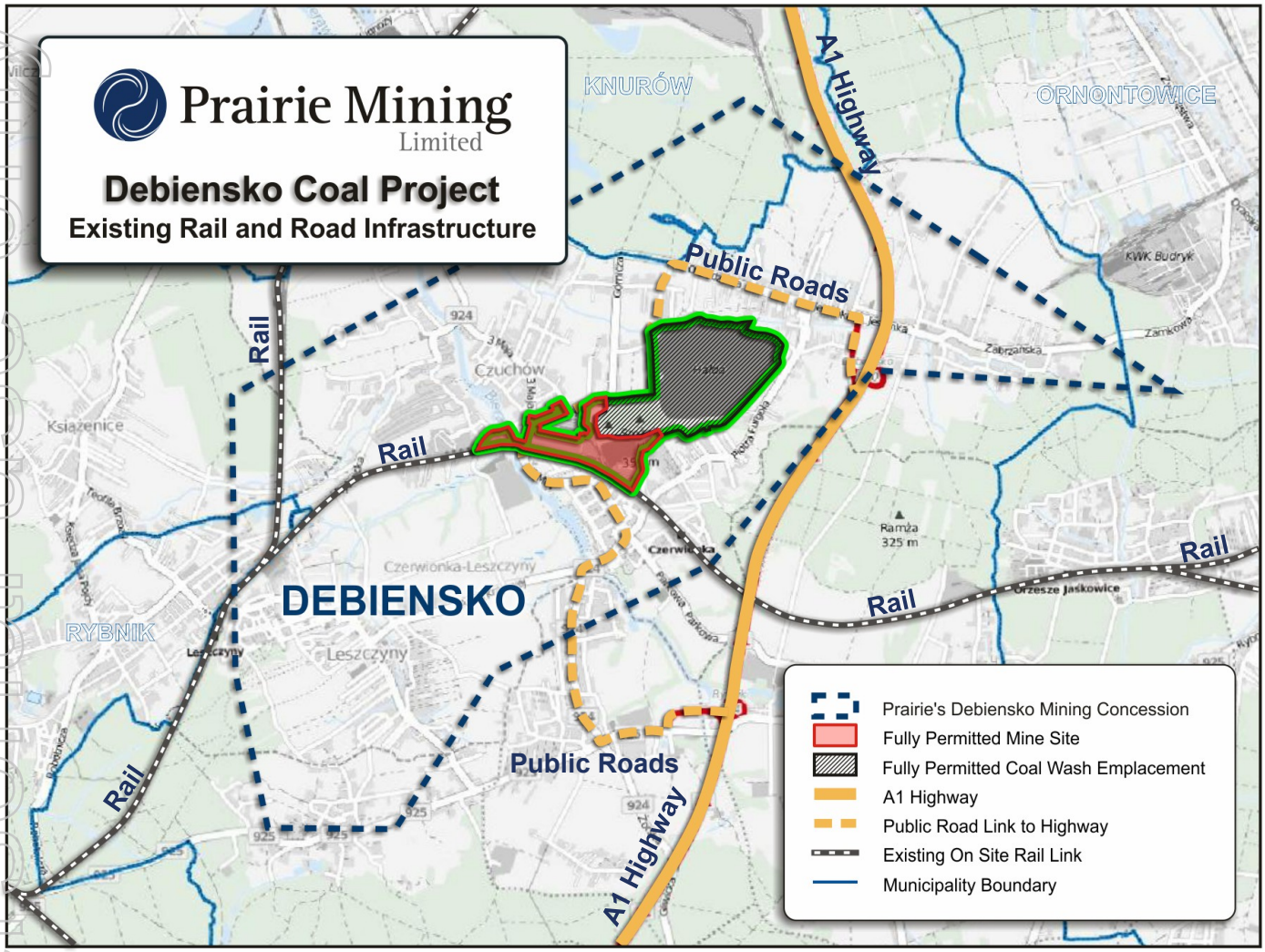

Figure 1 – Existing Road and Rail Infrastructure at Debiensko

ON-SITE RAIL LINE REQUIRES MINIMAL CAPEX FOR DIRECT ACCESS TO STEELMAKERS

Prior to 2000, when the former Debiensko mine was still in production, the mine was connected to the main Polish rail network. The majority of the mine rail infrastructure is still in place and based on previous specialist studies, minimal capital expenditure would be required for refurbishment. Prairie intends to utilise the existing rail network to transport its premium hard coking coal to regional steel mills and coking plants.

