



Prairie Mining
Limited

NEWS RELEASE | 17 July 2017

JUNE 2017 QUARTERLY REPORT

HIGHLIGHTS

Debiensko Hard Coking Coal Project

- Following positive Scoping Study results, works at Debiensko have continued to develop a globally significant hard coking coal project with robust economics positioning Prairie to become a large scale, low cost and long life premium hard coking coal supplier
- With Debiensko now development ready, Prairie will focus on planning the mine site's redevelopment program, including:
 - **preparation for an in-fill drill program to increase JORC measured and indicated resources to support future feasibility studies**
 - **completion of a re-engineered mine plan to produce a feasibility study to international standards with a focus on near term production at Debiensko**
 - **advancing discussions with regional steel makers and coke producers for future coking coal sales and offtake**
- In preparation for the next phase of project studies, pre-qualification of study contractors was initiated, demolition works commenced in order to remove old structures from the historical Debiensko surface facilities and a shallow geo-technical drill program commenced for engineering design of foundations for new surface structures
- Highly favourable market fundamentals remain prominent as Europe continues to consume 47 Mt of hard coking coal annually, 85% of which is imported
- Debiensko coking coal is expected to enjoy strong demand from European steelmakers, with substantial netback pricing advantages given proximity to regional customers

Jan Karski Mine

- Recent coal quality analysis following the drilling of a new exploration borehole re-affirms Jan Karski's potential to produce high value ultra-low ash semi-soft coking coal and confirms Jan Karski's status as a Tier One coking coal project of global significance
- Independent assessment by specialist coking coal market consultants predicts that Jan Karski ultra-low ash semi-soft coking coal would potentially realise a 10% premium to international benchmark prices
- China Coal has made substantial progress on the Bankable Feasibility Study ("BFS") during the quarter. Continued discussions were held with Chinese financing institutions which will progress further towards completion of the BFS during the next quarter
- The approval of the Deposit Development Plan ("DDP") at Jan Karski by the Lublin Regional Mining Authority during the quarter paves the way forward for a mining concession application. Prairie will now focus on:
 - **furthering discussions with a select group of Chinese financing institutions as China Coal nears completion of its BFS**
 - **continuing project permitting activities including obtaining an Environmental Consent Decision, Spatial Planning consents (rezoning) and land acquisition at Jan Karski**
 - **formally lodging a mining concession application for Jan Karski**

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- The Strategic Co-operation Agreement with China Coal demonstrates the increasing economic collaboration between Poland and China following China's proposed "One Belt, One Road" development strategy and highlights Poland's importance to China as a "One Belt Economy" for accessing key European markets
- Significant government support was received at the 2017 Jan Karski Mine Development Conference as regional authorities, the Australian Ambassador to Poland, the Vice Marshall of the Lublin province and representatives from the Polish Investment and Trade Agency and numerous other distinguished regional officials were updated on Jan Karski's considerable progress to date
- Conditions for power grid connection have been signed with national power utility, PGE Dystrybucja S.A., which will provide the 45MW bulk supply required for full scale mine production at Jan Karski
- Development activities have commenced with the appointment of a leading contractor to design and supervise the bulk power supply connections for the project, including power lines and substations

Corporate

- Prairie completed the successful placing of 11.5 million new ordinary shares in the capital of the Company to a number of UK based high quality institutional investors to raise approximately £3.2 million (~A\$5.5 million) before costs
- Prairie and CD Capital have agreed final terms for a further investment of US\$2.0 million (A\$2.6 million) in the form of non-redeemable, non-interest-bearing Convertible Loan Notes
- Subject to Shareholder approval, the Notes issued will be convertible into ordinary shares of Prairie at A\$0.46 (28 pence) per share and will be subject to a lock up period during which time CD Capital may not convert the Notes prior to 1 April 2018
- Following the successful placing of ordinary shares to UK institutional investors, Prairie has cash reserves of A\$16.8 million. With CD Capital's additional A\$2.6 million investment still to come and its right to invest a further A\$68 million as a cornerstone investor, plus with the Strategic Co-operation Agreement Prairie has with China Coal for financing and construction of Jan Karski, Prairie is in a strong financial position to progress with its planned development activities at Debiensko and Jan Karski

Ben Stoikovich, Chief Executive Officer commented ***"This quarter has seen Prairie take another quantum leap as an emerging Tier One coking coal company. Following the extremely positive Scoping Study results at Debiensko, we have accelerated our development plans with the commencement of limited demolition works on site and shallow geotechnical drilling for foundation design to continue over the coming months. At Jan Karski, enhanced coal quality analysis from our recently drilled core borehole demonstrated the potential to produce high value ultra-low ash semi-soft coking coal which would attract a premium to benchmark from Europe's steel makers. Jan Karski continues to gain strong governmental support as Prairie obtained approval for the DDP in May and consequently commenced preliminary development activities. During the quarter, we also welcomed a number of high quality UK-based institutional investors as shareholders of Prairie while CD Capital demonstrated its continued support with additional funding to advance both of our Tier One coking coal projects."***

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Cautionary Statement

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. In accordance with the ASX listing rules, the Company advises that the Scoping Study referred to in this announcement 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 announcement 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 elsewhere in this announcement. 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.

DEBIENSKO HARD COKING COAL PROJECT

The Debiensko Hard Coking Coal Project (“Debiensko”) is a fully permitted, hard coking coal project located in the Upper Silesian Coal Basin in the south west of the Republic of Poland. It is approximately 40 km from the city of Katowice and 40 km from the Czech Republic.

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

The Debiensko mine was originally opened in 1898 and was operated by various Polish mining companies until 2000 when mining operations were terminated due to a major government led restructuring of the coal sector caused by a downturn in global coal prices. In early 2006 New World Resources Plc (“NWR”) acquired Debiensko and commenced planning for Debiensko to comply with Polish mining standards, with the aim of accessing and mining hard coking coal seams. In 2008, the Minister of Environment of Poland (“MoE”) granted a 50-year mine license for Debiensko.

In October 2016 Prairie, acquired Debiensko with a view that a revised development approach would potentially allow for the early mining of profitable premium hard coking coal seams, whilst minimising upfront capital costs. Prairie has proven expertise in defining commercially robust projects and applying international standards in Poland. The fact that Debiensko is a former operating mine and its proximity to two neighbouring coking coal producers in the same geological setting, reaffirms the significant potential to successfully bring Debiensko back into operation.

