Prairie Downs
Metals Limited

Lublin Coal Project

Company Presentation

September 2012

Investment Highlights

Prairie Downs Metals Limited

Large Lublin Coal Basin Position

18,200 ha (182km^2)

- Granted Coal Exploration Concessions in South East Poland from the Ministry of Environment
- Lublin Coal Basin is an emerging source of indigenous European coal supply
- Concessions located adjacent to the expanding Bogdanka coal mine – targeting production of 11.5mtpa by 2014

Strategic European Coal Supply

✓

- Lublin Coal Basin could potentially be a strategic source of European coal supply
- European countries currently import ~135mtpa of coal from South Africa, Russia, Colombia and USA

Potential High ARA linked Prices

✓

- ARA benchmark price is affected by seaborne supply/demand trends from both the Pacific and Atlantic markets
- Potentially could provide for significantly higher pricing /margins compared with international peers in South Africa, Colombia and Russia

Leveraged Enterprise Value

✓

- A$15m of cash and listed shares (10 million Papillion Resource Ltd (ASX: PIR)) provide access to a strong working capital position
- 104 million share on issue with a resulting A$36 million market capitalisation

Polish Coal Project

Prairie Downs Metals Limited

Located in an emerging, strategic European high quality coal supply basin…

- 18,200 hectare Coal Exploration Concessions granted by the Ministry of Environment ("MOE") in South East Poland
- Poland is a first world country having gone through significant reform since the end of communism at the end of the 1980's
- Poland is the largest hard coal producer in the EU and is a key supplier of coal to its domestic market and neighbours
- Poland's power generation structure is largely dependant on coal (>90%)
- Lublin Coal Basin is a relatively new basin only having been explored and developed around the 1970-80's
- Historically coal production has been supplied from the Upper & Lower Silesian Basins but this production has been decreasing over the last decade due to increasing technical difficulties

Lublin Coal Basin

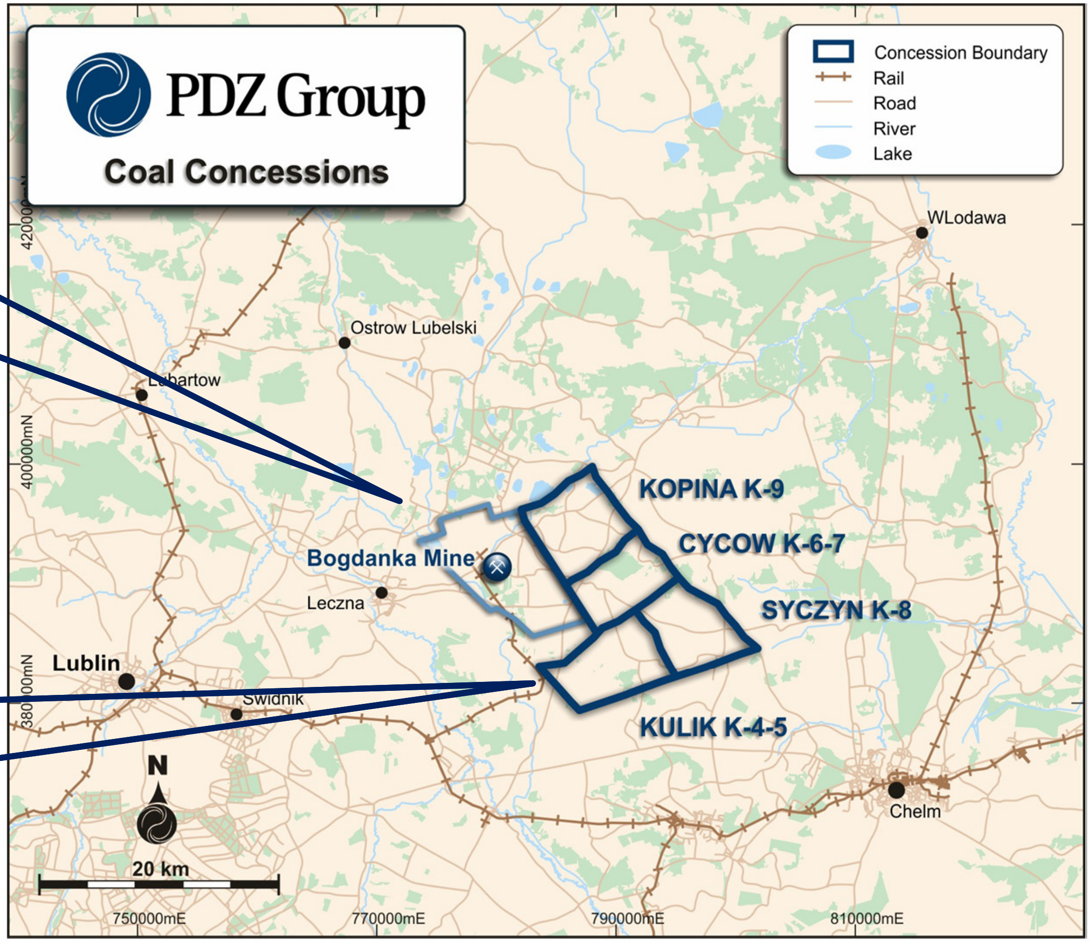
A proven high productivity coal region with rail and power infrastructure…