Figure 2 – Rail Infrastructure at Debiensko

Figure 3 – Locomotives Passing Debiensko Mine Site

Figure 4 – Coal Wagons at Debiensko Rail Yard

Figure 5 – Typical Freightliner PL Coal Wagons in Poland

ESTABLISHED ROAD NETWORK PROVIDES IMMEDIATE ACCESS FOR MINE DEVELOPMENT

The Debiensko mine site is connected by public roads to the major road network and importantly, directly connected to Poland's north-south motorway, Highway A1 which runs from the port of Gdansk on the Baltic Sea through the Upper Silesian Industry Area to the Polish-Czech border where it is connected with the Czech motorway D1. The road network provides immediate access for commencement of development activity at the mine, delivery of equipment and access for the workforce.

Figure 6 – A1 Highway Exit to Debiensko Mine Site

Figure 7 – Public Roads Surrounding Debiensko

LIFE OF MINE POWER SUPPLY ALREADY AVAILABLE

The Debiensko mine site is serviced by an existing high voltage power grid. There is already a 6kV line with 13MW capacity connected to site, with two additional 110kV, 25MW incoming lines available. There is an existing power supply and connection agreement in place for Debiensko with Tauron Dystrybucja GZE S.A. ("**Tauron**"), the local power grid operator. This agreement provides for a maximum of 30MW of power to be supplied to the mine. This supply is sufficient for full scale mine production at Debiensko for the life of the project and it fulfils all Polish statutory requirements requiring both a primary and back-up power supply.

The estimated electricity cost for Debiensko is approximately PLN270/MWh (USc6.8/kWh) based on standard tariffs.

Tauron supplies over 49 TWh of electricity to over 5.4 million customers per year which makes it the largest distributor of electricity in Poland. It is also the second largest electricity generator and supplier in Poland and the largest supplier of heat in Upper Silesia.

