



SEPTEMBER 2016 QUARTERLY REPORT

HIGHLIGHTS:

Acquisition of Debiensko Hard Coking Coal Project

- Acquisition of fully permitted, “mine ready” project of significant global scale.
- Transformational acquisition marking Prairie’s entry into the hard coking coal sector, complementing Prairie’s advanced Jan Karski Mine, and creating a multi-project coal development company based in Poland to supply European industry.
- Strategic location in the steelmaking heartland of Europe where approximately 80% of current coking coal usage is imported.
- Debiensko comes with a 50-year mining concession, established on-site facilities including rail, road and power infrastructure, comprehensive historical drilling data and all environmental consents.
- As a brownfield development project, significant historical capital investment positions Debiensko to become a meaningful, near-term regional hard coking coal producer.
- Through this acquisition, Prairie acquires a highly experienced team of Polish mining specialists including engineers, mine managers, mine planners, geologists, surveyors and environmental specialists that brings substantial synergies to expedite permitting and development of Prairie’s flagship Jan Karski Mine.

Jan Karski Mine (formerly Lublin Coal Project)

- Discussions with strategic partners, EPC contractors, global project finance banks and potential offtakers continue following the excellent results of the pre-feasibility study published in March 2016.
- Permitting process for the Mining Concession application continues including:
 - Completion of the draft Deposit Development Plan.
 - Substantial progress on procedures related to environmental permitting and local land rezoning. Continued land acquisition process aimed at securing access to the planned surface infrastructure sites for project development.
 - Application progressing for a power grid connection for the Jan Karski Mine with the regional power distributor.
 - Advancement of the planned railway spur line connection to the national railway network which was officially included in the Lublin Regional Development Strategy.
- Hydrogeological analysis continued in order to provide enhanced hydrogeological data for the ESIA.

Other:

- Coal is widely recognised to be the best performing commodity in 2016, with prices forecast to stabilise at higher levels over the medium term. Since the start of the year, hard coking coal prices have increased by more than 180%, semi-soft coking coal by more than 85% and thermal coal by almost 100%.
- Coking coal continues to be classified by the European Commission as the third most economically important “critical raw material” for the European economy.

- As at 30 September 2016, Prairie has cash on hand of A\$16.8 million and is in a strong financial position to progress with its planned development activities.

NEXT STEPS:

- Undertake a work program to review all historic data at Debiensko including 3D geological modelling, and release a maiden JORC Resource Estimate.
- Commence a focused in-fill drill program to increase JORC indicated resources to support feasibility studies for Debiensko.
- Confirm potential of premium hard coking coal quality through detailed analysis and coal quality benchmarking.
- Deliver a re-engineered mine plan to produce a feasibility study to international standards with a focus on near term production on Debiensko.
- Continue to advance financing discussions with strategic partners, EPC contractors, global project finance banks and potential offtakers to structure a development financing package for the Jan Karski Mine.
- Progress the Mining Concession process for the Jan Karski Mine, including the rezoning of land for mining use and the ESIA for the project and submission of these to the relevant authorities for approval. Once approved the Company will formally lodge its Mining Concession application for the Jan Karski Mine.
- Other required project development activities including land acquisition at the Jan Karski Mine.
- Study activity across the Jan Karski Mine specifically aimed at improving knowledge of hydrogeological conditions and confirming the definitive shaft site location.



Figure 1 – Prairie’s project Locations

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DEBIENSKO HARD COKING COAL PROJECT

As announced on 11 October 2016 Prairie Mining Limited (“**Prairie**” or “**Company**”) acquired the Debiensko Hard Coking Coal Project (“**Debiensko**” or “**Project**”), a fully permitted, hard coking coal project located in the Upper Silesian Coal Basin in the south west of the Republic of Poland was acquired by the Company. The Project is located approximately 40km from the city of Katowice and 30km 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 suspended 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 in order for the Project to comply with Polish mining standards and with the aim of accessing and mining hard coking coal seams. In 2007, the Minister of Environment of Poland approved the development plan and in 2008 granted NWR a 50-year mine license for Debiensko.

