



# Prairie Mining Limited

ersonal use only

**AN EMERGING TIER 1 COKING COAL COMPANY**  
**MAY 2017**

ASX / LSE / WSE: PDZ

ABN: 23 008 667 852

# DISCLAIMERS

## Important Information

This presentation has been prepared as a summary only, and does not contain all information about Prairie Mining Limited's ("Prairie") 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.

## Cautionary Statements

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  $\pm 30\%$ . 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. The Scoping Study referred to in this presentation 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 presentation 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 in an announcement made on 16 March 2017. 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.



# TIER 1 COKING COAL PROJECTS ACCESSING HIGHLY FAVOURABLE REGIONAL MARKETS

## Debiensko

Scoping Study completed Q1 2017

Primary Product **Premium Hard Coking Coal**

Pre tax NPV (8%) **US\$1.5Bn**

Steady State Annual Production **2.6Mtpa**

Average Operating Costs **US\$47/t**

Initial Mine Life **26 years**

Upfront Capex **US\$504m**

## Jan Karski Mine

Pre-Feasibility Study completed Q1 2016

Primary Product **High Value Semi-soft Coking Coal**

Pre tax NPV (8%) **US\$1.8Bn**

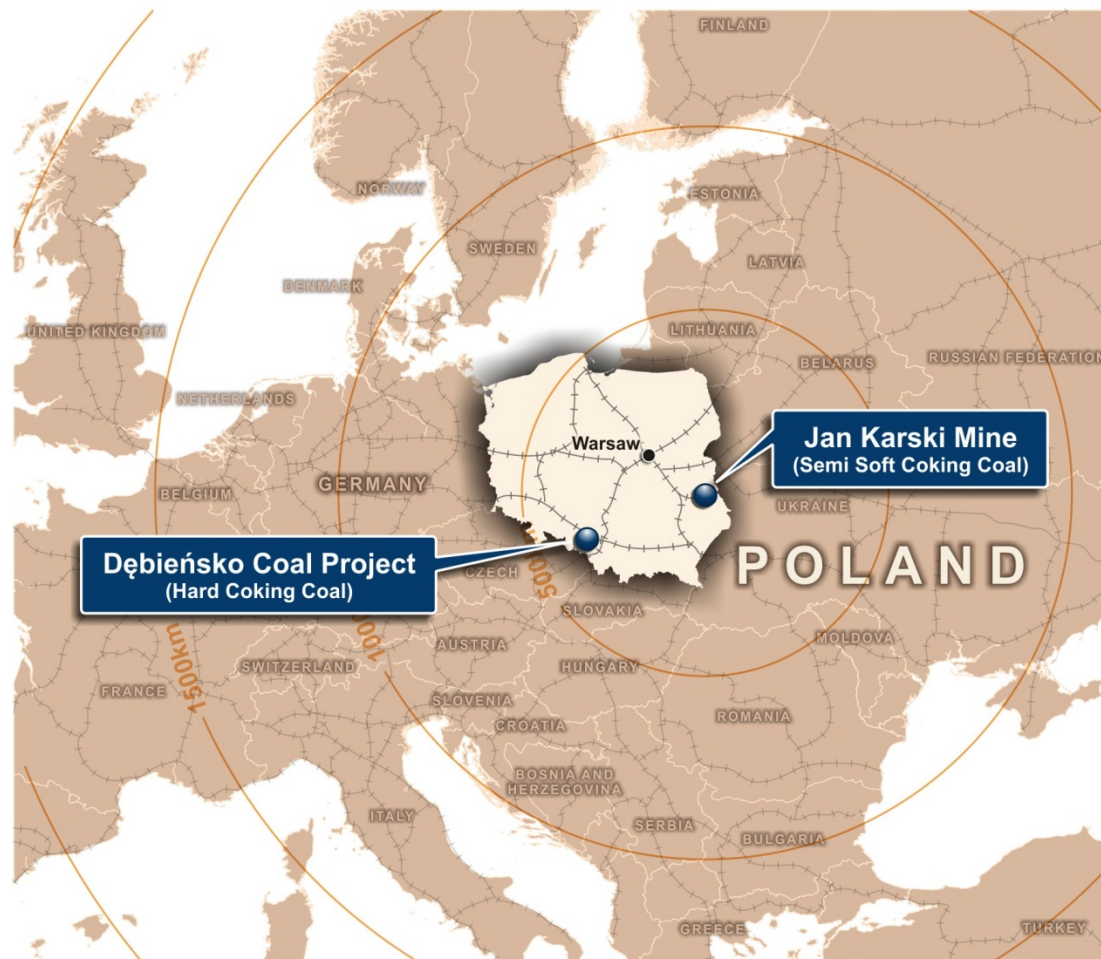
Steady State Annual Production **6.34Mtpa**

Average Operating Costs **US\$25/t**

Initial Mine Life **24 years**

Upfront Capex **US\$632m**

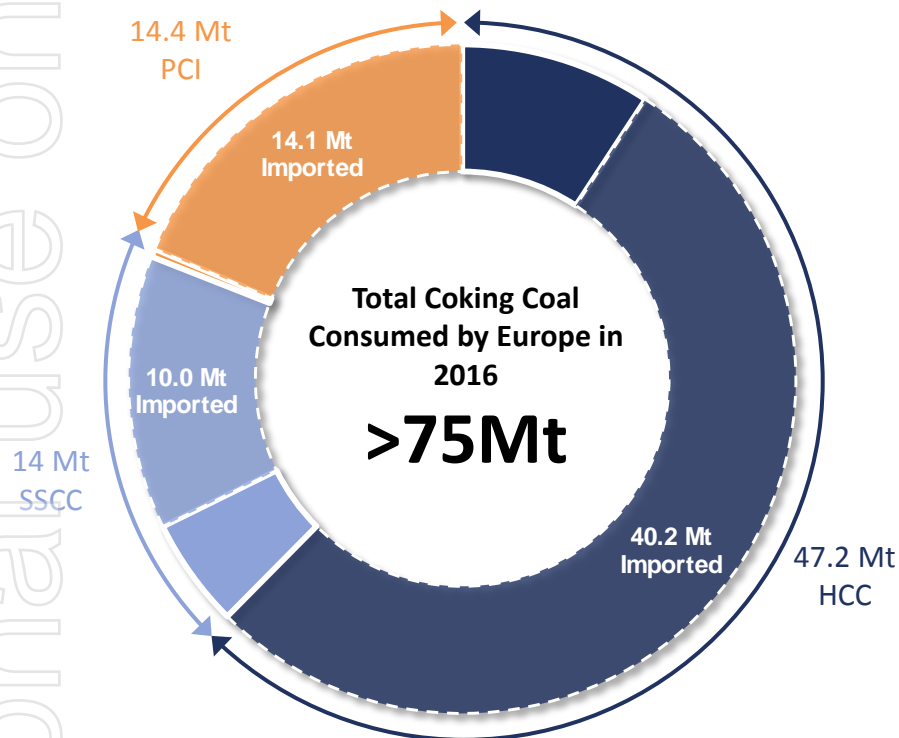
- Multiple Tier 1 coking coal projects
- Combined NPV of US\$3.3Bn (pre-tax)
- Projected annual EBITDA US\$630m



# EXCEPTIONAL EUROPEAN SUPPLY AND DEMAND FUNDAMENTALS

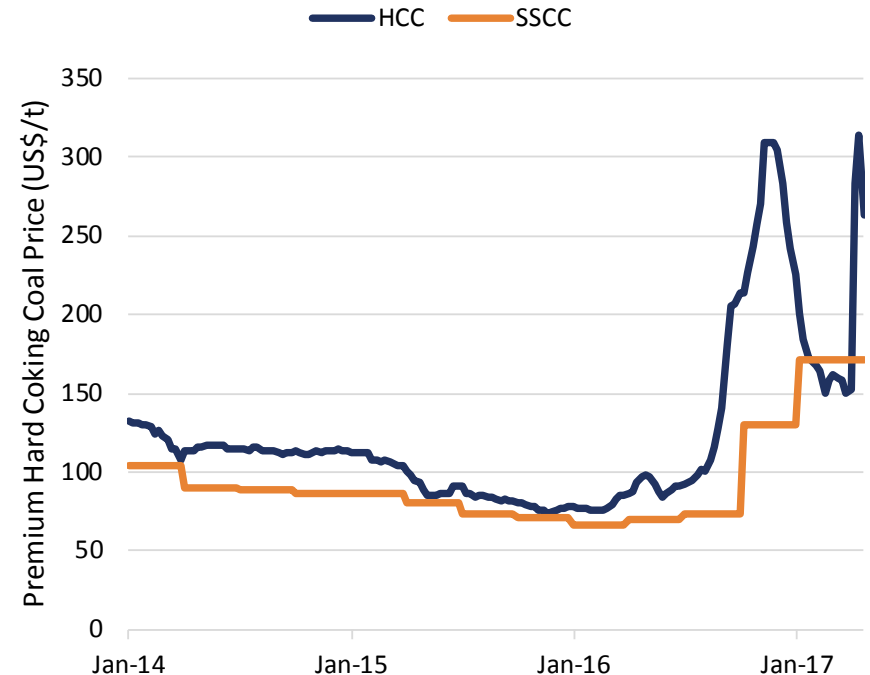
Europe consumes over 75 Mtpa of coking coal per year of which 64Mt (85%) is imported  
European Union has determined Coking Coal to be its 2<sup>nd</sup> most Economically Important Critical Raw Material

Coking coal consumed by Europe (2016)



Source: CRU; HCC = Hard Coking Coal, SSSC = Semi Soft Coking Coal; PCI = Pulverised Coal Injection coal

Coking coal price since 2014



Source: CRU, Bloomberg; HCC = Hard Coking Coal, SSSC = Semi Soft Coking Coal



# STRONG CASH POSITION WITH INTERNATIONAL INSTITUTIONAL SUPPORT

## Capital Structure

Current Issued Share Capital 163 million

Options & Performance Rights 18 million

Fully diluted CD Capital Shares & Options<sup>1</sup> 71 million

### Capitalisation (28 Apr 2017)

ASX Share Price A\$0.52

Undiluted Market Capitalisation A\$85m

Cash<sup>1</sup> A\$19m

LSE / WSE Share Price 30.9p / PLN1.54

1. Assumes completion of recently announced A\$2.0m additional investment from CD Capital

## Analyst Coverage

Analyst	Recommendation	Target Price
Beaufort Securities <sup>2</sup>	Buy	104p (A\$1.77)
Cenkos Securities	Buy	A\$2.10
Mirabaud	Speculative Buy	A\$1.38
Tamesis Partners <sup>2</sup>	N/A	110p (A\$1.87)

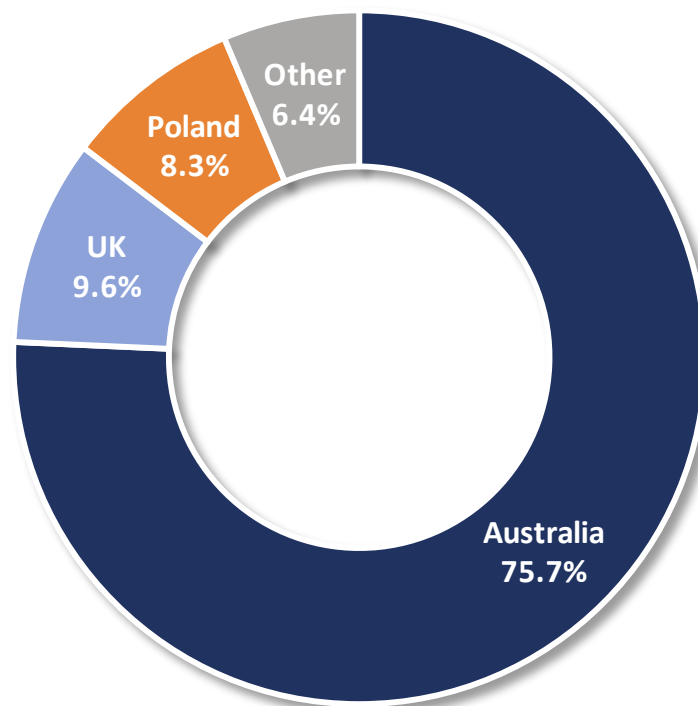
Source: Bloomberg

2. A\$ equivalent price assumes A\$1.70:GBP 1.00

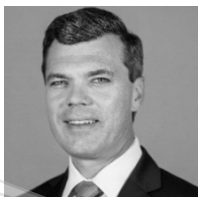
5

- ASX, LSE and WSE listed
- Recently completed successful A\$5.5m placing to UK based high-quality institutions
- Cornerstone investor and natural resources private equity group CD Capital recently agreed to subscribe for a further \$2m in Prairie as part of its continued support under its Investment Agreement to invest up to A\$83m in Prairie

