Prairie Mining Limited

NEWS RELEASE | 28 April 2017

MARCH 2017 QUARTERLY REPORT

HIGHLIGHTS:

Debiensko Hard Coking Coal Project

- Scoping Study illustrates potential for Debiensko to be a globally significant hard coking coal project with robust economics positioning the Company to become a large scale, low cost and long life premium hard coking coal supplier
- Drilling results indicate that Debiensko can produce a range of premium hard coking coals comparable to internationally traded benchmark coking coals
- Maiden Coal Resource Estimate of 301 Mt hard coking coal comprises 93 Mt Indicated and 208 Mt Inferred coal resources and is based on seven seams with proven potential to produce high quality hard coking coal
- Infrastructure Study confirmed significant cost and timing benefits of existing and immediately available infrastructure at Debiensko with total estimated upgrade costs of only ~US$10 million
- Independent Marketing Study confirmed large price and cost advantages for Debiensko's premium hard coking coal with estimated cost of delivery to major steel works in Central Europe of only US$4.60 per tonne compared to costs of imported hard coking coal of up to US$37.70 per tonne
- Highly favourable market fundamentals as Europe continues to consume 47 Mt of hard coking coal annually, 85% of which is imported
- Debiensko coking coal expected to enjoy strong demand from European steelmakers, with substantial netback pricing advantages given proximity to regional customers
- Access to well established and already connected regional rail infrastructure with underutilised bulk cargo capacity for low transportation costs within Poland to regional Central European and wider European customers
- Leveraging off existing infrastructure at Debiensko results in exceptionally low capital intensity of US$197 per tonne of annual saleable production capacity compared to an industry average of over US$401 per tonne
- Significant positive social and economic benefits for regional development, jobs creation and re-industrialisation through re-development of a previously operating mine

Jan Karski Mine

- China Coal and Prairie continue to advance towards completion of a Bankable Feasibility Study in the second half of the year, which will provide the basis for an EPC contract and a construction-funding package for Jan Karski
- The Strategic Co-operation Agreement with China Coal demonstrates the increasing economic collaboration between Poland and China following China's proposed "One Belt, One Road" development strategy and highlights Poland's importance to China as a "One Belt Economy" for accessing key European markets
- China Coal is the second largest coal mining company in China and one of the world's most advanced and prolific shaft sinking and total underground coal mine construction companies
- Permitting processes and land acquisition for the mining concession application continues

London Office Unit 1C, 38 Jermyn Street | London | SWY1 6DN
Warsaw Office Ul. Wspólna 35 lok. 4 | Warsaw | 00-519
Registered Office Level 9, BGC Centre, 28 Esplanade | Perth | WA | 6000

Email: info@pdz.com.au
Website: www.pdz.com.au
ABN: 23 008 677 852
ASX/LSE/WSE: PDZ

Corporate

- Completed a successful placing of 11.5 million new ordinary shares in the capital of the Company to a number of UK based high quality institutional investors to raise approximately £3.2 million (~A$5.5 million) before costs
- Following the Placing, CD Capital agreed terms for an additional A$2 million of non-redeemable, non-interest bearing convertible loan notes thereby continuing its support to accelerate the development of Prairie's Tier One premium coal projects
- Following the successful placing of ordinary shares to UK intuitional investors subsequent to quarter end, Prairie has cash reserves of A$17 million. With CD Capital's additional A$2 million investment still to come and their right to invest a further A$68 million as a cornerstone investor, plus with the Strategic Co-operation Agreement Prairie has with China Coal for financing and construction of Jan Karski, Prairie is in a strong financial position to progress with its planned development activities at Debiensko and Jan Karski

NEXT STEPS:

Debiensko Hard Coking Coal Project

- Commence a focused in-fill drill program to increase JORC measured and indicated resources to support future feasibility studies for Debiensko
- Deliver a re-engineered mine plan to produce a feasibility study to international standards with a focus on near term production at Debiensko
- Commence discussion with regional steel makers and coke makers for future coal sales and offtake

Jan Karski Mine

- China Coal continuing with completion of the Bankable Feasibility Study and ongoing discussions with a group of Chinese financing institutions
- Continue project permitting activities including, approval of the Deposit Development Plan by the regional mining authority in Lublin, obtaining an Environmental Consent Decision, Spatial Planning consents (rezoning) and land acquisition at Jan Karski
- Formally lodge a mining concession application for Jan Karski

For further information contact:

Ben Stoikovich
Chief Executive Officer
+44 207 478 3900

Sapan Ghai
Corporate Development
+44 7557 055 166

info@pdz.com.au

Cautionary Statement

The primary purpose of the Scoping Study is to establish whether or not to proceed to the next stage of feasibility studies and has been prepared to an accuracy level of ±30%. The Scoping Study results should not be considered a profit forecast or production forecast.

The Scoping Study is a preliminary technical and economic study of the potential viability of Debiensko. In accordance with the ASX listing rules, the Company advises that 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 based on 64% Indicated Resources and 36% Inferred Resources for the mine life covered under the Scoping Study. In accordance with the 26 year mine plan incorporated into the Scoping Study, the first 14 years of production will come exclusively from Indicated Resources. 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 Measured or Indicated Mineral Resources or that the Production Target or preliminary economic assessment will be realised.

The Scoping Study is based on the material assumptions outlined elsewhere in this announcement. These include assumptions about the availability of funding. While the Company considers all the material assumptions to be based on reasonable grounds, there is no certainty that they will prove to be correct or that the range of outcomes indicated by the Scoping Study will be achieved.

To achieve the potential mine development outcomes indicated in the Scoping Study, additional funding will be required. Investors should note that there is no certainty that the Company will be able to raise funding when needed however the Company has concluded it has a reasonable basis for providing the forward looking statements included in this announcement and believes that it has a “reasonable basis” to expect it will be able to fund the development of Debiensko. Given the uncertainties involved, investors should not make any investment decisions based solely on the results of the Scoping Study.

DEBIENSKO HARD COKING COAL PROJECT

The Debiensko Hard Coking Coal Project (“Debiensko”) is a fully permitted, hard coking coal project located in the Upper Silesian Coal Basin in the south west of the Republic of Poland. It is approximately 40 km from the city of Katowice and 40 km from the Czech Republic.

Debiensko is bordered by the Knurow-Szczyglowice Mine in the north west and the Budryk Mine in the north east, both owned and operated by Jastrzębska Spółka Węglowa SA (“JSW”), Europe’s leading producer of hard coking coal.

The Debiensko mine was originally opened in 1898 and was operated by various Polish mining companies until 2000 when mining operations were terminated due to a major government led restructuring of the coal sector caused by a downturn in global coal prices. In early 2006 New World Resources Plc (“NWR”) acquired Debiensko and commenced planning for Debiensko to comply with Polish mining standards, with the aim of accessing and mining hard coking coal seams. In 2008, the Minister of Environment of Poland (“MoE”) granted a 50-year mine license for Debiensko.

In October 2016 Prairie, acquired Debiensko with a view that a revised development approach would potentially allow for the early mining of profitable premium hard coking coal seams, whilst minimising upfront capital costs. Prairie has proven expertise in defining commercially robust projects and applying international standards in Poland. The fact that Debiensko is a former operating mine and its proximity to two neighbouring coking coal producers in the same geological setting, reaffirms the significant potential to successfully bring Debiensko back into operation.