Revised Development Approach

Following detailed technical due diligence by Prairie, the Company is confident that a revised development approach would allow for the early mining of profitable coal seams, whilst minimising upfront capital costs. This is likely to include focusing on a smaller area of Debiensko to target coal seams that are more readily accessible. Prairie has proven expertise in defining commercially robust projects and applying international standards in Poland.

Prairie has reported an Exploration Target for this target area in accordance with the JORC Code (2012).

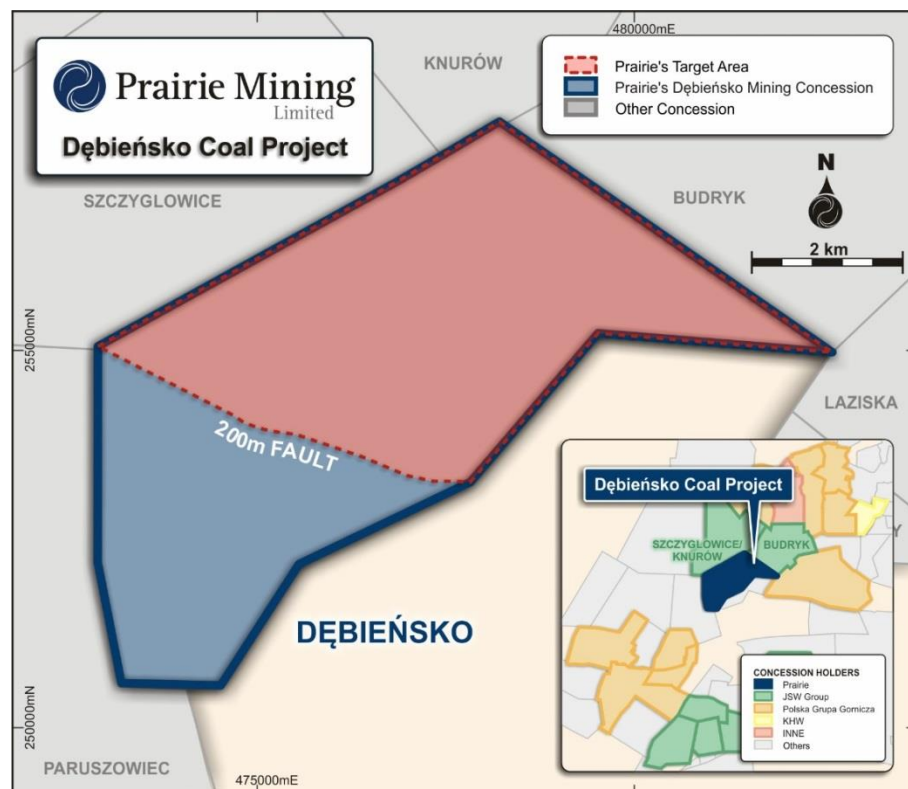


Figure 2 – Debiensko Project Licence and Target Area

Exploration Target Range

Extensive drilling was carried out historically at Debiensko and historical resources published to Polish reporting standards (non-JORC). Prairie's Exploration Target has been estimated for the following seams 401/1, 401/2, 402/1, 403/1, 403/2, 404/3, 404/5, 404/9, 405, 406/1, 407/2, 407/3, 408/1, 408/3, 408/5 and 409/1. To allow for possible geological and modelling uncertainty a deduction of 20% has been applied to give the range of tonnages reported below.

The tonnages in Table 1 below are for the seams that have been assessed and for which there has been insufficient exploration to be considered as resources at this time. The figures therefore represent the potential which is dependent on further exploration and a work program to review all historic data at Debiensko.

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

* Depths are from surface – c250 m above datum
 **Figures are reported to the nearest 10 Mt which is deemed appropriate for this level of estimation
 ***Figures are reported to one decimal place which is deemed appropriate for this level of estimation
The potential quantity and grade of the exploration targets are conceptual in nature and there has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource.