Figure 8 – 110kV Power Line into Debiensko

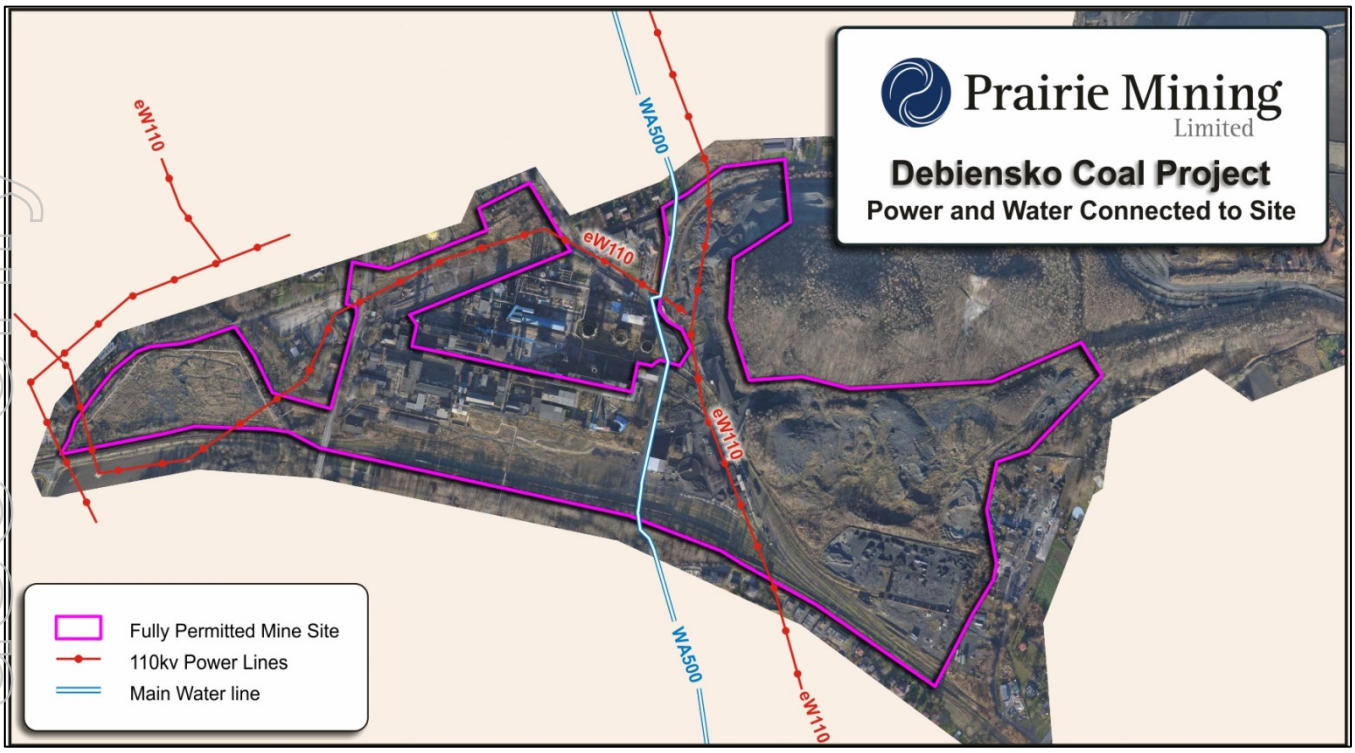

Figure 9 – Power and Water Connections at Debiensko

WATER SUPPLY AVAILABILITY CONFIRMED

Potable water supply is available at Debiensko via an existing 500mm main water line, with available water supply of 400m^3/day officially confirmed by PWiK Czerwionka-Leszczyny, the local water authority. Initial estimates are that the Debiensko mine will require no more than 350m^3/day at steady state production for the life of the Project.

TOTAL ESTIMATED COST TO REINSTATE FULL OPERATING CAPACITY

Rail, power, water and road infrastructure requires only minor refurbishment and upgrades to support full scale mine production at Debiensko, with a total estimated cost of ~US$10m.

Table 1: Estimated Costs of Infrastructure

Infrastructure / Utility	Estimated Cost (US$m)
Rail – refurbishment and upgrading of rail siding	3.6
Road – upgrade at site entrance	0.4
Power – installation of substation and switchgear	5.3
Water – enhancing existing water connection	0.1
Total	**US$9.4**

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ABOUT THE DEBIENSKO HARD COKING COAL PROJECT

Debiensko is fully permitted with a 50-year mining concession, established on-site facilities including rail, road and power infrastructure, comprehensive historical drilling data and all environmental consents. As a brownfield development project, significant historical capital investment positions Debiensko to become a meaningful, near-term regional hard coking coal producer.

Following detailed technical due diligence by Prairie, the Company is confident that a revised development approach 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. Prairie has proven expertise in defining commercially robust projects and applying international standards in Poland.