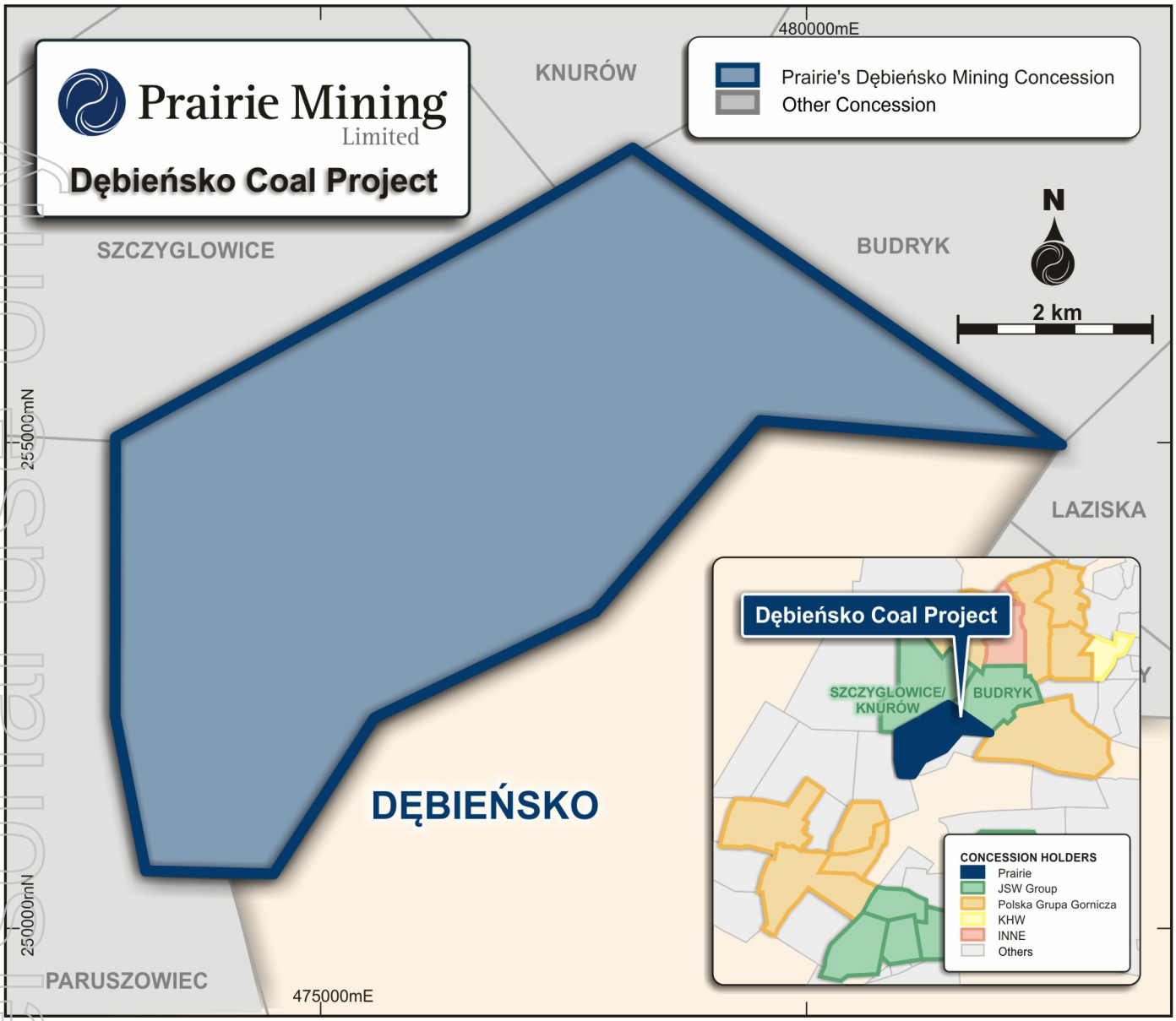


Figure 1: Debiensko Mining Concession Area

Scoping Study Results

In March 2017, Prairie announced the results of a scoping study ("Study") in accordance with the JORC Code 2012 and completed by independent consultants Royal HaskoningDHV given their extensive and recent track record of successful involvement in European underground coal projects in the UK, Kazakhstan and Poland, including Prairie's Jan Karski Mine ("Jan Karski").

The Study utilised a maiden Coal Resource Estimate ("CRE") for Debiensko which comprises a Global CRE of 301 million tonnes ("Mt") including an Indicated Resource of 93 Mt from three coal seams; 401/1, 404/9 and 405 seams. Debiensko is located in the Upper Silesian Coal Basin in the south west of the Republic of Poland. Key results of the Study were as follows:

Table 1: Strong Project Estimations and Approximations (to a maximum accuracy variation ± 30%)	
Cash flow	
Average Operating Costs Steady State	US$47 per tonne
Long Term Hard Coking ("HCC") Price Benchmark (FOB Australia – REAL 2016$)	US$142 per tonne *(current Mar 2017 spot price: +US$160/t)*
Average Received HCC Price FOR (including netback)	US$157 per tonne
Average Steady State EBITDA	US$282 million
Production	
Average ROM* Coal Production Steady State	4 Mtpa
Life of Mine Plant Feed Coal Production ("LOM")	100.3 Mt
Average Effective Product Yield LOM	67.8 %
Mine Life Following First Production	26 years
Average Saleable HCC Production Steady State	2.6 Mtpa
Total Saleable HCC Produced LOM	**65 Mt**
Total Saleable Coal Produced LOM (HCC + Middlings)	68 Mt
Capital Expenditure to First Production	
Shaft sinking	US$208.5 million
Coal processing and surface facilities	US$102.5 million
Underground Infrastructure (Belts, Ventilation, Electrics)	US$62.0 million
Capitalised Pre-Production Expenses (Labour, Power, Contractors etc.)	US$51.5 million
Contingencies, EPCM and owners costs	US$79.5 million
Start of Construction	2019
Start of Production Ramp-Up	2023

**Run of Mine*
*** FX rate assumed for the Study is PLN:USD - 4.0:1.0*

The results of the Study demonstrate the potential for exceptionally high operating margins and cash flow generation given the anticipated low operating costs for Debiensko. This is achieved because Prairie is pioneering in Poland well established international best practice in mine design, production organisation and technology for the project. Debiensko benefits from being a formerly operating mine, giving an excellent understanding of geology and mining conditions with substantial existing infrastructure available at site.

Based on an independent marketing study conducted by CRU International ("CRU"), a long term hard coking coal benchmark price forecast of US$142/t (FOB Australia, real 2016 $) has been used in this Study. This compares to the current (March 2017) spot price of over US$160/t and the 2017 Q1 quarterly contract price of US$285/t. Due to the considerable transport cost advantages compared to imported hard coking coal, the CRU study also identified that Debiensko would potentially benefit from a substantial netback premium of US$15/t above benchmark prices for coal sold to regional Central European customers.