Potential Coal Quality

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

Table 2 below gives the potential range of weighted average seam qualities on an air dried basis. It was standard practice, at the time of sampling, to include dirt partings up to 5 cm in thickness in the coal sample, however, if the percentage ash was greater than 12% the sample was washed before further analysis. Partings greater than 5 cm in thickness were not analysed.

Table 2: Potential Debiensko Coal Qualities			
Quality*	Exploration Target Range to 1,100 m	Exploration Target Range from 1,100 to 1,250 m	Weighted Average Whole Exploration Target Range (+/- 20%)
Moisture	0.6 – 1.7	0.7 – 1.6	0.7 – 1.1
Ash	5.2 – 15.9	4.8 – 14.9	6.3 – 9.5
Volatile Matter	20.3 – 27.1	17.8 – 26.1	18.1 – 27.1
Sulphur	0.4 – 1.2	0.4 – 1.1	0.6 – 0.8
FSI	6 – 7½	5 – 8	5½ – 8

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

The above potential ranges of weighted average seam qualities are comparable to qualities of internationally traded benchmark Medium Volatile Matter and Low Volatile Matter coals. This is illustrated in Table 3 overleaf.

Table 3: Coking Coals Comparison including Debiensko Weighted Average Range to 1,250m							
Quality	Debiensko (Poland) (+/- 20% weighted ave. range)	Goonyella (Australia) Mid Vol	Peace River (Canada) Mid Vol	Peak Downs (Australia) Low Vol	Blue Creek (USA) Low Vol	JSW-Zoflowka (Poland) Type 35	JSW-Jas Mos (Poland) Type 35
Ash	6.3 – 9.5	8.9	8.0	10.0	8.4	8.5	7.8
Volatile Matter	18.1 – 27.1	23.8	27.5	20.5	19.0	22.2	21.4
Sulphur	0.6 – 0.8	0.52	0.70	0.60	0.60	0.55	0.56
FSI	5½ – 8	8	7	8½	7	7	7½

Infrastructure

As part of the transaction, Prairie has acquired approximately 15Ha of land and all related facilities critical to the development of the Project. Significant historical capital investment positions Debiensko to become a meaningful and near term regional hard coking coal producer.

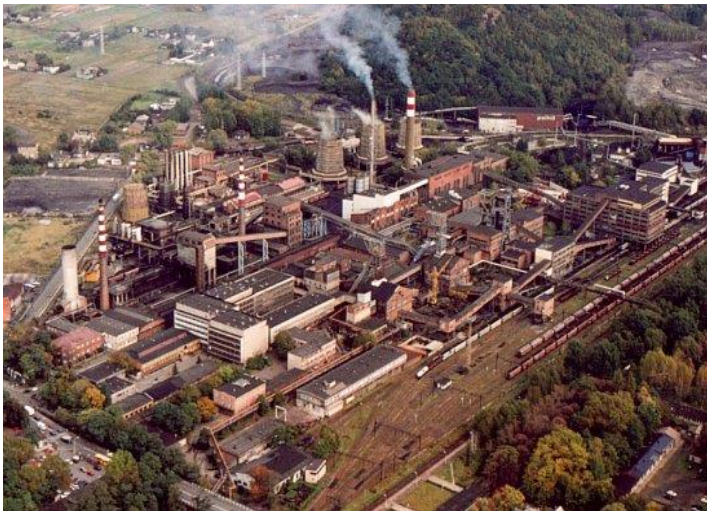


Figure 3 – Aerial view of Debiensko Site an existing infrastructure



Figure 4 – Rail Yard at Debiensko

With existing site facilities and necessary infrastructure including power, water, rail and road in addition to the mining concession, environmental consent and local planning all being in place, the Project is considered “development-ready”.

The Debiensko mine was previously connected to the main Polish rail network and a currently inactive railway siding is still in place and in sound condition. Poland is served by ~23,420 kilometres (14,550 mi) of railway tracks using standard international gauge, and provides rail connections to major regional end users of coking coal and for export. Further, asphalt roads surround and connect the Debiensko mine site to the major road network.