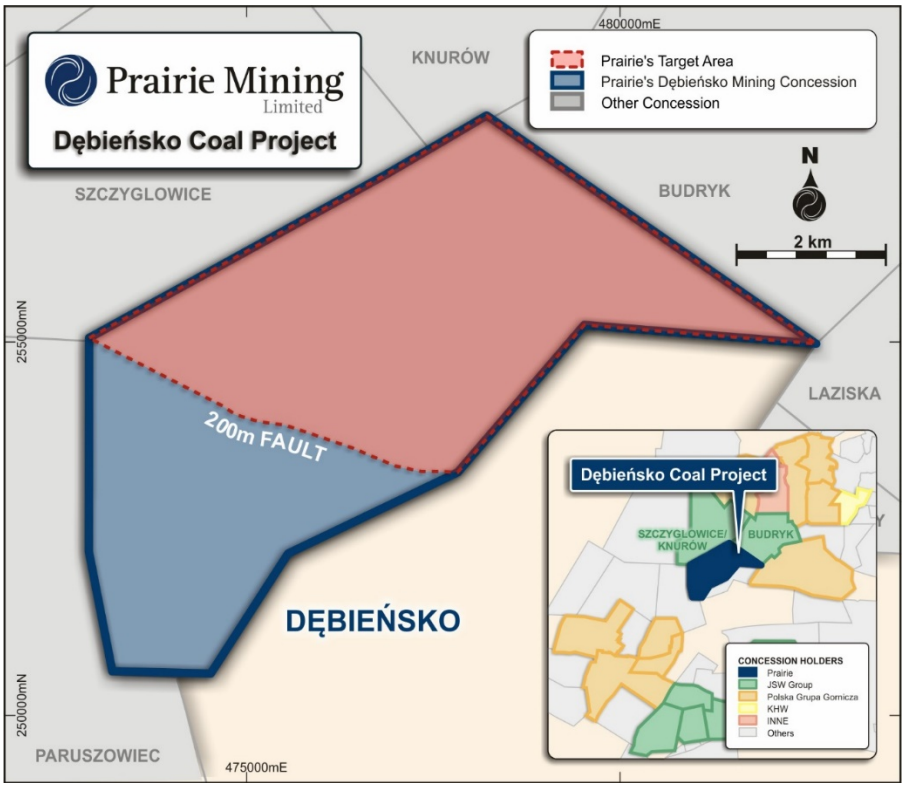


Figure 10 – Debiensko Project Licence and Target Area

Coal Resource Estimate

Prairie previously announced a maiden hard coking Coal Resource Estimate ("**CRE**") at Debiensko to support the ongoing Scoping Study which targets the highest quality, most laterally extensive and most readily accessible coal seams.

The CRE is reported in accordance with the JORC Code (2012) and comprises 93 million tonnes ("**Mt**") in the Indicated Category as part of a total CRE of 301Mt. The CRE is based on seven of the thicker, more consistent hard coking coal seams within the Debiensko licence area.

Table 2: Debiensko Hard Coking Coal Resource (air dried basis)

Seam	Indicated (Mt)	Inferred (Mt)	Total Coal Resource In-Situ (Mt)
401/1	20	22	**42**
402/1	-	53	**53**
403/1	-	34	**34**
403/2	-	39	**39**
404/1	-	30	**30**
404/9	35	20	**55**
405	38	10	**48**
Total	**93**	**208**	**301**

* Rounding errors may occur

** The Indicated and Inferred Resource tonnage calculations are reported with geological uncertainty of +/-10% and +/-15% respectively

Coal Quality

Debiensko has attractive coal quality parameters, within all seams, with the proven potential to produce high quality hard coking coal. The resource estimate does not present washed coal quality results but instead presents only raw unwashed coal parameters.

Prairie has scrutinised the historical data and incorporated data from the recently drilled Debiensko 12 borehole to produce this estimate and confirm the hard coking coal quality. Furthermore, the CRE focuses on seven of the thicker, more laterally extensive coals. Further seams of potentially workable thickness occur but are generally not laterally extensive enough to warrant inclusion at this stage. Coal qualities for the target seams are given in Table 3 below.

Table 3: Coal Quality Parameters at Debiensko

Seam	Parameters	Indicated			Inferred		
		Range		Weighted Average	Range		Weighted Average
		From	To		From	To	
401/1	**Moisture%**	0.33	1.24	0.68	0.45	1.25	0.60
	Ash%	3.15	24.24	9.24	5.89	24.03	7.47
	VM%	24.69	31.51	27.75	20.86	31.92	25.42
	Sulphur%	0.37	1.60	0.74	0.48	1.58	0.63
	GCV	26,478	34,082	31,416	26,543	33,584	32,881
402/1	**Moisture%**	-	-	-	0.10	1.02	0.62
	Ash%	-	-	-	3.47	29.68	11.49
	VM%	-	-	-	19.36	31.61	25.28

