



Prairie Downs

Metals Limited | ASX: PDZ
ABN 23 008 677 852

ASX RELEASE

8 November 2012

EXPLORATION TARGET OF 1.1 - 1.3 BILLION TONNES OF COAL ESTIMATED FOR THE LUBLIN COAL PROJECT

Highlights:

- Initial Exploration Target of **1.1 - 1.3 billion tonnes¹** of high quality thermal coal estimated at the Company's Lublin Coal Project
- Review indicates that in-situ coal qualities range from 5,888kcal/kg - 6,894kcal/kg with Ash ranging from 8.4% - 18.2% on a Gross Air Dried basis
- Exploration Target prepared by leading UK based consultants, Wardell Armstrong International Limited, utilising the substantial historical exploration and technical data, including over 200 boreholes in and around the Project
- The Lublin Coal Basin is an established coal province with coal mining activities dating back to 1982 and the region boasts extensive infrastructure, including power and rail
- Preliminary analysis demonstrates the potential for the Lublin Coal Project to host a high quality, large scale coal deposit
- Ongoing geological modelling of the coal seams is expected to delineate an initial Coal Resource Estimate on the Lublin Coal Project by the end of the March Quarter 2013

Prairie Downs Metals Limited ("Prairie" or "the Company") (ASX: PDZ) is pleased to announce that the initial review of historical drilling and exploration data over the Company's 100% owned Lublin Coal Project ("Project") has been completed by independent consultants Wardell Armstrong International Limited ("WAI"). The initial review included over 200 holes in and around the Company's coal exploration concessions.

The result has been the preparation by WAI of an initial exploration target of **1.1 to 1.3 billion tonnes¹** of high quality thermal coal. Ongoing geological modelling of the historical data is expected to enable the delineation of an initial Coal Resource Estimate on the Project during the March Quarter 2013.

Commenting on the Company's Exploration Target, Executive Director, Anastasios (Taso) Arima said "This initial Exploration Target and the findings of the initial geological review gives the Board a great deal of confidence that the Project has the potential to host a large scale, high quality thermal coal deposit."

¹Exploration Targets: The estimates of exploration target sizes in this announcement are in accordance with the guidelines of the JORC Code (2004) and should not be misunderstood or misconstrued as estimates of Mineral Resources. The potential quantity and quality 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.