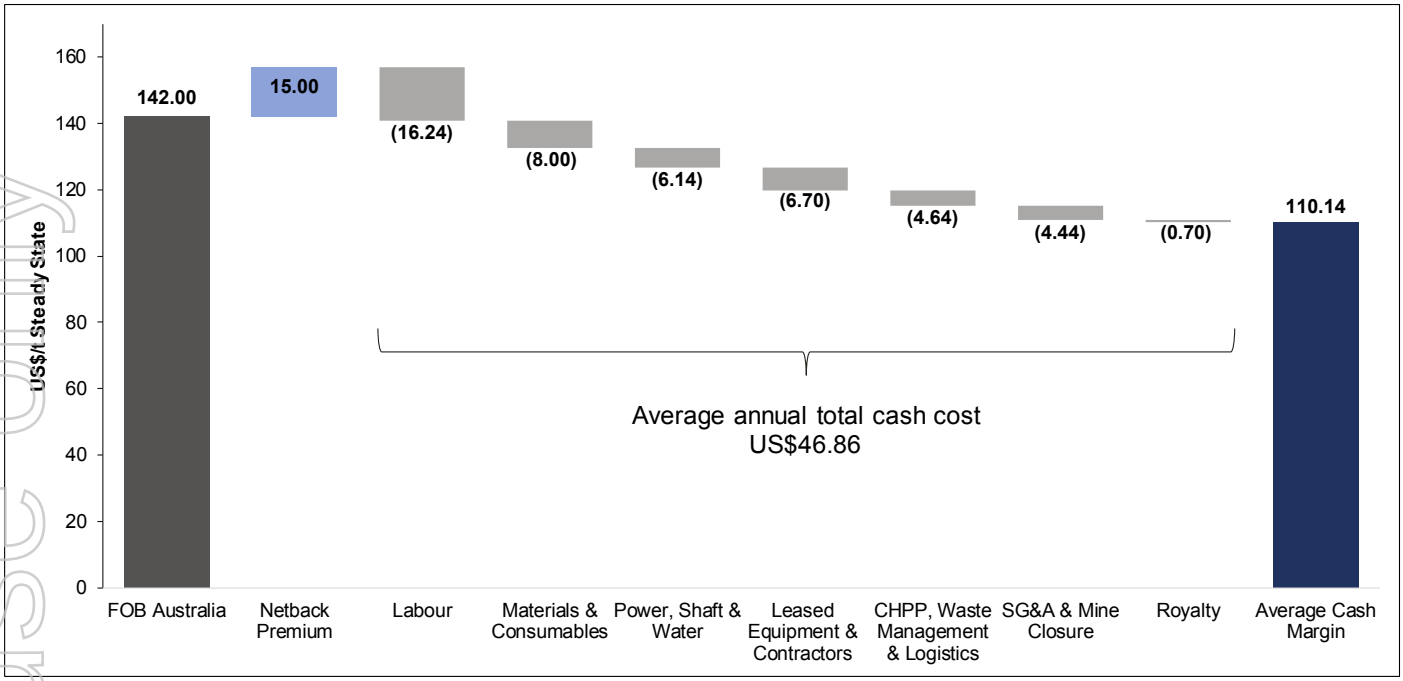


Figure 2: Projected Steady State Average Cash Flow Margin

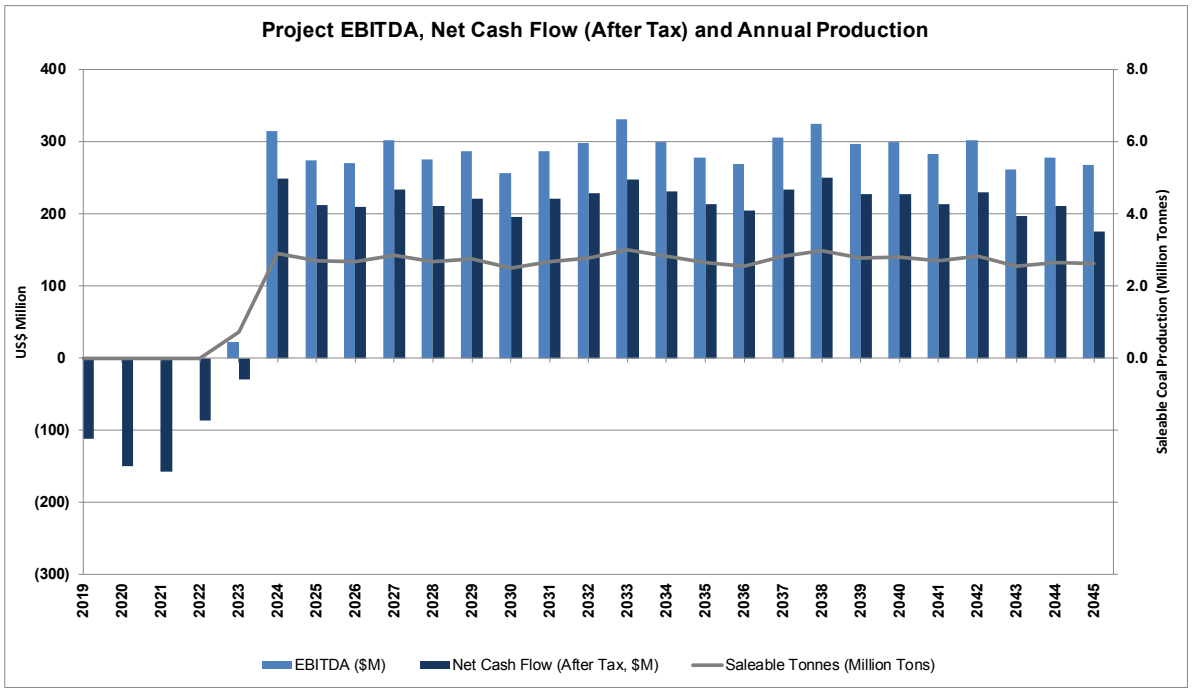
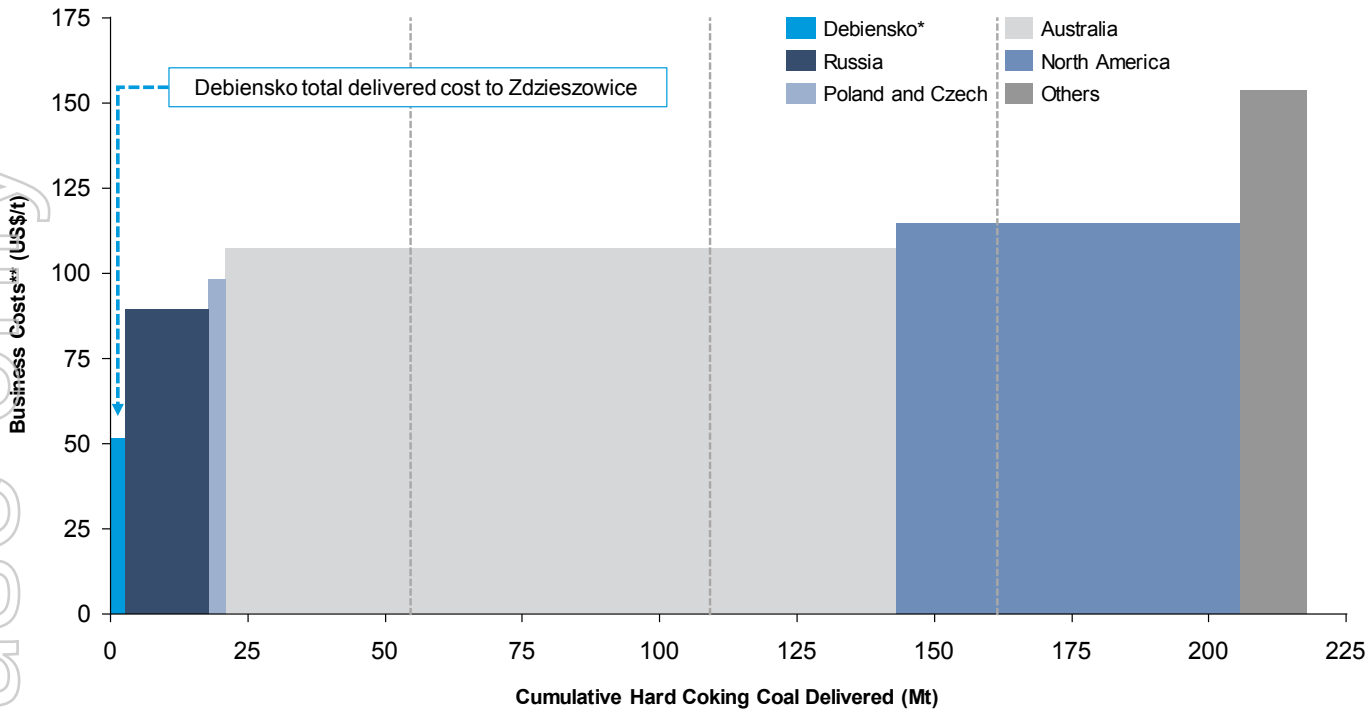