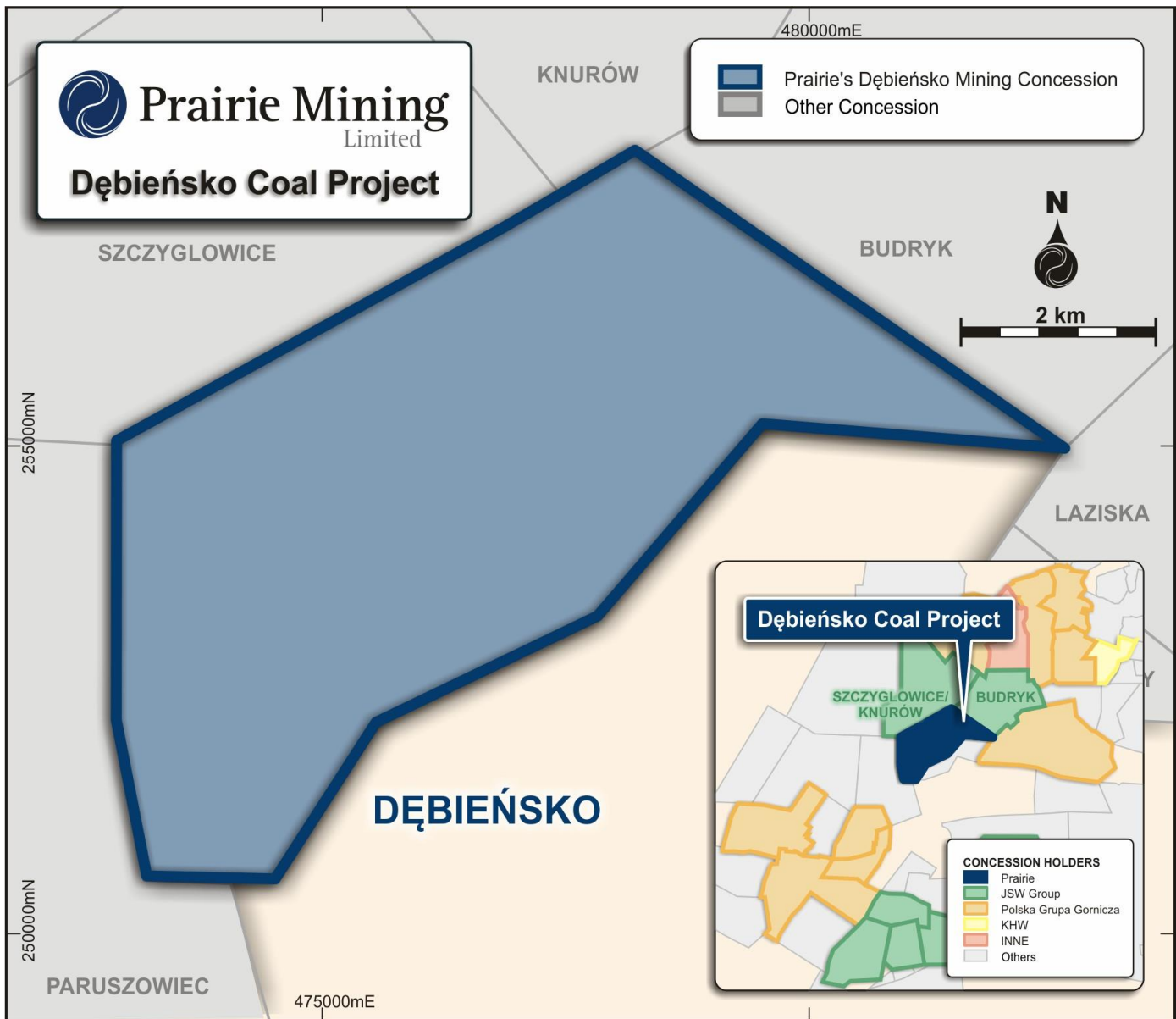


Figure 1: Debiensko Mining Concession Area

Scoping Study Results

In March 2017, Prairie announced the results of a scoping study ("Study") in accordance with the JORC Code 2012 and completed by independent consultants Royal HaskoningDHV given their extensive and recent track record of successful involvement in European underground coal projects in the UK, Kazakhstan and Poland, including Prairie's Jan Karski Mine ("Jan Karski").

The Study utilised a maiden Coal Resource Estimate ("CRE") for Debiensko which comprises a Global CRE of 301 million tonnes ("Mt") including an Indicated Resource of 93 Mt from three coal seams; 401/1, 404/9 and 405 seams. Debiensko is located in the Upper Silesian Coal Basin in the south west of the Republic of Poland. Key results of the Study were as follows:

Table 1: Strong Project Estimations and Approximations (to a maximum accuracy variation $\pm$ 30%)	
Cash flow	
Average Operating Costs Steady State	US\$47 per tonne
Long Term Hard Coking ("HCC") Price Benchmark (FOB Australia – REAL 2016\$)	US\$142 per tonne (<i>current Mar 2017 spot price: +US\$160/t</i>)
Average Received HCC Price FOR (including netback)	US\$157 per tonne
Average Steady State EBITDA	US\$282 million
Production	
Average ROM* Coal Production Steady State	4 Mtpa
Life of Mine Plant Feed Coal Production ("LOM")	100.3 Mt
Average Effective Product Yield LOM	67.8 %
Mine Life Following First Production	26 years
Average Saleable HCC Production Steady State	2.6 Mtpa
Total Saleable HCC Produced LOM	65 Mt
Total Saleable Coal Produced LOM (HCC + Middlings)	68 Mt
Capital Expenditure to First Production	
Shaft sinking	US\$208.5 million
Coal processing and surface facilities	US\$102.5 million
Underground Infrastructure (Belts, Ventilation, Electrics)	US\$62.0 million
Capitalised Pre-Production Expenses (Labour, Power, Contractors etc.)	US\$51.5 million
Contingencies, EPCM and owners costs	US\$79.5 million
Start of Construction	2019
Start of Production Ramp-Up	2023

*Run of Mine

** FX rate assumed for the Study is PLN:USD - 4.0:1.0

The results of the Study demonstrate the potential for exceptionally high operating margins and cash flow generation given the anticipated low operating costs for Debiensko. This is achieved because Prairie is pioneering in Poland well established international best practice in mine design, production organisation and technology for the project. Debiensko benefits from being a formerly operating mine, giving an excellent understanding of geology and mining conditions with substantial existing infrastructure available at site.

Based on an independent marketing study conducted by CRU International ("CRU"), a long term hard coking coal benchmark price forecast of US\$142/t (FOB Australia, real 2016 \$) has been used in this Study. This compares to the current (March 2017) spot price of over US\$160/t and the 2017 Q1 quarterly contract price of US\$285/t. Due to the considerable transport cost advantages compared to imported hard coking coal, the CRU study also identified that Debiensko would potentially benefit from a substantial netback premium of US\$15/t above benchmark prices for coal sold to regional Central European customers.