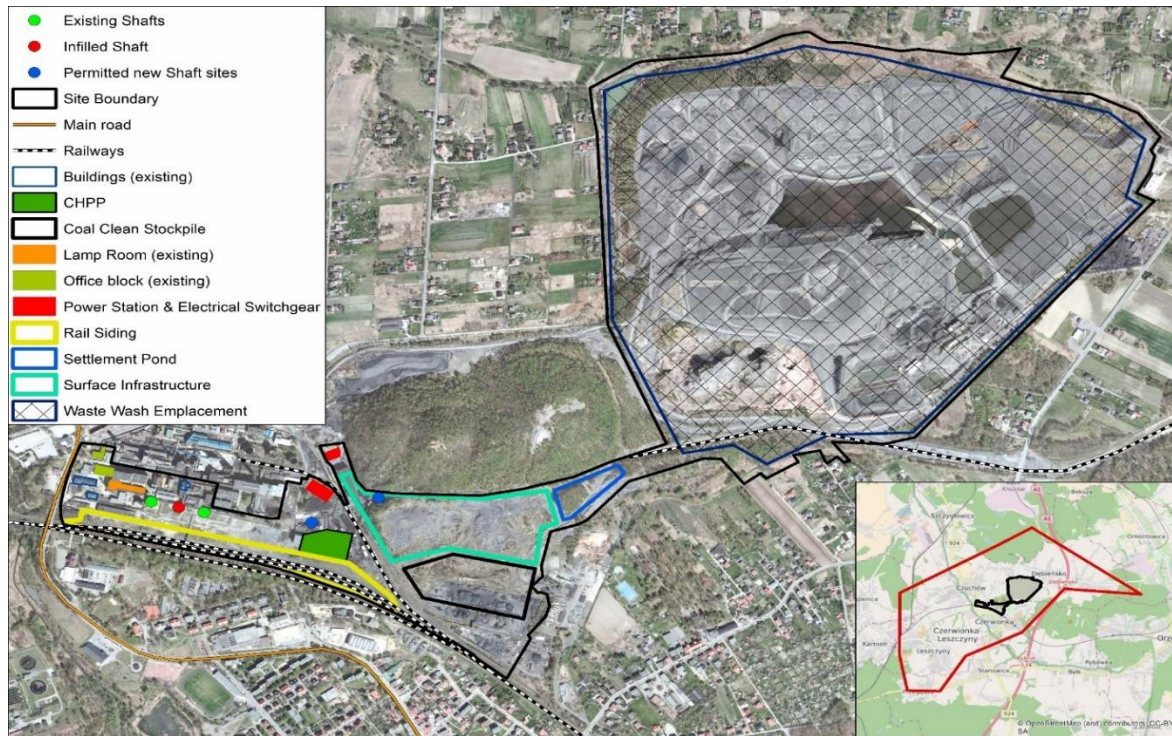


Figure 5 – Existing Site Facilities and Infrastructure

Debiensko Next Steps and Work Program

Prairie is currently undertaking a detailed review of historic exploration, geophysical survey, drilling, coal quality, and development data acquired through this transaction including 3D geological modelling in order to establish a maiden hard coking coal resource in accordance with the JORC Code (2012). Once established, the Company will undertake a focused infill core drilling program to support JORC-compliant resource estimates which will form the basis for upcoming feasibility studies

With Debiensko, Prairie has successfully acquired a full project team of Polish mining specialists who are part of the existing Debiensko team. Since, under Polish Law, Debiensko is a fully permitted mine site, Prairie now retains the employment of a mine manager and chief engineer amongst other crucial positions who will integrate with Prairie’s world class team to re-engineer the Project.

JAN KARSKI MINE (formerly Lublin Coal Project)

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).

Deposit Development Plan

The DDP has been completed and has been submitted to local Polish experts for their review and optimisation. The DDP is then expected to be submitted for final review and approval by the relevant government authorities in early 2017.