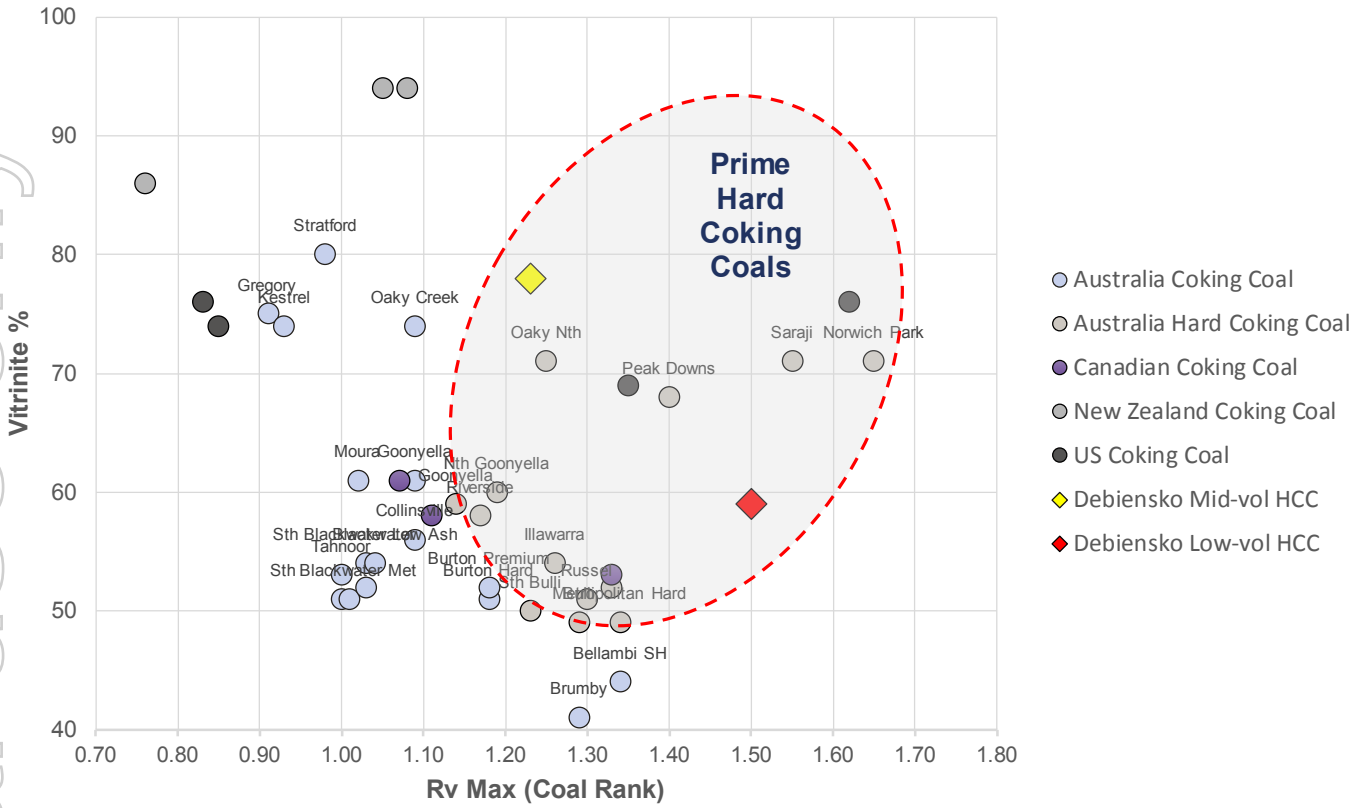
Table 3: Coal Quality Parameters at Debiensko