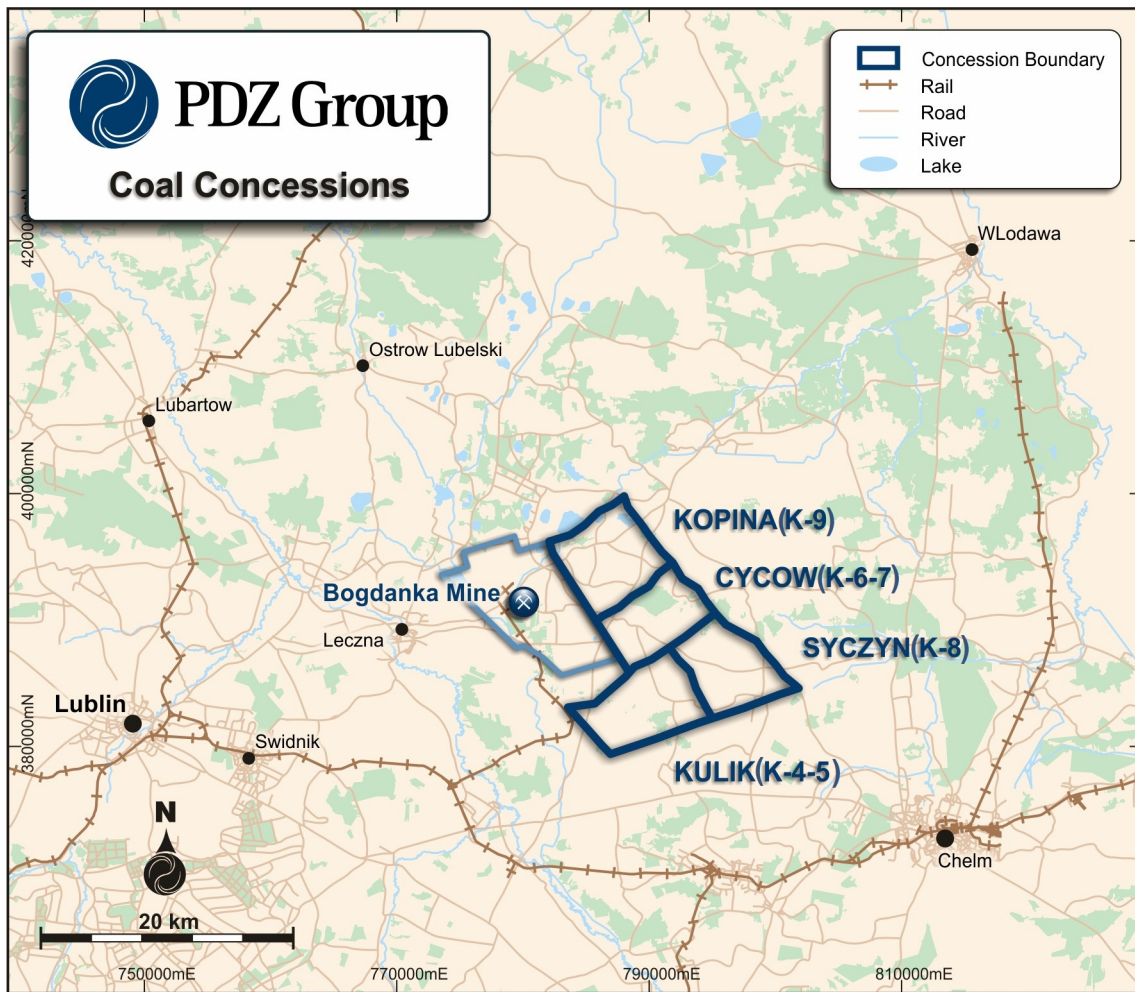


Figure 1: Lublin Coal Project Concessions

Exploration Target Summary

The Exploration Target was prepared by WAI, which is a leading geological and mining consulting firm and is highly regarded in the international coal sector, having been involved in the sector for 175 years. Its dedicated coal sector team has operated in all major coal producing countries.

WAI's specialist coal sector team has substantial experience in coal basins located in Poland and other Central and Eastern Europe countries. Most recently, WAI was appointed as the mineral expert for the estimation of Coal Resources and Coal Reserves (in accordance with the JORC Code) for the Initial Public Offering ("IPO") of Jastrzębska Spółka Węglowa SA ("JSW") in 2011; Poland's largest ever IPO of a coal company on the Warsaw Stock Exchange.

WAI visited the coal concession areas and the Geological Archive in Warsaw for data collection and validation of key documents. WAI have gathered the available data and through interviews, in particular with geologists who supervised the drilling and resource documentation, due diligence and sampling of specific information, made reasoned judgements of the nature and reliability of the data.

Allowing for potential geological loss estimations WAI have estimated an Exploration Target within the four Coal Exploration Concessions between **1.1 – 1.3 billion tonnes¹** of in-situ coal. The expectant coal seam qualities for this Exploration Target range from 5,888kcal/kg - 6,894kcal/kg on a Gross Air Dried basis with Ash ranging from 8.4% - 18.2%.

Historic Drilling and Exploration Data

It is the opinion of WAI that the historical data and information provided by Prairie and other sources is suitable for the purposes of this report, and is in accordance with the guidelines of the JORC Code (2004 Edition) for the estimation of the Exploration Target.

Information reviewed during and following this visit, included:

- Geological maps and documentation;
- Borehole logs and corresponding geophysical logs;
- Geological cross sections;
- Lease area and borehole location maps;
- Resource plans for each seam;
- Resource summary tables and resources for each seam; and
- Coal Quality summaries for each seam.

The reviewed data was sourced predominantly from state geological institutes and mainly in the Lublin, Warsaw and Katowice areas. A review of this data indicated that drilling began in the area in 1965 with the latest drilling taking place in 1983. The majority of the drilling in the area took place during the 1970's. A total of 205 boreholes were reviewed, 117 within the areas of interest as shown, with the rest of the boreholes being outside but adjacent to the areas. A table indicating the boreholes within the current leases can be seen below, totalling 134 as some boreholes were used in the evaluation of more than one area:

Area Name	No. of Boreholes*	Lease Area
Kulik (K-4-5)	32	47km ²
Cycow (K-6-7)	33	41km ²
Syczyn (K-8)	33	43km ²
Kopina (K-9)	36	49km ²
Note some boreholes lie on boundary between lease areas and have been included in each area		

Table 1: Lublin Coal Project Concessions Historical Drilling

Drilling was conducted on an approximate 1.0 - 1.5km grid spacing as shown on Figure 2, with the 205 boreholes giving in excess 200,000m of coring. Geophysical logging interpretations and lithological descriptions were completed for each core along with core sampling. Coal quality analyses were undertaken at the state geological coal quality laboratories in Katowice, Poland.