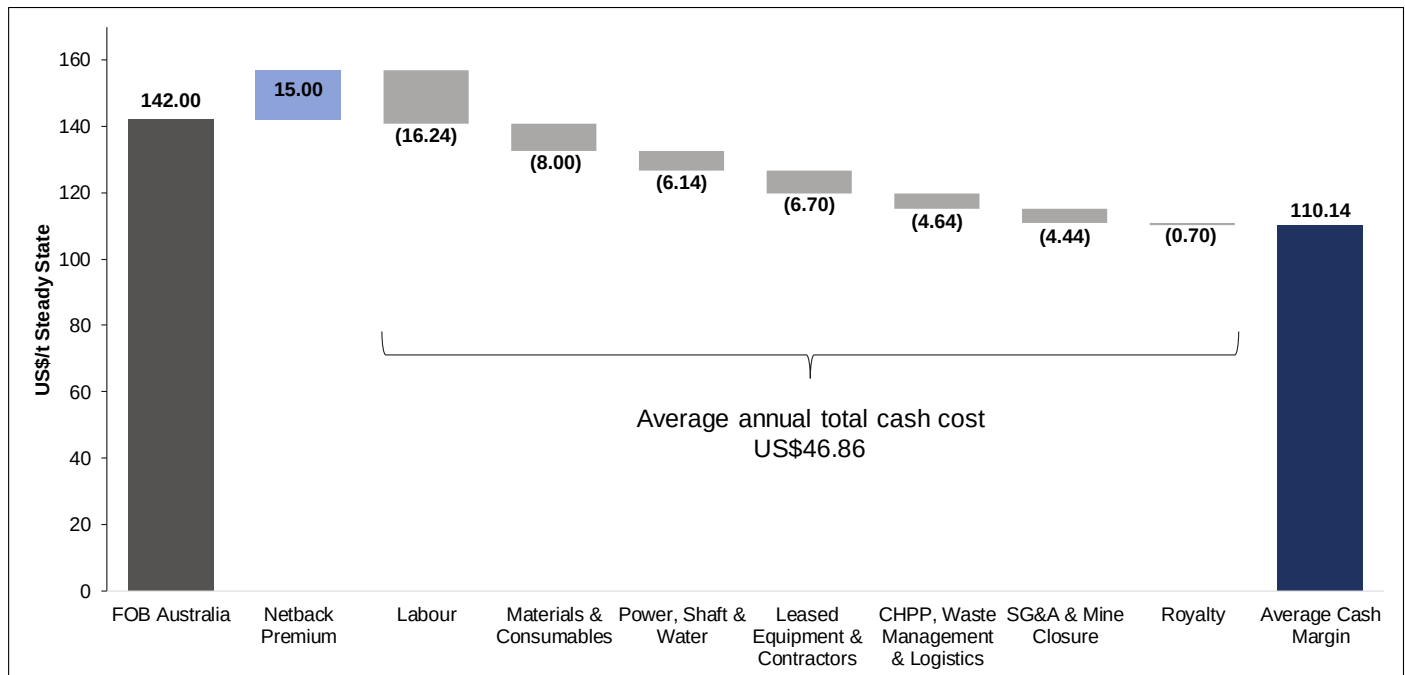


Figure 2: Projected Steady State Average Cash Flow Margin

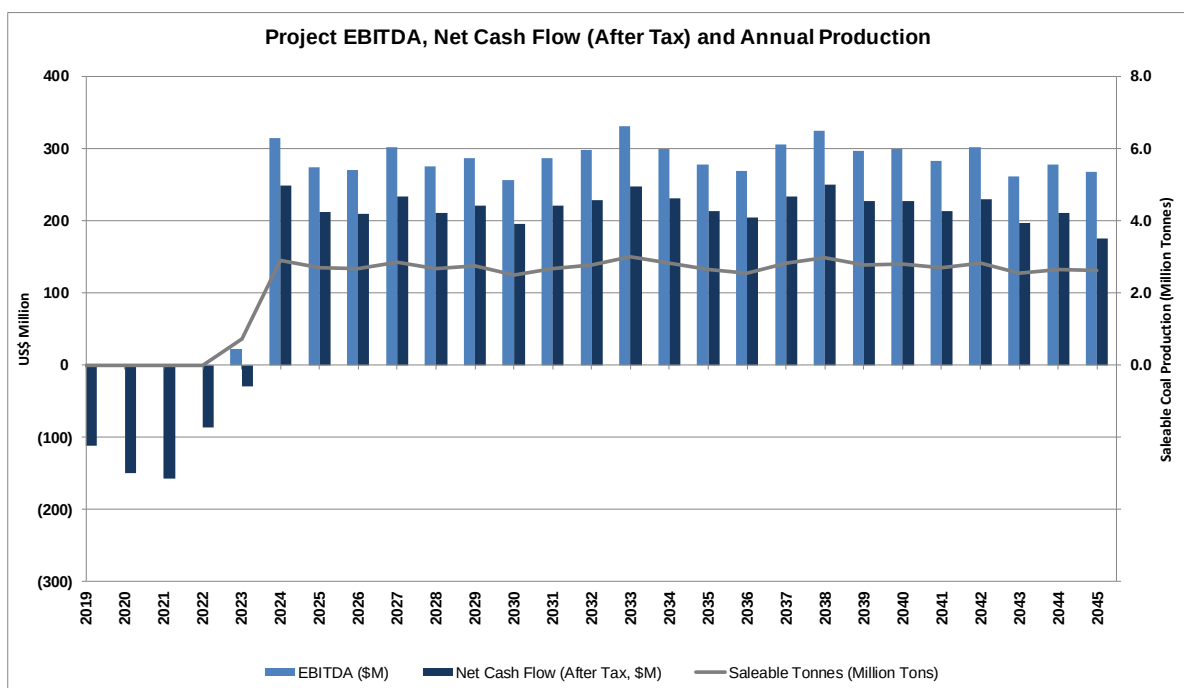
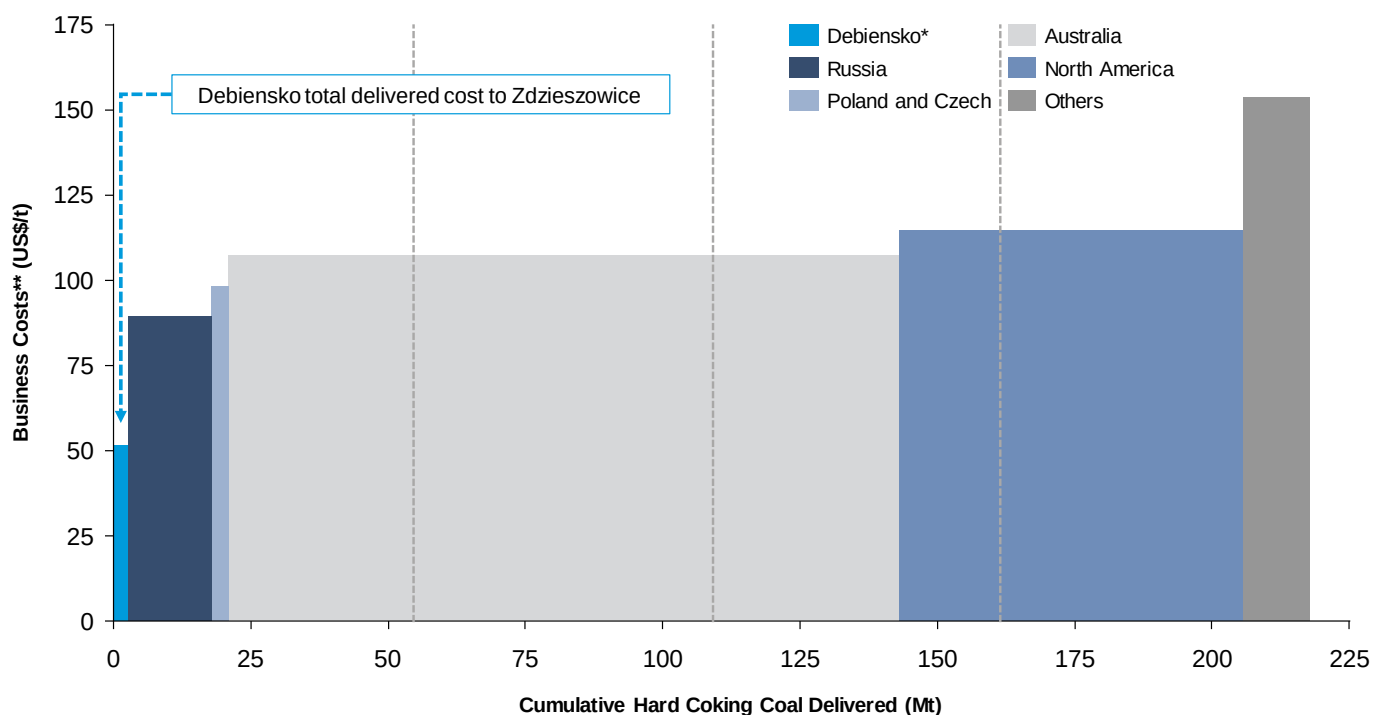


Figure 3: Estimated Project EBITDA, Net Cash Flow (After Tax, Ungeared) and Annual Production Life of Mine

Potentially Lowest Global Cash Operating Costs Delivered Into Europe

Debiensko is projected to have an average steady state total cash cost of approximately US\$47 per tonne Free On Rail (“FOR”) for its premium hard coking coal, producing an average 2.6 Mtpa. Hard coking coal product from Debiensko is anticipated to be at the bottom of the global cost curve for hard coking coal delivered into Central Europe, with a delivered cost of approximately US\$51 per tonne (FOR total cash cost including royalty + rail to typical regional customer).



* Debiensko delivered costs comprises: FOB 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

Figure 4: Estimated Hard coking coal business cost curve 2016, delivered Zdzeszowice Coke Plant

Source: CRU

Netback Pricing Advantage & Marketing Strategy

CRU completed a review of the European coking coal market on behalf of Prairie. The CRU study, together with various independent and internal studies regarding coal quality and railway transport indicates that premium hard coking coal produced at Debiensko will attract strong regional demand and will benefit from a significantly lower estimated cost of delivery to Central European customers compared to coking coal imported from the international seaborne market. Accordingly, hard coking coal sales from Debiensko will likely secure a substantial “netback” price advantage.

The CRU study included a comparison of the cost of importing hard coking coal from Australia, USA and Russia delivered into Polish steelworks. CRU used ArcelorMittal’s Zdzeszowice coke plant, the largest coke plant in Central Europe, as representative benchmark to estimate delivery costs.

Coal imported for delivery to Zdzeszowice from the international seaborne market is purchased at the prevailing FOB price at the country of origin. Transportation costs incurred to deliver coal to the port of Swinoujscie, Poland include sea freight, port handling, storage and forwarding costs. Subsequently, the coal needs to be transported approximately 600 km by rail to the Zdzeszowice coke plant which incurs further freight charges. The coal requires up to 60 days to reach the coke plant from Australia and approximately 30 days from the USA. It is also handled multiple times, with greater potential for increased degradation and fines generation.

In comparison, Debiensko is only 70 km from the Zdzeszowice coke plant and directly linked by rail. Transportation costs for Debiensko’s coal to Zdzeszowice are estimated to be less than US\$4.60/t.