## Shareholding by Geography

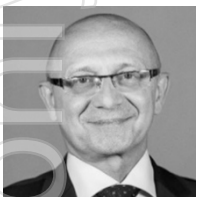


# EXPERIENCED EXECUTIVE TEAM AND ACCOMPLISHED BOARD



## Mr. Ben Stoikovich, Chief Executive Officer

- Mr. Stoikovich is a mining engineer and professional corporate finance executive
- He has extensive experience in the resources sector gained from a career firstly as a Mining Engineer with BHP Billiton where he was responsible for mine operations and permitting, and more recently as a senior mining investment banker in London



## Mr. Mirosław Taras, Group Executive - Poland

- Mr. Taras has worked in the Lublin coal basin for more than 30 years, commencing as an underground coal mine operator and rising to the rank of Chairman of the Management Board of Bogdanka where he successfully oversaw its IPO, the construction of new shafts and successful doubling of production capacity



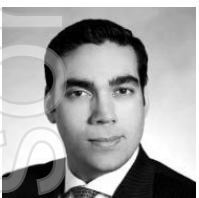
## Mr. Artur Kluczny, Group Executive - Poland

- Mr. Kluczny is the former Head of the Secretariat of the Polish Prime Minister's Office. He served as the Deputy Chairman of the Board of the Polish Financial Supervision Authority ("KNF") responsible for capital markets supervision (Warsaw Stock Exchange)



## Mr. Simon Kersey, Chief Financial Officer

- 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. Mr Kersey has held roles at a number of investment banks and advisory firms including BMO Capital Markets, Deutsche Bank and PwC



## Mr. Sapan Ghai, Corporate Development

- Mr. Ghai has extensive experience in the financing of mining companies and has raised over US\$1Bn of both equity and debt funding for the development of numerous mining projects globally and across a range of commodities. After qualifying as a chartered accountant with PwC, Mr Ghai went on to hold senior investment banking roles at BMO Capital Markets and Standard Bank

## Board of Directors

<b>Mr. Ian Middlemas</b>	Chairman
<b>Mr. Ben Stoikovich</b>	Chief Executive Officer
<b>Ms. Carmel Daniele</b>	Non-Executive Director
<b>Mr. Thomas Todd</b>	Non-Executive Director
<b>Mr. Mark Pearce</b>	Non-Executive Director
<b>Mr. Todd Hannigan</b>	Alternate Director for Mr. Thomas Todd
<b>Mr. Dylan Browne</b>	Company Secretary



# DEBIENSKO PROJECT

Fully permitted mine restart project



# DEBIENSKO – A TIER 1 PREMIUM HARD COKING COAL ASSET

Steady State Annual Hard  
Coking Coal Production:  
**2.6Mtpa**

Average Operating Costs:  
**US\$47/t**

Pre-tax NPV (8%):  
**US\$1.5Bn**

Initial Mine Life:  
**26 Years**

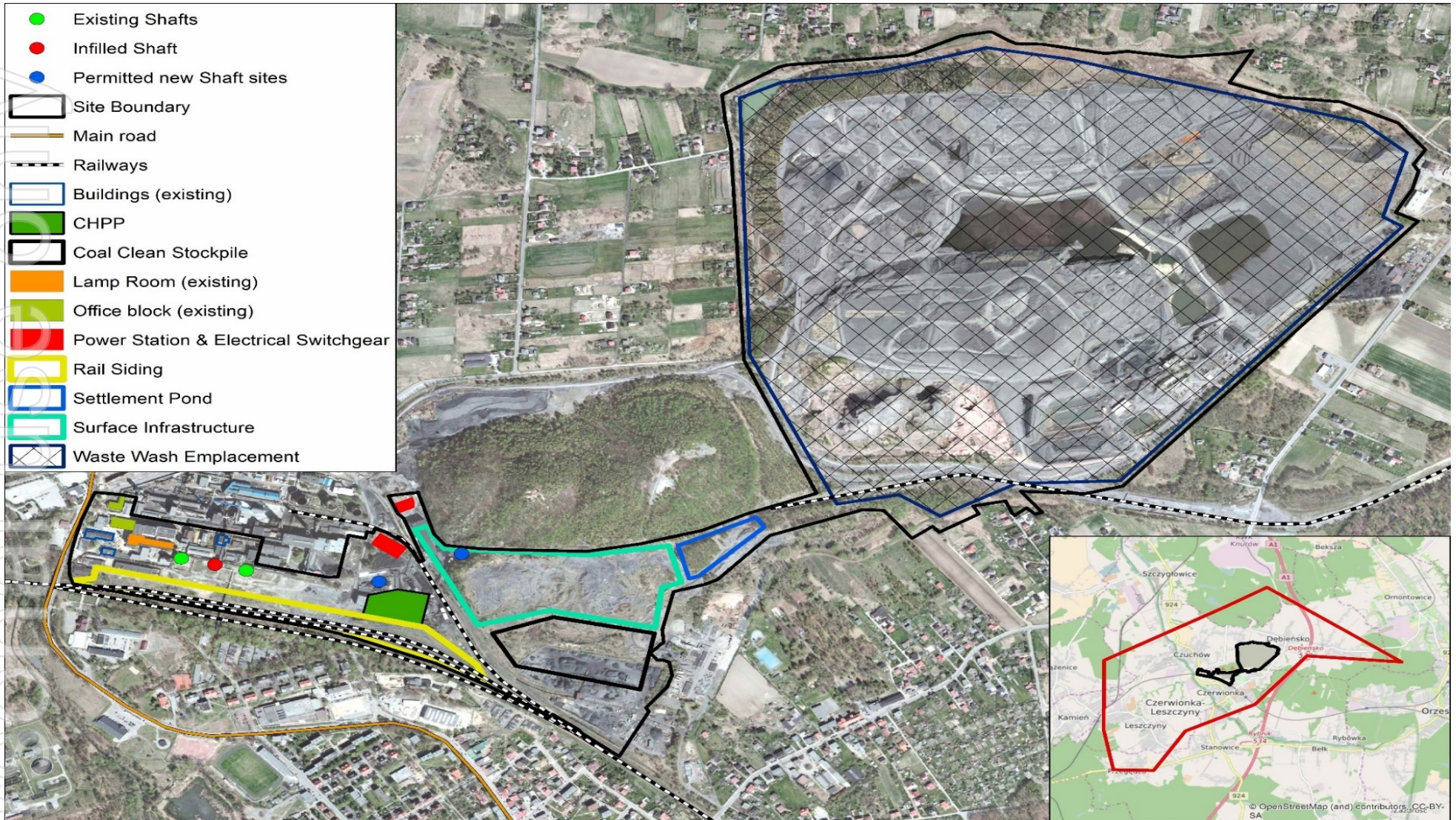
Upfront Capex (incl.  
Contingencies):  
**US\$504m**





# FULLY PERMITTED "MINE READY" PROJECT

Environmental Consents and a Mining Concession are already in place





# FULLY PERMITTED "MINE READY" PROJECT



Existing shafts on site at Debiensko



Rail yard next to Debiensko



Established on-site facilities



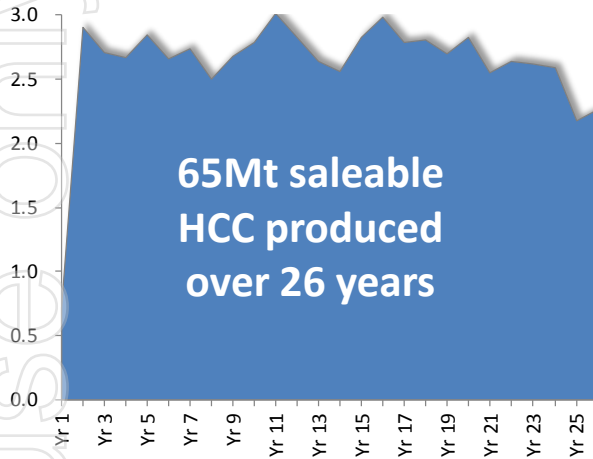
Fully fitted and ready office buildings



# GLOBALLY SIGNIFICANT PROJECT

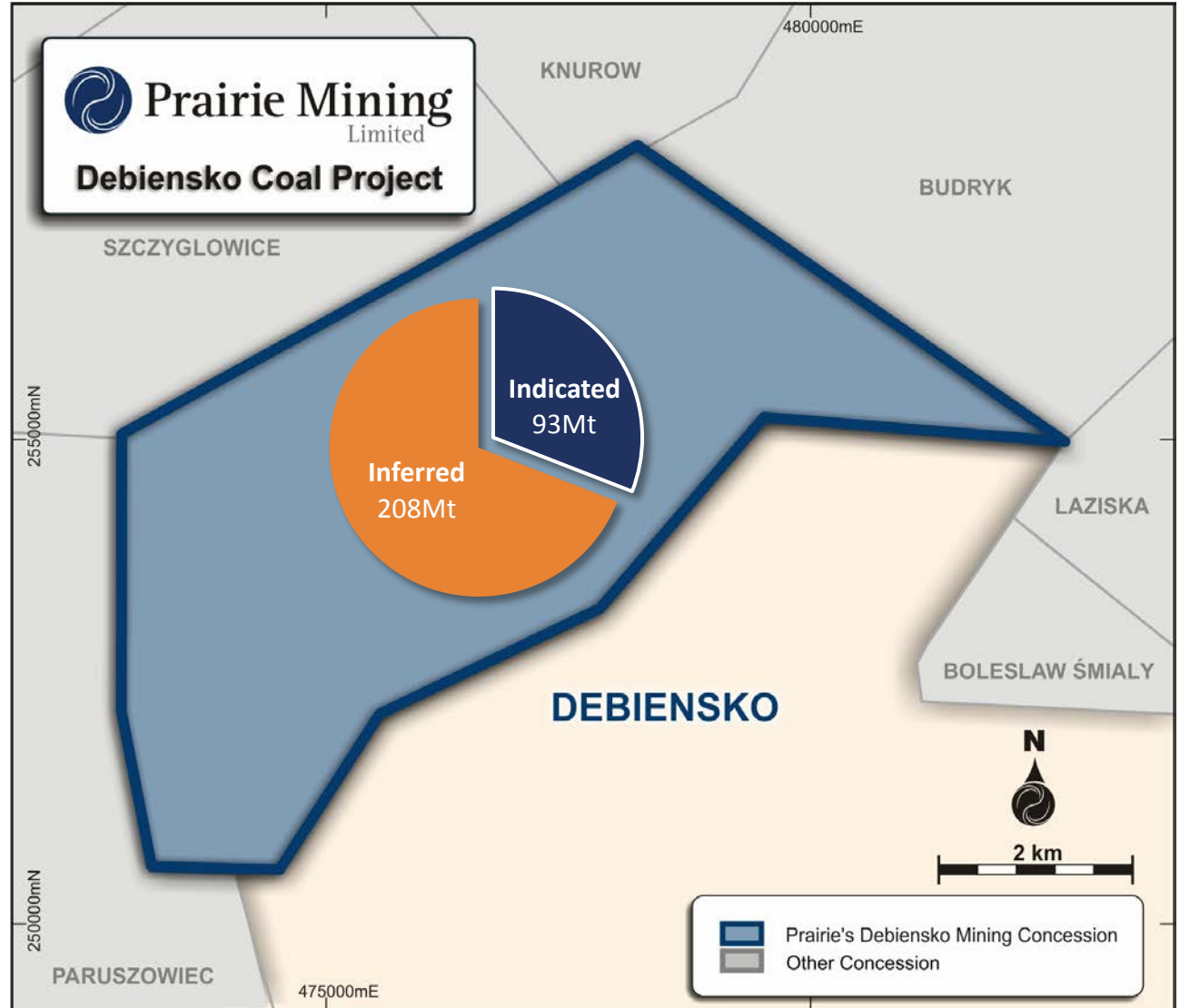
2.6 Mtpa HCC Production from a JORC Resource of 301 Mt

Saleable Tonnes HCC (Mt)



