



**NEWS RELEASE | 3 April 2018**

## **JAN KARSKI CONCESSION UPDATE**

In July 2015, Prairie Mining Limited (“Prairie” or the “Company”) announced that it had secured the Exclusive Right to apply for a Mining Concession for the Jan Karski Mine (“Jan Karski”) as a result of its Geological Documentation for the Jan Karski deposit being approved by Poland’s Ministry of Environment (“MoE”). The approved Geological Documentation covers areas of all four 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. As a result of the Exclusive Right, Prairie is the only entity with a legal right to lodge a Mining Concession application over Jan Karski for the period up and until 2 April 2018. Under the Polish Geological and Mining Law, a Mining Concession application comprises the submission of a Deposit Development Plan (“DDP”), approval of a spatial development plan (rezoning of land for mining use) and an Environmental Consent decision. Prairie has previously announced that the DDP and spatial development plans for Jan Karski have already been approved. However, as of the date of this announcement, Prairie has not yet received the required Environmental Consent decision, which remains pending. Prairie completed an Environmental and Social Impact Assessment and made submissions to the relevant administrative body for an Environmental Consent decision in October 2017 in accordance with all requirements. Accordingly, Prairie has not been able to apply for a Mining Concession for Jan Karski due to the delay in the issuance of an Environmental Consent decision. The Environmental Consent proceedings continue to progress.

The approval of Prairie’s Geological Documentation in 2015 also conferred upon Prairie the legal right to apply for a Mining Usufruct Agreement over Jan Karski for an additional 12 month period beyond April 2018, which precludes any other parties being granted any licence over all or part of the Jan Karski concessions. Under Polish law, the MoE is strictly obligated, within three months of Prairie making an application for a Mining Usufruct Agreement, to grant the agreement. Prairie applied to the MoE for a Mining Usufruct Agreement over Jan Karski in late December 2017. As of the date of this announcement the MoE has not made available to Prairie a Mining Usufruct Agreement for Jan Karski, therefore breaching the three month obligatory period for the agreement to be concluded. Legal advice provided to Prairie concludes that failure of the MoE to grant Prairie the Mining Usufruct Agreement is a breach of Polish law. Accordingly, the Company has now commenced legal proceedings against the MoE through the Polish courts in order to protect the Company’s security of tenure over the Jan Karski concessions. Since the MoE has not provided a decision within three months regarding Prairie’s Mining Usufruct application, the Polish civil court has the power to enforce conclusion of a Mining Usufruct Agreement in place of the MoE. In the event that a Mining Usufruct Agreement is not made available to the Company on acceptable terms or the Company does not enter into a Mining Usufruct Agreement for any other reason, other parties may be able to apply for a Mining Concession for all or part of the Jan Karski concession area. However, the legal proceedings presently initiated by Prairie through the Polish civil court are also intended to prevent the MoE from granting a concession to any other party until the full court proceedings are concluded.

The Company will consider any other actions necessary to ensure its concession rights are reserved which may result in the Company taking further action against the MoE including invoking the protection afforded to the Company under any relevant bi-lateral or multi-lateral investment treaties or such other actions as the Company may consider appropriate at the relevant time.

Prairie will continue to update the market in relation to this matter as required.

**Prairie has always conducted its business in Poland in accordance with the Polish law and continues to pioneer the application of international standards for development and feasibility work in Poland necessary to ensure the value of its Tier One coking coal projects are maximised for all stakeholders, meet the rigorous requirements for international financing and can ensure the production of high quality coking coal product to regional European steel makers.**

**Poland is multi-party representative democracy and has been a member of the European Union since 2004. Prairie Mining has been listed on the Warsaw Stock Exchange since September 2015 and enjoys a strong and increasing Polish shareholder base. Prairie benefits from strong support of local communities and regional governments, and our activities are in line with Polish national government policy that considers coal at the core of Poland's raw material security, seeks to renew Polish industry and enhance economic development in Eastern Poland, where the Jan Karski Mine is located.**

**Australia also holds the status of "Most Favoured Nation" with Poland and the countries signed a Promotion and Protection of Investment Agreement in 1991 (a Bilateral Investment Treaty) which provides reciprocal protections for investments made by residents and entities of both countries, including licences for exploration and mining of natural resources. Prairie reserves the right to make future claims against the Polish state under the Promotion and Protection of Investment Agreement.**

**For further information, please contact:**

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## **PRAIRIE'S COKING COAL PROJECTS**

### **DEBIENSKO MINE**

The Debiensko Mine ("Debiensko") is a hard coking coal project located in the Upper Silesian Coal Basin in the south west of the Republic of Poland. It is approximately 40 km from the city of Katowice and 40 km from the Czech Republic.

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

The Debiensko mine was 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 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.

## **JAN KARSKI MINE**

Jan Karski is a large scale semi-soft coking coal project located in the Lublin Coal Basin in south east Poland. The Lublin Coal Basin is an established coal producing province which is well serviced by modern and highly efficient infrastructure, offering the potential for low capital intensity mine development. Jan Karski is situated adjacent to the Bogdanka coal mine which has been in commercial production since 1982 and is the lowest cost hard coal producer in Europe.

Prairie’s use of modern exploration techniques continues to transform Jan Karski with latest drill results re-affirming the capability of the the project to produce high value ultra-low ash semi-soft coking coal, known as Type 34 coal in Poland.

The coking coal quality results are superior to the drill results announced in May 2017, and further confirm that Jan Karski is a globally significant semi-soft coking coal (“SSCC”) / Type 34 coking coal deposit with the potential to produce a high value ultra-low ash SSCC with a coking coal product split of up to 75%.

Key benefits for the local community and the Lublin and Chelm regions associated with the development, construction and operation of Jan Karski have been recognised as the following:

- creation of 2,000 direct employment positions and 10,000 indirect jobs for the region once operational;
- increasing skills of the workforce and through the implementation of International Standard training programmes;
- stimulating the development of education, health services and communications within the region; and
- building a mine that creates new employment for generations to come and career paths for families to remain in the region.