Figure 3: Estimated Project EBITDA, Net Cash Flow (After Tax, Ungeared) and Annual Production Life of Mine

Potentially Lowest Global Cash Operating Costs Delivered Into Europe

Debiensko is projected to have an average steady state total cash cost of approximately US$47 per tonne Free On Rail ("FOR") for its premium hard coking coal, producing an average 2.6 Mtpa. Hard coking coal product from Debiensko is anticipated to be at the bottom of the global cost curve for hard coking coal delivered into Central Europe, with a delivered cost of approximately US$51 per tonne (FOR total cash cost including royalty + rail to typical regional customer).



** Debiensko delivered costs comprises: FOR cost of US$46.86/t + rail freight and handling costs (US$4.60/t)*
*** Excludes sustaining capital costs; Country averages have been calculated by taking a production weighted average cost of supply*

Figure 4: Estimated Hard coking coal business cost curve 2016, delivered Zdzieszowice Coke Plant
Source: CRU

Low Capital Intensity

Debiensko is projected to have extremely low capital intensity compared to other globally significant hard coking coal mines that have been brought into production over the last decade. Debienkso has a capital intensity of approximately US$197/t annual saleable hard coking coal, compared to a peer group average of US$401/t. Debienkso benefits from existing utilities and infrastructure on site, given it is a brownfield project located in an area of heavy industry. The project also enjoys access to well established regional rail logistics with underutilised freight capacity, providing an immediate route to regional customers. Hard coking coal is a scarce commodity that is typically found in more complex geological settings, which means that the capital costs to develop genuine hard coking coal mines are generally higher than for mines that produce lower rank coals.

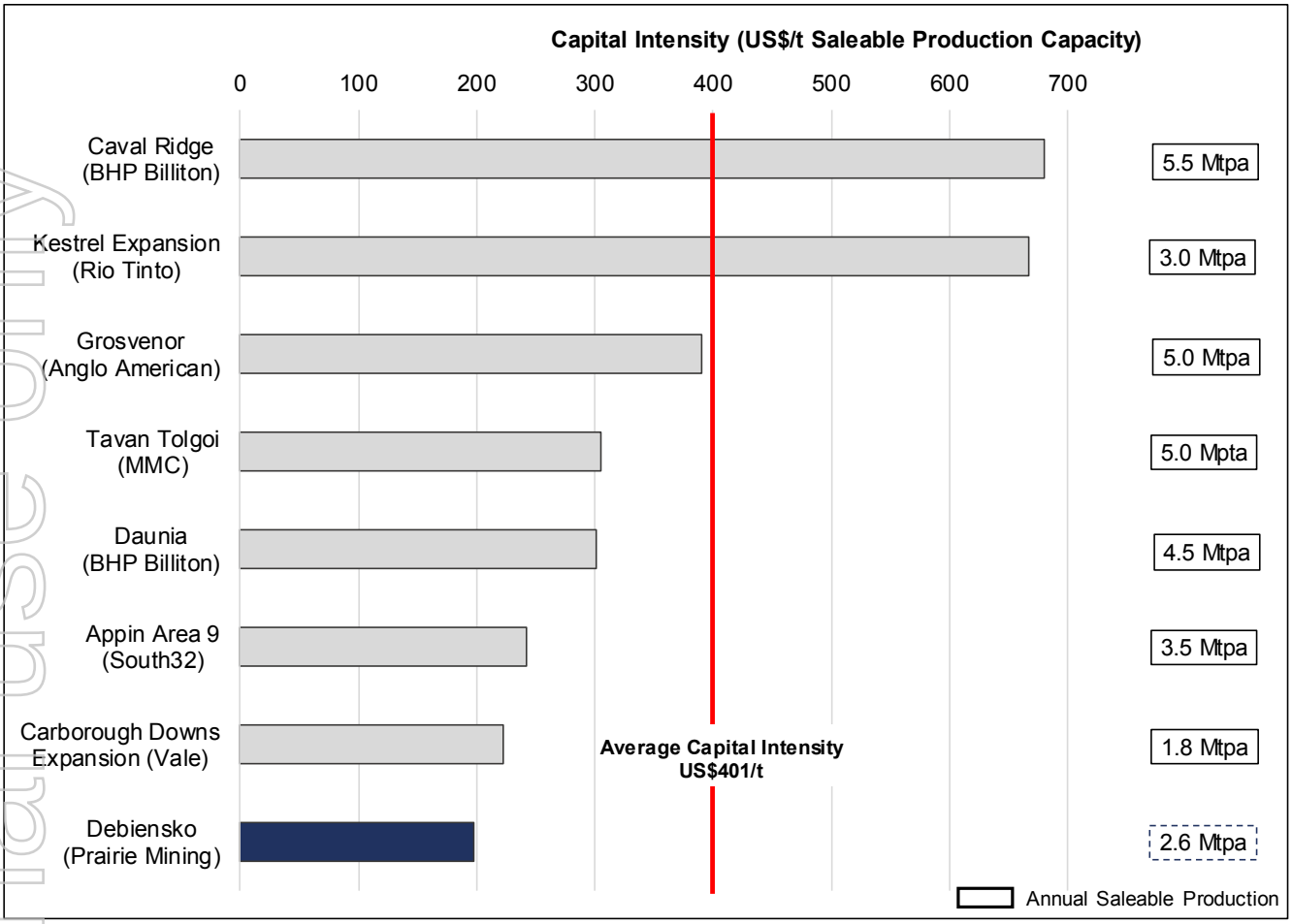


Figure 5: Potential Debiensko Capital Intensity vs. Recently Built Hard Coking Coal Mines
Source: KPMG, Industry Reports

Netback Pricing Advantage & Marketing Strategy

CRU completed a review of the European coking coal market on behalf of Prairie. The CRU study, together with various independent and internal studies regarding coal quality and railway transport indicates that premium hard coking coal produced at Debiensko will attract strong regional demand and will benefit from a significantly lower estimated cost of delivery to Central European customers compared to coking coal imported from the international seaborne market. Accordingly, hard coking coal sales from Debiensko will likely secure a substantial "netback" price advantage.

The CRU study included a comparison of the cost of importing hard coking coal from Australia, USA and Russia delivered into Polish steelworks. CRU used ArcelorMittal's Zdzieszowice coke plant, the largest coke plant in Central Europe, as representative benchmark to estimate delivery costs.