Potential Resource Upside

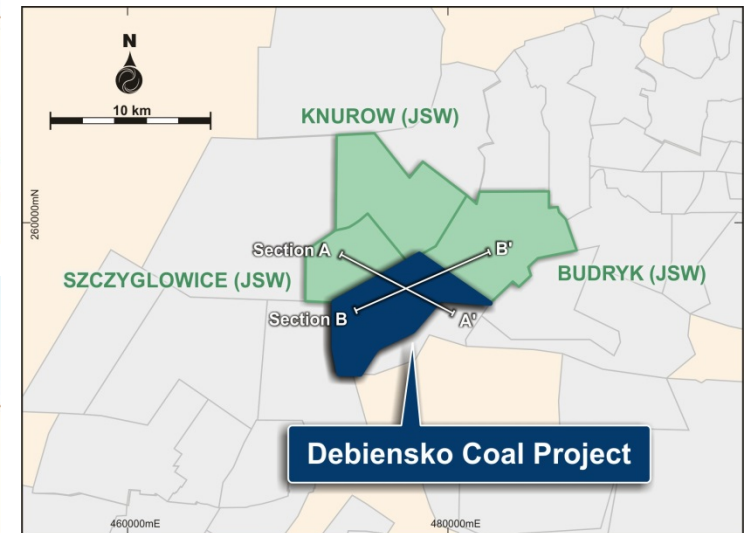
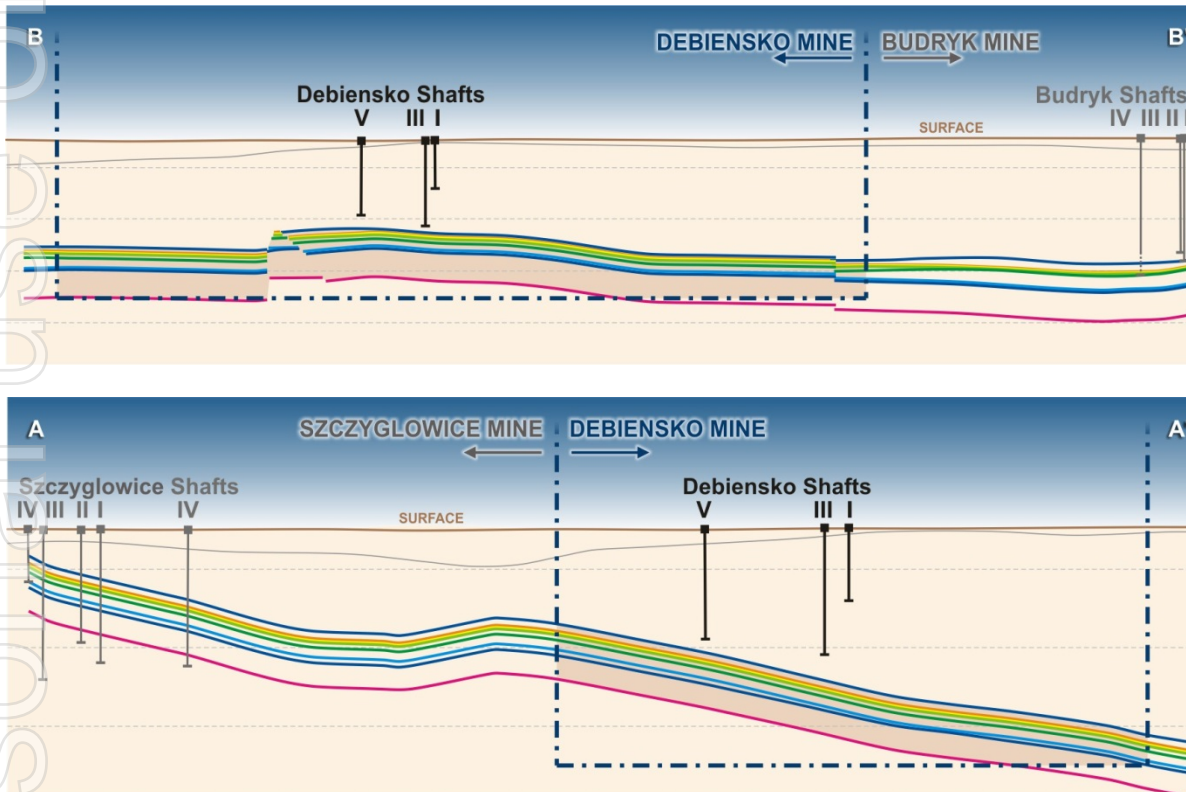
- Maiden JORC Resource in 7 seams
- Production Target from 4 seams only
- Potential to expand resource base into other seams and at depth
- Infill drilling will improve resource categories



# WELL UNDERSTOOD GEOLOGY WITH PROVEN OPERATING HISTORY

Adjacent mines demonstrate a long history of successful longwall coking coal production

- Debiensko is a former operating mine adjacent to two neighbouring coking coal producers in the same geological setting
- Geological, geotechnical, and mining conditions well understood based on former mining at Debiensko, existing shafts and exploration boreholes

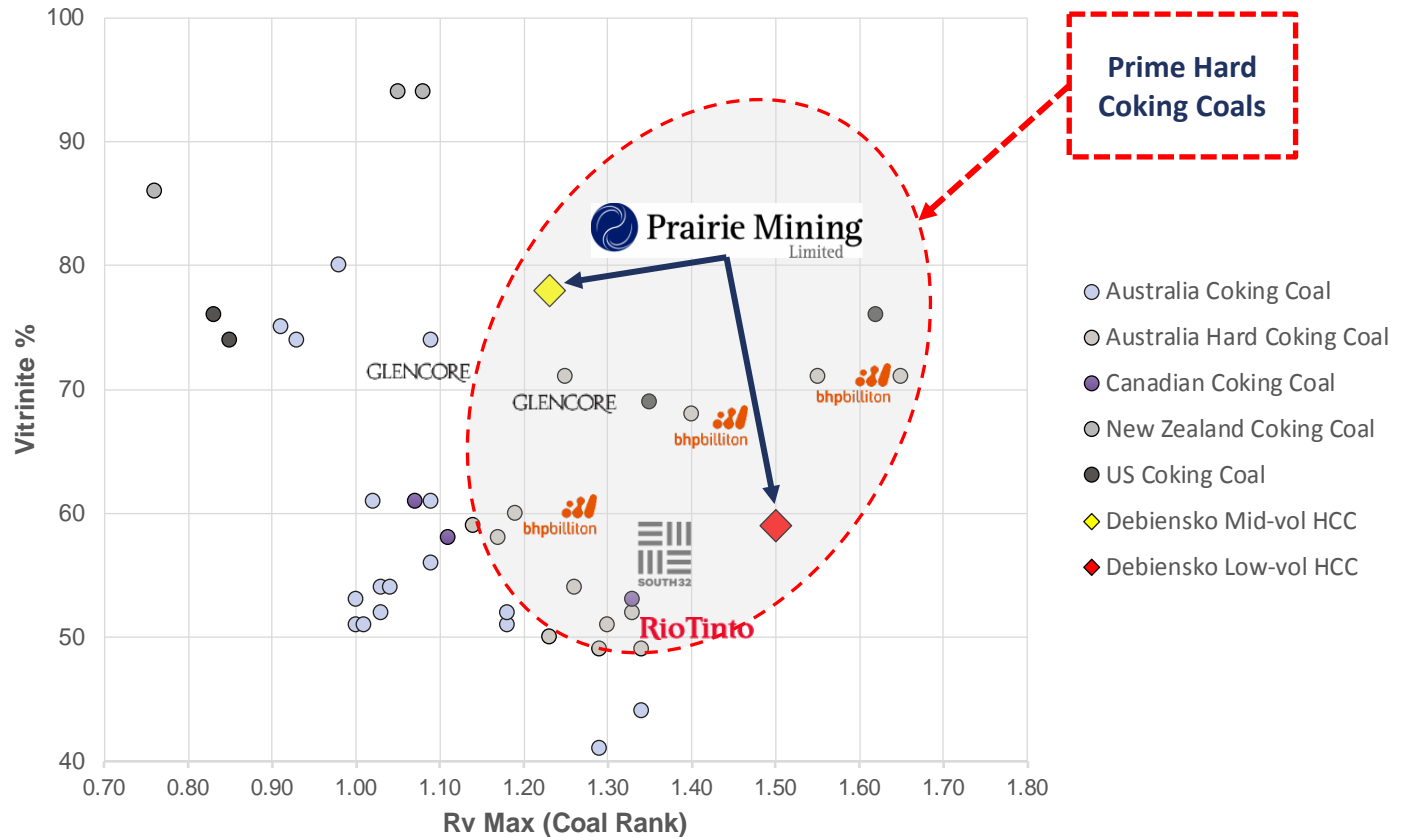


# HIGH QUALITY PREMIUM HARD COKING COAL

Hard Coking Coal quality comparable to that produced by the large diversified miners

- Debiensko has attractive coal quality parameters, within all seams
- Two products can be produced: Mid-vol and Low-vol
  - **Mid-vol HCC** comparable to Australian Goonyella brand and medium volatile coals produced in Poland today by JSW
  - **Low-vol HCC** 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)

Debiensko's Premium Hard Coking Coal vs. Select Products



Source: Industry Reports



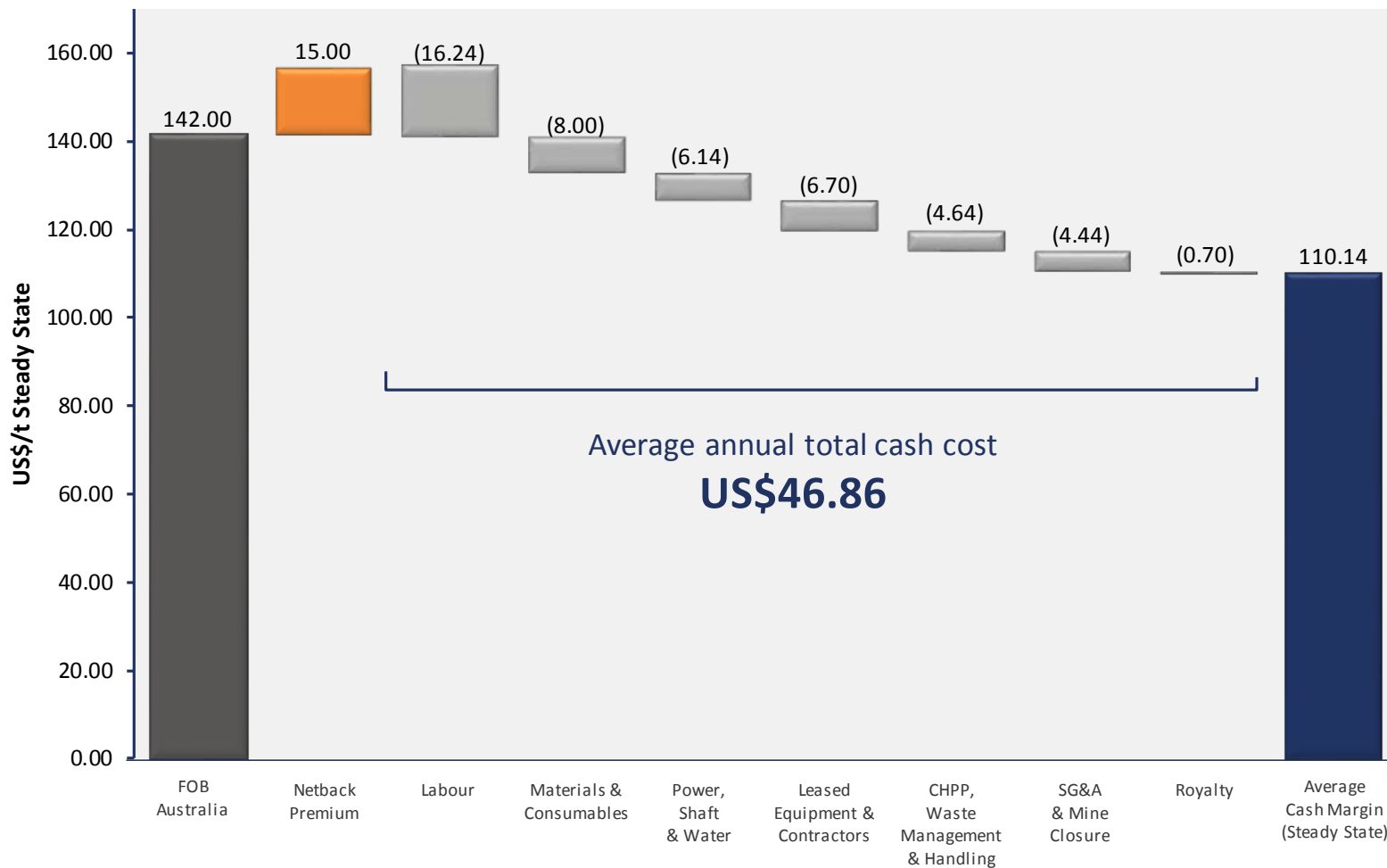
# STRONG CASH MARGINS WITH US\$47/t FOR CASH COST