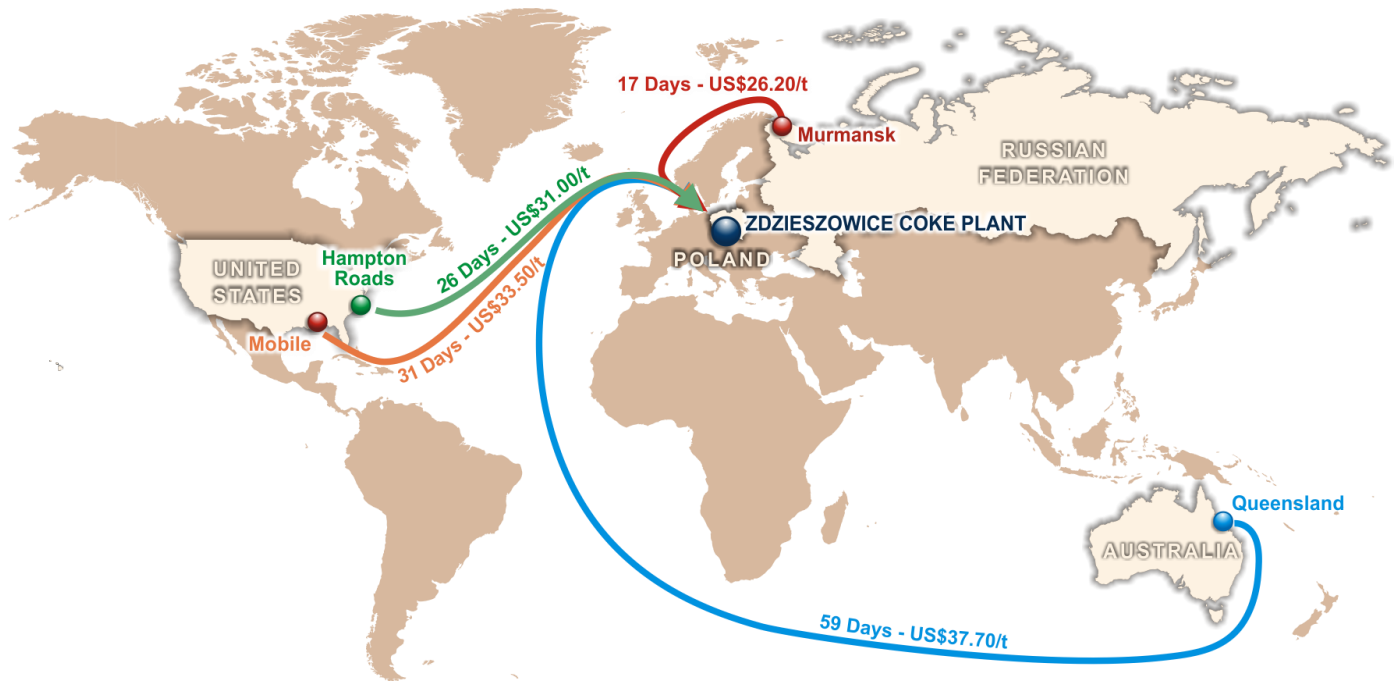


Figure 5: Estimated Time and Costs to Deliver Imported Hard Coking Coal to the Zdzieszowice Coke Plant in Poland

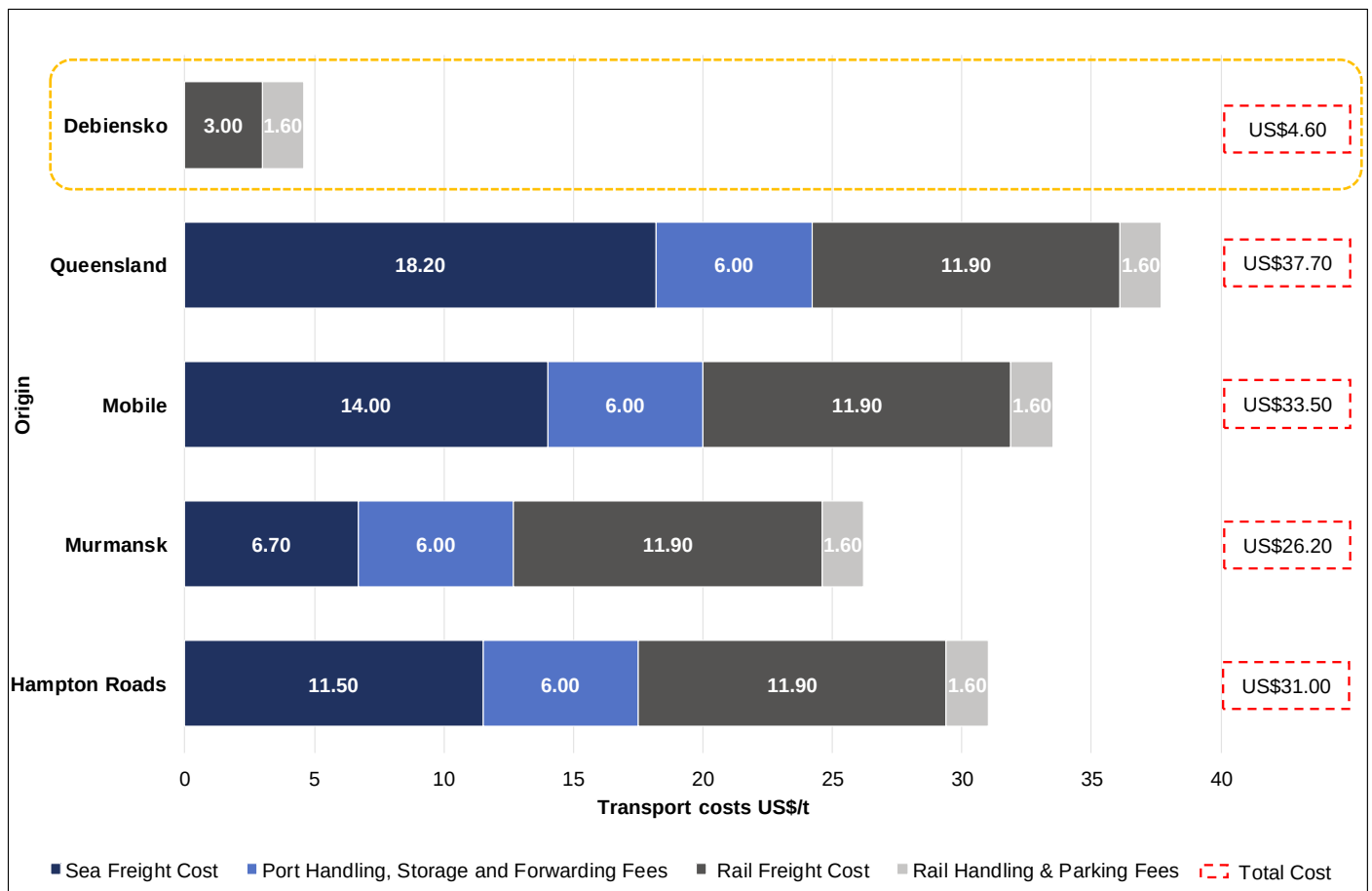


Figure 6: Estimated Cost Breakdown for Delivery of Hard Coking Coal to the Zdzieszowice Coke Plant, Poland

Due to their proximity to Central European coking plants, regional producers such as NWR or JSW have traditionally gained a “netback premium” over FOB Australia or USA benchmark prices, which once adjusted for coal quality differences, equates to approximately 50% of the total transport cost differential. Essentially, an analysis of past practises shows that the coal producer and steel maker “split the difference”. Following this approach for Debiensko would result in a potential netback premium of ~US\$15/t above prevailing benchmark prices for Debiensko coal when sold to regional end users compared to imported hard coking coal. However, Prairie believes there is significant potential to increase this netback premium during future discussions with offtakers.

Table 2: Total Freight to Zdzeszowice (Source: CRU)

Port of Origin	Sea freight distance to Swinoujscie	Estimated Shipping Time	Typical Vessel Type	Typical Vessel Size (dwt)	Estimated Sea Freight Cost to Swinoujscie (US\$/t 2017)	Port Handling, Storage and Forwarding Fees (US\$/t)	Total Sea Freight Cost (US\$/t)	Estimated Rail Freight Cost (US\$/t 2017)	Rail Handling & Parking Fees (US\$/t)	Total Freight Costs (US\$/t 2017)
Debiensko	n/a	n/a	n/a	n/a	n/a	n/a	n/a	3.00	1.60	4.60
Hampton Roads	3,958	16 days	Panamax	70,000	11.50	6.00	17.50	11.90	1.60	31.00
Murmansk	1,656	7 days	Panamax	70,000	6.70	6.00	12.70	11.90	1.60	26.20
Mobile	5,173	21 days	Panamax	70,000	14.00	6.00	20.00	11.90	1.60	33.50
Queensland	11,858	49 days	Panamax	70,000	18.20	6.00	24.20	11.90	1.60	37.70

Premium Quality Hard Coking Coal

Preliminary analysis indicates that a range of premium hard coking coals that will be in high demand from European steelmakers can be produced from Debiensko. This analysis is based on historical data, neighbouring operational coking coal mines and the results of a suite of modern coking tests performed on selected seams from a fully cored borehole drilled by the previous owners in 2015/16. Two premium hard coking coal specifications have been delineated from select seams at Debiensko, namely Medium volatile matter hard coking coal (“Mid-vol HCC”) and Low volatile matter hard coking coal (“Low-vol HCC”). Future study phases will determine the precise Debiensko premium hard coking coal quality specification on a year by year basis depending on final adopted mine plan, mining schedule and extent of coal blending.