Bogdanka Coal Mine

- Lubelski Węgiel Bogdanka SA, is an 8mtpa thermal coal producer listed on the Warsaw Stock Exchange ("WSE")
- Announced plans by Bogdanka have them ramping up production to 11.5mtpa by 2014
- Bogdanka are currently the only producer in the Lublin Basin

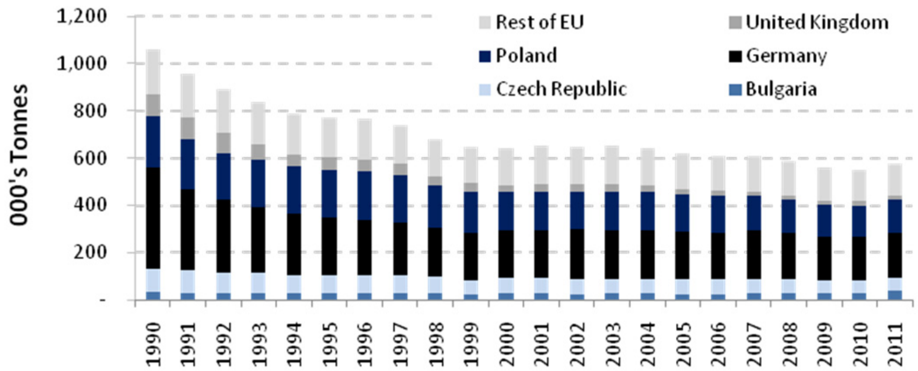
Coal Exploration Concessions

- Prairie has secured Coal Exploration Concessions over 18,200 hectares
- Excellent access to power and rail infrastructure
- Currently work program is focused on evaluating and acquiring the extensive drilling and analysis data which was completed by the government in the 1970-80's

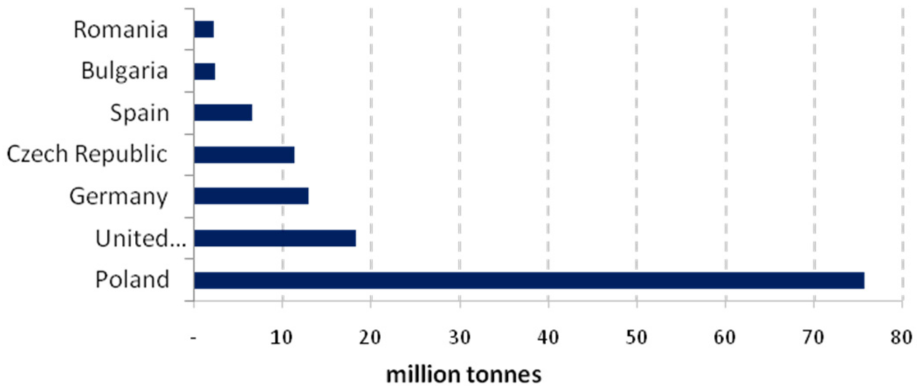


European Coal Supply

A true need for a new European coal supply basin…



European Hard and Lignite Coal Production (Source: BP Statistical Review 2012)