Extremely low cash costs provide profitability throughout the cycle

Annual EBITDA: US\$282m

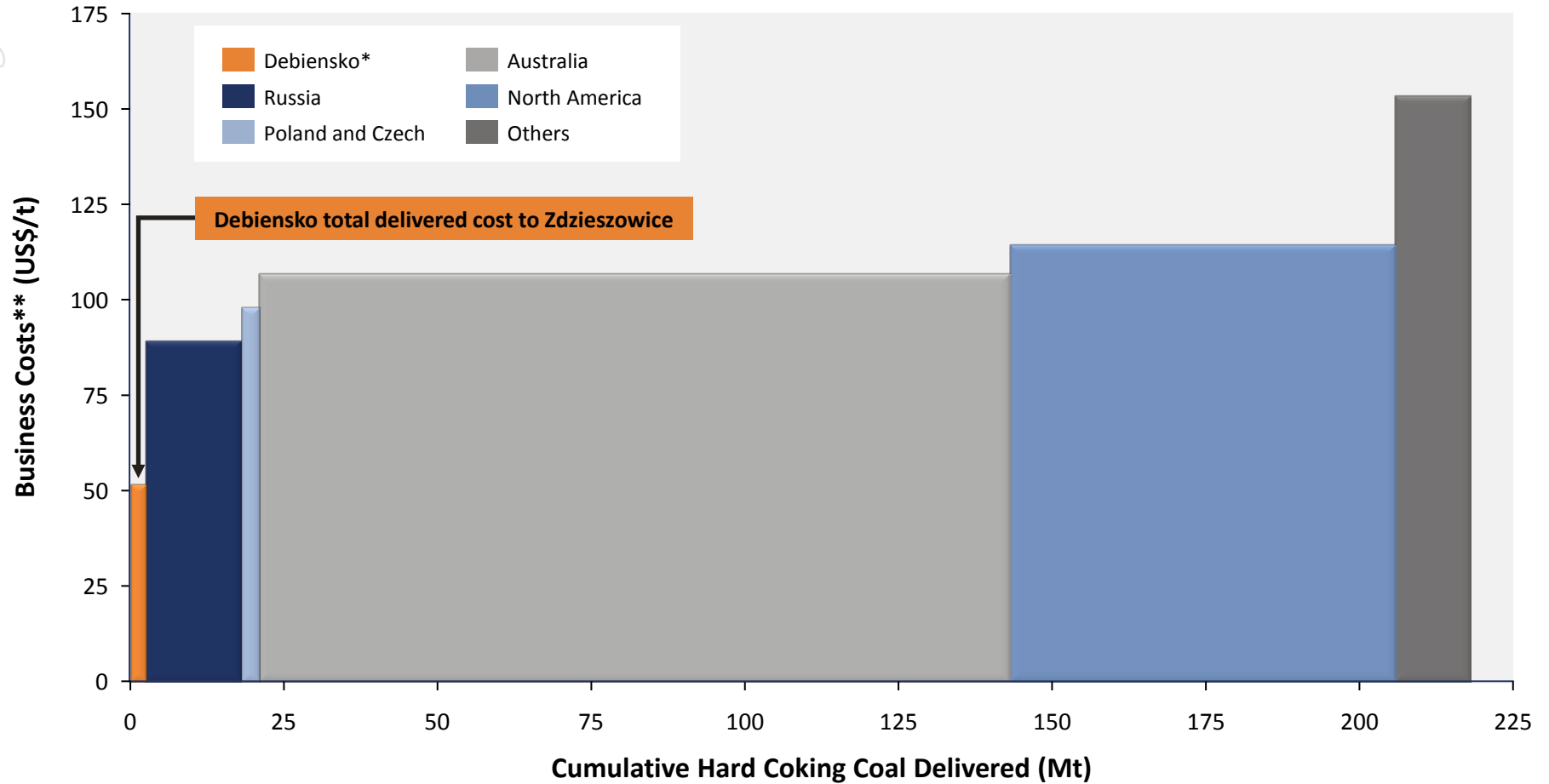
LOM Free Cash Flow: US\$5.4Bn

Pre-tax NPV @ 8%: US\$1.5Bn



# LOWEST DELIVERED COST SUPPLIER OF HARD COKING COAL INTO CENTRAL EUROPE

## Hard Coking Coal Cost Curve – Delivered to Central Europe

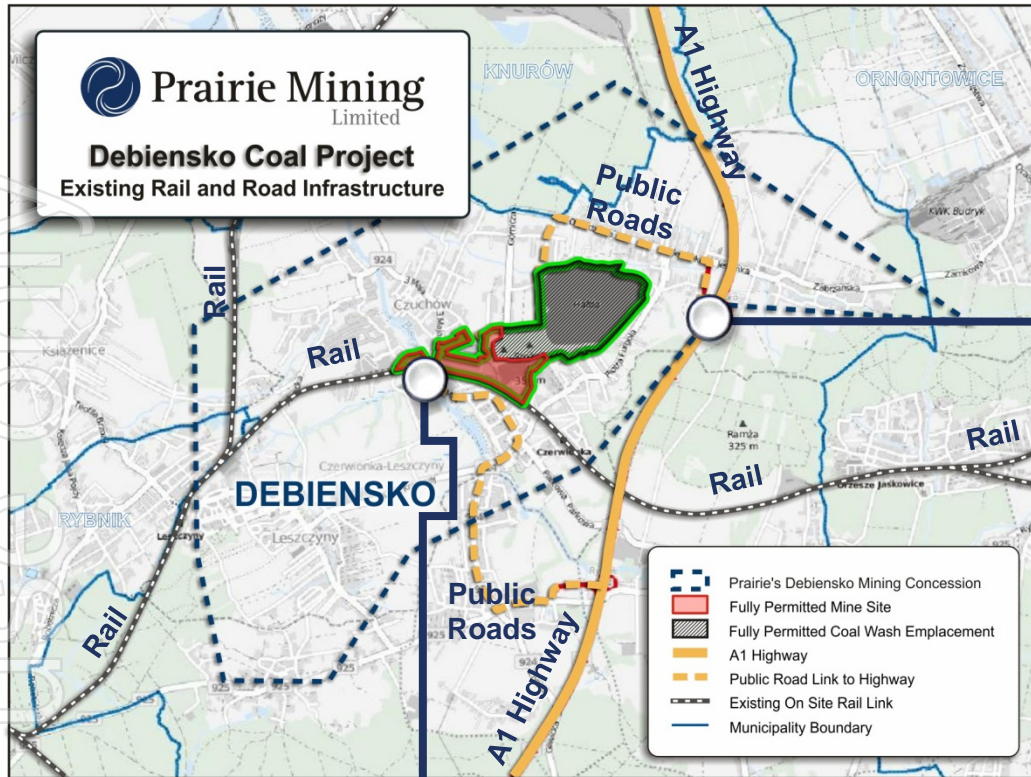


Source: CRU

\* 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

# ESTABLISHED INFRASTRUCTURE AT SITE REDUCES PROJECT CAPEX



Estimated cost to fully reinstate operational infrastructure less than US\$10m

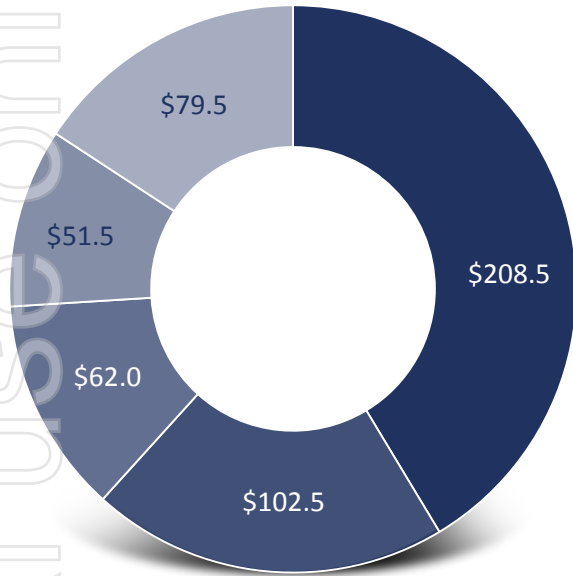
Infrastructure / Utility	Estimated Cost (US\$m)
Rail	3.6
Road	0.4
Power	5.3
Water	0.1



# VERY LOW CAPITAL INTENSITY

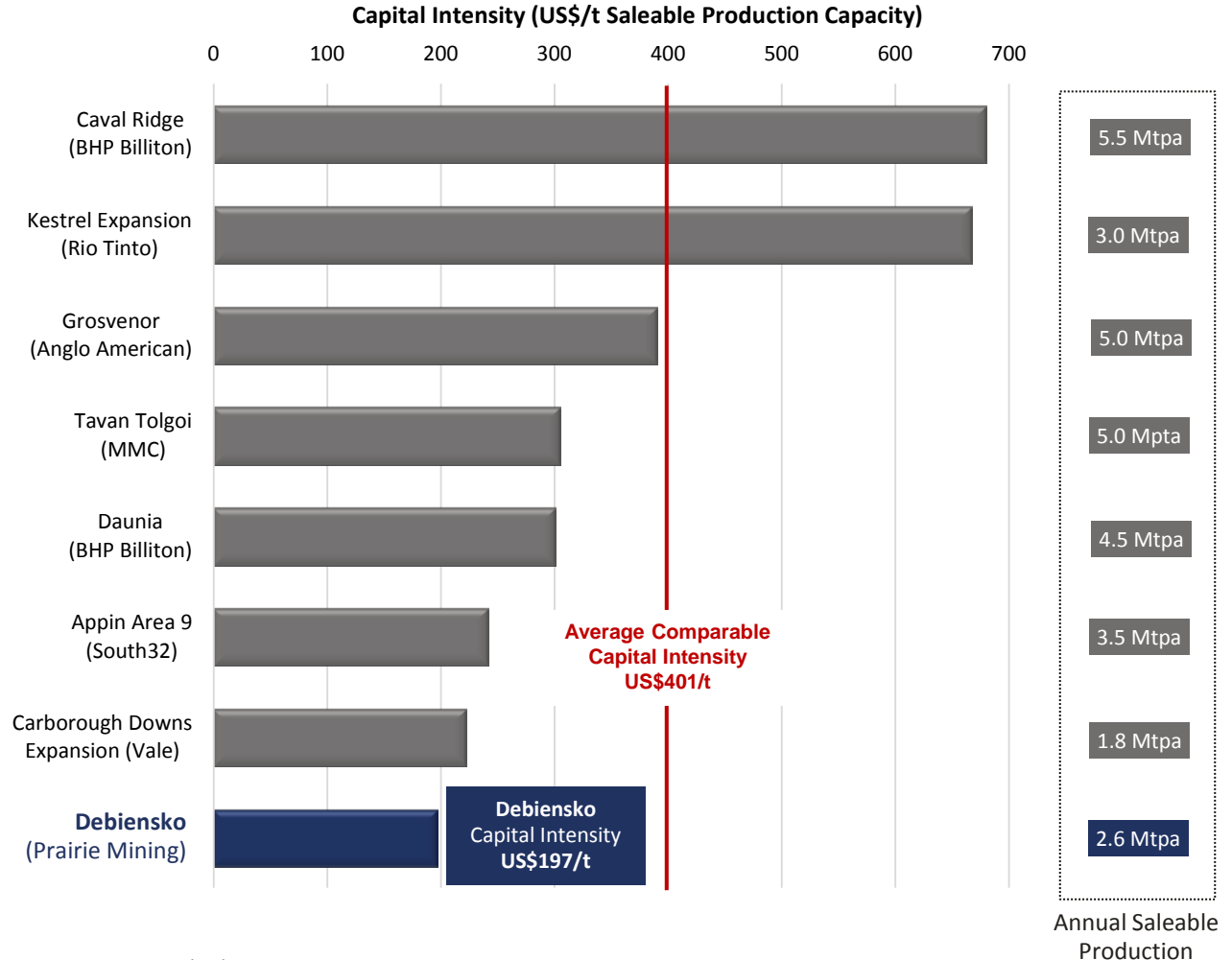
Debiensko has extremely low capital intensity compared to recently constructed hard coking coal mines

Total Capex Breakdown



- Shaft sinking
- Coal processing and surface facilities
- Underground Infrastructure (Belts, Ventilation, Electrics)
- Capitalised Pre-Production Expenses (Labour, Power, Contractors etc.)
- Contingencies, EPCM and owners costs

Debiensko Capital Intensity vs. Recently Built Hard Coking Coal Mines



Source: KPMG and Industry Reports

# HIGHLY FAVOURABLE REGIONAL MARKET FUNDAMENTALS

Europe relies on imports of over 85% of its hard coking coal needs primarily from Australia, the USA and Russia



Note: Zdziezowice Plant is 70km from Debiensko and is owned by ArcelorMittal. It is Europe's largest coking plant with capacity of 4Mtpa