Seam	Parameters	Indicated			Inferred		
		Range		Weighted Average	Range		Weighted Average
		From	To		From	To	
	Sulphur%	-	-	-	0.27	2.18	0.72
	GCV	-	-	-	23,547	33,797	30,538
403/1	Moisture%	-	-	-	0.35	1.02	0.66
	Ash%	-	-	-	3.73	23.74	11.52
	VM%	-	-	-	16.73	32.13	25.83
	Sulphur%	-	-	-	0.29	0.75	0.49
	GCV	-	-	-	27,511	32,627	31,017
403/2	Moisture%	-	-	-	0.35	1.12	0.73
	Ash%	-	-	-	3.25	33.36	11.38
	VM%	-	-	-	23.64	31.28	26.75
	Sulphur%	-	-	-	0.40	1.87	0.67
	GCV	-	-	-	22,328	33,760	30,581
404/1	Moisture%	-	-	-	0.25	1.10	0.65
	Ash%	-	-	-	6.50	27.38	12.89
	VM%	-	-	-	17.81	31.58	25.04
	Sulphur%	-	-	-	0.35	0.81	0.54
	GCV	-	-	-	25,432	33,025	30,012
404/9	Moisture%	0.56	0.76	0.68	0.53	0.86	0.69
	Ash%	9.45	19.54	11.75	9.65	19.89	13.80
	VM%	20.97	32.95	26.80	15.57	31.05	23.20
	Sulphur%	0.20	1.14	0.60	0.20	1.14	0.41
	GCV	29,145	32,516	31,269	29,067	32,748	30,604
405	Moisture%	0.35	1.09	0.65	0.48	0.87	0.65
	Ash%	5.63	17.40	9.61	5.42	12.47	9.17
	VM%	19.40	28.33	23.52	15.33	28.70	22.47
	Sulphur%	0.29	0.48	0.35	0.27	0.93	0.37
	GCV	29,760	34,137	32,198	31,538	34,113	32,427

All analyses are given on an air dried basis except for volatile matter which is on a dry ash free basis.

A fully cored borehole was drilled by the previous owners in 2015/2016 and a suite of modern coking tests were performed on select seams. Preliminary coal quality analysis from this borehole indicates that a range of premium hard coking coals can be produced from the Project that will be in high demand from European steelmakers. Two premium hard coking coal specifications have been delineated at Debiensko, namely Medium volatile matter hard coking coal ("**Mid-vol HCC**") and Low volatile matter hard coking coal ("**Low-vol HCC**").

The borehole was fully cored to 30 m below seam 407/4. All core was subject to detailed logging and core photography. Seam thicknesses and depths have been confirmed by a suite of geophysical logs while coal seams were analysed by accredited laboratories in Poland.



Source: Industry Reports

Figure 11 – Premium Coking Coals

Medium Volatile Matter Hard Coking Coal

The quality of Mid-vol HCC from Debiensko compares favourably with the Australian Goonyella hard coking coal brand, and with medium volatile coals produced in Poland today by JSW. This coal features good rheological properties and coke yield, with reasonably low sulphur levels. Prairie's assessment is that Mid-vol HCC from the Debiensko project would receive premium pricing in European and international markets.

Table 4: Debiensko Medium Volatile Matter Hard Coking Coal Comparison to International Benchmarks

Quality	Debiensko* (Poland)	Goonyella (Australia)	Oaky Creek (Australia)	Elkview (Canada)	Tuhup (Indonesia)	Pittston (USA)	Borynia-JSW (Poland)	Pniowek-JSW (Poland)
Ash (%)	3.2	8.9	9.5	9.5	7.0	8.0	8.5	8.5
Volatile Matter (%)	25.0	23.8	24.5	23.5	26.5	26.0	24.8	27.0
Sulphur (%)	0.56	0.56	0.60	0.50	0.70	0.85	0.65	0.60
Phosphorous (P) in Coal (%)	0.025	0.025	0.070	0.07	0.02	0.019	0.059	0.050
Free Swelling Index (FSI)	8½	8	8½	7½	9	8	7½	8½
CSR (%)	63	66	67	70	60	-	-	-
Fluidity (ddpm)	1200	1100	5000	150	450	-	up to 2300	up to 3000
C daf (%)	86	88.4	86.8	81.2	-	88.0	-	-