The DDP is a standard mine technical and economic study as prescribed by Polish mining regulations. The DDP is required to document the proper management and extraction of resources and will be submitted to the relevant Polish government mining authority for their review prior to the grant of a mining concession at the Jan Karski Mine.

The DDP includes economic assumptions based on the project's pre-feasibility study ("**PFS**") published in March 2016 (refer to announcement dated 8 March 2016) and is required to meet specific Polish geological standards as well as conforming with existing Polish mining regulation requirements.

As part of preparation of the DDP, the final selection of the site for mine surface infrastructure has been confirmed and will be used in both the spatial development permitting and the application for the environmental consent decision for the Jan Karski Mine.

Environmental and Social Impact Assessment

The ESIA for the Jan Karski Mine, which is currently progressing, will provide the relevant authorities with sufficient information to award the environmental consent decision. Prairie is currently on track to complete all environmental requirements and submit its ESIA to the regional authorities and expects to receive the Environmental Decision over the Jan Karski Mine's mining area in 2017.

The ESIA is an extensive study that includes a wide range of environmental monitoring programs, field surveys, ecosystem sensitivity assessments, socio-economic surveys and a detailed community study and stakeholder engagement plan.

Land Rezoning

As part of the PFS and DDP, Prairie finalised the site location for the Jan Karski Mine, which was selected based on geological, mining, transport and commercial considerations. In relation to the site location, commencement of the spatial planning procedure has been initiated following substantial progress in acquiring land for the planned mine site.

OTHER

Prairie Downs Metals Project ("BMP**")**

During the quarter, Prairie altered the terms of the farm-in agreement ("**Farm-In Agreement**") with Marindi Metals Limited ("**Marindi**") for the sale of the BMP. Under the terms of the Farm-In Agreement, Marindi can earn a 100% interest in the BMP by electing to pay Prairie in three cash instalments as follows: (i) \$0.5 million (received on 27 May 2015); (ii) \$0.325 million (received 30 September 2016); and (iii) \$0.325 million on or before 31 March 2017.

The Farm-In Agreement allows Prairie to focus 100% of its time and resources on its Polish coal operations. Upon completion, Prairie will retain a 2.5% Net Smelter Royalty.

Financial Position

As at 30 September 2016, the Company had cash reserves of approximately A\$16.8 million, placing the Company in a strong position to complete its planned development activities.

EXPLORATION TENEMENT INFORMATION

On 1 July 2015, Prairie 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 Lublin 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 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 the Project. Prairie's geological documentation did not include the Sawin-Zachód concession which may be added at a later date.

As at 30 September 2016, the Company has an interest in the following tenements:

Location	Tenement	Percentage Interest	Status	Tenement Type
Jan Karski Mine, Poland	Lublin Coal Project Mine Plan Area	100	Granted	Exclusive Right to apply for a mining concession
Jan Karski Mine, Poland	Kulik (K-4-5)	100	Granted	Exploration
Jan Karski Mine, Poland	Cycow (K-6-7)	100	Granted	Exploration
Jan Karski Mine, Poland	Syczyn (K-8)	100	Granted	Exploration
Jan Karski Mine, Poland	Kopina (K-9)	100	Granted	Exploration
Jan Karski Mine, Poland	Sawin-Zachód	100	Granted	Exploration
Prairie Downs, WA	E52/1758	100*	Granted	Exploration
Prairie Downs, WA	E52/1926	100*	Granted	Exploration

* The Company has entered into a farm-in agreement to assign and divest up to 100% interest in the Prairie Downs Project

Subsequent to the end of the quarter, the Company completed the acquisition of Debiensko in Poland which has a 50-year mining concession.

Competent Person Statements

The information in this announcement that relates to Exploration Targets is based on, and fairly represents information compiled or reviewed by Mr Jonathan O'Dell, a Competent Person who is a Member of The Australasian Institute of Mining and Metallurgy. Mr O'Dell is a full time consultant of the Company. Mr O'Dell has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr O'Dell consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

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.