Both Debiensko’s Mid-vol and Low-vol HCC lie within the range of premium hard coking coals produced globally. Indications are that the Mid-vol HCC at Debiensko is present between 850 m to 1,000 m from surface and the Low-vol HCC is present 1,000 m to 1,300 m below surface i.e. at depths similar to adjacent operating mines owned by JSW - the largest coking coal producer in Europe.

Preparation for the Next Phase of Project Studies

Pre-qualification of contractors for the major components of the next phase of Debiensko studies were commenced including:

- Drilling contractors for the planned in-fill drilling program
- Coal Handling and Preparation Plant (“CHPP”)
- Shafts and bulk coal winder
- Desalination plant
- Surface facilities

Demolition of old surface structures of the former Debiensko mine was commenced during the quarter, including the bathhouse, switchgear building and locomotive garage. In addition, drilling of 28 shallow geotechnical holes for engineering design of foundations for structures was commenced.

JAN KARSKI MINE

Coking Coal Quality Results Establish Jan Karski as a High Value Ultra-Low Ash Semi-soft Coking Coal Mine

During the quarter, Prairie announced the results of enhanced coal quality analysis and test work from the completed borehole, Cycow 9, at the Jan Karski Mine ("Jan Karski"). Key results from the expanded coke oven and washability test work indicated the potential to produce a high value ultra-low ash Semi-Soft Coking Coal ("SSCC") with a high Coke Strength after Reaction ("CSR") and a high 75% product yield. Preliminary analysis by independent consultants indicates that the Jan Karski ultra-low ash SSCC could achieve a 10% premium to international SSCC benchmark prices, due to several superior qualities.

Cycow 9 was a large diameter, PQ size borehole and the first of its kind to be drilled at Jan Karski enabling sufficient quantities and sized coal from the 391 seam to be collected to meet the requirements for physical coke testing, specifically confirmation of CSR and extended coal washability test work. The analysis and testwork was conducted at leading fully accredited European laboratories in Poland, Germany and the UK. The CSR test is considered vital in testing for a coal's coking properties important to steelmakers as it is an indicator of the performance / strength of the coke produced from the coal. The full range of standard coking tests were also conducted as shown in table 3 below:

Table 3: Analysis results from Cycow 9 borehole – 391 seam

TOTAL MOISTURE			ULTIMATE ANALYSIS			COKING PROPERTIES		
	ar%	10-12%	Carbon	daf%	81.90	FSI		5.5
PROXIMATE ANALYSIS			Hydrogen	daf%	5.42	Gray King Coke		G5
Inherent moisture	adb%	3.4	Nitrogen	daf%	1.91	Roga Index		69
Ash	ar%	2.6	Sulphur	ad%	1.16	CSR	%	51.5
Volatile Matter	ar%	33-36	Oxygen	daf%	7.10	CRI	%	39.1
Fixed Carbon	ad%	57	RO(MAX) & MACERAL ANALYSIS			Ash in Coke	%	3.3
ASH CHEMISTRY			Vitrinite	%	74.40	Sulphur in Coke	%	0.87
SiO ₂	db%	33.32	Liptinite	%	13.20	<u>Giesler Plastometer</u>		
Al ₂ O ₃	db%	29.63	Inertinite	%	12.40	Initial Softening	°C	379
Fe ₂ O ₃	db%	20.30	Mineral Matter	%	0.00	Max Fluidity temp	°C	416
CaO	db%	4.49	RoMax	%	0.88	Resolidification	°C	435
MgO	db%	1.73	OTHER COAL PROPERTIES			Max Fluidity	ddpm	90
TiO ₂	db%	0.98	Sulphur	ar%	1.09	<u>ASTM Dilation</u>		
NaO ₂	db%	0.96	HGI average	ad%	44	Softening Temperature	°C	370
K ₂ O	db%	1.10	Phosphorus	ad%	0.034	Max Contraction Temp	°C	408
P ₂ O ₅	db%	3.41				Max Dilation Temp	°C	433
SO ₃	db%	2.36				Max Contraction	% C	32
Other	db%	1.72				Max Dilation	% D	35

Jan Karski Coking Coal Key Quality Advantages

Ultra-low Ash

Washability analysis from the Cycow 9 borehole and previous boreholes drilled by Prairie across Jan Karski has demonstrated that due to the low inherent ash and excellent washability characteristics of the 391 seam, Jan Karski SSCC coal is unique with typical ash product level of less than 3% (air dried) and far superior to typical ash levels for major coking coal brands (both hard and soft) traded internationally and produced domestically in Europe. Figure 7 shows there is a range of ash specifications for SSCCs. With an average ash specification of 2.6%, the Jan Karski SSCC is an ultra-low ash product compared to all the comparison coals. Low ash provides a number of technical benefits including improved coke strength and caking properties, and reduced fuel rate in the blast furnace.

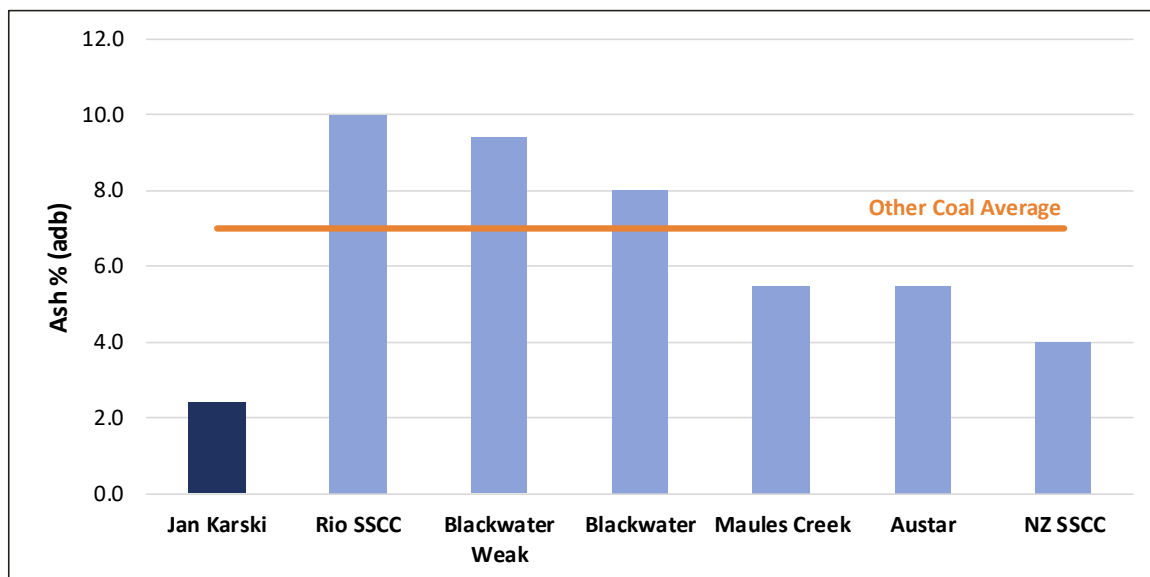


Figure 7: Jan Karski SSCC Ash Benchmarking

The ultra-low ash content increases the coals value-in-use to steel and coke makers, making the product highly saleable in both the domestic European and international markets. One of the key outcomes of utilising ultra-low ash coking coal to produce low ash coke ash is the resulting decreased fuel rate. This has a key environmental benefit for steel makers that results in a reduction in CO₂ emissions per tonne of hot metal produced.

Prairie's analysis predicts increasing global demand for ultra-low ash coking coal for blending with HCC, because of a continuing trend of rising average ash levels in globally traded hard coking coals. Premium hard coking coal resources with low ash are becoming increasingly scarce, forcing consumers to make concessions on HCC ash levels. Ultra-low ash coking coals for blending are becoming increasingly sought after by consumers seeking to "blend-down" the ash levels in their coke blends. This is a particular advantage for European steelmakers where EU regulations focus on reduced CO₂ emissions. This trend has important implications for the future marketability of Jan Karski ultra-low ash SSCC.

Coke Strength After Reaction

Figure 8 shows the measured CSR (51.5) of the 391 seam from Cycow 9 borehole at Jan Karski is at the top end of the range for semi-soft coking coal. A CSR figure of 51.5 shows the coal has the ability to form a coherent coke mass. The Jan Karski coal has a number of features conducive to forming good coke for a semi-soft type coal:

1. the coal is ultra-low ash and low inertinite, meaning the coke has few inertinites to bind;
2. the coal has higher rank for a semi-soft compared to typical Hunter Valley and Maules Creek semi-soft coking coals; and
3. the coal exhibits moderate fluidity and reasonable total dilatation.