Table 4: Debiensko Medium Volatile Matter Hard Coking Coal Comparison to International Benchmarks								
Quality	**Debiensko* (Poland)**	**Goonyella (Australia)**	**Oaky Creek (Australia)**	**Elkview (Canada)**	**Tuhup (Indonesia)**	**Pittston (USA)**	**Borynia-JSW (Poland)**	**Pniowek-JSW (Poland)**
Rv Max	1.23	1.17	1.10	1.22	1.18	1.10	1.20	1.10
Vitrinite (%)	78	58	75	55	96	76	-	-

Low Volatile Matter Hard Coking Coal

Debiensko's Low-vol HCC is similar to other internationally traded low volatile matter hard coking coals, including brands such as Peak Downs (BHP Billiton Mitsubishi Alliance – BMA) and Hail Creek (Rio Tinto) produced in Australia. Whilst the Coke Strength after Reaction (CSR) is anticipated to be slightly lower than these Australian coals, the quality of Debiensko Low-vol HCC is anticipated to be in-line with coal produced at JSW's Jas-Mos mine in Poland, which is used as a stabilizing and leaning component of nearly every coal blend for production of blast furnace coke in the region.

Table 5: Debiensko Low Volatile Matter Hard Coking Coal Comparison to International Benchmarks								
Quality	**Debiensko* (Poland)**	**Peak Downs (Australia)**	**German Creek (Australia)**	**Hail Creek (Australia)**	**Blue Creek - No.7 (USA)**	**Buchanan (USA)**	**Neryungri (Russia)**	**Jas-Mos (Poland)**
Ash (%)	9.5	10.0	9.5	8.9	9.0	5.3	10.0	7.8
Volatile Matter (%)	20.5	20.5	19.0	20.5	19.9	18.7	19.3	21.4
Sulphur (%)	0.30	0.60	0.54	0.4	0.71	0.73	0.21	0.56
Free Swelling Index	7½	8½	8½	7	8½	8½	8	7½
Fluidity (ddpm)	128	275	400	300l	1113	100	18	200
C daf (%)	80	89.1	88.6	88.2	91	-	80.8	-
Rv Max	1.5	1.40	1.45	1.26	1.48	1.63	1.50	1.40
Vitrinite (%)	59	68	73	54	70	76	81	-

Forward Looking Statements

This report may include forward-looking statements. These forward-looking statements are based on Prairie's expectations and beliefs concerning future events. Forward looking statements are necessarily subject to risks, uncertainties and other factors, many of which are outside the control of Prairie, which could cause actual results to differ materially from such statements. Prairie makes no undertaking to subsequently update or revise the forward-looking statements made in this release, to reflect the circumstances or events after the date of that release.

Competent Person Statements

The information in this announcement that relates to Infrastructure cost estimation is based on, and fairly represents, information compiled or reviewed by Mr Stephen Newson, a Competent Person who is a Fellow of the Institute of Materials, Minerals and Mining (FIMMM). Mr Newson is employed by independent consultants Royal HaskoningDHV. Mr Newson has sufficient experience that is relevant to the style of mineralisation and type of deposit 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 Newson consents to the inclusion in the report of the matters based on their information in the form and context in which it appears.

The information in this announcement that relates to Exploration Results and Coal Resources was extracted from Prairie's ASX announcement dated 1 February 2017 entitled 'Maiden 301 Million Tonnes Hard Coking Coal Resource Confirmed At Debiensko' which is available to view on the company's website at www.pdz.com.au

The information in in the original ASX announcements that relates Coal Resources 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 who is a 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'

Prairie confirms that: a) it is not aware of any new information or data that materially affects the information included in the original ASX announcements and; b) all material assumptions and technical parameters underpinning the Coal Resource included in the original ASX announcement continue to apply and have not materially changed; c) the form and context in which the relevant Competent Persons' findings are presented in this announcement has not been materially modified from the original ASX announcement.