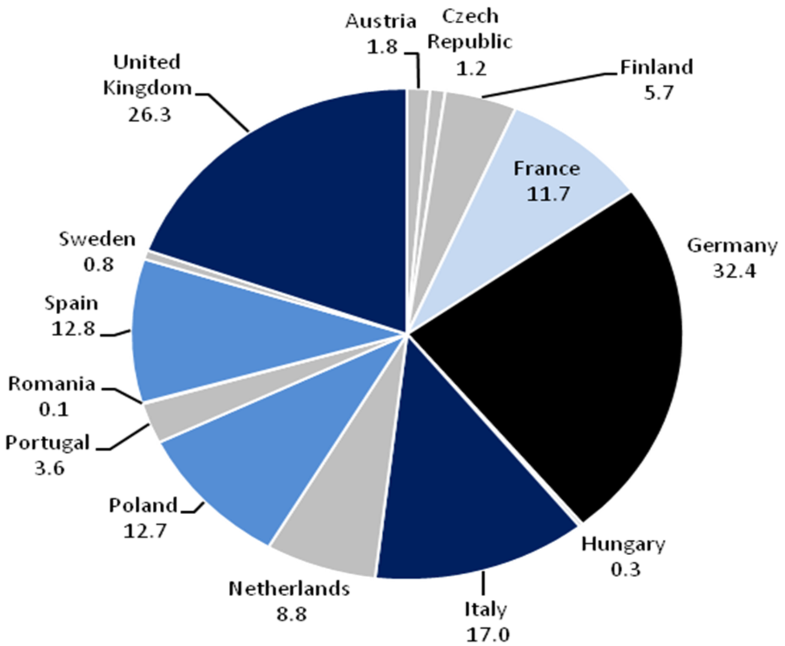


2011 Hard Coal Production (Source: Eurocoal)

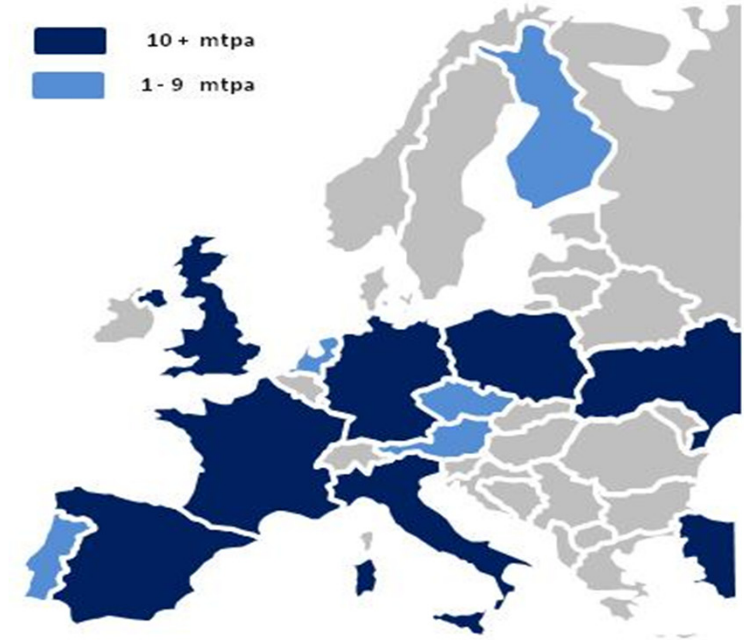
- Poland is the number one EU hard coal producer & seventh largest globally at ~75mtpa; it is viewed as a pro-coal nation
- European hard and lignite coal production for power generation has been on a decreasing trend
- Traditional basins in Europe including coal basins in Germany, UK and Poland that have been operating for hundreds of years are becoming too technically complex and costly
- Germany is expected to close all hard coal mines by 2018; affecting 18mtpa of hard coal production which will need to be imported
- Poland has significantly decreased both hard coal and lignite production from 200+ mtpa in the early 90's to ~140mtpa whilst still maintaining a high coal consumption
- Employment in the coal industry has decreased from over 300,000 in the 90's to ~110,000; providing for a oversupply of labor for new mines