Coal imported for delivery to Zdzieszowice from the international seaborne market is purchased at the prevailing FOB price at the country of origin. Transportation costs incurred to deliver coal to the port of Swinoujscie, Poland include sea freight, port handling, storage and forwarding costs. Subsequently, the coal needs to be transported approximately 600 km by rail to the Zdzieszowice coke plant which incurs further freight charges. The coal requires up to 60 days to reach the coke plant from Australia and approximately 30 days from the USA. It is also handled multiple times, with greater potential for increased degradation and fines generation.

In comparison, Debiensko is only 70 km from the Zdzieszowice coke plant and directly linked by rail. Transportation costs for Debiensko's coal to Zdzieszowice are estimated to be less than US$4.60/t.

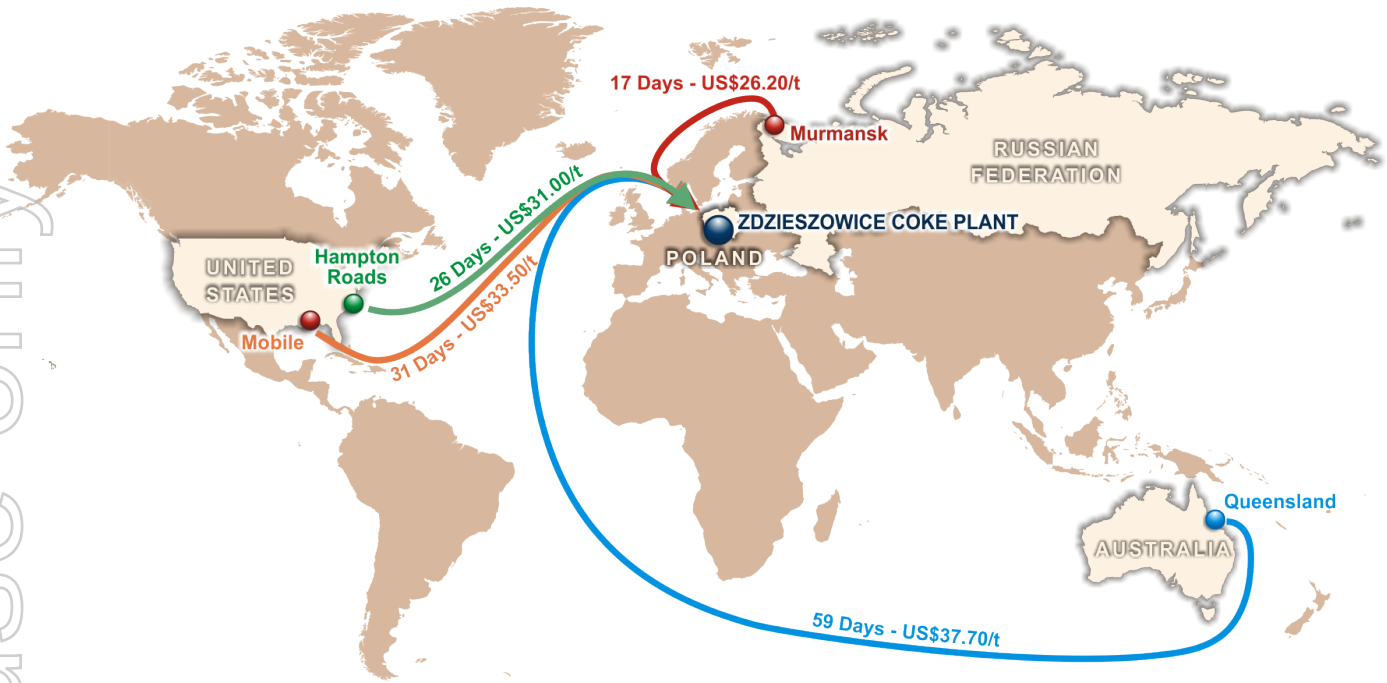


Figure 6: Estimated Time and Costs to Deliver Imported Hard Coking Coal to the Zdzieszowice Coke Plant in Poland

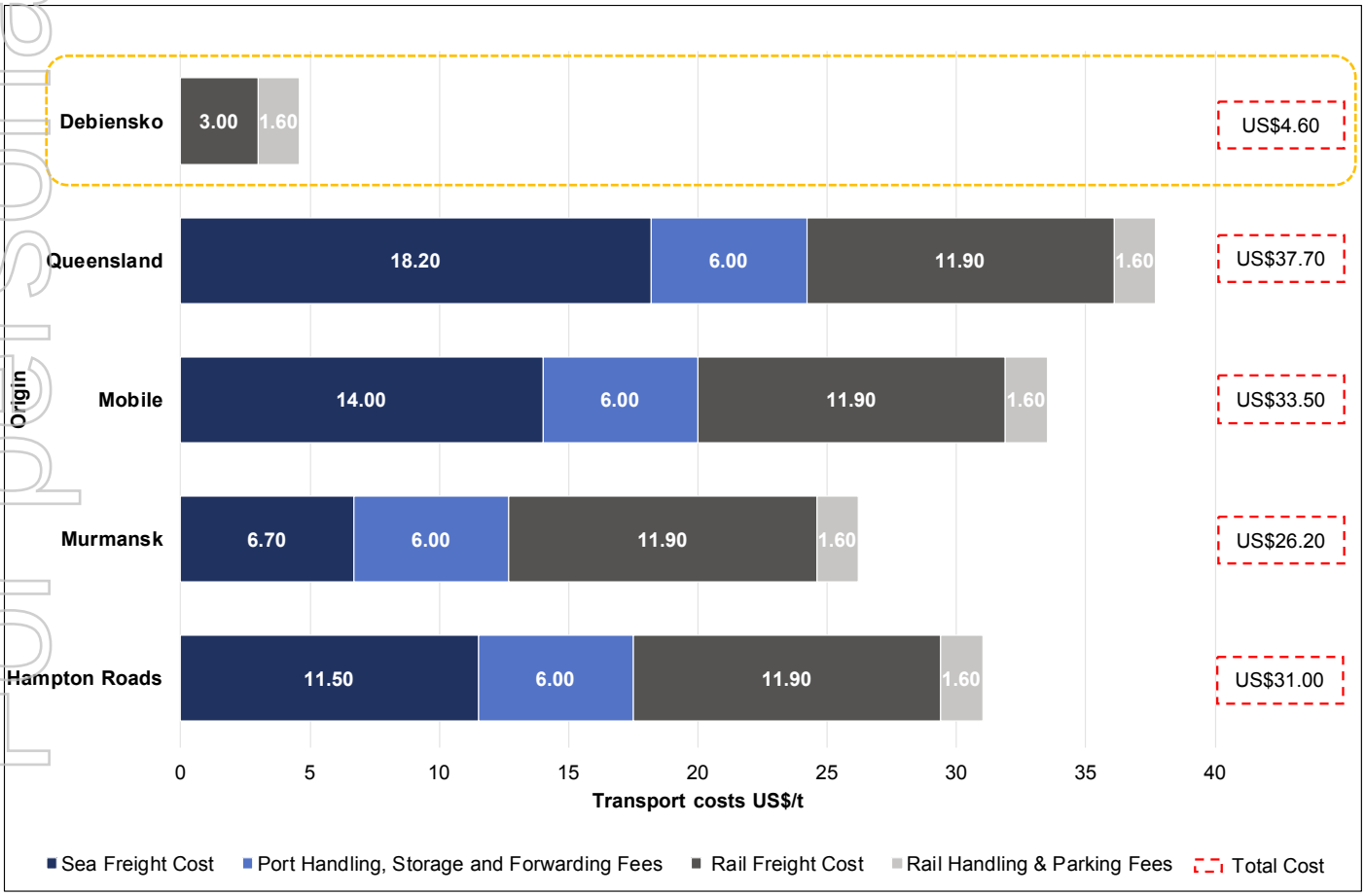


Figure 7: Estimated Cost Breakdown for Delivery of Hard Coking Coal to the Zdzieszowice Coke Plant, Poland