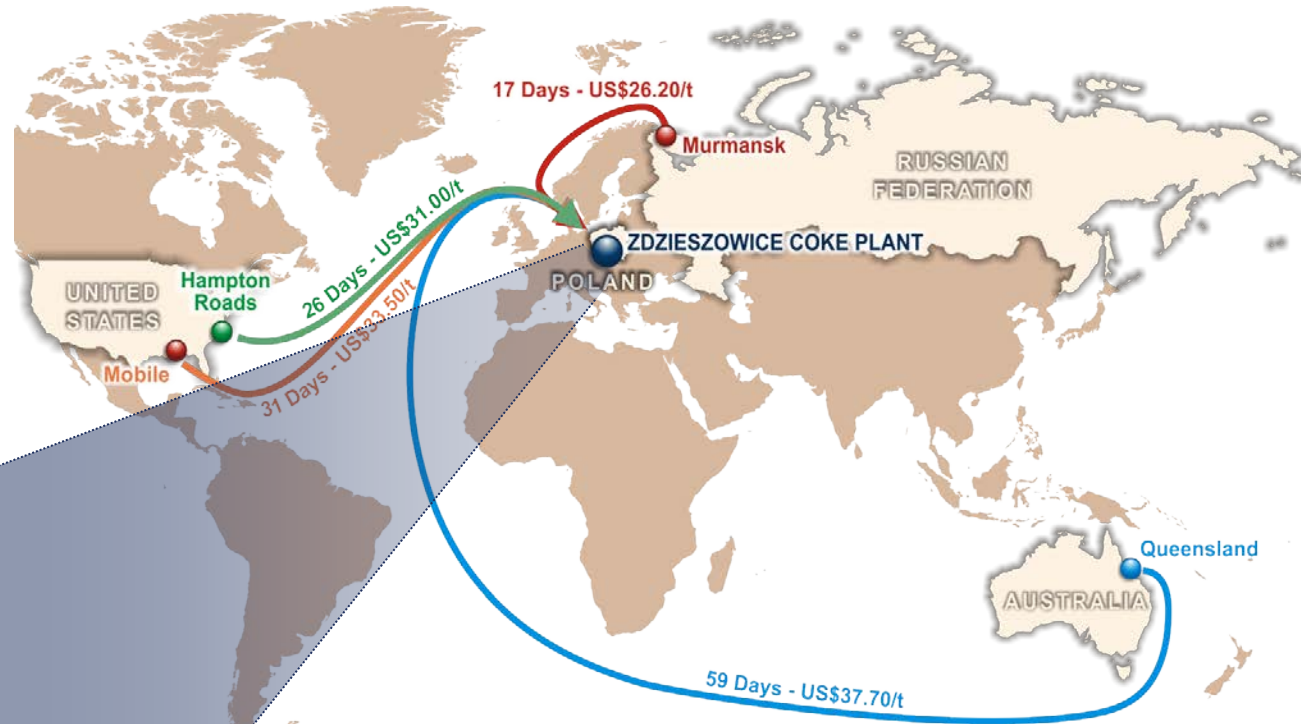
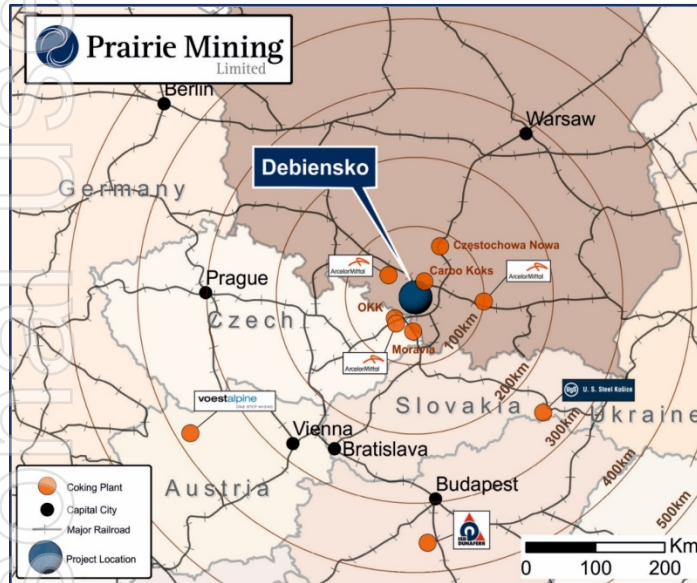
Source: CRU

# TRANSPORT ADVANTAGE OF BEING A REGIONAL PRODUCER

Indicative Time and Cost of Delivery of HCC to Zdzieszowice Coke Plant

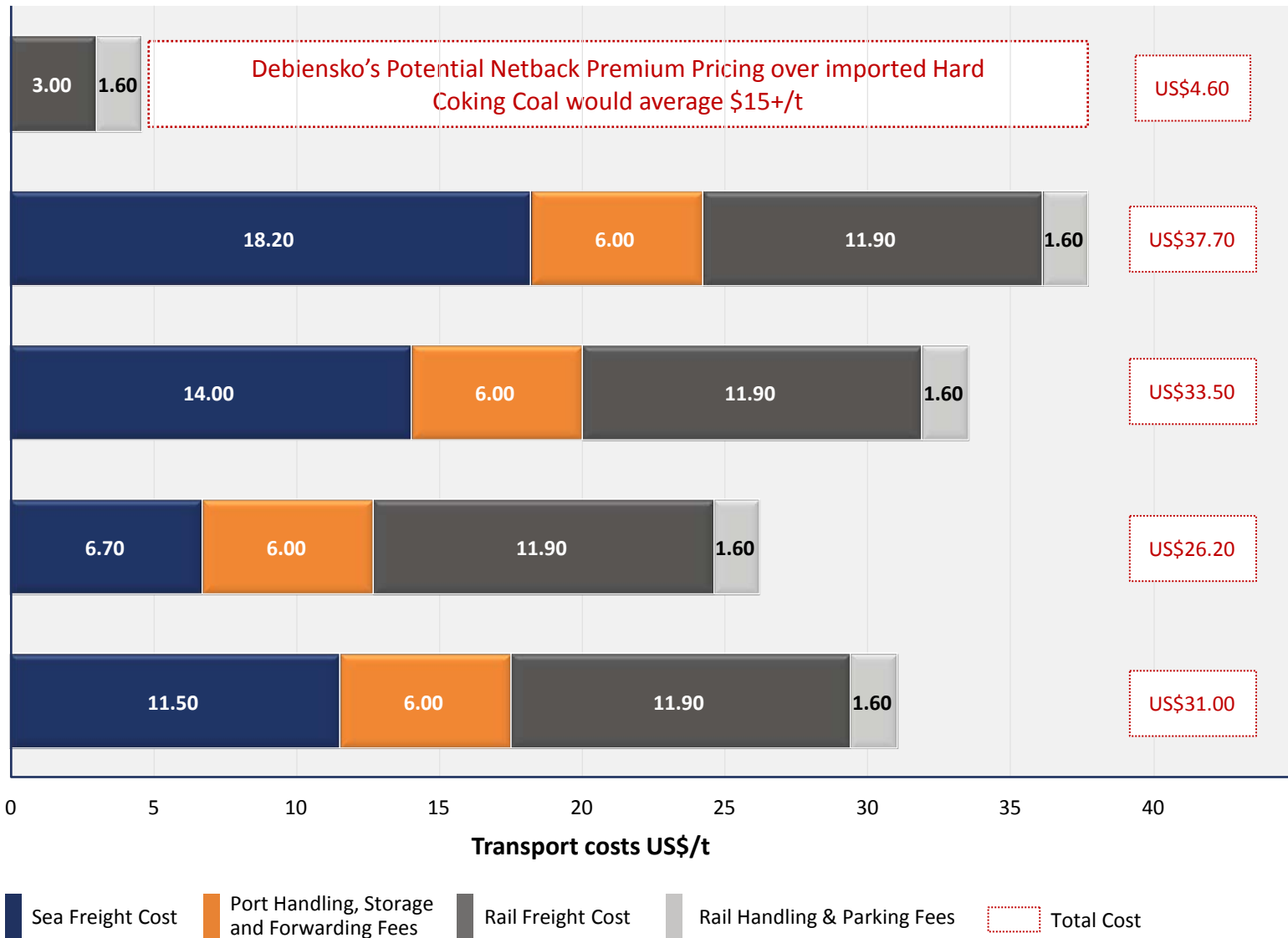
<b>Debiensko</b>	<b>1 Day</b>	<b>US\$4.60/t</b>
Queensland (Australia)	59 Days	US\$37.70/t
Mobile (USA)	31 Days	US\$33.50/t
Murmansk (Russia)	17 Days	US\$26.20/t
Hampton Roads (USA)	26 Days	US\$31.00/t

Source: CRU



# TRANSPORT ADVANTAGE LEADS TO HIGHER NETBACK PREMIUM PRICES

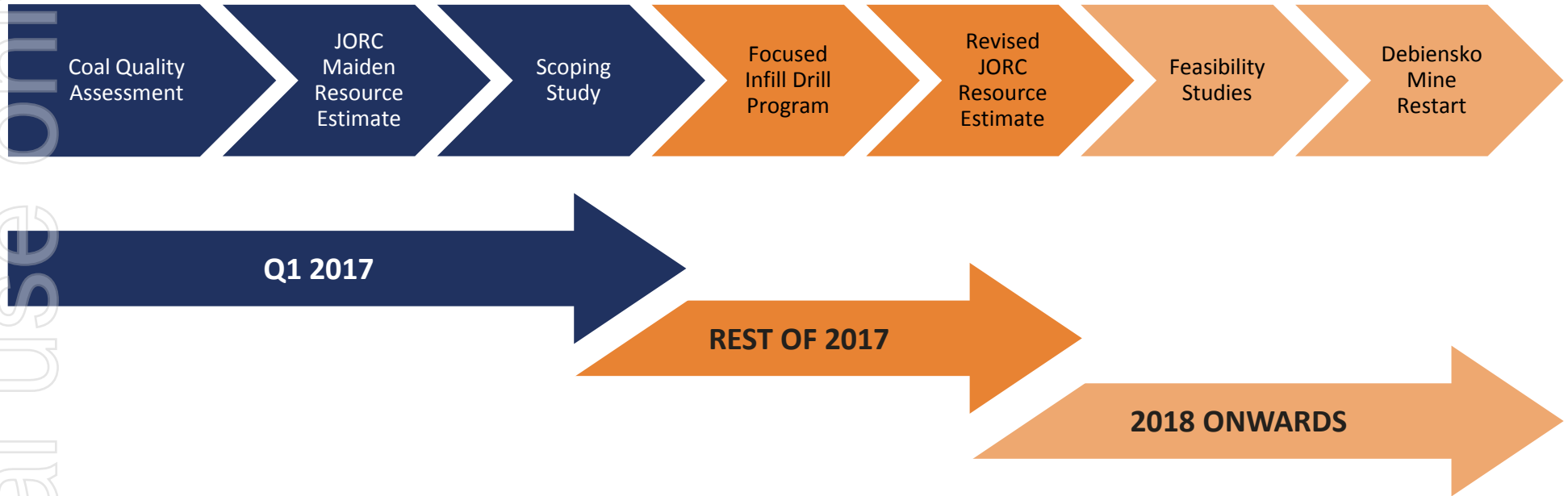
Origin



Source: CRU



# NEXT STEPS AT DEBIENSKO





# JAN KARSKI MINE

**Bankable Feasibility Study In Progress**

ersonal use only

# JAN KARSKI – A TIER 1 SEMI-SOFT COKING COAL ASSET

Steady State Annual Coal  
Production:  
**6.34Mtpa**

Average Operating Costs:  
**US\$25/t (FOR)**

Pre-tax NPV (8%):  
**US\$1.8Bn**

Initial Mine Life:  
**24 Years**

Upfront Capex (incl.  
Contingencies):  
**US\$632m**

Jan Karski Mine Design Render  
- PFS (March 2016)