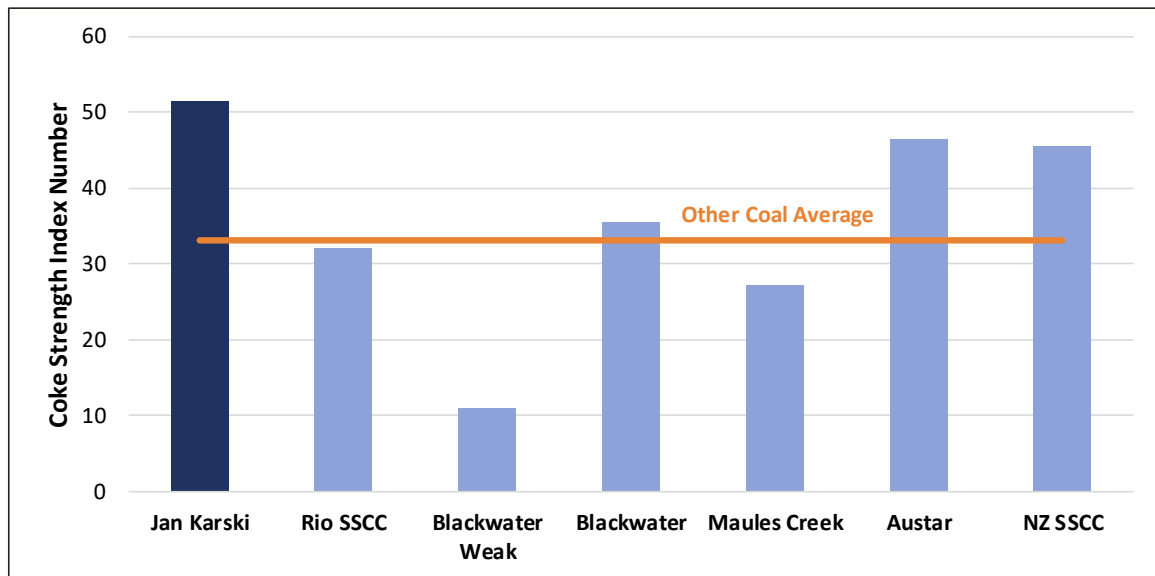


Figure 8: Jan Karski Coke Strength Benchmarking

Further CSR analysis will be undertaken as part of future drilling programs.

Other Positive Attributes

Other Jan Karski ultra-low ash SSCC quality positives are its high vitrinite content, and low phosphorous levels, mid-range FSI (5.5), Gray King Index (G5). The volatile matter is in the range typical for Australian traded SSCCs, with the rank of the Jan Karski coal being slightly higher and closer to a semi-hard coking coal specification.

Price Benchmarking

Independent coal market specialists CRL Energy Ltd (“CRL”) were appointed by Prairie to analyse the potential value of Jan Karski ultra-low ash SSCC in the market. CRL took two approaches to price benchmarking. The first approach applied the method used by the Platts publication of international benchmark coal prices. The second was a proprietary approach adopted by CRL based on value in use assessment incorporating assumptions regarding a typical Western European coking coal blend used by steel makers and proportions of Jan Karski ultra-low ash SSCC included in the blend.

The Platts coal market publication shows a number of penalty/premium factors that can be used to calculate relative value of coking coals against a stated benchmark (Figure 9). The limit of this method is that it assumes all markets would derive the same value from a particular coal; this is not strictly applicable in all cases, since value is also a function of the other coals in the blend, coke versus PCI rate and plant configuration. The “benchmark” coal used in this evaluation is the Rio Tinto Hunter Valley semi-soft, hence this coal is calibrated at 100% of the benchmark. The Platts benchmarking shows the Jan Karski coal specification is valued at 112.7% of the Rio Tinto semi-soft specification. The only comparable coal is the Blackwater coking coal (which is more of a semi-hard type specification) and the NZ SSCC (a low ash semi-soft coking coal).

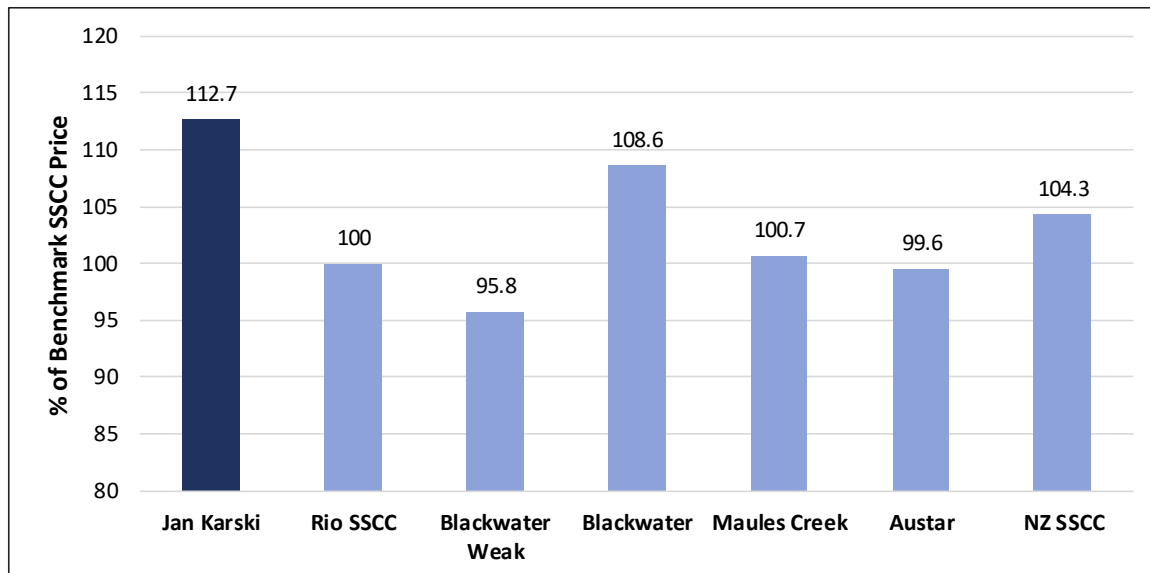


Figure 9: Platts Price Benchmarking Assessment

Both Platts benchmarking and value in use modelling show Jan Karski is a high value semi-soft, driven substantially by the ultra-low ash. The Platts specification benchmarking suggests Jan Karski should be priced at a 10% premium above the benchmark Rio Tinto Hunter Valley semi-soft coal.

Washplant Design Update And Coking Coal Yield

Dargo Associates, specialist coal handling and preparation consultants were appointed to re-evaluate the potential yields of ultra-low ash coking coal from the Jan Karski mine, and develop a conceptual washplant flow sheet. To evaluate the yield of ultra-low ash coal, the washability tests were extended to give more information on separation in the lower density ranges. Separating at low density increases the quantities of near density material and the extended washability test work was used to identify the most efficient wash plant process. The washability results from the recently drilled Cycow 9 borehole were consistent with the results from washability analysis conducted for all of the eight boreholes Prairie has drilled across Jan Karski, demonstrating exceptionally high yields of ultra-low ash (<3%) product coal at RD1.35 float.

Because the Prairie coal will be washed at a lower density to achieve the ultra-low ash product, higher ash coal will report to the residual thermal coal which is washed at a higher density, and typically sold into the steam coal market.

Preliminary analysis has shown that the production of ultra-low ash SSCC (<3%) results in an overall yield of saleable coal of 82%, which is similar overall yield as indicated in the original Jan Karski Pre-Feasibility Study ("PFS") published in March 2016. Overall mine yields are hardly impacted by the ultra-low ash beneficiation as any coal lost due to the lowering of ash on the ultra-low ash SSCC product reports to the thermal product.

The predicted ratio of ultra-low ash SSCC to thermal coal is 75% coking coal to 25% thermal coal. The thermal coal product is anticipated to have 13% ash, and will be in line with typical API2 specification export quality thermal coal. Should Prairie decide to sell a typically higher ash Polish domestic thermal coal of up to 25% ash, the overall yield will increase further.