Due to their proximity to Central European coking plants, regional producers such as NWR or JSW have traditionally gained a "netback premium" over FOB Australia or USA benchmark prices, which once adjusted for coal quality differences, equates to approximately 50% of the total transport cost differential. Essentially, an analysis of past practises shows that the coal producer and steel maker "split the difference". Following this approach for Debiensko would result in a potential netback premium of ~US$15/t above prevailing benchmark prices for Debiensko coal when sold to regional end users compared to imported hard coking coal. However, Prairie believes there is significant potential to increase this netback premium during future discussions with offtakers.

Table 2: Total Freight to Zdzieszowice *(Source: CRU)*

Port of Origin	Sea freight distance to Swinoujscie	Estimated Shipping Time	Typical Vessel Type	Typical Vessel Size (dwt)	Estimated Sea Freight Cost to Swinoujscie (US$/t 2017)	Port Handling, Storage and Forwarding Fees (US$/t)	Total Sea Freight Cost (US$/t)	Estimated Rail Freight Cost (US$/t 2017)	Rail Handling & Parking Fees (US$/t)	Total Freight Costs (US$/t 2017)
Debiensko	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**	**3.00**	**1.60**	**4.60**
Hampton Roads	3,958	16 days	Panamax	70,000	11.50	6.00	17.50	11.90	1.60	31.00
Murmansk	1,656	7 days	Panamax	70,000	6.70	6.00	12.70	11.90	1.60	26.20
Mobile	5,173	21 days	Panamax	70,000	14.00	6.00	20.00	11.90	1.60	33.50
Queensland	11.858	49 days	Panamax	70,000	18.20	6.00	24.20	11.90	1.60	37.70

Maiden JORC Coal Resource Estimate

The maiden CRE, confirms that the coal seams within Debiensko form an extensive, moderately dipping, and laterally consistent set of coal seams containing high quality hard coking coal.

The CRE, comprises 93 Mt in the Indicated Category as part of a total CRE of 301 Mt. The CRE is based on seven of the thickest and most consistent hard coking coal seams within the Debiensko licence area.

Table 3: 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*

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.

Premium Quality Hard Coking Coal

Preliminary analysis indicates that a range of premium hard coking coals that will be in high demand from European steelmakers can be produced from Debiensko. This analysis is based on historical data, neigbouring operational coking coal mines and the results of a suite of modern coking tests performed on selected seams from a fully cored borehole drilled by the previous owners in 2015/16. Two premium hard coking coal specifications have been delineated from select seams at Debiensko, namely Medium volatile matter hard coking coal ("Mid-vol HCC") and Low volatile matter hard coking coal ("Low-vol HCC"). Future study phases will determine the precise Debiensko premium hard coking coal quality specification on a year by year basis depending on final adopted mine plan, mining schedule and extent of coal blending.

Both Debiensko's Mid-vol and Low-vol HCC lie within the range of premium hard coking coals produced globally. Indications are that the Mid-vol HCC at Debiensko is present between 850 m to 1,000 m from surface and the Low-vol HCC is present 1,000 m to 1,300 m below surface i.e. at depths similar to adjacent operating mines owned by JSW - the largest coking coal producer in Europe.

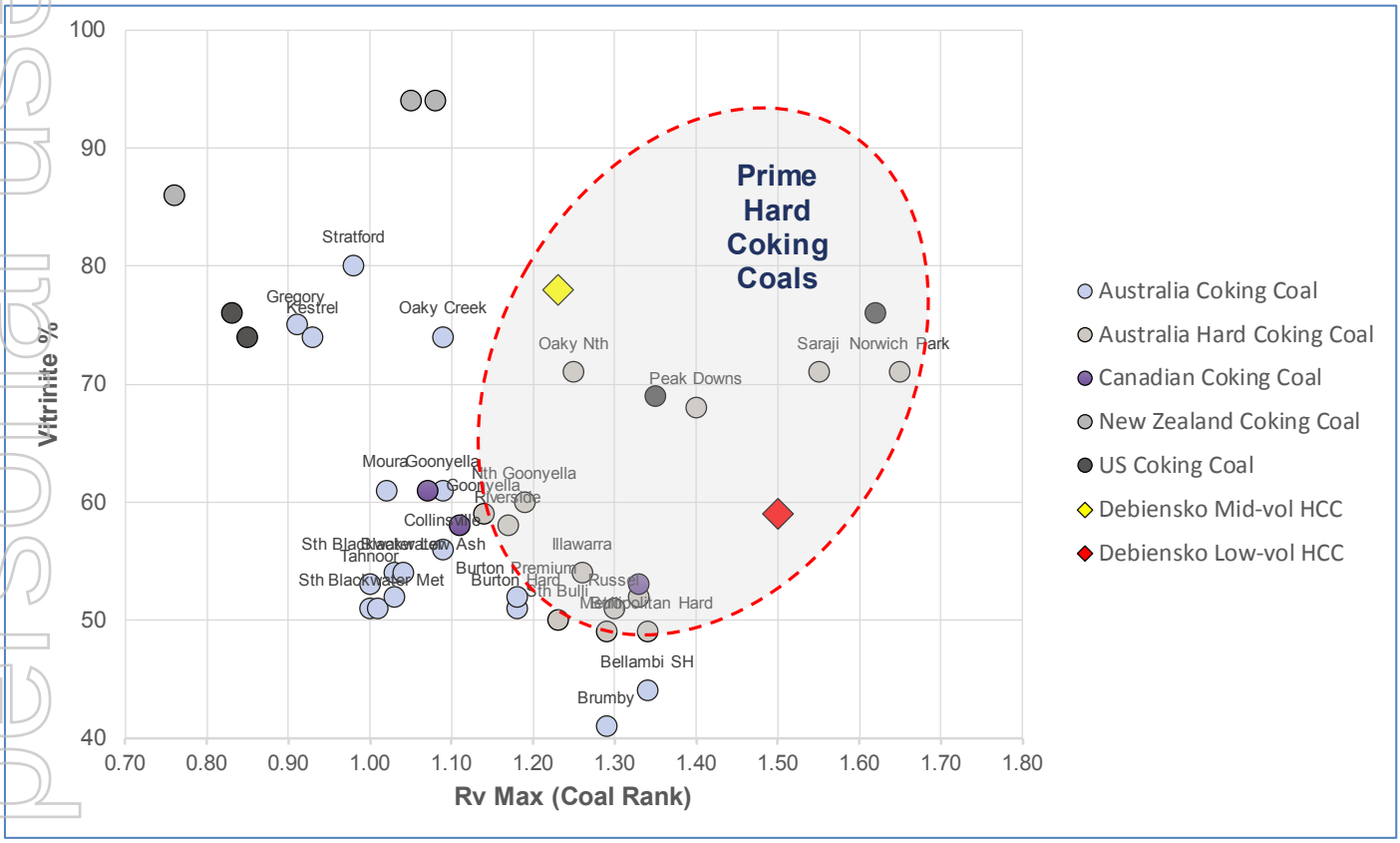


Figure 8: Premium Hard Coking Coals

Source: Industry Reports

Medium Volatile Matter Hard Coking Coal

The quality of Mid-vol HCC from Debienkso 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 low sulphur levels. Prairie's assessment is that Mid-vol HCC from the Debiensko project may 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 2,300	up to 3,000
C daf (%)	86	88.4	86.8	81.2	-	88.0	-	-
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	-	-