Appendix 1 – Exploration Target Additional Information

Sources of Information

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

Site Visits

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

Topography, Elevation, Vegetation and Climate

The Upper Silesian Coal Basin is located in the south-western part of Poland and towards the border with the Czech Republic. The concessions are located in a relatively flat-lying area at elevations of between 230 – 320 mASL (metres above sea level). The Bierawka River flows northwards through the area eventually joining the Odra River.

The dominant land use comprises of arable land and partly forested areas with mature and immature trees making up some 80% of the area. The remaining area is largely rural housing with small villages and industrial/post industrial (mining) development.

The climate in Poland is influenced by both European maritime and Eastern Europe continental air masses. The region in the south west of Poland can be categorised as having a cool continental climate. The warmest months are from May to September, with temperatures ranging 10°C to 25°C. The coldest months are usually from November to March with temperatures in the range 7°C to -7°C.

History of Exploration

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

Historical Tonnage Estimates

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

Geological Setting and Coal Seams

The Debiensko Licence area is situated in The Upper Silesian Coal Basin which contains a thick, up to 8,500 m, sequence of Upper Carboniferous sediments. These have been subject to folding and faulting during the Variscan Orogeny. The upper surface of the Carboniferous sediments now forms an angular unconformity overlain by strata with ages varying from Permian to Quaternary. Igneous intrusions occur in some parts of the Basin but are not known in the area of Debiensko.

The sediments of the 400 Series are mudstone/claystone/siltstone dominated with occasional fine to medium grained sandstones from a few to several 10s of metres in thickness. Seam roofs and floors are generally mudstone/claystone. There are over 30 seams within the series varying from a few centimetres to several metres in thickness. This Estimation has focussed on 16 of the thicker and more laterally consistent seams.

Structural Geology

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

Assessment of Coal Seams

Geological modelling

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

Constraints/Cut Offs

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

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

Future Exploration

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

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

23 008 677 852

Quarter ended ("current quarter")

30 September 2016

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(835)	(835)
(b) development	-	-
(c) production	-	-
(d) staff costs	(573)	(573)
(e) administration and corporate costs	(178)	(178)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	93	93
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) investor relations	(60)	(60)
1.9 Net cash from / (used in) operating activities	(1,553)	(1,553)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-

Mining exploration entity and oil and gas exploration entity quarterly report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
	(d) other non-current assets	-	-
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	325	325
	(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):	-	-
2.6	Net cash from / (used in) investing activities	325	325

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	-	-
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	-	-

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	18,062	18,062
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,553)	(1,553)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	325	325
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-

Mining exploration entity and oil and gas exploration entity quarterly report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	(1)	(1)
4.6	Cash and cash equivalents at end of period	16,833	16,833

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	5,333	10,062
5.2	Call deposits	11,500	8,000
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)	16,833	18,062

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	(179)
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-
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.

Mining exploration entity and oil and gas exploration entity quarterly report

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	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.		

Not applicable.

9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	(500)
9.2 Development	-
9.3 Production	-
9.4 Staff costs	(500)
9.5 Administration and corporate costs	(150)
9.6 Other (provide details if material)	-
9.7 Total estimated cash outflows	(1,050)

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	-	-	-	-
10.2 Interests in mining tenements and petroleum tenements acquired or increased	-	-	-	-

Farm-In Agreement for the Prairie Downs Base Metals Project ("BMP")

During the quarter, Prairie altered the terms of the farm-in agreement ("Farm-In Agreement") with Marindi Metals Limited ("Marindi") for the sale of the BMP. Under the terms of the Farm-In Agreement, Marindi can earn a 100% interest in the BMP by electing to pay Prairie in three cash instalments as follows: (i) \$0.5 million (received on 27 May 2015); (ii) \$0.325 million (received 30 September 2016); and (iii) \$0.325 million on or before 31 March 2017.

The Farm-In Agreement allows Prairie to focus 100% of its time and resources on its Polish coal operations. Upon completion, Prairie will retain a 2.5% Net Smelter Royalty.

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:
(Director/Company secretary)

Date: 31 October 2016

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.