The area was reassessed in 2000 by the Warsaw Geological Institute, with new documentation on resources produced. The documentation reviewed included:

- 'Resource Plans' in the Polish system for all those seams with 'Balanced Reserves';
- A report including data used; and
- Resource tables for each seam.

At this time, the Polish Government dictated that only those seams above 1m in thickness are classed as 'In Balance Reserves', which can be considered as coal resources. This thickness has since been reduced by the Government to 0.6m, however at this stage, prior to geological modelling by WAI, the cut-off for the preparation of the Exploration Target calculation remains at 1m.

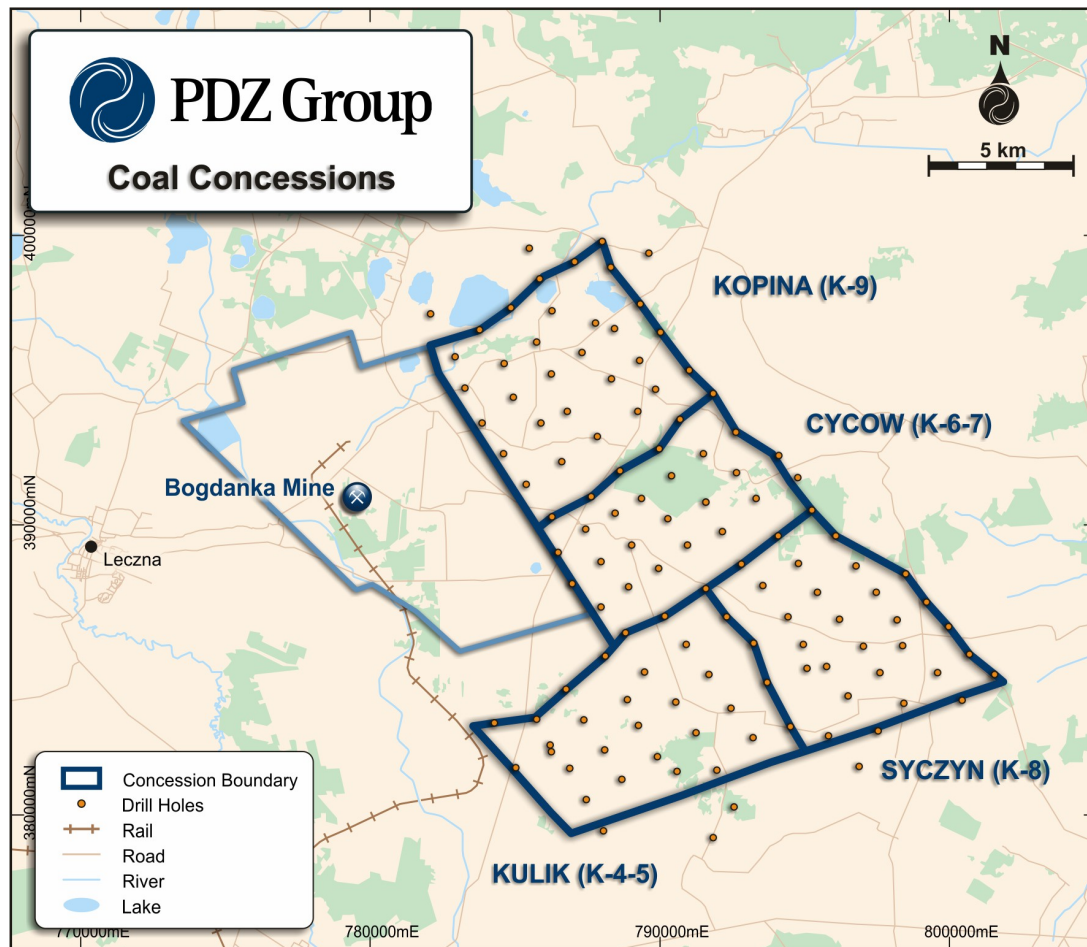


Figure 2: Map showing borehole locations

Initial Geological Review

The coal-bearing, Carboniferous strata of the Project area are approximately 700m below surface, with Carboniferous proven to depths of between 1,000 and 1,300m. Within the coal-bearing strata over 30 seams are present with eight seams having previously been identified as having potential economic importance. The adjacent Bogdanka Mine currently produces coal from two of these seams.