** Indicative quality Debiensko Mid-vol HCC from washed sample from 401/1 seam at floats <1.40kg/m3*

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	300	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	-

**Indicative quality Debiensko Low-vol HCC from unwashed sample from 404/9 seam*

JAN KARSKI MINE

China Coal Strategic Co-operation Agreement and Definitive Feasibility Study

During the quarter, China Coal and Prairie continued to advance towards completion of a Bankable Feasibility Study in the second half of the year, which will provide the basis for an Engineering, Procurement, Construction ("EPC") contract and a construction-funding package for Jan Karski.

In November 2016, Prairie and China Coal, the second largest coal mining company in China and one of the world's most advanced and prolific shaft sinking and total underground coal mine construction companies, signed a landmark Strategic Co-operation Agreement to advance the financing and construction of Prairie's Jan Karski Mine in Poland.

Prairie and China Coal No.5 Construction Company Ltd ("CC5C") have been in discussions since 2014 regarding the potential for collaboration in designing and constructing Jan Karski.

Since 2014, Prairie's senior management and technical team have met with CC5C numerous times in China and inspected CC5C's various shaft sinking projects, mine construction sites and state of the art longwall coal mines operated by China Coal.

The Strategic Co-operation Agreement was signed confirming the intention of the parties to, on a best efforts basis:

(i) complete a Bankable Feasibility Study by mid-2017, which will form the basis of Chinese bank credit approval for project finance;
(ii) based on the results of the Bankable Feasibility Study, enter into a complete EPC contract under which CC5C will construct the Jan Karski Mine; and
(iii) incorporate relevant Polish content into the design and construction phases, which will include working with a range of Polish specialists, sub-contractors and business partners.

It is the intention of the parties to enter into future binding agreements for CC5C to construct Jan Karski once the Bankable Feasibility Study is completed successfully and indicative financing terms are given by financing institutions.

China Coal International Strategy and "One Belt, One Road" Initiative

CC5C has been internationally active since 1988. Through CC5C, China Coal expedited the implementation of its strategy to become an internationally competitive project contractor. Globally, China Coal has undertaken and continues to develop several projects across Morocco, Bangladesh, Turkey, Vietnam, India, and Ecuador for clients and partners including:

- Vedanta Resources plc – a London-listed, global diversified natural resources group; and
- JSW Group – a leading Indian conglomerate part of the O.P. Jindal Group.

In 2013, Chinese President Xi Jinping proposed the "One Belt, One Road" development strategy and framework which calls for greater economic cohesion between China and ~60 countries throughout Europe, Asia and Africa through building infrastructure, increasing cultural exchanges, and broadening trade.

Poland is considered a key "One Belt Economy" important to Chinese economic access to Europe, most recently demonstrated by meetings between the Chinese and Polish Leaders in June 2016 including signing of cooperative treaties, the opening of a China-Poland trade forum and welcoming of freight trains linking Chengdu and Łódź, carrying goods between the capital of Sichuan Province and Poland's third-largest city.

Prairie's and CC5C's Strategic Co-operation Agreement demonstrates the increasing economic collaboration between Poland and China.

Mining Concession Application & Project Permitting

Prairie is currently working towards completing a mining concession application which, in Poland, comprises the submission of a Deposit Development Plan ("DDP"), an Environmental Social Impact Assessment ("ESIA") that is to be approved by regional authorities and approval of a spatial development plan (rezoning of land for mining use). The DDP is a Polish standard mine technical-economic study as prescribed in the Polish mining regulations. Under Polish law, the environmental consent decision must be obtained prior to granting of the mining concession. The environmental consent decision is issued by a specialised environmental authority (the Regional Director for Environmental Protection).

The Company is currently progressing with the mining concession application process and intends to formally lodge a mining concession application for Jan Karski in the next 12 months.

PRAIRIE DOWNS BASE METALS PROJECT

During the quarter, Prairie completed the sale of the Prairie Downs Base Metals Project ("BMP") to Marindi Metals Limited.

Prairie now retains a 2.5% net smelter royalty over the BMP.

CORPORATE

Placing to UK Based Institutional Investors

On 30 March 2017, Prairie announced that it had placed 11.5 million new ordinary shares in the capital of the Company at a price of 28 pence per share (A$0.46 per share), to raise approximately £3.2 million before expenses ("Placing").

The net proceeds from the Placing, which is in response to demand for the Company's shares from UK based institutional investors, will be used for the further development of the Company's Polish coal development projects. In particular, the Placing will enable Prairie to accelerate the development of Debiensko, including additional drilling in support of future feasibility study work. In parallel, Prairie is also on track to complete a Bankable Feasibility Study in the second half of 2017 for Jan Karski, for which the proceeds of the Placing will be partly applied to advance pre-construction engineering works such as the provision of high voltage power supply to the mine site area, and the permitting processes.

Additional Investment by CD Capital

On 17 April 2017, Prairie announced that it has agreed terms for further investment from its cornerstone investor CD Capital Natural Resources Fund III LP ("CD Capital") subject to shareholder approval and completion of final formal documentation. The investment will take the form of a private placement by PDZ Holdings Pty Ltd ("PDZ Holdings") (a wholly-owned subsidiary of Prairie which indirectly holds Jan Karski and Debiensko) of non-redeemable, non-interest bearing convertible loan notes ("Notes") for an aggregate principal amount of A$2 million. The Notes can be exchanged into ordinary shares of the Company at A$0.46 per share representing the price of the Placing announced in March 2017. This follows a similar structure to CD Capital's existing convertible loan notes, issued in 2015.

Appointment of Chief Financial Officer

Subsequent to the end of the quarter, Mr Simon Kersey was appointed as CFO of the Company. Mr Kersey joins the Company with many years of experience in the mining industry.

Mr Kersey is a chartered accountant with over 15 years' experience providing financial and advisory services to the mining industry covering debt, equity and offtake financings for mine developments as well as a variety of other corporate transactions. Before joining Prairie, Mr Kersey was a Managing Director within the investment banking sector in London and has held roles at a number of investment banks and advisory firms including BMO Capital Markets, Deutsche Bank and PwC.

Financial Position

Following the successful placing of ordinary shares to UK intuitional investors subsequent to quarter end, Prairie has cash reserves of A$17 million. With CD Capital's additional A$2 million investment still to come and their right to invest a further A$68 million as a cornerstone investor, plus with the Strategic Co-operation Agreement Prairie has with China Coal for financing and construction of Jan Karski, Prairie is in a strong financial position to progress with its planned development activities at Debiensko and Jan Karski.