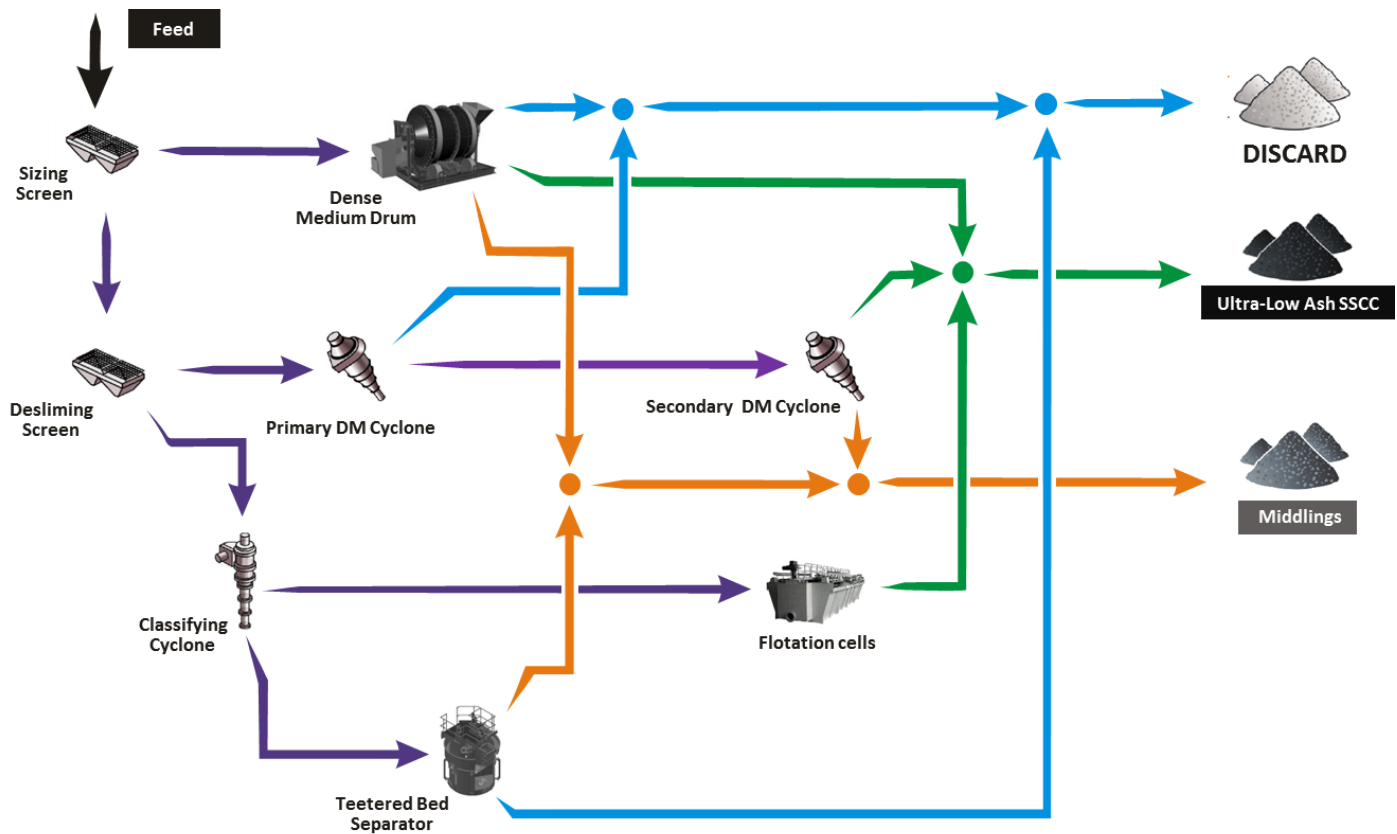


Figure 10: Preliminary Wash Plant flowsheet to produce Jan Karski ultra-low ash SSCC

China Coal Bankable Feasibility Study, EPC Contract and Financing

During the quarter, China Coal No.5 Construction Company Ltd (“China Coal”) provided Prairie Mining with a draft of the Jan Karski BFS and discussions were held with Chinese financing institutions. China Coal and Prairie continue to advance towards completion of the BFS during the upcoming quarter, which will provide the basis for an Engineering, Procurement, Construction (“EPC”) contract and finalising a term sheet with Chinese financing institutions for a construction funding package for Jan Karski.

In November 2016, Prairie and China Coal, the second largest coal mining company in China and one of the world’s most advanced and prolific shaft sinking and total underground coal mine construction companies, signed a landmark Strategic Co-operation Agreement to advance the financing and construction of Prairie’s Jan Karski Mine in Poland.

Prairie and China Coal have been in discussions since 2014 regarding the potential for collaboration in designing and constructing Jan Karski.

Since 2014, Prairie’s senior management and technical team have met with China Coal numerous times in China and inspected China Coal’s various shaft sinking projects, mine construction sites and state of the art longwall coal mines operated by China Coal.

The Strategic Co-operation Agreement was signed confirming the intention of the parties to, on a best efforts basis:

- (i) complete a BFS by mid-2017, which will form the basis of Chinese bank credit approval for project finance;
- (ii) based on the results of the BFS, enter into a complete EPC contract under which China Coal will construct the Jan Karski Mine; and
- (iii) incorporate relevant Polish content into the design and construction phases, which will include working with a range of Polish specialists, sub-contractors and business partners.

It is the intention of the parties to enter into future binding agreements for China Coal to construct Jan Karski once the BFS is completed successfully and financing terms are agreed with Chinese financing institutions.

China Coal International Strategy and “One Belt, One Road” Initiative

China Coal has been internationally active since 1988. China Coal expedited the implementation of its strategy to become an internationally competitive project contractor. Globally, China Coal has undertaken and continues to develop several projects across Morocco, Bangladesh, Turkey, Vietnam, India, and Ecuador for clients and partners including:

- Vedanta Resources plc – a London-listed, global diversified natural resources group; and
- JSW Group – a leading Indian conglomerate part of the O.P. Jindal Group.

In 2013, Chinese President Xi Jinping proposed the “One Belt, One Road” development strategy and framework which calls for greater economic cohesion between China and ~60 countries throughout Europe, Asia and Africa through building infrastructure, increasing cultural exchanges, and broadening trade.

Poland is considered a key “One Belt Economy” important to Chinese economic access to Europe, most recently demonstrated by meetings between the Chinese and Polish Leaders in June 2016 including signing of cooperative treaties, the opening of a China-Poland trade forum and welcoming of freight trains linking Chengdu and Łódź, carrying goods between the capital of Sichuan Province and Poland’s third-largest city.

Prairie’s and China Coal’s Strategic Co-operation Agreement demonstrates the increasing economic collaboration between Poland and China.

Strong Regional Government Support

The Project received exceptionally strong support from regional authorities and local communities at the 2017 Jan Karski Mine Development Conference held in Lublin during May. The Conference received wide coverage in both local and national media, including major newspapers and television, and was attended by senior Polish and Australian officials including:

- Mr Paul Wojciechowski, Australian Ambassador to Poland
- Mr Anthony Weymouth, Senior Trade Commissioner and Commercial Counsellor - Austrade
- Mr Krzysztof Grabczuk, Vice Marshal of Lublin Province
- Mr Tomasz Sonntag, Director of the Lubelskie Province Governor’s Office
- Mr Tomasz Szczepaniak, Vice Governor of Chelm Shire/County
- Mr Waldemar Białowas – Vice Governor of Świdnik Shire/County
- Mr Stanisław Bodys – Mayor of Rejowiec Fabryczny
- Mr. Hieronim Zonik – Mayor of Siedliszcze
- Mr Łukasz Chrabański – Representative of the Polish Investment and Trade Agency (“PAIH”).

Numerous community leaders from municipalities around the Jan Karski location also attended.

Mr Paul Wojciechowski, Australian Ambassador to Poland gave his strong support for development of the Jan Karski mine. Regional politicians confirmed their support for Jan Karski, which will be located in Siedliszcze municipality in the Chelm Shire, and its potential to create a large number of jobs and bring significant economic benefits to the regional and national economy.



Figure 11: From Left to right – Mr. Łukasz Chrabański (Polish Investment and Trade Agency PAIH Representative), Mr. Mirosław Taras (Group Executive, Prairie Mining), Mr. Hieronim Zonik (Mayor of Siedliszcze), Mr. Ben Stoikovich (CEO, Prairie Mining), Mr. Paul Wojciechowski (Australian Ambassador to Poland), and Mr. Krzysztof Grabczuk (Vice Marshall of Lublin Province)

Permitting Milestones

Prairie is currently working towards completing a mining concession application which, in Poland, comprises the submission of a 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 Company intends to formally lodge a mining concession application for Jan Karski in early 2018.

Prairie achieved a significant permitting milestone during the quarter following official approval by the Lublin Regional Mining Authority of the Jan Karski DDP, which now paves the way forward for the Company to submit a formal mining concession application.

The DDP is a mine technical-economic study which is prepared according to Polish government standards. Prairie is expecting Environmental Consent and an approved spatial development plan during the second half of 2017. A granted mining concession will be valid for up to 50 years.