The coal-bearing Carboniferous strata are unconformably overlain by 100-150m of Jurassic limestone with 500-550m of Cretaceous strata, principally limestone, conformably overlying the Jurassic. A thin band of soft sandstone and conglomerate, known as the Albian Sands, lies at the base of the Cretaceous and is water bearing. Glacially derived sediments of Quaternary age, principally sand, overlie the bedrock with a thickness of between 30 and 50m.

The area is fairly simple in terms of geological structure with the Bogdanka Syncline and subsequent anticline, which trend northwest – southeast, leading to inclined Carboniferous strata with coal dips varying from one in 35 to around one in six moving through the axis of the synclinal structure. The folding does not affect the overlying Jurassic strata with that remaining relatively flat lying and this has led to the location of the major coal seams lying at a reduced distance to the overlying Albian Sands aquifer and another potential aquifer at the base of the Jurassic, thus mining may be impacted in these areas. Nine larger faults affect the lease areas, particularly K-4-5 and K-8, with a displacement of between 10m and 70m.

Figure 3 shows the coal seams within the proposed lease areas that have consistent seam thicknesses of greater than 1.0m and are included within the exploration target calculation.

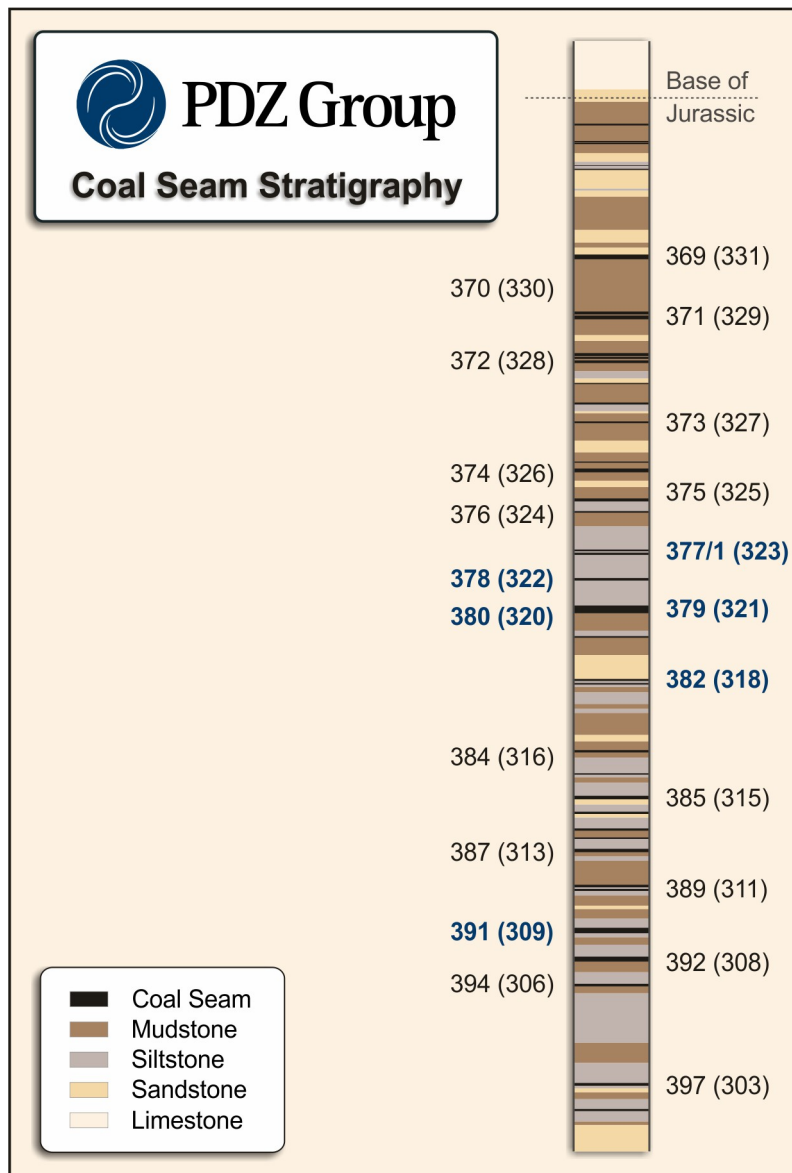


Figure 3: Coal Seam Stratigraphy – Target Seams in blue

A total of 20 coal seams have thicknesses greater than 1.0m, from seam 369 to seam 397. Six of these seams, namely 377, 378, 379, 380, 382 and 391 contain the greatest volumes of coal (refer Figure 3) however, in some instances these seams are restricted by other constraining factors. These six seams range from seam 377 with an approximate minimum depth of 700m to seam 391 at an approximate maximum depth of 1,085m.