EXPLORATION TENEMENT INFORMATION

As at 31 March 2017, the Company has an interest in the following tenements:

Location	Tenement	Percentage Interest	Status	Tenement Type
Jan Karski, Poland	Jan Karski Mine Plan Area (K-4-5, K-6-7, K-8 and K-9)*	100	Granted	Exclusive Right to apply for a mining concession
Jan Karski, Poland	Kulik (K-4-5)	100	Granted	Exploration
Jan Karski, Poland	Syczyn (K-8)	100	Granted	Exploration
Jan Karski, Poland	Kopina (K-9)	100	Granted	Exploration
Jan Karski, Poland	Sawin-Zachód	100	Granted	Exploration
Debiensko, Poland	Debiensko 1	100	Granted	Mining
Debiensko, Poland	Kaczyce 1	100	Granted	Mining & Exploration (includes gas rights)

* On 1 July 2015, the Company announced that it had secured the Exclusive Right to apply for, and consequently be granted, a mining concession for Jan Karski.

As a result of its geological documentation for Jan Karski deposit being approved, Prairie is now the only entity that can lodge a mining concession application over Jan Karski within a three (3) year period.

The approved geological documentation covers an area comprising of all four of the original exploration concessions granted to Prairie (K-4-5, K-6-7, K-8 and K-9) and includes the full extent of the targeted resources within the mine plan for Jan Karski. In this regard, no beneficial title interest has been surrendered by the Company when the K-6-7 exploration concession expired during the quarter. The Company intends to submit a mining concession application, over the mine plan area at Jan Karski (which includes K-6-7) within the next 12 months. Under Polish mining law, and owing to the Exclusive Right the Company has secured, Prairie is the only entity that may apply for and be granted a mining concession with respect to the K-6-7 area (the Exclusive Right also applies to the K-4-5, K-8 and K-9 areas of Jan Karski). There is no requirement for the Company to hold an exploration concession in order exercise the Exclusive Right and apply for a mining concession.

Appendix 1: 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
	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.*

Competent Person Statements

The information in this announcement that relates to Mining, Coal Preparation, Infrastructure, Production Targets and Cost Estimation was extracted from Prairies announcement dated 16 March 2017 entitled "Scoping Study Indicates Debiensko Mine Restart Will Deliver Lowest Cost Hard Coking Coal Into Europe". The information in this presentation that relates to Exploration Results and Coal Resources was extracted from Prairies announcement dated 1 February 2017 entitled "Maiden 301Million Tonnes Hard Coking Coal Resource Confirmed at Debiensko". Both announcements referred to above are available to view on the Company's website atwww.pdz.com.au.

The information in the original announcement that relates to Mining, Coal Preparation, Infrastructure, Production Targets and Cost Estimation is based on, and fairly represents, information compiled or reviewed by Mr Maarten Velzeboer, a Competent Person, Member of the Institute of Materials, Minerals and Mining (MIMMM). MrVelzeboer has worked in deep coal mines in New South Wales and Queensland in Australia and the Karaganda Coalfield in Kazakhstan. Mr Velzeboer has been engaged in a senior capacity in the design and development of proposed mines in Queensland, Australia, Botswana and Venezuela. Mr Velzeboer is employed by independent consultants Royal HaskoningDHV. Mr Velzeboer has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration andto 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.

The information in the original announcement that relates to Exploration Results and 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 announcements and; b) all material assumptions and technical parameters underpinning the Production Target, Coal Resource and related forecast financial information derived from the Production Target included in the original announcements 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 announcements.

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.

+Rule 5.5

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

PRAIRIE MINING LIMITED

ABN	**Quarter ended ("current quarter")**
23 008 677 852	31 March 2017

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (9 months) $A'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation	(1,646)	(4,199)
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(671)	(1,967)
	(e) administration and corporate costs	(177)	(565)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	52	274
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Research and development refunds	-	-
1.8	Other (provide details if material)		
	(a) Business development costs	(143)	(326)
	(b) Karbonia acquisitions costs	(239)	(645)
	(c) Property rental and gas sales	206	301
1.9	**Net cash from / (used in) operating activities**	**(2,618)**	**(7,127)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	(742)

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (9 months) $A'000**
	(c) investments	-	-
	(d) other non-current assets	-	-
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	325	650
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)		
	(a) Recovery of pre-paid land deposit	1,998	1,998
2.6	**Net cash from / (used in) investing activities**	**2,323**	**1,906**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of shares	-	-
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	(26)	(26)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	**Net cash from / (used in) financing activities**	**(26)**	**(26)**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	13,135	18,062
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,618)	(7,127)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	2,323	1,906
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(26)	(26)

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (9 months) $A'000**
4.5	Effect of movement in exchange rates on cash held	(1)	(2)
4.6	**Cash and cash equivalents at end of period**	**12,813**	**12,813**

5.	**Reconciliation of cash and cash equivalents** at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	**Current quarter $A'000**	**Previous quarter $A'000**
5.1	Bank balances	4,813	3,135
5.2	Call deposits	8,000	10,000
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**12,813**	**13,135**

6.	**Payments to directors of the entity and their associates**	**Current quarter $A'000**
6.1	Aggregate amount of payments to these parties included in item 1.2	(140)
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	Nil

6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Payments include executive remuneration (including bonuses), director fees, superannuation and provision of a fully serviced office.

7.	**Payments to related entities of the entity and their associates**	**Current quarter $A'000**
7.1	Aggregate amount of payments to these parties included in item 1.2	-
7.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-

7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

Not applicable

8.	**Financing facilities available** *Add notes as necessary for an understanding of the position*	**Total facility amount at quarter end $A'000**	**Amount drawn at quarter end $A'000**
8.1	Loan facilities	-	-
8.2	Credit standby arrangements	-	-
8.3	Other (please specify)	-	-

8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.

9.	**Estimated cash outflows for next quarter**	**$A'000**
9.1	Exploration and evaluation	(1,500)
9.2	Development	-
9.3	Production	-
9.4	Staff costs	(500)
9.5	Administration and corporate costs	(200)
9.6	Other (provide details if material) (a) Business development costs	(150)
9.7	**Total estimated cash outflows**	**(2,350)**

10.	Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	Jan Karski Cycow Exploration Concession (K-6-7) Prairie Downs E52/1758 E52/1926	Direct Direct Direct	100 100 100	100* -# -#
10.2	Interests in mining tenements and petroleum tenements acquired or increased	-	-	-	-

* On 1 July 2015, the Company announced that it had secured the Exclusive Right to apply for, and consequently be granted, a mining concession for the Jan Karski Mine.

As a result of its geological documentation for the Jan Karski Mine deposit being approved, Prairie is now the only entity that can lodge a mining concession application over the Jan Karski Mine within a three (3) year period.

The approved geological documentation covers an area comprising of all four of the original exploration concessions granted to Prairie (K-4-5, K-6-7, K-8 and K-9) and includes the full extent of the targeted resources within the mine plan for Jan Karski. In this regard, no beneficial title interest has been surrendered by the Company when the K-6-7 exploration concession expired during the quarter. The Company intends to submit a mining concession application, over the mine plan area at Jan Karski (which includes K-6-7) within the next 12 months. Under Polish mining law, and owing to the Exclusive Right the Company has secured, Prairie is the only entity that may apply for and be granted a mining concession with respect to the K-6-7 area (the Exclusive Right also applies to the K-4-5, K-8 and K-9 areas of Jan Karski). There is no requirement for the Company to hold an exploration concession in order exercise the Exclusive Right and apply for a mining concession.

During the quarter the Company completed the sale of the Prairie Downs Base Metals Project.

Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.

Sign here: ..... Date: 28 April 2017
(~~Director~~/Company secretary)

Print name: Dylan Browne

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.

2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.

3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.