European Coal Imports

Lublin Coal Basin well placed to be a strategic supply of European and Eurasian thermal coal demand…



European Coal Import Breakdown (Source: Eurocoal)



European Coal Imports (Source: Eurocoal 2012)

- EU-27 Imports of thermal coal currently total approximately 135 million tonnes, the largest of which is Germany at 32 million tonnes, with most of the supply coming from South Africa, Russia, Colombia and USA
- Poland has a strategic advantage over traditional sources of coal imports for European and Eurasian countries

European Coal Prices

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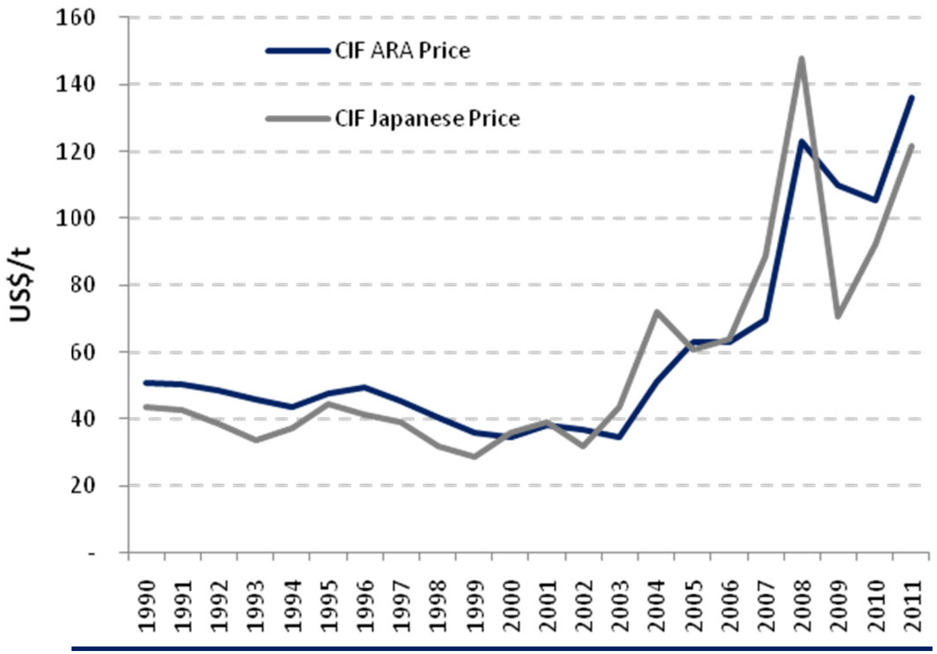
Potential price advantage over international coal producing peers supplying into Europe…



European v. Japanese Delivered Prices (Source: BP Statistical Review 2012)