Power Supply

Prairie has now initiated works aimed at obtaining power grid connection for Jan Karski having obtained the appropriate network connection conditions from PGE Dystrybucja S.A. ("PGED"), a subsidiary of one of Poland's major state-owned power utility PGE Group, the largest power producer and supplier in Poland. Under the agreement, PGED has confirmed the conditions of connection to provide 45MW bulk power supply required for full scale mine production. Power supply will be made available in two phases; firstly, 20MW for the mine construction and shaft sinking phase, and then full mine power supply of 45MW for steady state production. The respective high voltage network power lines are in close proximity to the project and a strategic plan to expand the high-voltage power network across the region has already been adopted by relevant state authorities.

To initiate the power line connections, Prairie has appointed SAG Elbud Gdansk S.A. ("SAG"), to design and complete all the permitting and engineering preparation for the connection and construction of a 10 km long 110kV power line from a nearby power substation to the Jan Karski Mine site. SAG is a Polish subsidiary of the SAG Group, one of Europe's leading service and system supplier for electrical power, gas and water networks, as well as installations for generating, providing and applying electricity. The SAG Group currently has over 8,000 employees across Europe in offices in Germany, France, Poland, Czech Republic, Slovakia, Hungary and the Netherlands.

CORPORATE

Placing to UK Based Institutional Investors

In April 2017, Prairie completed the placing of 11.5 million new ordinary shares in the capital of the Company at a price of 28 pence per share (A\$0.46 per share), to raise approximately £3.2 million before expenses ("Placing").

The net proceeds from the Placing, which was in response to demand for the Company's shares from UK based institutional investors, will be used for the further development of the Company's Polish coal development projects. In particular, the Placing will enable Prairie to accelerate the development of Debiensko, including additional drilling in support of future feasibility study work. In parallel, Prairie is also on track to complete a BFS in the second half of 2017 for Jan Karski, for which the proceeds of the Placing will be partly applied to advance pre-construction engineering works such as the provision of high voltage power supply to the mine site area, and the permitting processes.

Additional Investment by CD Capital

On 17 April 2017, Prairie announced that an agreement for further investment from its cornerstone investor CD Capital Natural Resources Fund III LP ("CD Capital") subject to shareholder approval and completion of final formal documentation. In July 2017, final terms were agreed whereby the funding will take the form of non-redeemable, non-interest-bearing convertible loan notes ("Notes") for an aggregate principal amount of US\$2.0 million (A\$2.6 million). The Notes are convertible into ordinary shares of the Company at A\$0.46 per share representing the price of the Placing announced in March 2017.

Financial Position

Prairie has cash reserves of A\$16.8 million. With CD Capital's additional US\$2 million (A\$2.6 million) investment still to come and their right to invest a further A\$68 million as a cornerstone investor, plus with the Strategic Co-operation Agreement Prairie has with China Coal for financing and construction of Jan Karski, Prairie is in a strong financial position to progress with its planned development activities at Debiensko and Jan Karski.

Remuneration of Chief Executive Officer

The Board has resolved that Mr Ben Stoikovich, Director and Chief Executive Officer of the Company, and Windellama Capital Limited, will be entitled to the following consulting fees effective 1 July 2017 due to the increased responsibilities of having to manage two tier 1 coking coal projects, namely Debiensko and Jan Karski:

- Mr Stoikovich signed an appointment letter with an effective appointment date of 17 June 2013, under the terms of which he has agreed to serve as a Director of the Company. Mr Stoikovich's appointment may be terminated pursuant to the Company's Constitution, by giving the Company notice in writing. Mr Stoikovich continues to receive a fixed fee of £25,000 per annum pursuant to this appointment letter.
- Windellama Capital Limited, a company of which Mr. Stoikovich is a director and shareholder, has a consulting agreement with the Company to provide project management and capital raising services (CEO services) related to Debiensko and Jan Karski. Under this agreement, Windellama Capital Limited will be paid a fixed annual consultancy fee of £225,000 per annum and an annual incentive payment of up to £100,000 payable upon the successful completion of key project milestones as determined by the Board. In addition, Windellama Capital Limited, subject to meeting the requirements of the Corporations Act and where necessary receiving the appropriate approvals, will be entitled to receive a payment incentive worth the annual fixed directors fees and consultancy fee in the event of a change of control clause being triggered with the Company. The consulting contract may be terminated by either Windellama Capital Limited or the Company by giving twelve months' notice. No amount is payable to Windellama in the event of termination of the contract arising from negligence or incompetence in regard to the performance of services specified in the contract.
- Subject to shareholder approval, Windellama Capital Limited will also be granted 640,000 Performance Rights which vest after delivery of a positive feasibility study at Debiensko (expiring 31 December 2019) and 960,000 Performance Rights which vest after the Board resolves to commence construction at Debiensko (expiring 31 December 2020).

EXPLORATION TENEMENT INFORMATION

As at 30 June 2017, the Company has an interest in the following tenements:

Location	Tenement	Percentage Interest	Status	Tenement Type
Jan Karski, Poland	Jan Karski Mine Plan Area (K-4-5, K-6-7, K-8 and K-9)*	100	Granted	Exclusive Right to apply for a mining concession
Jan Karski, Poland	Kulik (K-4-5)	100	Granted	Exploration
Jan Karski, Poland	Syczyn (K-8)	100	Granted	Exploration
Jan Karski, Poland	Kopina (K-9)	100	Granted	Exploration
Jan Karski, Poland	Sawin-Zachód	100	Granted	Exploration
Debiensko, Poland	Debiensko 1	100	Granted	Mining
Debiensko, Poland	Kaczyce 1	100	Granted	Mining & Exploration (includes gas rights)

* On 1 July 2015, the Company announced that it had secured the Exclusive Right to apply for, and consequently be granted, a mining concession for Jan Karski.

As a result of its geological documentation for Jan Karski deposit being approved, Prairie is now the only entity that can lodge a mining concession application over Jan Karski within a three (3) year period.

The approved geological documentation covers an area comprising of 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 Jan Karski. In this regard, no beneficial title interest has been surrendered by the Company when the K-6-7 exploration concession expired during the quarter. The Company intends to submit a mining concession application, over the mine plan area at Jan Karski (which includes K-6-7) within the next 12 months. Under Polish mining law, and owing to the Exclusive Right the Company has secured, Prairie is the only entity that may apply for and be granted a mining concession with respect to the K-6-7 area (the Exclusive Right also applies to the K-4-5, K-8 and K-9 areas of Jan Karski). There is no requirement for the Company to hold an exploration concession in order exercise the Exclusive Right and apply for a mining concession.

Competent Person Statements

Debiensko

The information in this announcement 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 announcement that relates to Exploration Results and Coal Resources was extracted from Prairies 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.

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.

Jan Karski

The information in this announcement that relates to 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.

The information in the original announcement that relates to 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 of the Exploration Results 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.

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.

Debiensko Hard Coking Coal Resource (air dried basis)			
Seam	Indicated (Mt)	Inferred (Mt)	Total Coal Resource In-Situ (Mt)
401/1	20	22	42
402/1	-	53	53
403/1	-	34	34
403/2	-	39	39
404/1	-	30	30
404/9	35	20	55
405	38	10	48
Total	93	208	301

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 2,300	up to 3,000
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	-	-

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	-

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 June 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(1,277)	(5,475)
(b) development	-	-
(c) production	-	-
(d) staff costs	(725)	(2,694)
(e) administration and corporate costs	(366)	(930)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	76	350
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) Business development costs	(290)	(617)
(b) Karbonia acquisitions costs	(15)	(659)
(c) Property rental and gas sales	194	495
1.9 Net cash from / (used in) operating activities	(2,403)	(9,530)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(231)	(231)
(b) tenements (see item 10)	-	(742)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
	(c) investments	-	-
	(d) other non-current assets	-	-
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	650
	(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)		
	(a) Recovery of pre-paid land deposit	-	1,998
2.6	Net cash from / (used in) investing activities	(231)	1,675

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	6,935	6,935
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	(306)	(332)
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	6,629	6,603

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	12,813	18,062
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,403)	(9,530)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(231)	1,675
4.4	Net cash from / (used in) financing activities (item 3.10 above)	6,629	6,603

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 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	16,809	16,809

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	4,809	4,813
5.2	Call deposits	12,000	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)	16,809	12,813

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 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

Current quarter
\$A'000

(99)

Nil

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

- 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

Current quarter
\$A'000

-

-

Not applicable

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.		

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9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	(1,500)
9.2 Development	-
9.3 Production	-
9.4 Staff costs	(500)
9.5 Administration and corporate costs	(200)
9.6 Other (provide details if material) (a) Business development costs	(150)
9.7 Total estimated cash outflows	(2,350)

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	-	-	-	-

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: [lodged electronically without signature] Date: 17 July 2017
(Director/Company secretary)

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.