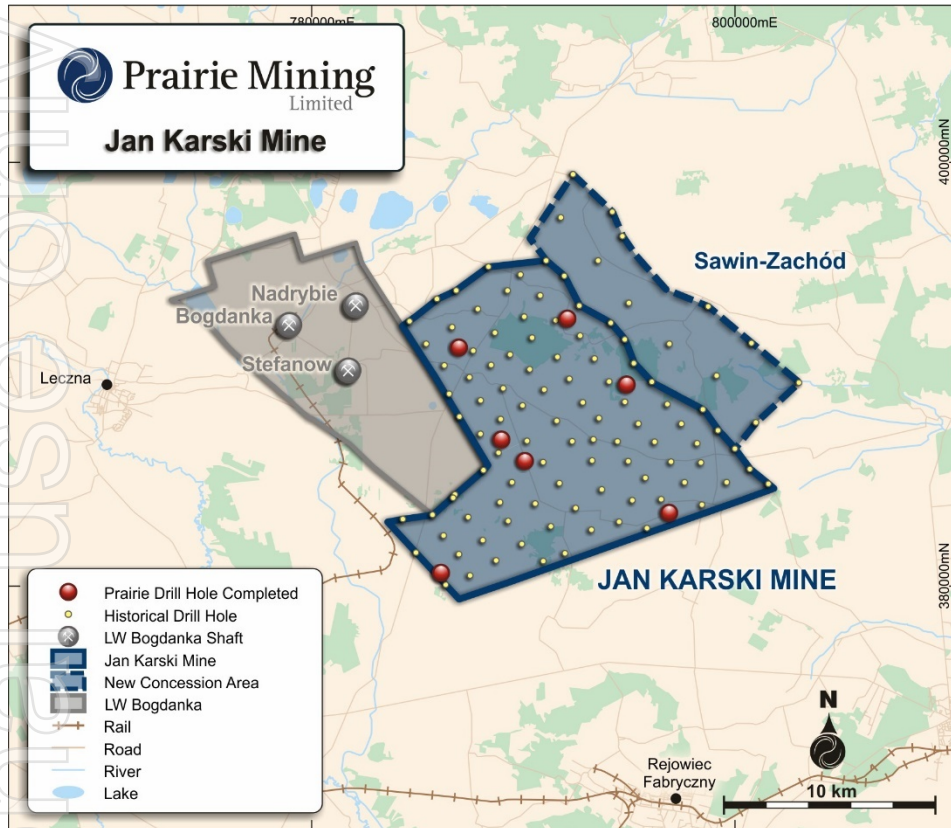


Source: PFS Results Announcement: [http://www.pdz.com.au/uploads/1/7/9/6/17961663/160308\\_lcp\\_pfs\\_results\\_announcement\\_final.pdf](http://www.pdz.com.au/uploads/1/7/9/6/17961663/160308_lcp_pfs_results_announcement_final.pdf)



# AN ADVANCED HIGH VALUE LOW ASH SEMI-SOFT COKING COAL PROJECT

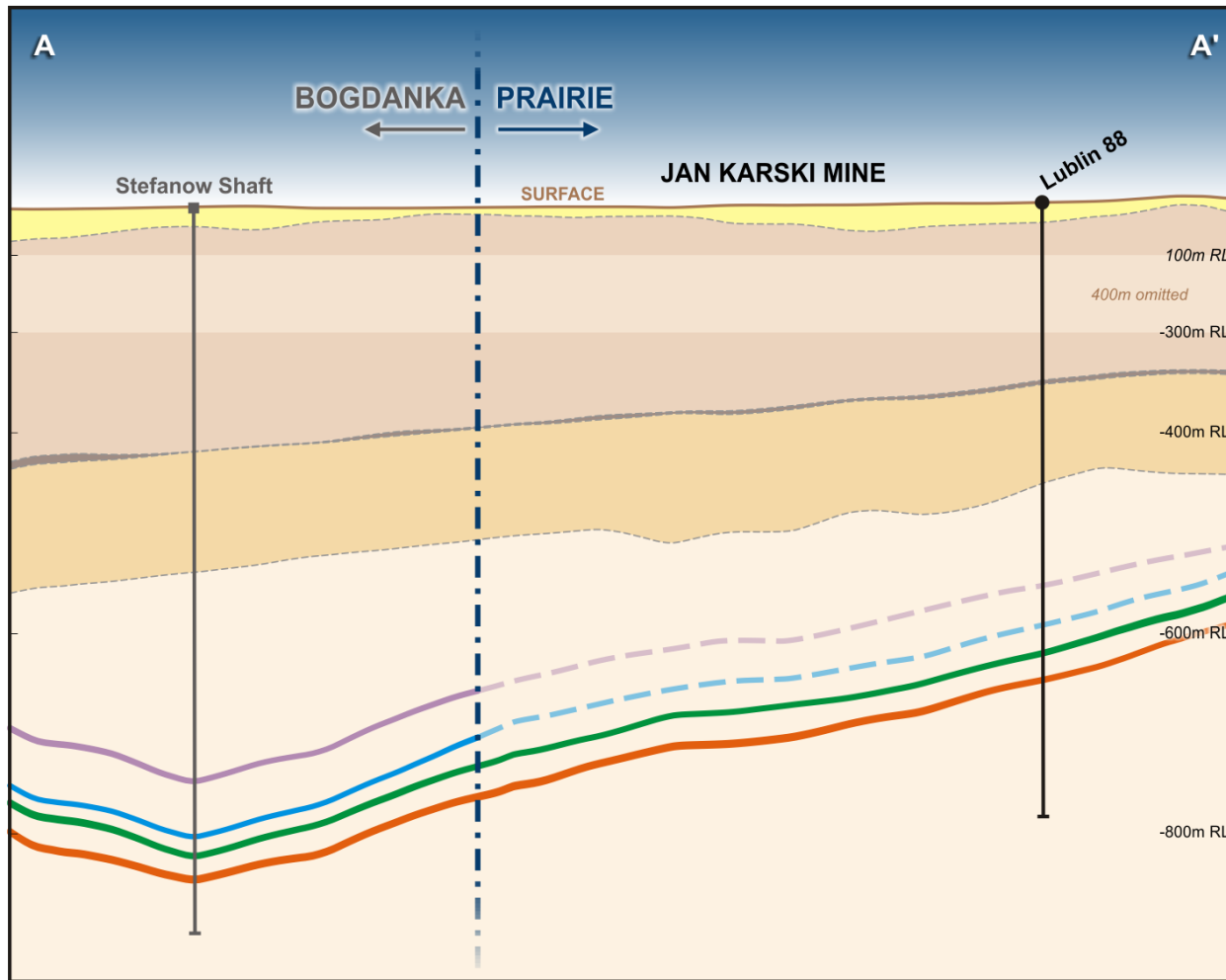
Jan Karski mine is located in a proven coal basin in close proximity to existing infrastructure



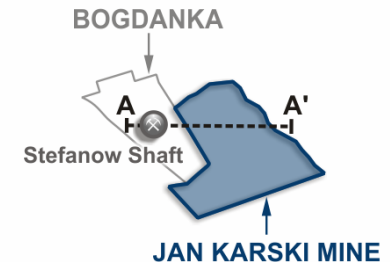


# JAN KARSKI ECONOMICS UNLOCKED BY MINING THE HIGH QUALITY 391 SEAM

Jan Karski is adjacent to Europe's lowest cost hard coal mine, and will focus on mining the abundant, highly productive 391 seam



## JAN KARSKI MINE Geological Cross Section



- Drill Hole
- Coal Seam (382)
- Coal Seam (385)
- Coal Seam (389)
- Coal Seam (391)
- Quaternary
- Cretaceous
- Albian
- Jurassic

Note: Average insitu seam quality reported at LW Bogdanka S.A. concession: **Seam 382** (Ash: 13.12%, CV: 26,427kJ/kg, S: .140%), **Seam 385/2** (Ash: 8.37%, CV: 25,972kJ/kg, S: 1.11%), **Seam 391** (Ash: 8.17%, CV: 28,746kJ/kg, S:1.24%)

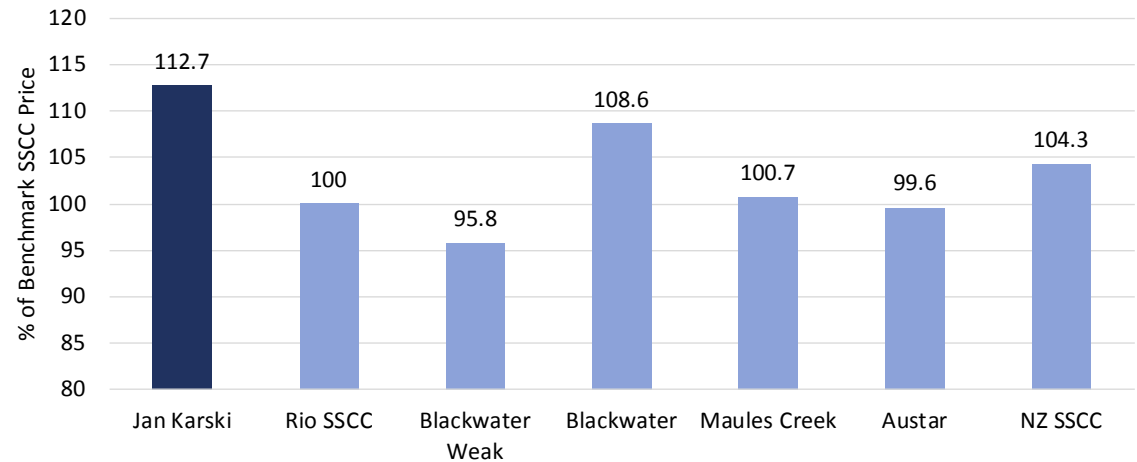
Source: "Expert's Report on Valuation of LW Bogdanka S.A. Geological-Mining Assets for the Prospectus Needs" – English Translation – 15.05.2009

# POTENTIAL TO PRODUCE HIGH VALUE ULTRA-LOW ASH SEMI SOFT COKING COAL

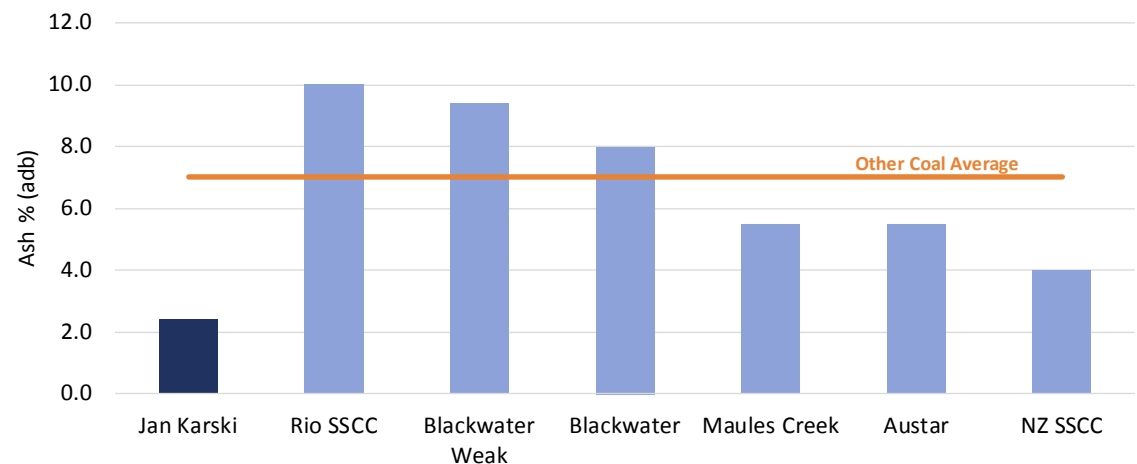
Ultra Low Ash Coking coal (<3%) with high Coke Strength can be produced from Jan Karski with indications of 10% premium pricing to international SSCC benchmark pricing

- Coke oven tests demonstrate exceptional Coke Strength after Reaction (CSR) of 51.5 which is higher than typical SSCC
- Significantly upgraded product split of 75% ultra-low ash hard coking coal and a 25% API2 quality thermal coal by-product demonstrated by extended washability analysis
- Overall saleable coal product yields not expected to materially differ from PFS
- CRU Long Term SSCC FOB Australia price forecast is US\$99/t (2016\$ Real), with Jan Karski expected to achieve a 10% premium equivalent to US\$109/t before taking netback advantages into account