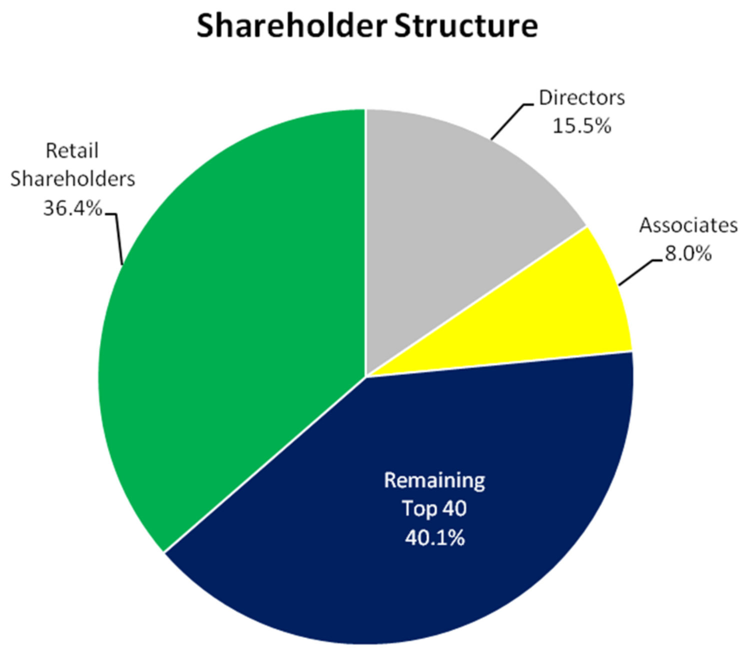
- Seaborne thermal coal supply is split into two major markets; Atlantic (i.e. European) & Pacific (Asian)
- Supply for the Pacific basin has its traditional sources in Australian, Indonesian, **South African** & **Russian** coal
- Supply for Atlantic basin has its traditional sources in **South African**, **Russian**, Colombian and USA coal
- South African and Russian coals can swing between basins with minimal differentials in freight costs
- Hence, Amsterdam-Rotterdam-Antwerp delivered prices (cif ARA) has historically tracked the Pacific basin prices i.e. delivered Japanese price

- An Amsterdam-Rotterdam-Antwerp delivered specification of coal supplied in Poland should be referenced off the ARA benchmark price
- With the increasing demand from India sourced from South Africa and more Russian & Colombian coal being exported into the Pacific basin the supply into Europe could become constrained
- Lublin Coal Basin could maintain a very low cost competitive position in the European supply curve and hence achieve potentially higher prices/margins than its coal producing peers in South Africa, Russia, Colombia and USA

Capital Structure

Tightly held capital structure with strong cash and liquid assets position…

Capital Structure (Pro Forma)	
Current Shares (post placement)	104,440,598
Market Capitalisation @ 34.5 cents	**~A$36 million**
Unlisted Options (15 cents, expiry 30 June 2015)	15,750,000
Unlisted Options (40 cents, expiry 30 June 2016)	1,500,000
Unlisted Options (25 cents, expiry 30 June 2016)	1,250,000
Cash and Marketable Securities	**~A$15 million**



Board & Executive Team

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Strong board with proven development experience in the resources sector…

Ian Middlemas Chairman	▪ Highly respected resource executive with extensive finance, commercial and capital markets experience ▪ Current Chairman of Equatorial Resources Limited, Berkeley Resources Limited & former Chairman of Coalspur Mines Limited and Mantra Resources Limited
Anastasios Arima Executive Director	▪ Resource company executive with experience in development and funding of resource companies ▪ Founder & former Executive Director of Coalspur Mines Ltd having been instrumental in developing Coalspur from a A$3 million market capitalisation to a A$1.2 billion market capitalisation company upon his departure – formally commences mid September 2012
John Welborn Director	▪ Highly respected resource company executive with extensive experience in project development, investment banking and capital markets ▪ Current Managing Director of Equatorial Resources Ltd (ASX: EQX) and previously a senior executive at Investec
Mark Pearce Director	▪ Resource company executive with substantial experience in the development and funding of listed resource companies ▪ Current director of a number of ASX listed companies including Equatorial Resources Limited and Sovereign Metals Limited & was formerly a Director and CFO of Coalspur Mines Limited and a founding director of Mantra Resources Limited

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