The potentially economic seams in the project lease areas range from seam 369 with a minimum depth of 600m to seam 397 at a maximum depth of 1,150m. Mining leases within Poland have a depth restriction of 1250m; therefore, a seam depth restriction on the mining of coal in this region is not considered a constraining factor.

The coal quality across the site varies, with the higher quality coal in the east, reducing in quality to the west. The quality, according to Polish Government Standards, varies from 31.0 to 34.2 leading to a mix of steam coal and low grade coking coal.

There are two major geological loss factors which constrain the coal resource quantity in the proposed lease areas, these are:

- Faulting; and
- Overlying aquifers.

There are nine main faults in the project area, interpreted from seismic surveys with throws of between 10m and 70m which will reduce coal resources in these areas. The exploration geologists interviewed considered many of these structures were of only minor significance.

The well-documented Albian Sands aquifer lies some distance above the workings and are unlikely to affect mining, however, shafts through this aquifer will have to be designed to avoid collapse whilst passing through this stratum, which has a maximum of 10.30m in thickness at depths of between 410m and 630m.

The largest constraining factor for the site is a stand-off to the Jurassic aquifer overlying the coal measures. The base of the Jurassic is characterised by a sandstone layer (4.20m average), this sandstone layer is a potential confined aquifer which may affect future mining of the upper coal seams within the area. Historic documentation has included a 100m stand-off to the base of the Jurassic, WAI are in the opinion that, until further exploration of this layer has been undertaken, the stand-off of 100m is appropriate for this site.

Exploration Target Assumptions

No computerised geological model has yet been created for the exploration target. However, with the geologically simple and laterally consistent nature of the target it is the opinion of WAI that a 2D plan at this stage is sufficient for an Exploration Target in accordance with the JORC Code.

The documents reviewed used the 1.0m minimum seam thickness, which was used by WAI to produce an initial Exploration Target for the Project.

Exploration Target estimation was carried out by the geological block method with the following conditions:

- Coal blocks within 100m of the base of the Jurassic are excluded;
- Areas where the coal seam thickness is less than 1.0m are excluded; and
- Coal in zones near faults are also excluded from the estimation.

Estimations of the block coal tonnages were conducted by WAI using evaluation of the borehole records available. These coal tonnage blocks have their thickness and relative density determined by simple statistical methods from surrounding known data point within and adjacent to the block. WAI checked the thickness against borehole and geophysical logging records and the relative density by reviewing coal quality analysis data sheets.

Verification of the reported average coal qualities from raw data, held in Katowice, has not yet been carried out. However the methods and procedures employed in obtaining representative samples, maintaining an appropriate chain of custody, together with sample preparation and subsequent analysis were determined by Polish Institute standards and on that basis are therefore considered by WAI to be adequate. WAI have completed many projects in Poland and have a high degree of confidence in the Polish standards.

Using the method described above, the Exploration Target estimates are deemed by WAI to be appropriate at this time, until further exploratory works and 3D computerised geological modelling is undertaken.

Exploration and Development Strategy

WAI will now complete the geological modeling required to delineate the Company's initial Coal Resource Estimate. This work is expected to be completed by the end of the March Quarter 2013.

WAI and the Company believe that the Project has the potential to host a large scale thermal coal deposit with export quality thermal coal. Prairie is planning a drilling campaign to commence in early 2013 focused initially on validating the historical exploration data and confirming the quality of coal.

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The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the 'JORC Code') sets out minimum standards, recommendations and guidelines for Public Reporting in Australasia of Exploration Results, Mineral Resources and Ore Reserves. The information contained in this announcement has been presented in accordance with the JORC Code and any references to "Measured, Indicated and Inferred Resources" are to those terms as defined in the JORC Code.

Information in this announcement that relates to Exploration results is based on information compiled by Mr Peter Dryburgh (an employee of independent consultant WAI) who is a Fellow of the Geological Society of London. Mr Dryburgh has sufficient experience which 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 under the 2004 Edition of the Australasian Code for reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Dryburgh consents to the inclusion of the data in the form and context in which it appear.