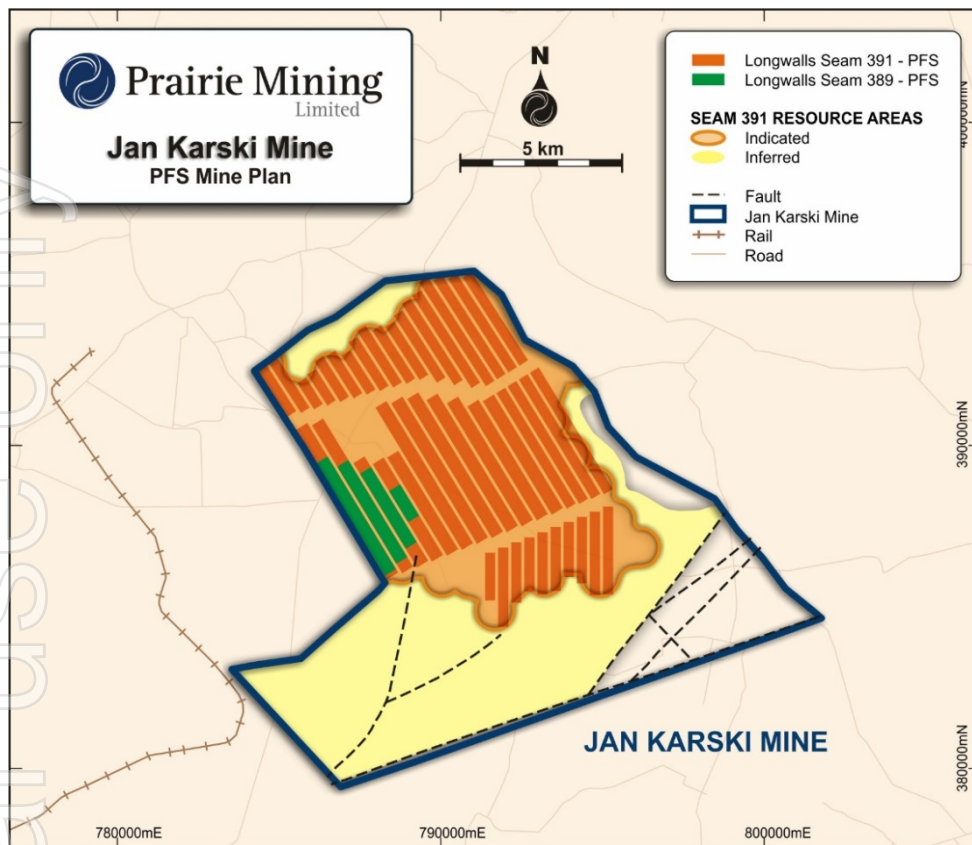
Premium to benchmark SSCC price



Extremely Low Ash



# JAN KARSKI MINE – COMPELLING PROJECT ECONOMICS



## Jan Karski Mine PFS Key Parameters

Clean Coal Production (Steady State Average)	6.34Mtpa
Initial Mine Life	24 years
<b>Operating cash cost (Steady State Average)</b>	<b>US\$24.96/t</b>
<b>Steady State Annual EBITDA</b>	<b>US\$348.1m</b>
Capex To First Production	US\$631.7m

## Jan Karski Mine - JORC Coal Resource & Reserve Estimates (Mt)\*

Indicated Resources	352
Inferred Resources	376
<b>Total JORC Resource</b>	<b>728</b>
Probable Recoverable Coal Reserves (Mt)**	170
<b>Probable Marketable Coal Product (Mt)***</b>	<b>139</b>
Product Yield	81.9%

\* This table contains rounding and background weighted calculations; Resources are inclusive of Reserves

\*\* Recoverable Reserves are stated on an as-received basis & include partings, interburden, out of seam dilution and 2% mining losses and only include 389 & 391 seams

\*\*\* Marketable Reserves are stated on an as-received moisture content basis; estimated average clean coal moisture is 9.5%

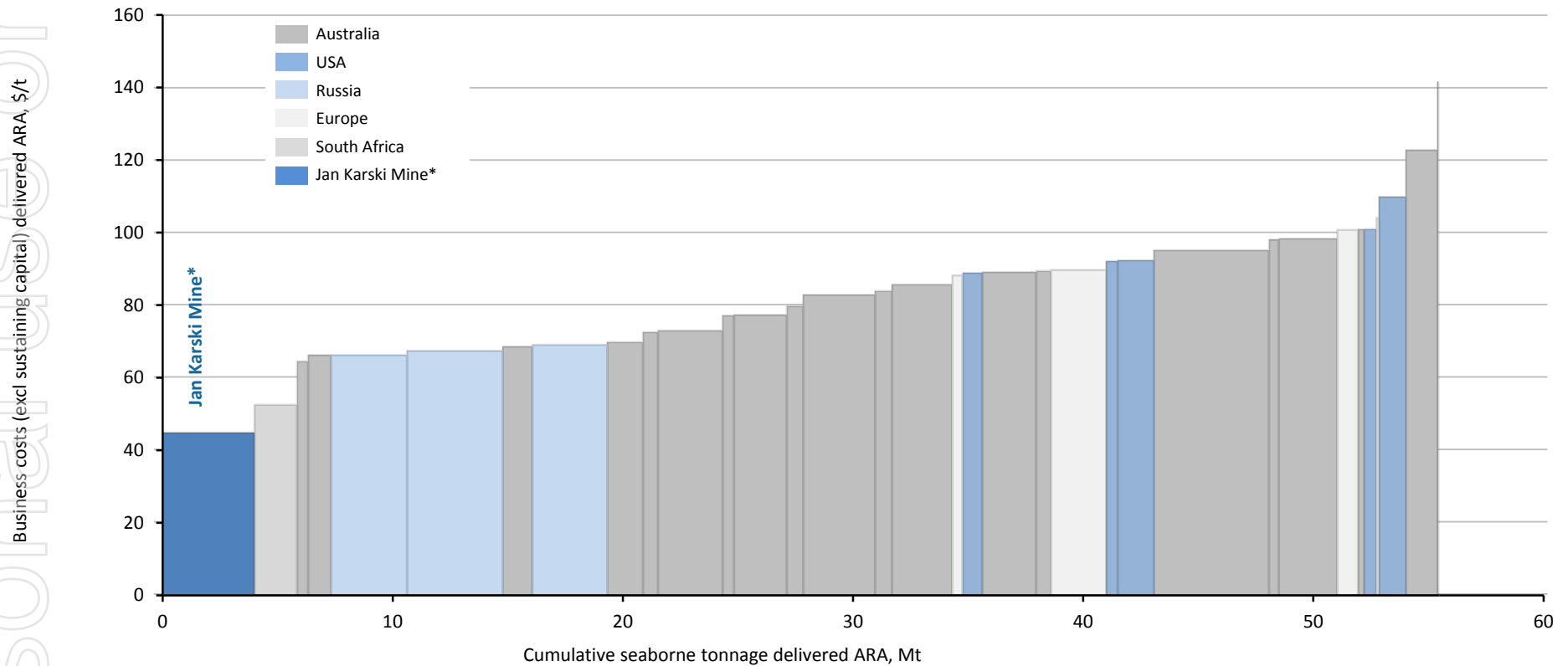
- Notes
- (1) Average annual EBITDA based on steady state production and long term price forecasts
  - (2) Assumptions: PLN:US\$ of 4.01 long term; Product split 60% coking and specialty coal, 40% thermal coal; Long term benchmark prices US\$93/t semi soft coking coal (FOB Aus), US\$75/t thermal coal (API2). Coal price forecast per CRU Coal Market Studies, Feb 2016
  - (3) Unit sustaining Capex (Steady State Average) of US\$3.43/t
  - (4) PFS Results Announcement: [http://www.pdz.com.au/uploads/1/7/9/6/17961663/160308\\_lcp\\_pfs\\_results\\_announcement\\_final.pdf](http://www.pdz.com.au/uploads/1/7/9/6/17961663/160308_lcp_pfs_results_announcement_final.pdf)



# LOWEST DELIVERED CASH COSTS INTO KEY EUROPEAN MARKETS

Jan Karski Mine is projected to have an average operating cash cost of US\$24.96 per tonne FOR at steady state production; Semi-soft coking coal product from Jan Karski is anticipated to be at the bottom of the global cash cost curve for semi-soft coking coal delivered to ARA

Semi-soft coking coal quality adjusted costs delivered ARA\*, 2015



Source: CRU; Jan Karski PFS March 2016

\*Jan Karski costs based on site costs at \$25/t + rail cost to Gdansk (\$11.7/t) + ship loading (\$4/t) + shipping to ARA (50,000dwt bulk carrier) at \$4.2/t

# LOW CAPITAL INTENSITY

The Jan Karski Mine is located in one of the best serviced and infrastructure advantaged coal regions globally, leading to low capital intensity; all major capital items in the PFS are based on a combination of indicative quotes from major industry suppliers or estimates from industry experts

## Capital Cost Summary (US\$m)

<b>Shaft Costs (Sinking &amp; Furniture)</b>	<b>233.3</b>
Underground Development Drivages	34.1
Underground Infrastructure & Ancillary Equipment (Belts, Ventilation, Electrics, Power Centers)	87.6
Capitalised Pre-Production Expenses (Labour, Power etc.)	66.7
<b>Other Underground Mine Development</b>	<b>188.4</b>
CHPP & Waste Management	45.5
Mine Surface Facilities & Infrastructure (Buildings, Roads)	90.5
<b>Total CHPP and Surface Facilities</b>	<b>135.9</b>
EPCM, Owners' Costs and Contingency	74.1



# HIGH QUALITY TRANSPORT INFRASTRUCTURE

Rail and port studies confirm ample capacity, accessibility and low costs of regional infrastructure

## Rail accessibility

- High quality rail lines connect the Lublin region with the rest of Europe
- Direct access to major European markets including Germany, Czech Republic and Ukraine



## Underutilised port capacity

- Port of Gdansk located 520km from project by rail with approximately 15mtpa spare coal export capacity
- Provides further access to wider seaborne markets



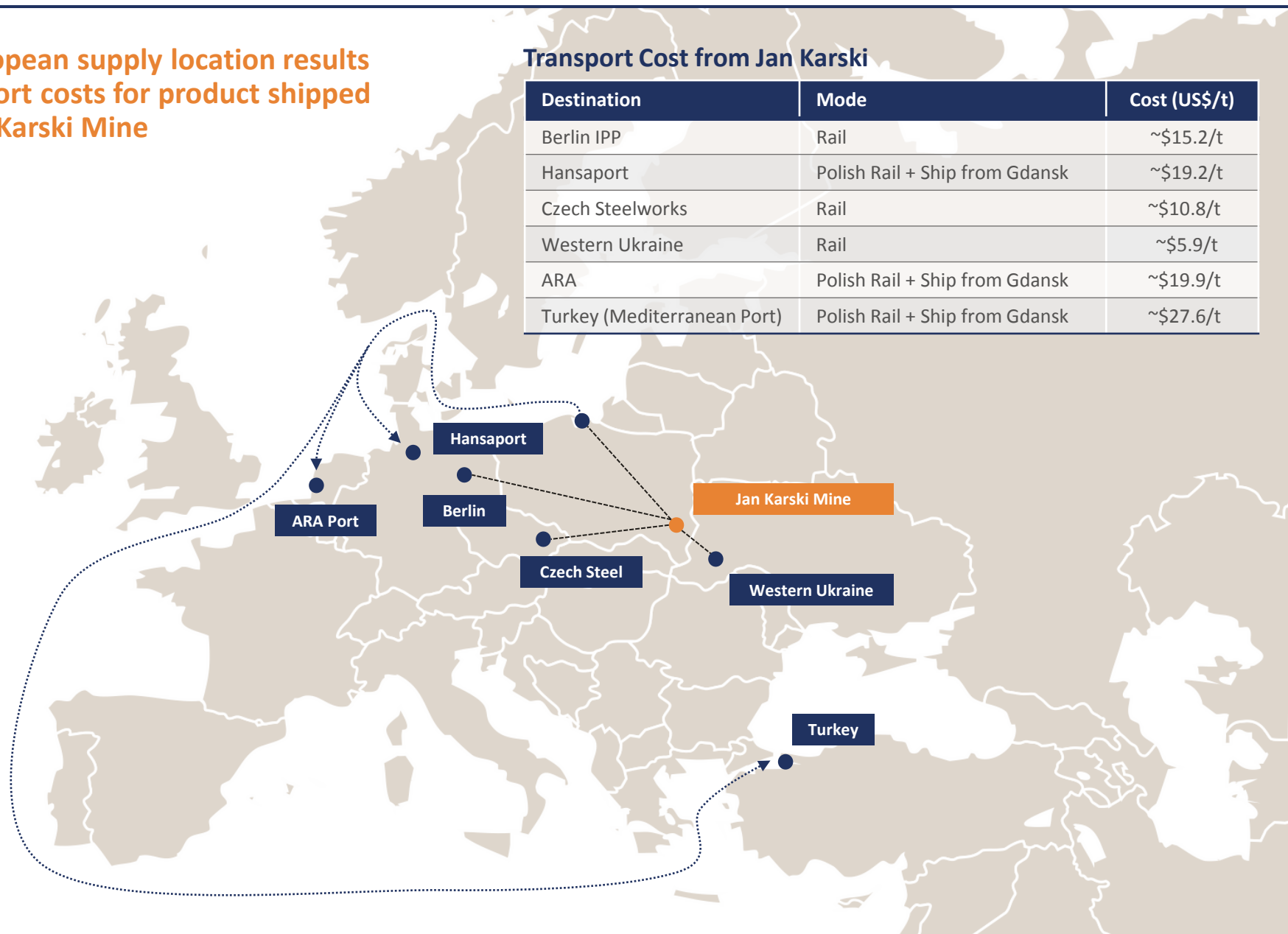


# FAVOURABLE REGIONAL TRANSPORT COSTS

Strategic European supply location results in low transport costs for product shipped from the Jan Karski Mine

Transport Cost from Jan Karski

Destination	Mode	Cost (US\$/t)
Berlin IPP	Rail	~\$15.2/t
Hansaport	Polish Rail + Ship from Gdansk	~\$19.2/t
Czech Steelworks	Rail	~\$10.8/t
Western Ukraine	Rail	~\$5.9/t
ARA	Polish Rail + Ship from Gdansk	~\$19.9/t
Turkey (Mediterranean Port)	Polish Rail + Ship from Gdansk	~\$27.6/t



Source: CRU  
 Note: based on PLN:USD  
 fx 4:1 fx and sea freight  
 rates as of February 2016

Personal use only

# JAN KARSKI MINE – CHINA COAL STRATEGIC CO-OPERATION AGREEMENT

In November 2016, Prairie and China Coal entered into a financing and construction co-operation agreement for the Jan Karski Mine

## Jan Karski is Significantly De-risked

- i. Bankable Feasibility Study to be completed by mid-2017 to form basis of Chinese bank finance credit approval
- ii. Intention to then enter into an EPC contract under which China Coal No.5 Construction Company Ltd. (“CC5C”) will construct the Jan Karski Mine
- iii. Relevant Polish content to be incorporated into design and construction

## Prairie teams up with World-Leading Partner

- China Coal is the 2<sup>nd</sup> largest coal mining company in China
- One of most advanced and prolific shaft sinking and coal mine construction companies globally
- More than 300 major shafts built globally including shaft sinking at Vedanta PLC’s Sindesar Khurd Lead-Zinc Mine

## Poland is a key “One Belt Economy” for China

- Poland considered a key “One Belt Economy” important to Chinese economic access to Europe through President Xi Jinping’s “One Belt, One Road” initiative
- Chinese and Polish Leaders met in June 2016 including signing of cooperative treaties, opening of a China-Poland trade forum and welcoming of freight trains linking Chengdu and Łódź



Prairie Mining team visit CC5C shaft sinking site in China

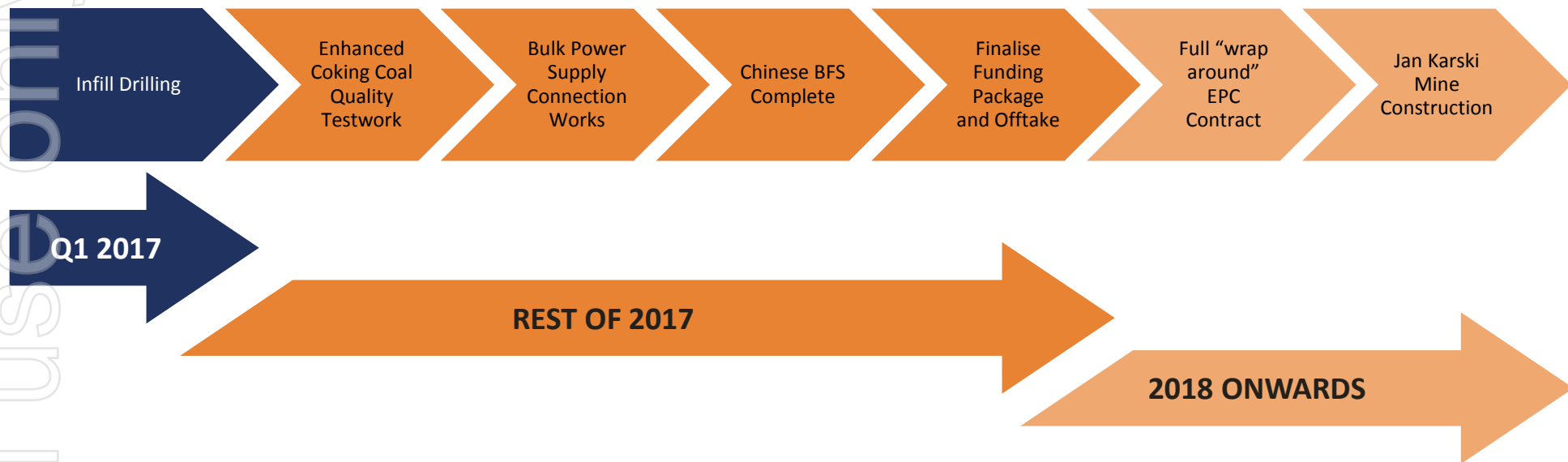


8 Mtpa Coal Mine Shaft - CC5C project utilizing ground freezing



China's President Xi Jinping, left, and President of Poland Andrzej Duda shake hands after signing a cooperation treaty

# NEXT STEPS AT JAN KARSKI





# TIER 1 COKING COAL PROJECTS WITH UNPARALLELED ACCESS TO HIGHLY FAVOURABLE REGIONAL MARKETS

## Two Large Scale, Long Life Coking Coal Assets in Proven Coal Basins



- Debiensko's 301Mt Premium Hard Coking Coal Resource to produce 2.6Mtpa over 26 years for a pre-tax NPV of US\$1.5Bn
- Jan Karski's has 783Mt JORC Resource with a PFS demonstrating a 170Mt recoverable coal Reserve to produce 6.3Mtpa coal over 24 years with a pre-tax NPV of US\$1.8Bn
- Minimal capital expenditure on infrastructure required at both projects

## Lowest Cash Cost Projects with High Operating margins



- Lowest position on cost curves means Prairie's assets provide profitability throughout the commodity cycle
- Debiensko average cash cost of US\$47/t versus LT hard coking coal price forecast of US\$142/t
- Jan Karski average cash cost of US\$25/t (FOR) versus LT semi-soft coking coal price forecast of US\$99/t
- both projects enjoy significant netback pricing premium advantages given proximity to regional customers

## High Quality Product with Excellent Market Access



- Highly desirable suite of coking coals widely used by European steelmakers
- Debiensko capable of producing mid and low vol premium hard coking coal comparable to those produced by the large diversified miners
- Recent enhanced Jan Karski coking coal testwork demonstrates the potential to produce high value ultra low ash semi-soft coking coal that potentially will achieve a 10% premium to international benchmark prices
- Both projects have access to highly favourable regional European markets

## Coking Coal is a Critical Raw Material for Europe



- Coking coal classified as "Critical Raw Material" by European Commission – commodity of 2<sup>nd</sup> highest economic importance to Europe
- European Coking Coal market relies of imports for 85% of coking coal needs
- Domestic European supply to continue to diminish concurrently with Prairie's projects moving to production

ersonal use only

---

# APPENDIX

# WHAT MAKES A WORLD CLASS TIER 1 COKING COAL PROJECT?

Comparison of Emerging Coking Coal Projects

Coking Coal Project	Primary Owner (Ticker)	Sovereign Risk	High Quality Product	Globally Significant Scale	Long Life Asset	1st Quartile Cash Costs	Compelling Economics	Major Infrastructure in Place
		Country	Coking Coal Product	Annual Coking Coal Production > 2.5Mt	Mine Life > 20 years	Cash Costs < US\$50/t	NPV/Capex > 2x	
Debiensko	Prairie Mining (PDZ)	Poland	95% Premium HCC	✓	✓	✓	✓	✓
Jan Karski	Prairie Mining (PDZ)	Poland	75% SSCC	✓	✓	✓	✓	✓
Amaam North (Project F)	Tigers Realm Coal (TIG)	Russia	71% SHCC	✗	✓	✓	✗	✗
Amaam	Tigers Realm Coal (TIG)	Russia	High vitrinite CC	✓	✓	✗	✗	✗
Bumi Barito	Cokal (CKA)	Indonesia	82% CC	✗	✗	✗	✗	✗
Crown Mountain	Jameson Resources (JAL)	Canada	84% HCC	✗	✗	✗	✗	✓
Lochinvaar	New Age Exploration (NAE)	UK	100% HCC	✗	✓	✗	✗	✓
Makhado	Coal of Africa (CZA)	South Africa	40% CC	✗	✗	✗	✗	✓
Ovoot	Aspire Mining (AKM)	Mongolia	100% CC	✓	✓	✗	✗	✗
Vele	Coal of Africa (CZA)	South Africa	24% SSCC	✗	✗	✗	✗	✓

Source: Company reports; Industry reports



# PRAIRIE IS UNLOCKING VALUE BY INTRODUCING INTERNATIONAL BEST PRACTICE

Prairie is introducing modern mine design, operations management and technology to deliver substantial productivity, coal quality and production cost improvements

- Lowest cash costs of production at both Tier 1 assets can be achieved through substantially higher labour productivity compared to incumbent Central European coal producers
- Significant opportunity exists to improve labour productivity through technological improvements, optimising staffing levels, and utilising appropriate shift patterns that minimise down-time, as typical of coal mining operations in Australia and the USA

## International Longwall Coal Mine Labour Productivity Comparison

Country / Project	Tonnes / man / year
USA	10,000
Australia	7,000
<b>Jan Karski Mine (per PFS)</b>	<b>~3,750</b>
<b>Debiensko (per Scoping Study)</b>	<b>~1,920</b>
Bogdanka Mine – adjacent to Jan Karski	1,826
Budryk Mine – adjacent to Debiensko	1,193
Polish Coal Mine Average	770

## MID-VOL PRODUCT

*Debiensko Mid-vol HCC comparable to Australian Goonyella brand and medium volatile coals produced in Poland today by JSW*

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	-	-
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-VOL PRODUCT

*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)*

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



## COMPETENT PERSONS STATEMENTS

### Competent Persons Statements – Debiensko Hard Coking Coal Project

The information in this presentation that relates to Mining, Coal Preparation, Infrastructure, Production Targets and Cost Estimation was extracted from Prairie's 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 Prairie's announcement dated 1 February 2017 entitled "Maiden 301 Million Tonnes Hard Coking Coal Resource Confirmed At Debiensko". Both announcements referred to above are available to view on the Company's website at [www.pdz.com.au](http://www.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). Mr Velzeboer 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 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'.

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.

# COMPETENT PERSONS STATEMENTS

## Competent Persons Statements – Jan Karski Mine

The information in this presentation that relates to the Exploration Results, Coal Resources, Coal Reserves, Mining, Coal Preparation, Infrastructure, Production Targets and Cost Estimation was extracted from Prairie’s announcement dated 8 March 2016 entitled “Pre-feasibility Study Confirms LCP As One of The Lowest Cost Global Coal Suppliers Into Europe” which is available to view on the Company’s website at [www.pdz.com.au](http://www.pdz.com.au).

The information in the original announcement that relates to Coal Reserves, Mining, Coal Preparation, Infrastructure, Production Targets and Cost Estimation is based on, and fairly represents, information compiled or reviewed by Mr Stephen Newson, a Competent Person who is a Chartered Engineer and Fellow of the Institute of Materials, Minerals and Mining (UK) and has a 1st Class Mine Manager’s Certificate of Competency. Mr Newson is employed by independent consultants Golder Associates (UK). 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’.

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 Samuel Moorhouse, a Competent Person who is a Chartered Geologist and is employed by independent consultants Royal HaskoningDHV UK Limited. Mr Moorhouse 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’.

Prairie confirms that: a) it is not aware of any new information or data that materially affects the information included in the original announcements; b) all material assumptions and technical parameters underpinning the Coal Resource, Coal Reserve, Production Target, and related forecast financial information derived from the Production Target included in the original announcements continue to apply and have not materially changed; and c) the form and context in which the relevant Competent Persons’ findings are presented in this presentation have not been materially modified from the original announcements.

The information in this presentation that relates to the Coking Coal Exploration Results was extracted from Prairie’s announcement dated 1 May 2017 entitled “Coking Coal Quality Results Establish Jan Karski As a High Value Ultra-Low Ash Coking Coal Mine” which is available to view on the Company’s website at [www.pdz.com.au](http://www.pdz.com.au). The information in the original announcement that relates to Coking Coal Exploration Results 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 part 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’.

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

---

# CONTACT DETAILS

Ben Stoikovich, Chief Executive Officer

+44 207 478 3900

Artur Kluczny, Group Executive – Poland

+48 22 351 73 80

Sapan Ghai, Corporate Development

+44 207 478 3900 | [info@pdz.com.au](mailto:info@pdz.com.au)

<b>London Office:</b>	Unit 1C, 38 Jermyn Street   London   SWY1 6DN
<b>Warsaw Office:</b>	Ul. Wspólna 35 lok. 4   Warsaw   00-519
<b>Karbonia Office:</b>	Ul. 3 Maja 44   Czerwionka-Leszczyny   44-230
<b>Registered Office:</b>	Level 9, BGC Centre, 28 Esplanade   Perth   WA   6000
<b>Website:</b>	<a href="http://www.pdz.com.au">www.pdz.com.au</a>
<b>ABN:</b>	23 008 667 852
<b>ASX / LSE / WSE:</b>	PDZ